

Financial Highlights for the Third Quarter of Fiscal Year 2018



Resona Holdings

February 12, 2019

- Abbreviations and definitions of the figures presented in this material are as follows:

In order to facilitate understandings of how management integration of KMFG impacted the periodic profitability of Resona Holdings, “YoY” and “Adjusted YoY” comparisons are presented in this material. Definitions are as follows:

[YoY]		Comparison with the HD’s consolidated results for 1-3Q/FY2017
[Adjusted YoY]	HD Consolidated	Comparison with the total sum of HD consolidated, KU consolidated and MB consolidated results for 1-3Q/FY2017 (held for internal administration purpose) *(HD’s consolidated net income is adjusted to exclude non-controlling interests (48.8%) in KU consolidated, KO consolidated and MB consolidated net income)
	5 Banks Total	Comparison with the total sum of non-consolidated results of 5 banks

Abbreviations

[HD] Resona Holdings, [RB] Resona Bank, [SR] Saitama Resona Bank,
[KMFG] Kansai Mirai Financial Group, [KU] Kansai Urban Banking Corporation, [KO] Kinki Osaka Bank,
[MB] Minato Bank,
[3 Banks] RB, SR, KO, [5 Banks] RB, SR, KU, KO, MB

Figures include data for internal administration purpose.

The forward-looking statements contained in this material may be subject to material change due to the following factors. These factors may include changes in the level of stock price in Japan, any development and change related to the government’s and central bank’s policies, laws, business practices and their interpretation, emergence of new corporate bankruptcies, changes in the economic environment in Japan and abroad and any other factors which are beyond control of the Resona Group.

These forward-looking statements are not intended to provide any guarantees of the Group's future performance. Please also note that the actual performance may differ from these statements.

Outline of Financial Results for the 1-3Q of FY2018

■ **Posted JPY141.1 bn of net income attributable to owners of the parent**

KMFG contributed JPY7.6 bn (excluding one-off gain from negative goodwill)

Down JPY61.6 bn, or 30.3%, YoY

Progress rate against the full year target : 70.5%

Down JPY68.4 bn, or 32.6%, on an adjusted YoY basis

- Decrease in one-off gain related to management integration of KMFG JPY(31.6) bn (1-3Q of FY2017: JPY71.5 bn, 1-3Q of FY2018: JPY39.8 bn)
- One-off gain booked in FY2017 related to the realignment of loan guarantee subsidiaries JPY(14.1) bn
- Decrease in net gains on bonds and stocks JPY(27.7) bn

■ **Posted JPY469.4 bn of gross operating profit**

Down JPY21.5 bn, or 4.3%, on an adjusted YoY basis

Almost making up for the decline in income from loans and deposits with the increase in fee income.

Income structure reform has made some progress.

- Net interest income from domestic loans and deposits: Down JPY8.3 bn on an adjusted YoY
Average loan balance : +2.90%, outpacing the full year plan (+2.54%)
- Fee income : Up JPY6.9 bn on an adjusted YoY basis
Fee income ratio : 30.2%
Primarily driven by insurance and housing loan-related fees.
- Implemented measures to improve soundness of bonds portfolio

■ **Operating expenses: JPY314.4 bn**

Decreased by JPY0.1 bn, on an adjusted YoY basis

■ **Credit related expenses: JPY12.7 bn (reversal)**

Decreased by JPY1.3 bn, on an adjusted YoY basis

	Resona HD consolidated (JPY bn)	1-3Q of FY2018		YoY change		[Reference] Adjusted YoY change	
					%		%
Net income attributable to owners of the parent	(1)	141.1	(61.6)	(30.3)%		(68.4)	(32.6)%
EPS (yen)	(2)	60.94	(25.82)	(29.7)%			
BPS (yen)	(3)	895.57	(8.92)	(0.9)%			
Gross operating profit	(4)	469.4	+61.3	+15.0%		(21.5)	(4.3)%
Net interest income	(5)	325.2	+50.1			(14.7)	
NII from loans and deposits*1	(6)	266.6	+49.9			(8.3)	
Fee income	(7)	141.9	+21.8			+6.9	
Fee income ratio	(8)	30.2%	+0.8%			+2.7%	
Trust fees	(9)	14.4	+0.7			+0.7	
Fees and commission income	(10)	127.5	+21.1			+6.1	
Other operating income	(11)	2.3	(10.7)			(13.6)	
Net gains on bonds (including futures)	(12)	(13.4)	(12.8)			(13.7)	
Operating expenses (excluding group banks' non-recurring items)	(13)	(314.4)	(59.4)	(23.3)%		+0.1	+0.0%
Cost income ratio (OHR)	(14)	66.9%	+4.5%			+2.8%	
Actual net operating profit	(15)	157.0	+3.5	+2.3%		(19.5)	(11.0)%
Net gains on stocks (including equity derivatives)	(16)	2.8	(10.5)			(13.9)	
Credit related expenses, net	(17)	12.7	(0.5)			+1.3	
Other gains, net	(18)	18.5	+31.6			+34.5	
Net income before income taxes and non-controlling interests	(19)	191.1	+24.1	+14.4%		+2.3	+1.2%
Income taxes and other	(20)	(42.5)	(78.6)			(74.4)	
Net income attributable to non-controlling interests	(21)	(7.4)	(7.1)			+3.6	

*1. Total of non-consolidated banking accounts of 5 banks, deposits include NCDs

*2. Negative figures represent items that would reduce net income

Breakdown of Financial Results

(JPY bn)	Resona Holdings (Consolidated)			5 banks total (Non-consolidated)		Resona Bank	Saitama Resona Bank	Total of 3 group banks under KMFG	Difference (A)-(B)	
	(A)	YoY	[reference] Adjusted YoY	(B)	[reference] Adjusted YoY					
Gross operating profit	(1)	469.4	+61.3	(21.5)	428.3	(27.0)	241.8	83.4	102.9	41.1
Net interest income	(2)	325.2	+50.1	(14.7)	321.5	*a (19.0)	169.3	66.8	85.3	3.6
Nil from domestic loans and deposits	(3)				266.6	(8.3)	134.5	56.5	75.4	
Trust fees	(4)	14.4	+0.7	+0.7	14.4	+0.6	14.4			(0.0)
Fees and commission income	(5)	127.5	+21.1	+6.1	92.6	+6.5	57.5	18.2	16.7	34.8
Other operating income	(6)	2.3	(10.7)	(13.6)	(0.3)	(15.2)	0.4	(1.6)	0.9	2.6
Net gains on bonds (including futures)	(7)	(13.4)	(12.8)	(13.7)	(14.9)	(15.3)	(10.8)	(3.4)	(0.7)	1.5
Operating expenses (excluding group banks' non-recurring items)	(8)	(314.4)	(59.4)	+0.1	(297.4)	(0.1)	(157.6)	(55.6)	(84.0)	(16.9)
Equity in gains of affiliates	(9)	2.0	+1.7	+1.7						2.0
Actual net operating profit	(10)	157.0	+3.5	(19.5)	130.8	(27.1)	84.1	27.8	18.8	26.2
Net gains on stocks (including equity derivatives)	(11)	2.8	(10.5)	(13.9)	5.5	*b (63.7)	4.3	(1.8)	3.0	(2.7)
Credit related expenses, net	(12)	12.7	(0.5)	+1.3	12.6	(1.9)	12.0	0.9	(0.4)	0.0
Other gains/(losses), net	(13)	18.5	+31.6	+34.5	(20.5)	(6.5)	(12.3)	(2.6)	(5.5)	39.0
One-off gain related to management integration under KMFG	(14)	39.8	+39.8	+39.8						39.8
Net income before income taxes	(15)	191.1	+24.1	+2.3	128.5	(99.3)	88.2	24.3	15.9	62.6
Income taxes and other	(16)	(42.5)	*3 *c (78.6)	*3 *c (74.4)	(36.1)	*c (1.8)	(24.7)	(7.6)	(3.6)	(6.4)
Net income attributable to noncontrolling interests	(17)	(7.4)	(7.1)	+3.6						(7.4)
Net income (attributable to owners of the parent)	(18)	141.1	(61.6)	(68.4)	92.4	(101.2)	63.4	16.6	12.2	48.6

*1. Exclude goodwill amortization by KU, JPY(0.5) bn, related to acquisition of former Biwako Bank.

*2. Include gains on negative goodwill, JPY1.7 bn, related to Shutoken Leasing and DFL Lease which newly became equity method-applied affiliates.

*3. Include absence of tax effect, JPY(71.5) bn, from management integration of KMFG

*4. Include absence of effect from realignment of loan guarantee subsidiaries in FY2017

[*a. Special dividend (JPY4.9 bn, cancelled out in consolidation) paid by Kinki Osaka Shinyo Hoshu to KO. *b. Gain on sale of shares of Resona Guarantee totaling JPY52.9 bn (JPY39.3 bn recognized by RB and JPY13.5 bn by SR, respectively) (Cancelled out in consolidation) *c. Reduction of income tax charge, JPY14.1 bn, due to a tax loss recognized]

Trend of Loans and Deposits (Domestic Account)

Total of Group Banks

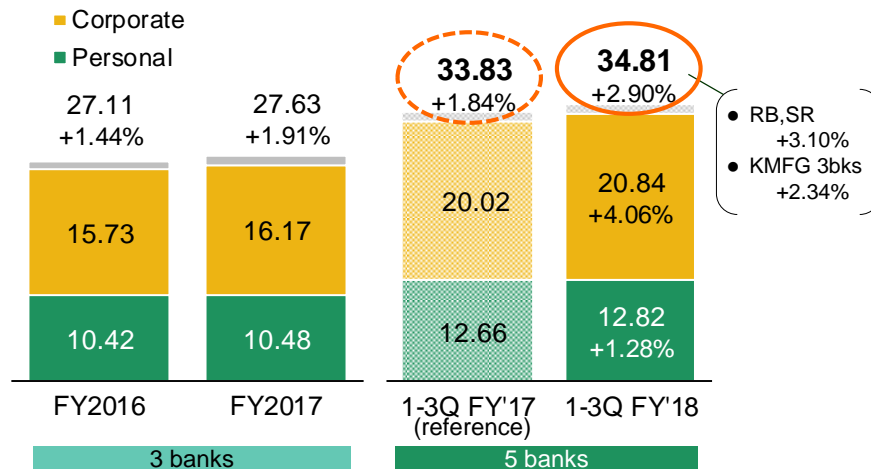
Average loan / deposit balance, rates and spread

Trend of average loan balance, loan rate change

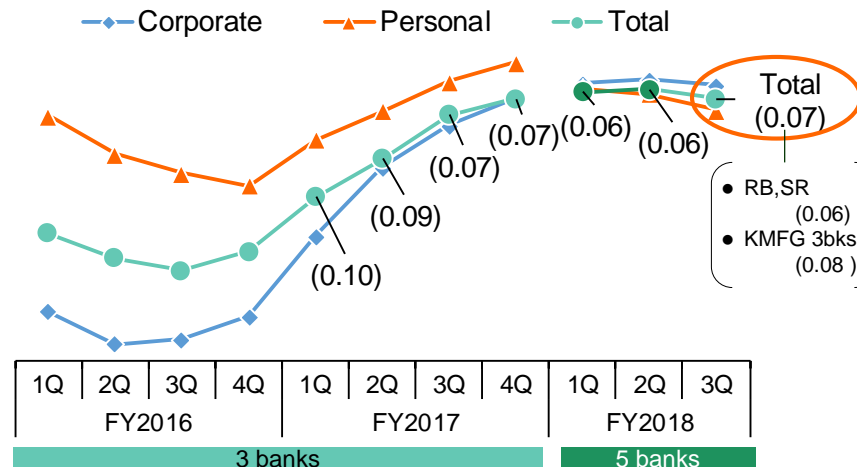
5 banks

Avg. bal : Trillion Yen Income/Cost : Billion Yen		1-3Q		FY2018	
		Act.	Adjusted YoY	Plan	YoY [vs. '18/3]
Loans	Avg. Bal. (1)	34.81	+2.90%	34.79	+2.54%
	Rate (2)	1.03%	(0.06)%	1.03%	(0.06)%
	Income (3)	272.6	(9.7)	360.0	(14.3)
Corporate Banking Business Unit *1	Avg. Bal. (4)	20.84	+4.06%	20.80	+3.38%
	Rate (5)	0.88%	(0.06)%	0.87%	(0.06)%
Personal Banking Business Unit *2	Avg. Bal. (6)	12.82	+1.28%	12.83	+1.31%
	Rate (7)	1.33%	(0.06)%	1.33%	(0.06)%
Deposits (Including NCDs)	Avg. Bal. (8)	50.71	+3.65%	50.86	+3.55%
	Rate (9)	0.01%	(0.00)%	0.01%	(0.00)%
	Cost (10)	(6.0)	+1.3	(8.5)	(0.9)
Loan-to-deposit	Spread (11)	1.02%	(0.06)%	1.01%	(0.06)%
	Net interest income (12)	266.6	(8.3)	351.5	(13.3)

[Average loan balance (JPY tn)] % represents YoY change



[Loan rate YoY change (%)]



*1. Corporate Banking Business Unit : Corporate loans (excluding loans to governments) + apartment loans

*2. Personal Banking Business Unit: Residential housing loans + other consumer loans

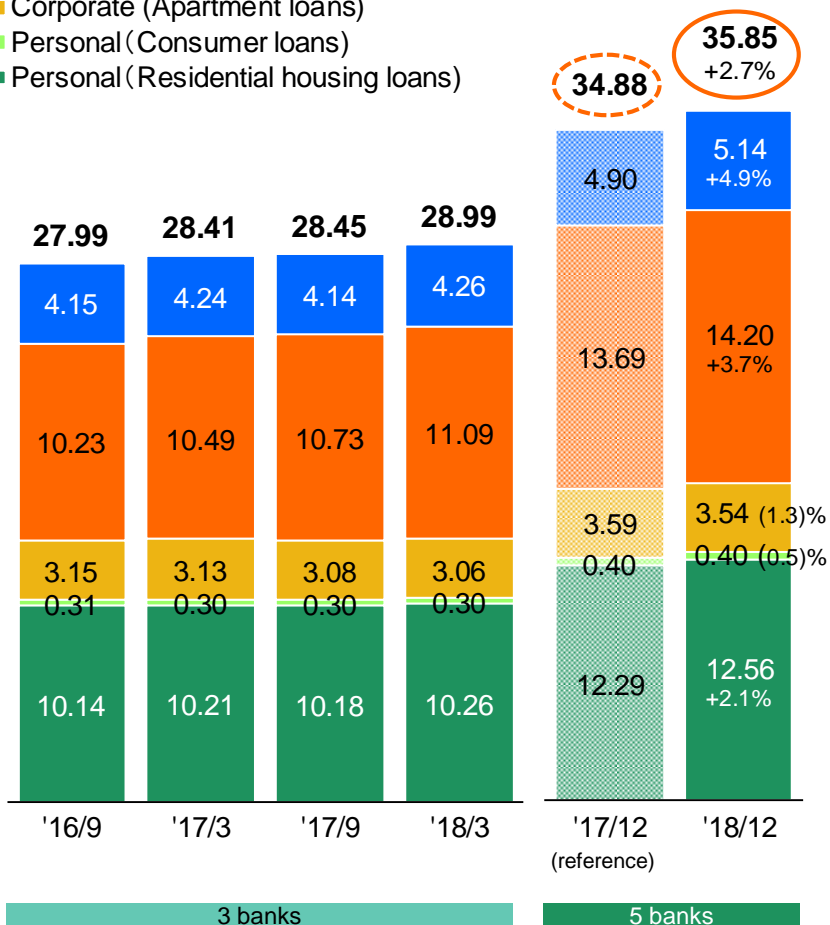
Term-end Balance of Loans and Deposits

Total of Group Banks

Term-end loan balance

JPY tn, % represents YoY change

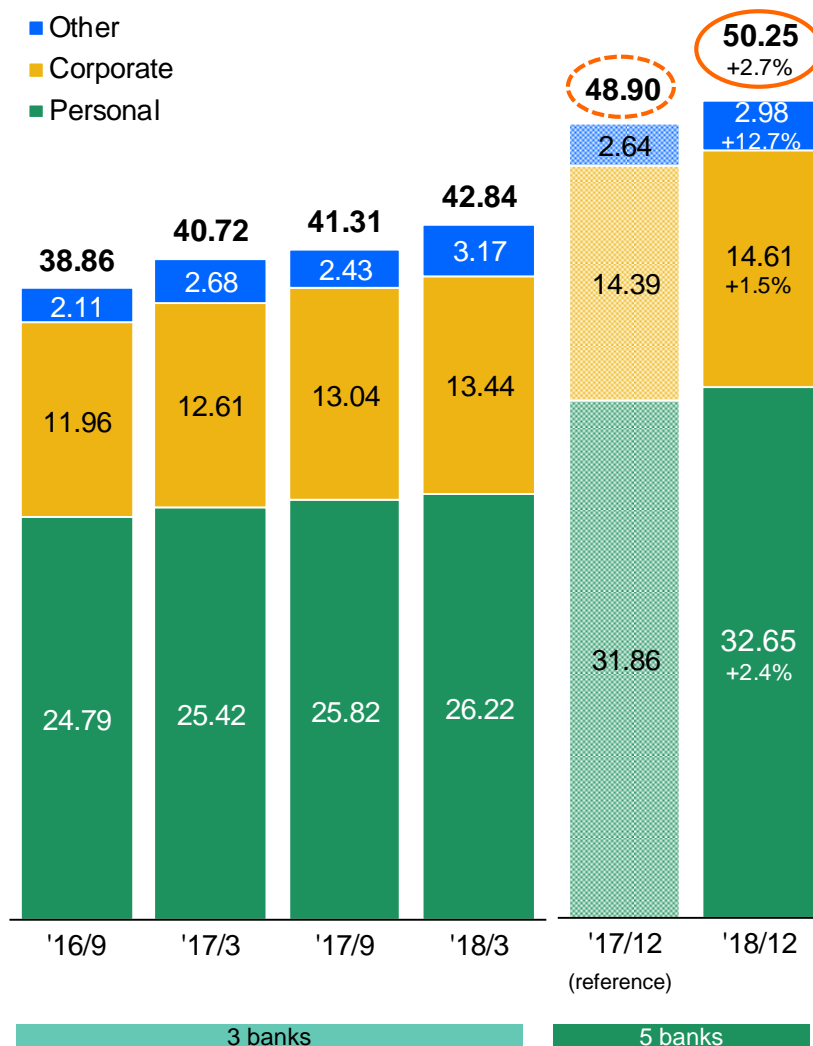
- Corporate (Large companies and other)
- Corporate (SMEs)
- Corporate (Apartment loans)
- Personal (Consumer loans)
- Personal (Residential housing loans)



Term-end deposit balance

JPY tn, % represents YoY change

- Other
- Corporate
- Personal



Housing Loan Business

Total of Group Banks

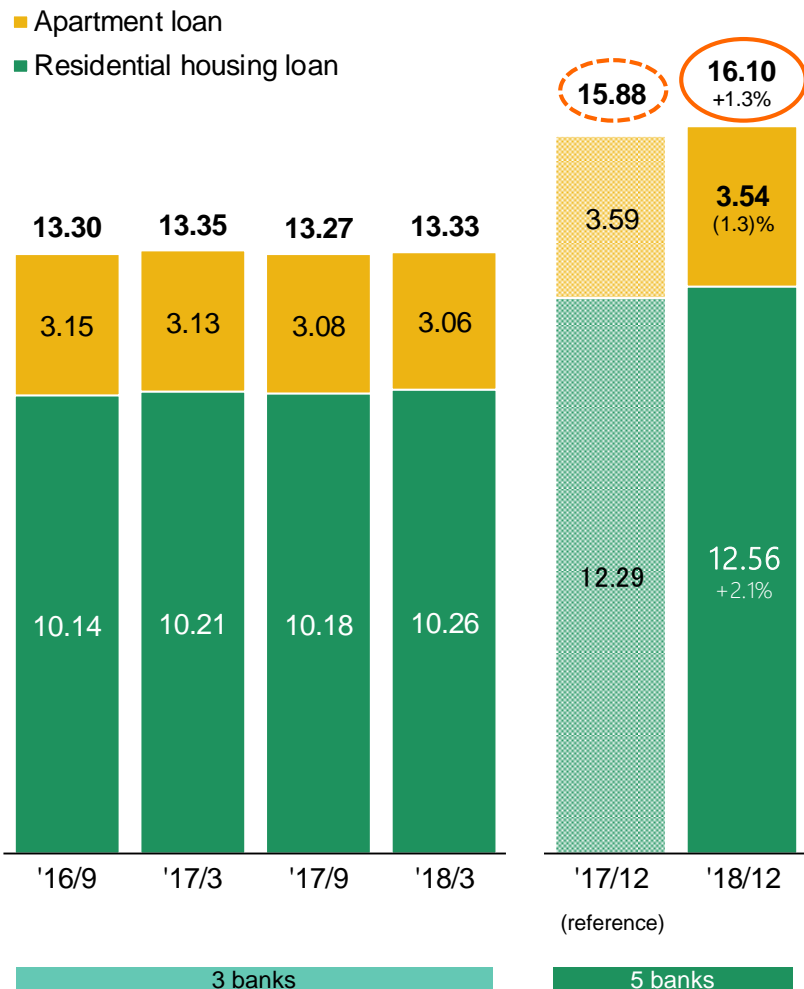
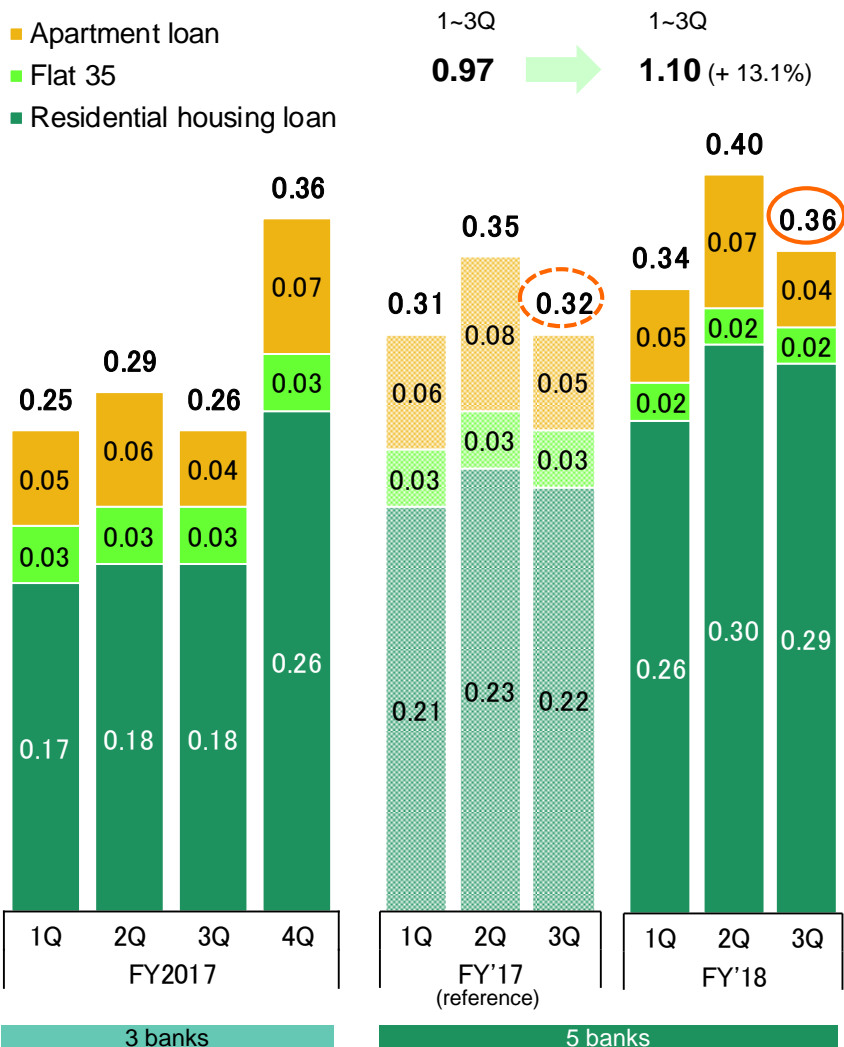
New loan origination

JPY tn, % represents YoY change

Term-end loan balance

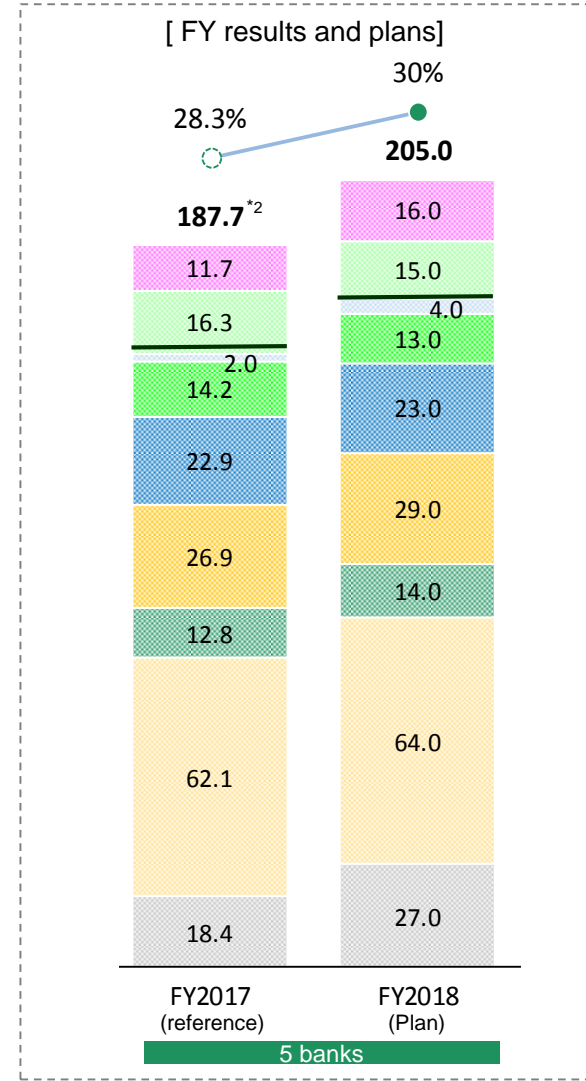
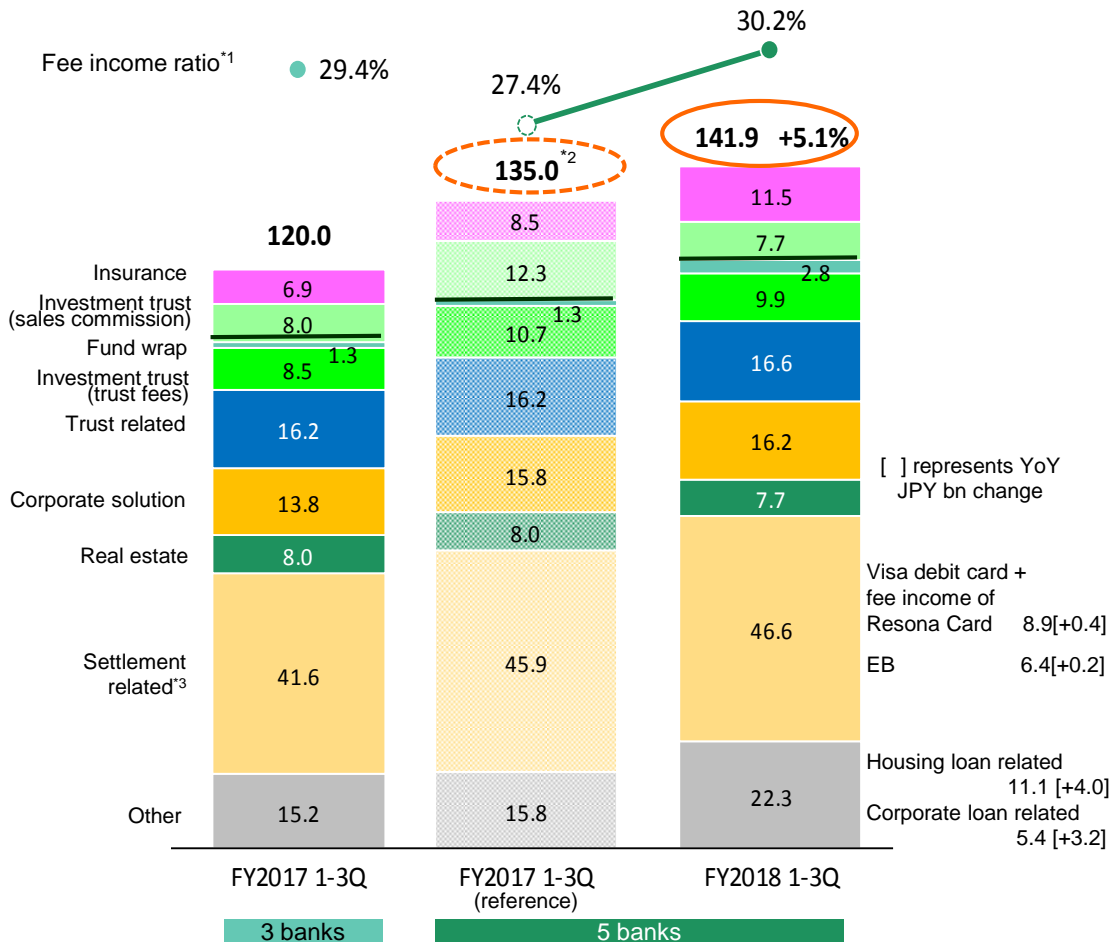
JPY tn, % represents YoY change

- Apartment loan
- Flat 35
- Residential housing loan



Fee Income

(JPY bn)

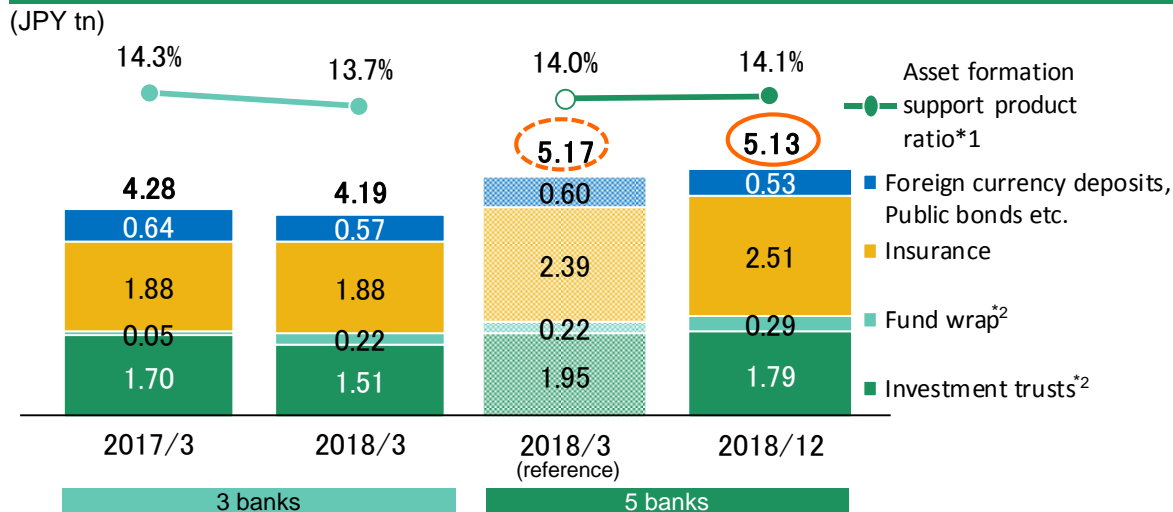


*1. (Fees and commission income + trust fees) / Consolidated gross operating profit
 *2. Total of HD consolidated, KU consolidated and MB consolidated figures
 *3. Fees and commission from domestic exchange, account transfer, EB, Visa debit card and fee income earned by Resona Kessai Service and Resona Card

Major Fee Businesses(1) (Asset Formation Support Business)

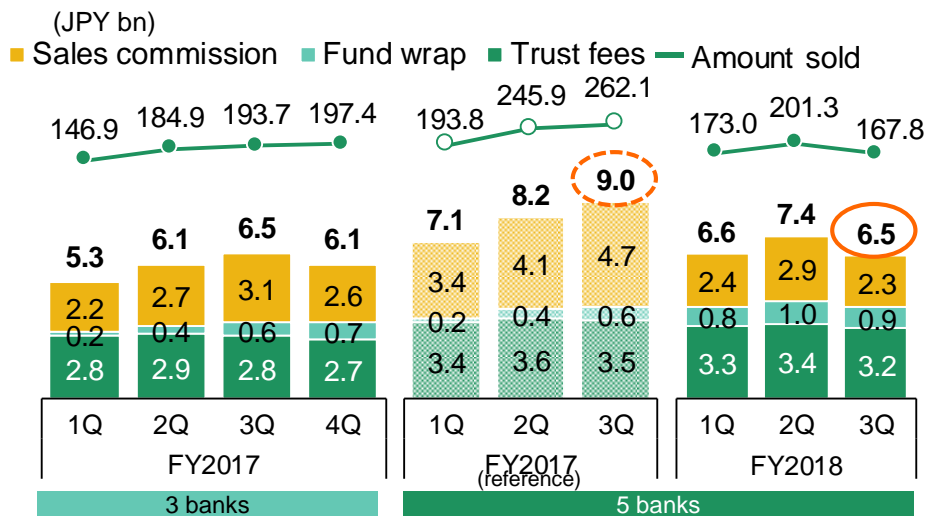
HD
Consolidated

Balance of asset formation support products sold to individuals

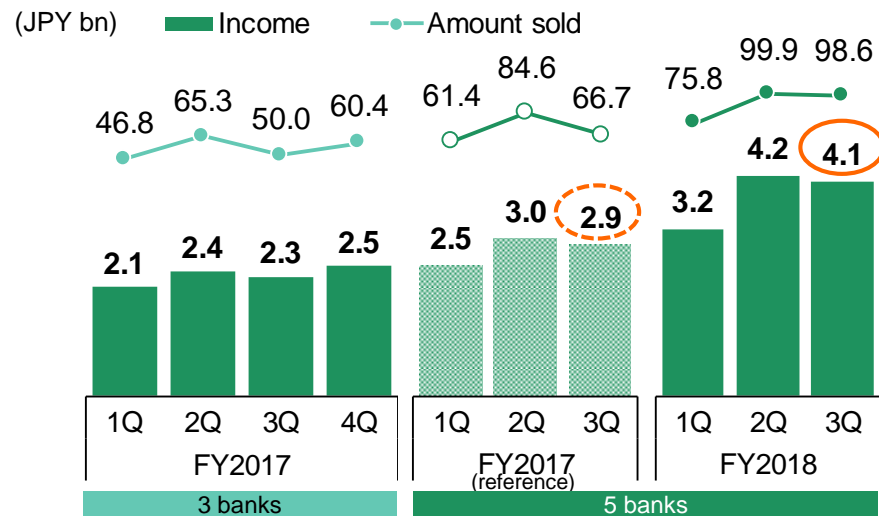


- Balance of fund wrap*2: '18/12 JPY294.9 bn (JPY329.9 bn including corporation)
- Net inflow of funds of investment trust and fund wrap (New purchase – withdrawal and redemption): Approx. +JPY59.0 bn in 1-3Q FY2018
- Number of individual customers having investment trust, fund wrap and insurance products : '18/12 0.89 million
- NISA account holders: 0.32 million

Investment trust and fund wrap



Insurance



*1. Balance of asset formation support products sold to individuals / (balance of asset formation support products sold to individuals and yen deposits held by individuals)

*2. Based on market value

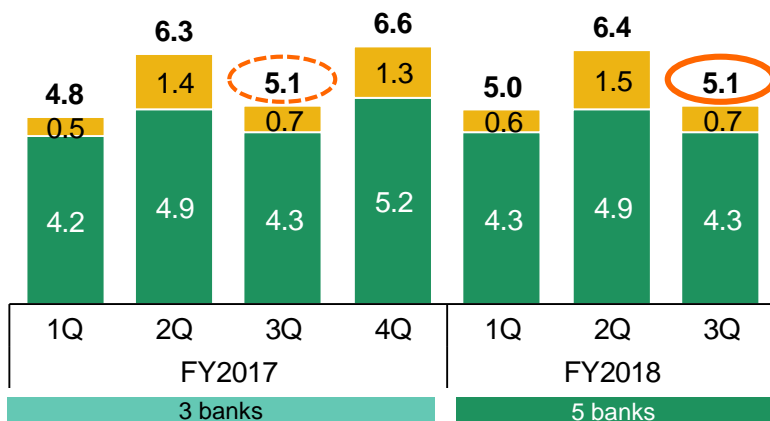
Major Fee Businesses(2) (Trust, Corporate Solution, Real Estate Business)

Total of Group Banks

Trust-related business

(JPY bn)

- Income from trust solution offered for asset and business succession
- Income from Pension/Securities trust



Asset and business succession

Number of new asset succession-related contracts
2,903 in 1-3Q FY2017 ⇒ 3,199 in 1-3Q FY2018 +10.1%

Securities trust

Total assets in custody
'17/12 JPY45.48 tn ⇒ '18/12 JPY47.14 tn +3.6%

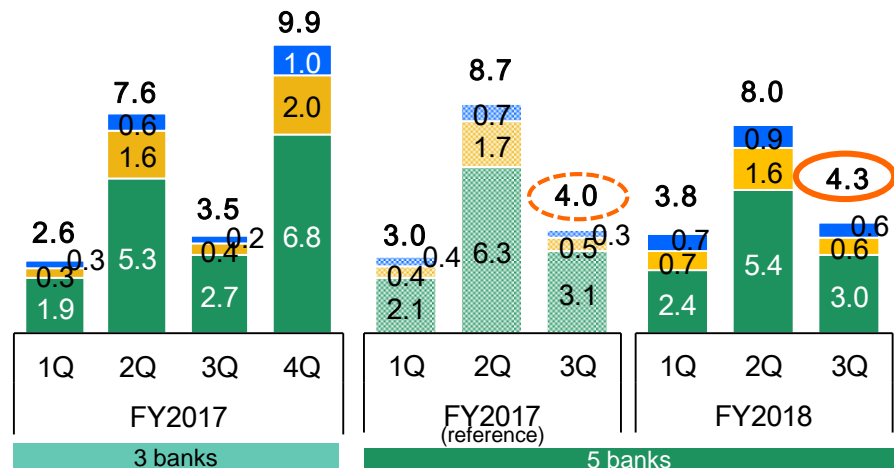
Pension trust

Total assets entrusted
'17/12 JPY4.84 tn ⇒ '18/12 JPY 4.65 tn (3.7)%

Corporate solutions business

(JPY bn)

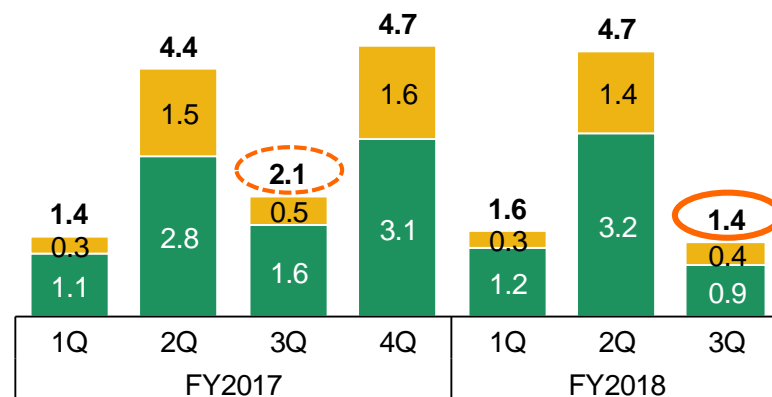
- M&A
- Private notes
- Commitment line, Syndicated loans, Covenants



Real estate business*1

(JPY bn)

- Consumer
- Corporate



*1. Excluding gains from investments in real estate funds

Credit Costs and NPL

Credit costs

(JPY bn)	3 banks		5 banks			
	FY 2017	FY 2017 (reference)	FY 2017 (reference)		FY 2018	
			1-3Q (9Ms)	Act.	1-3Q (9Ms)	Plan
Net credit cost^{*1} (HD consolidated)	(1)	14.7	11.4	10.1	12.7	(7.0)
Net credit cost (Total of group banks)	(2)	17.5	14.5	14.7	12.6	(2.5)
General reserve	(3)	6.6	7.3	9.0	13.6	
Specific reserve and other items	(4)	10.8	7.1	5.7	(1.0)	
New bankruptcy, downward migration	(5)	(15.4)	(17.2)	(22.2)	(18.0)	
Collection/ upward migration	(6)	26.2	24.3	27.9	16.9	
Difference (1) - (2)	(7)	(2.7)	(3.1)	(4.6)	0.0	(4.5)
HL guarantee subsidiaries	(8)	1.1	0.4	0.0	3.7	
Resona Card	(9)	(2.3)	(1.9)	(2.3)	(1.7)	
<Credit cost ratio>						(bps)
HD consolidated ^{*1,2}	(10)	5.1	4.3	2.8	4.7	(1.9)
Total of group banks ^{*3}	(11)	5.9	5.4	4.0	4.5	(0.6)

*(Note) Positive figures represent reversal gains

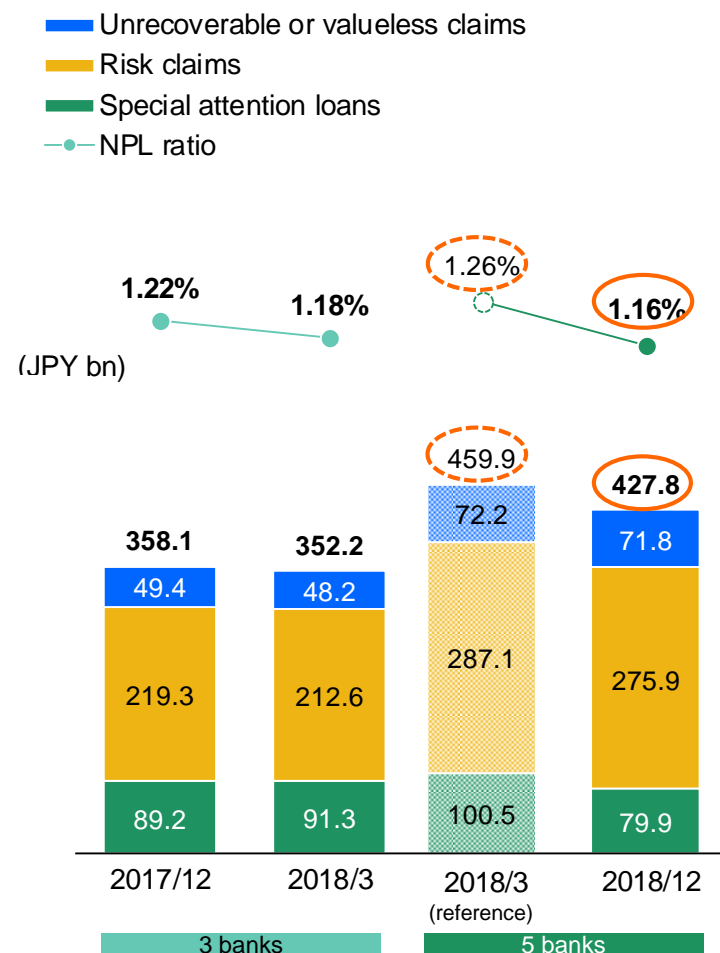
*1. Figures of FY2017 (5 banks): HD consolidated + KU consolidated + MB consolidated

*2. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

*3. Credit cost / total credits defined under the Financial Reconstruction Act
(Simple average of the balances at the beginning and end of the term)

NPL balance and ratio (Total of Group Banks)

(Financial Reconstruction Act criteria)

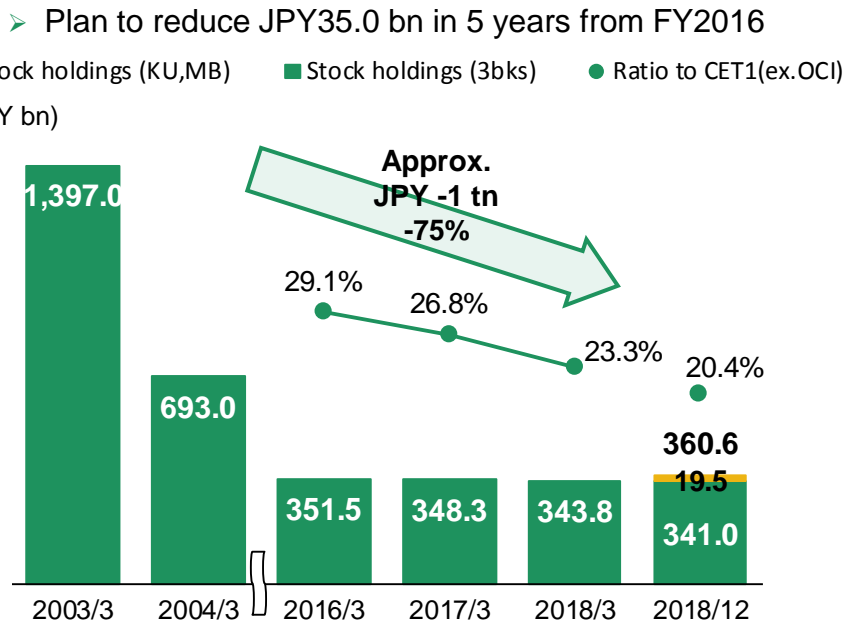


Securities Portfolio *1.

(JPY bn)	3 banks		5 banks		
	2018/3	2018/3 (reference)	2018/12	Unrealized gain/(loss)	
Available-for-sale securities (1)	2,401.2	2,918.1	2,849.9	576.6	
Stocks (2)	343.8	365.4	360.6	601.8	
Bonds (3)	1,214.4	1,532.7	1,207.2	5.3	
JGBs (4)	214.3	325.1	91.0	0.5	
Average duration (years) (5)	8.0	6.5	8.6	-	
Basis point value (BPV) (6)	(0.17)	(0.21)	(0.07)	-	
Local government and corporate bonds (7)	1,000.1	1,207.5	1,116.1	4.7	
Other (8)	842.9	1,019.9	1,282.1	(30.5)	
Foreign bonds (9)	312.2	389.2	607.2	(1.1)	
Average duration (years) (10)	8.6	8.4	7.5	-	
Basis point value (BPV) (11)	(0.25)	(0.31)	(0.29)	-	
Investment trusts (Domestic) (12)	512.9	608.0	652.7	(31.6)	
Net unrealized gain (13)	649.4	672.8	576.6		
Bonds held to maturity (14)	2,046.7	2,057.1	2,204.7	45.3	
JGBs (15)	1,565.5	1,565.5	1,605.9	33.9	
Net unrealized gain (16)	51.9	52.0	45.3		

Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 7,500 yen
- Balance of listed stocks disposed in 1-3Q of FY2018 (acquisition cost basis): JPY4.8 bn, Net gain on sale: JPY6.4 bn
- Policy for holding policy-oriented stocks
 - After the injection of public funds, Resona Group reduced the balance of stockholdings in order to minimize the price fluctuation risk.
 - Resona Group will continue to determine whether or not to hold policy-oriented stocks after examining risks and returns, including the realizability of medium- and long-term business prospects, and aims to reduce the balance to a range between 10% and 20% of the CET1 capital*2 in the medium term.



*1. Acquisition cost basis. The presented figures include marketable securities only
 *2. Excluding OCI (other comprehensive income)

Capital Adequacy Ratio

RHD
Consolidated

- CAR (Domestic std.) and CET1 ratio* (International std.) as of December 31, 2018 were 10.23% and 9.22%, respectively, maintaining sound capital adequacy level

* Excluding unrealized gain on available for sale securities

Domestic standard

(JPY bn)	2018/3	2018/12	Change
Capital adequacy ratio (1)	10.65%	10.23%	(0.42)%
Total capital (2)	1,626.0	1,951.9	+325.8
Core Capital: instruments and reserves (3)	1,689.9	2,000.4	+310.4
Stockholders' equity (4)	1,544.0	1,626.7	+82.6
Adjusted non-controlling interests (5)	14.6	240.1	+225.5
Subordinated loans and bonds subject to transitional arrangement (6)	130.9	107.1	(23.8)
Core Capital: regulatory adjustments (7)	63.8	48.5	(15.3)
Risk weighted assets (8)	15,262.1	19,064.9	+3,802.7

■ Change in total capital

- Stockholders' equity +82.6 bn
 - Net income attributable to owners of the parent +144.1 bn
 - Dividends distributed (interim) (24.3) bn
 - Decrease in HD's ownership ratio in KO (35.7) bn
- Non-controlling interests +225.5 bn

■ Change in RWAs

- Consolidation of KU and MB (as of April 1, 2018) +4,539.0 bn
- Increase in loan balance +156.8 bn
- Decline in parameters and other (641.8) bn

(Reference) International standard

(JPY bn)	2018/3	2018/12	Change
Excluding net unrealized gains on available-for-sale securities (9)	9.50%	9.22%	(0.28)%
Common Equity Tier1 capital ratio (10)	12.58%	11.34%	(1.24)%
Tier1 capital ratio (11)	12.60%	11.42%	(1.18)%
Total capital ratio (12)	13.56%	12.15%	(1.41)%
Common Equity Tier1 capital (13)	1,990.7	2,213.3	+222.6
Instruments and reserves (14)	2,065.2	2,291.3	+226.1
Stockholders' equity (15)	1,544.0	1,626.7	+82.6
Net unrealized gains on available-for-sale securities (16)	486.6	412.5	(74.0)
Adjusted non-controlling interests (17)	3.3	216.8	+213.5
Regulatory adjustments (18)	74.4	77.9	+3.4
Other Tier1 capital (19)	2.7	16.7	+14.0
Tier1 capital (20)	1,993.5	2,230.1	+236.6
Tier2 capital (21)	152.9	141.9	(10.9)
Total capital (Tier1+Tier2) (22)	2,146.4	2,372.1	+225.6
Risk weighted assets (23)	15,818.0	19,513.5	+3,695.5

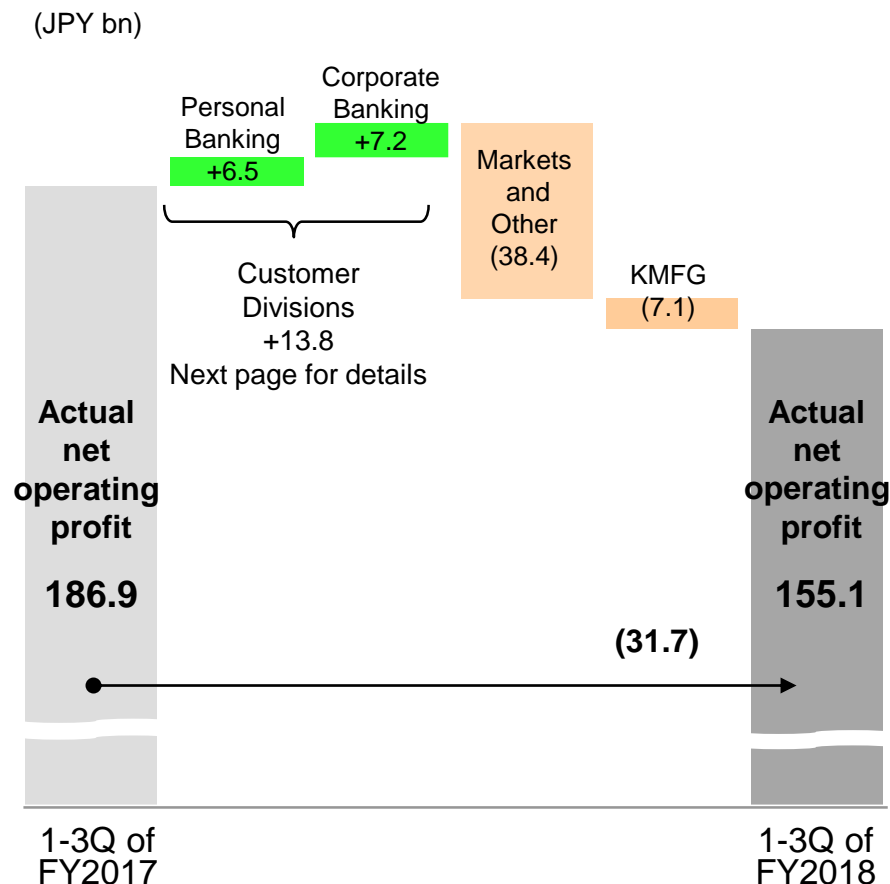
■ (Reference) Group banks, Bank holding company

Domestic standard (JPY bn)	Resona (Consolidated)	Saitama Resona (Non-consolidated)	KMFG (Consolidated)
Capital adequacy ratio (24)	10.56%	12.64%	7.15%
Total capital (25)	1,095.8	341.5	479.3
Risk weighted assets (26)	10,370.6	2,701.5	6,700.5

(Reference) Outline of Financial Results of Each Segment

HD
Consolidated

(JPY bn)		FY2018 1-3Q	Adjusted YoY Change
Customer Divisions	Gross operating profit (1)	347.5	+16.5
	Operating expense (2)	(223.0)	(2.3)
	Actual net operating profit (3)	124.6	+13.8
Personal Banking	Gross operating profit (4)	156.9	+8.1
	Operating expense (5)	(115.8)	(1.5)
	Actual net operating profit (6)	41.1	+6.5
Corporate Banking	Gross operating profit (7)	190.6	+8.3
	Operating expense (8)	(107.1)	(0.7)
	Actual net operating profit (9)	83.5	+7.2
Markets and Other	Gross operating profit (10)	7.1	(42.7)
	Operating expense (11)	(4.0)	+2.1
	Actual net operating profit (12)	5.0	(38.4)
KMFG	Gross operating profit (13)	112.8	(7.4)
	Operating expense (14)	(87.3)	+0.3
	Actual net operating profit (15)	25.4	(7.1)
Total	Gross operating profit (16)	467.5	(33.7)
	Operating expense (17)	(314.4)	+0.1
	Actual net operating profit (18)	155.1	(31.7)



Definition of management accounting

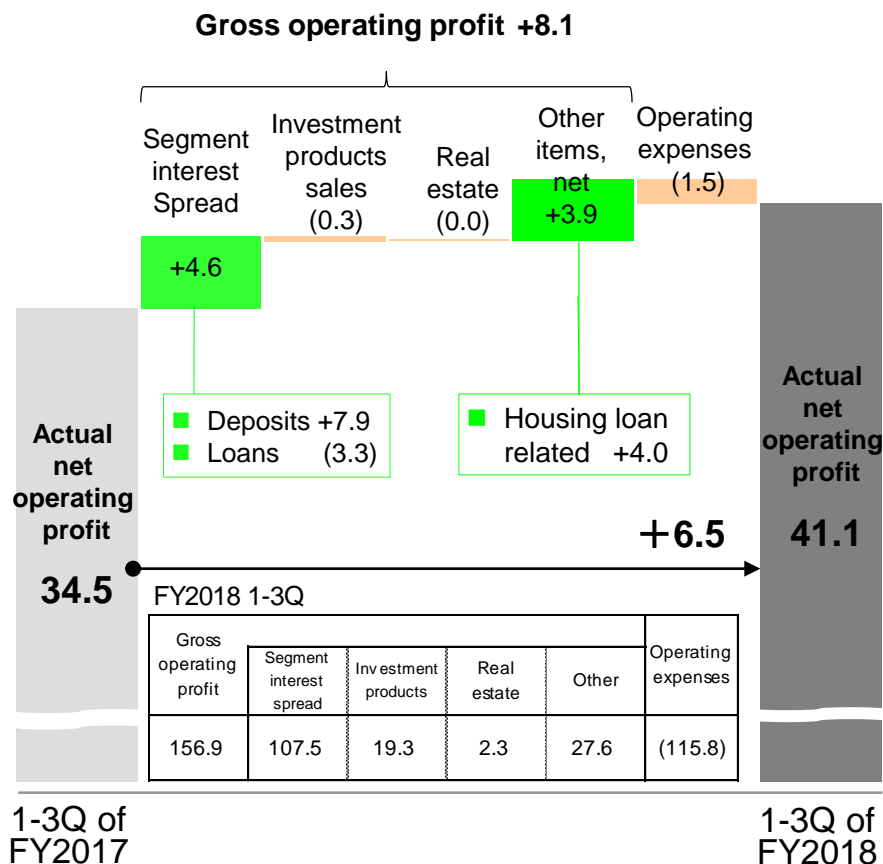
1. “Customer Divisions” and “Markets and Other” segment refers to the HD Consolidated subsidiaries, except KMFG consolidated subsidiaries.
2. Gross operating profit of “Markets” segment includes a part of net gains/losses on stocks. “Other” segment refers to the divisions in charge of management and business administration.
3. Adjusted YoY change of “KMFG” refers to the comparison with the total sum of KU consolidated, KO consolidated and MB consolidated results of 1-3Q of FY2017

(Reference) Outline of Financial Results of Customer Divisions

Personal Banking Segment

- Actual net operating profit : Up JPY6.5 bn, YoY

(JPY bn)



Corporate Banking Segment

- Actual net operating profit : Up JPY7.2 bn, YoY

(JPY bn)

