

Financial Highlights for the First Quarter of Fiscal Year 2019



Resona Holdings

August 9, 2019

Outline of Financial Results for the 1Q of FY2019

■ Posted JPY36.7 bn of net income attributable to owners of parent

Down JPY33.2 bn, or 47.5%, YoY

Excluding one-off gain*1 posted in 1Q of FY'18 : Up JPY6.6 bn,
or 22.1%, YoY

Progress rate against the full year target*2 : 22.9%

Progress rate against the 1H target*2 : 48.2%

■ Posted JPY55.6 bn of actual net operating profit

Up JPY4.1 bn, or 7.9%, YoY

● Posted JPY159.5 bn of gross operating profit

Up JPY0.6 bn, or 0.4%, YoY

Contraction of loan-to-deposit spread moderated while increase in loan balance continued
Fee income ratio sustained at 30.0%

- Net interest income from domestic loans and deposits:
Down JPY2.3 bn, YoY
Average loan balance : +2.02%, YoY
Loan-to-deposit spread : contracted by 4 bps, YoY
- Fee income : Down JPY0.2 bn, YoY
- Net gains on bonds (including futures) : Up JPY3.5 bn, YoY

● Operating expenses: JPY103.9 bn

Decreased JPY3.3 bn, YoY (Improved)

■ Credit related expenses: JPY2.6 bn (cost)

Increased JPY0.7 bn, YoY

■ KMB commenced operation as planned

KU and KO merged in Apr. 2019

Their systems to be integrated in Oct. 2019

■ Completed share buy back as planned

Spending approx. JPY10.0 bn, repurchased 21.7 million shares (0.93% of the total number of shares issued) during the period from May 13 to Jun. 12, 2019

	HD consolidated (JPY bn)	FY2019 1Q		Progress rate vs. Target (d)
		(a)	YoY change (b) % (c)	
Net income attributable to owners of parent	(1)	36.7	(33.2) (47.5)%	22.9%
EPS (yen)	(2)	15.89	(14.32) (47.4)%	
BPS (yen)	(3)	901.57	(9.04) (1.0)%	
Gross operating profit	(4)	159.5	+0.6 +0.4%	
Net interest income	(5)	103.2	(2.7)	
Nil from loans and deposits*3	(6)	86.4	(2.3)	
Fee income	(7)	47.8	(0.2)	
Fee income ratio	(8)	30.0%	(0.3)%	
Trust fees	(9)	4.5	(0.1)	
Fees and commission income	(10)	43.3	(0.1)	
Other operating income	(11)	8.4	+3.7	
Net gains on bonds (including futures)	(12)	3.5	+3.5	
Operating expenses (excluding group banks' non-recurring items)	(13)	(103.9)	+3.3 +3.1%	
Cost income ratio (OHR)	(14)	65.1%	(2.3)% (Improved)	
Actual net operating profit	(15)	55.6	+4.1 +7.9%	
Net gains on stocks (including equity derivatives)	(16)	2.1	(0.0)	
Credit related expenses, net	(17)	(2.6)	(0.7)	
Other gains, net	(18)	(3.8)	(36.4)	
Net income before income taxes and non-controlling interests	(19)	51.3	(33.1) (39.2)%	
Income taxes and other	(20)	(13.4)	(0.0)	
Net income attributable to non-controlling interests	(21)	(1.1)	(0.0)	

*1. One-off gain regarding KMFG integration : JPY39.8 bn *2. Full year target of FY2019: JPY160.0 bn, 1H target of FY2019 : JPY76.0 bn

*3. Total of non-consolidated domestic banking accounts of group banks, deposits include NCDs

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

Breakdown of Financial Results

(JPY bn)	Resona Holdings (Consolidated)		Total of group banks		Resona Bank	Saitama Resona Bank	Total of group banks under KMFG (g)	Difference (a)-(c)	
	(a)	YoY (b)	(c)	YoY (d)					
Gross operating profit	(1)	159.5	+0.6	145.9	+0.6	83.4	29.9	32.5	13.6
Net interest income	(2)	103.2	(2.7)	101.6	(3.3)	54.3	20.9	26.3	1.5
NII from domestic loans and deposits	(3)			86.4	(2.3)	43.9	18.0	24.4	
Fee income	(4)	47.8	(0.2)	36.1	(0.1)	24.2	7.8	4.0	11.7
Fee income ratio	(5)	30.0%	(0.3)%	24.7%	(0.1)%	29.0%	26.0%	12.4%	
Trust fees	(6)	4.5	(0.1)	4.5	(0.1)	4.5			(0.0)
Fees and commission income	(7)	43.3	(0.1)	31.5	+0.0	19.7	7.8	4.0	11.7
Other operating income	(8)	8.4	+3.7	8.1	+4.1	4.8	1.2	2.0	0.2
Net gains on bonds (including futures)	(9)	3.5	+3.5	3.7	+3.9	1.1	0.8	1.7	(0.1)
Operating expenses (excluding group banks' non-recurring items)	(10)	(103.9)	+3.3	*1 (98.1)	+2.9	(52.1)	(18.5)	*1 (27.3)	(5.8)
Cost income ratio (OHR)	(11)	65.1%	(Improved) (2.3)%	67.2%	(Improved) (2.2)%	62.5%	61.9%	84.1%	
Equity in gains of affiliates	(12)	0.1	+0.0						0.1
Actual net operating profit	(13)	55.6	+4.1	47.7	+3.5	31.2	11.3	5.1	7.8
Net gains on stocks (including equity derivatives)	(14)	2.1	(0.0)	2.0	+0.0	1.4	0.6	(0.0)	0.0
Credit related expenses, net	(15)	(2.6)	(0.7)	(1.1)	(2.6)	0.5	(1.5)	(0.1)	(1.4)
Other gains/(losses), net	(16)	(3.8)	*2 (36.4)	*3 (4.1)	+3.0	(0.9)	(0.4)	*3 (2.8)	0.3
Net income before income taxes	(17)	51.3	(33.1)	44.5	+4.0	32.2	10.0	2.1	6.7
Income taxes and other	(18)	(13.4)	(0.0)	(11.6)	(0.1)	(8.0)	(2.9)	(0.6)	(1.7)
Net income attributable to non-controlling interests	(19)	(1.1)	(0.0)						(1.1)
Net income (attributable to owners of parent)	(20)	36.7	(33.2)	32.8	+3.8	24.1	7.0	1.5	3.8

*1. Exclude goodwill amortization by KU, JPY(0.1) bn, related to acquisition of former Biwako Bank

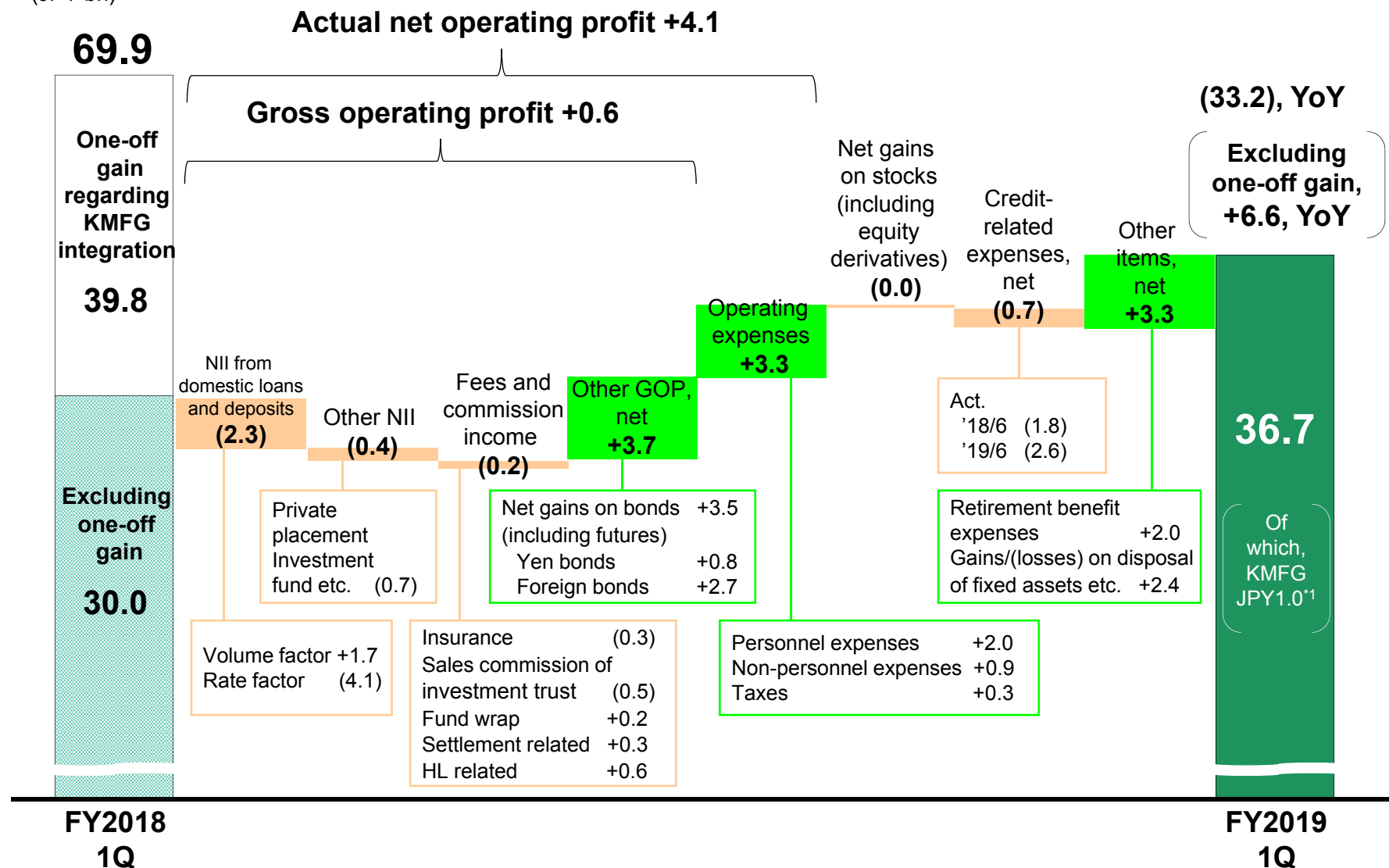
*2. Include absence of one-off gain, JPY(39.8) bn, regarding KMFG integration in FY2018

*3. Include KMFG integration cost JPY(1.9) bn

Factors for the Changes in Net Income Attributable to Owners of Parent (YoY Comparison)

HD Consolidated

(JPY bn)



*1. { KMFG consolidated net income (JPY2.0 bn) } x 51.2%

Trend of Loans and Deposits (Domestic account)

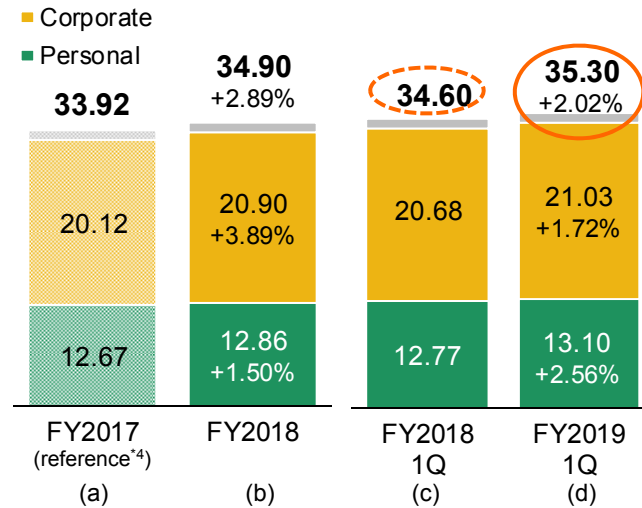
Total of Group Banks

Average loan / deposit balance, rates and spread

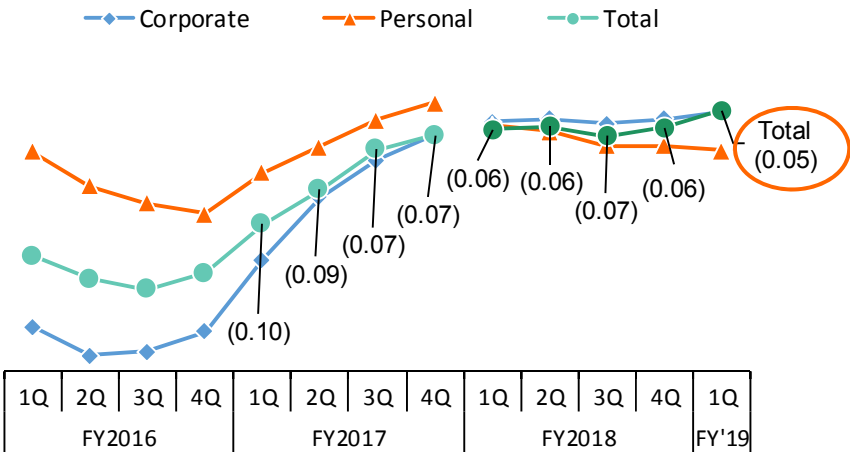
Avg. bal : Trillion Yen Income/Cost : Billion Yen		1Q		FY2019	
		Act. (a)	YoY *3 (b)	Plan (c)	YoY *3 (d)
Loans	Avg. Bal. (1)	35.30	+2.02%	35.63	+2.08%
	Rate (2)	1.00%	(0.05)%	0.98%	(0.04)%
	Income (3)	88.2	(2.6)	351.9	(9.4)
Corporate Banking Business Unit *1	Avg. Bal. (4)	21.03	+1.72%	21.40	+2.36%
	Rate (5)	0.84%	(0.05)%	0.83%	(0.04)%
Personal Banking Business Unit *2	Avg. Bal. (6)	13.10	+2.56%	13.14	+2.21%
	Rate (7)	1.27%	(0.07)%	1.26%	(0.06)%
Deposits (Including NCDs)	Avg. Bal. (8)	51.84	+2.70%	51.77	+1.89%
	Rate (9)	0.01%	(0.00)%	0.01%	(0.00)%
	Cost (10)	(1.7)	+0.2	(6.6)	+0.9
Loan-to-deposit	Spread (11)	0.98%	(0.04)%	0.97%	(0.04)%
	Net interest income (12)	86.4	(2.3)	345.2	(8.4)

Trend of average loan balance, loan rate change

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



[Loan rate YoY change (%)]



*1. Figures are internal administration purpose, Corporate Banking Business Unit : Corporate loans (excluding loans to governments) + apartment loans
 *2. Figures are internal administration purpose, Personal Banking Business Unit : Residential housing loans + other consumer loans
 *3. Average balance : rate of change
 *4. Figures are adjusted to reflect the KMFG integration.

1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q
 FY2016 FY2017 FY2018 FY'19
 3 banks(RB, SR, KO) After KMFG integration

Term-end Balance of Loans and Deposits

Total of Group Banks

Term-end loan balance

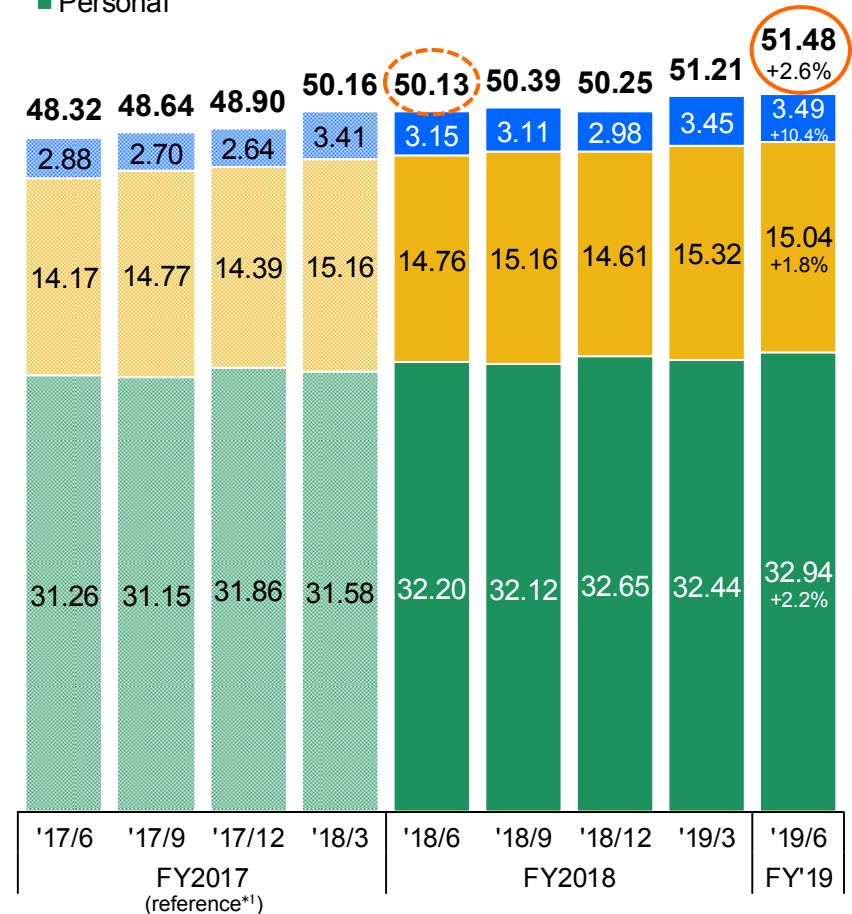
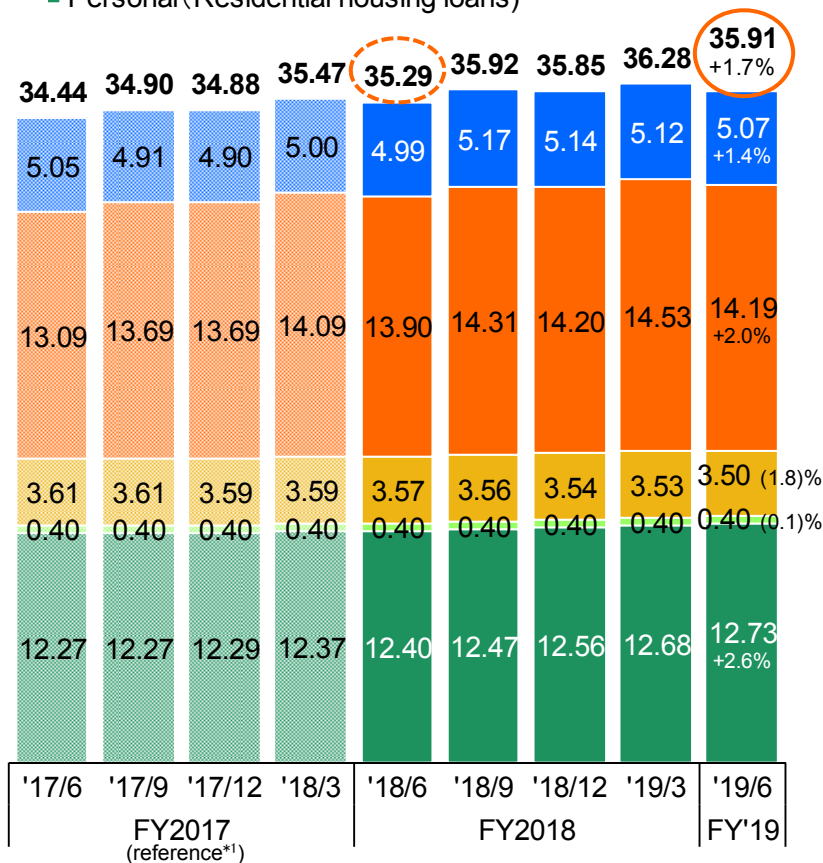
Term-end deposit balance

JPY tn, % represents YoY change

JPY tn, % represents YoY change

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

- Other
- Corporate
- Personal



*1. Figures are adjusted to reflect the KMFG integration.

Housing Loan Business

Total of Group Banks

New loan origination

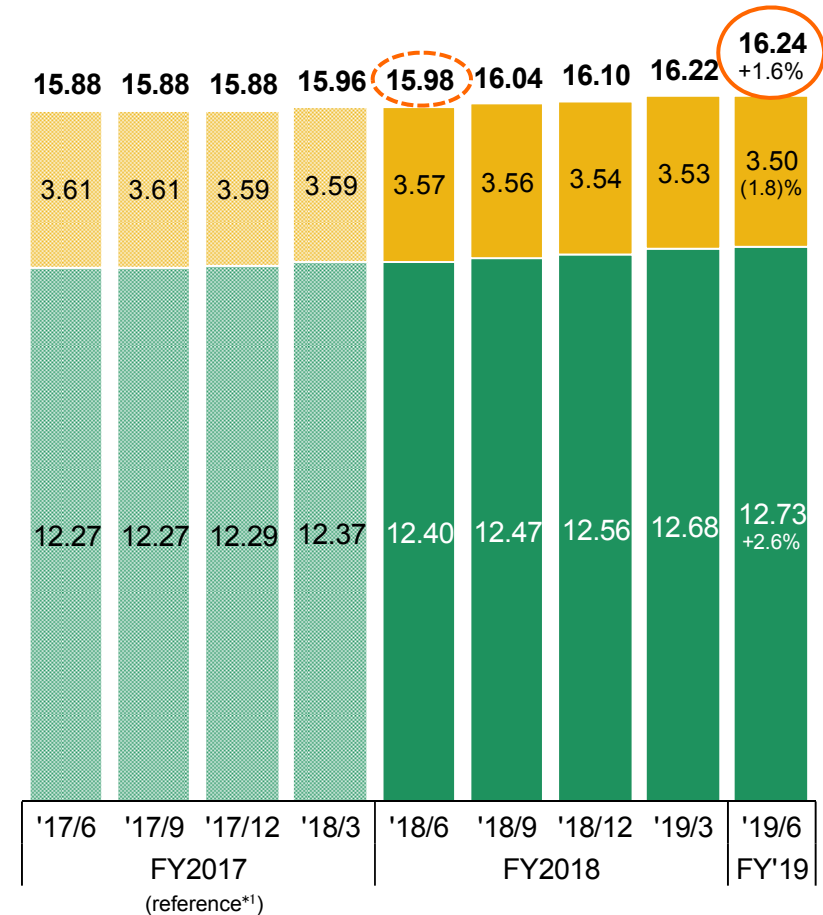
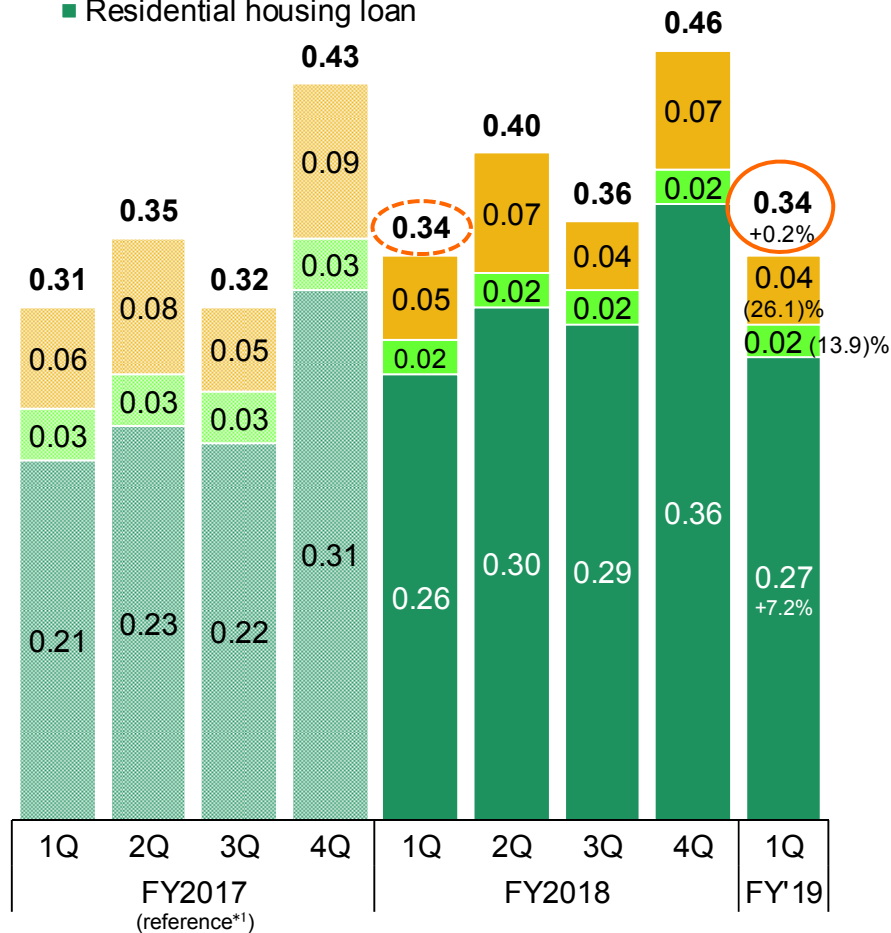
Term-end loan balance

JPY tn, % represents YoY change

JPY tn, % represents YoY change

- Apartment loan
- Flat 35
- Residential housing loan

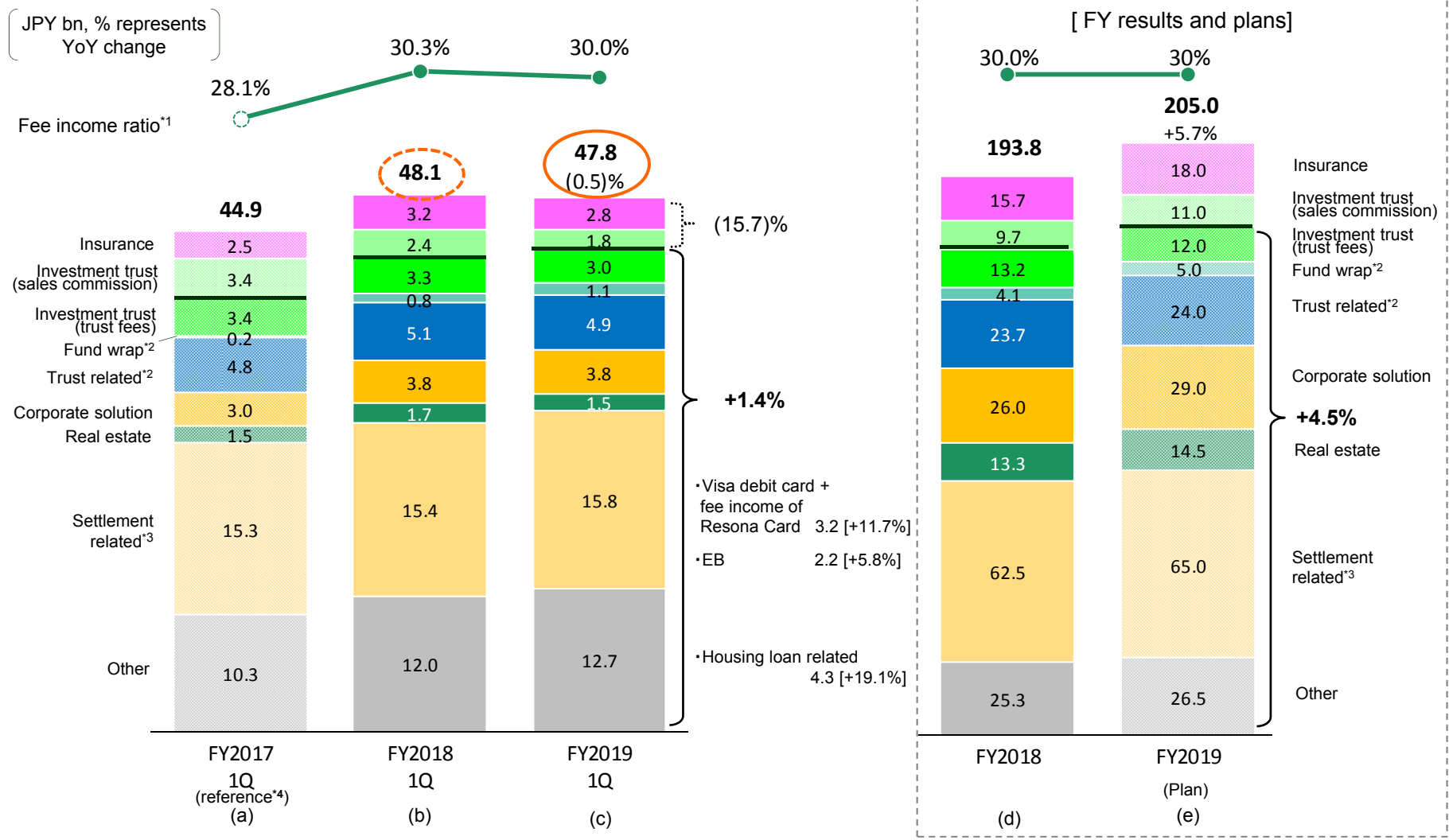
- Apartment loan
- Residential housing loan



*1. Figures are adjusted to reflect the KMFG integration.

Fee Income

- Consolidated fee income ratio*1 for 1Q of FY2019 : 30.0%
- While sales of insurance and investment trust have slowed down, fund wrap (+28.8%, YoY) , settlement related (+2.3%, YoY) and housing loan related fees (+19.1%, YoY) have grown steadily.

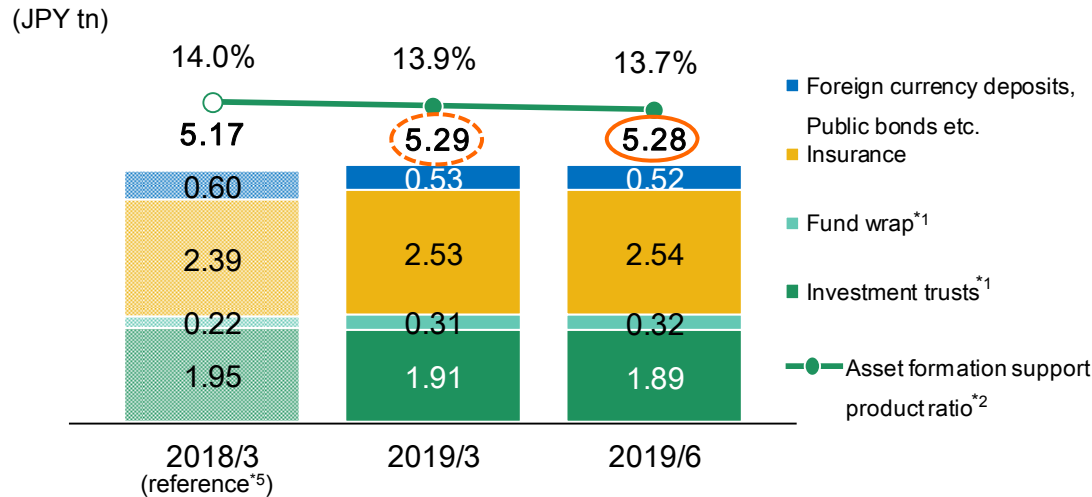


*1. (Fees and commission income + trust fees) / Consolidated gross operating profit *2. Including fee income earned by Resona Asset Management
 *3. Fees and commission from domestic exchange, account transfer, EB, Visa debit card and fee income earned by Resona Kessai Service and Resona Card * 4. Figures are adjusted to reflect the KMFG integration.

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

HD Consolidated

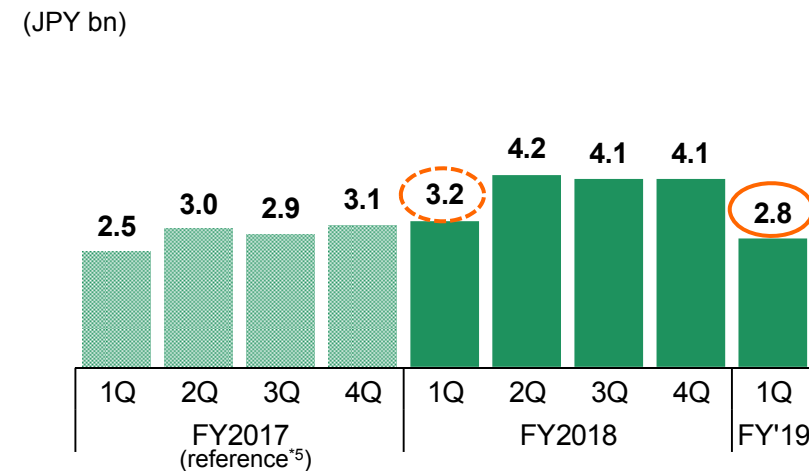
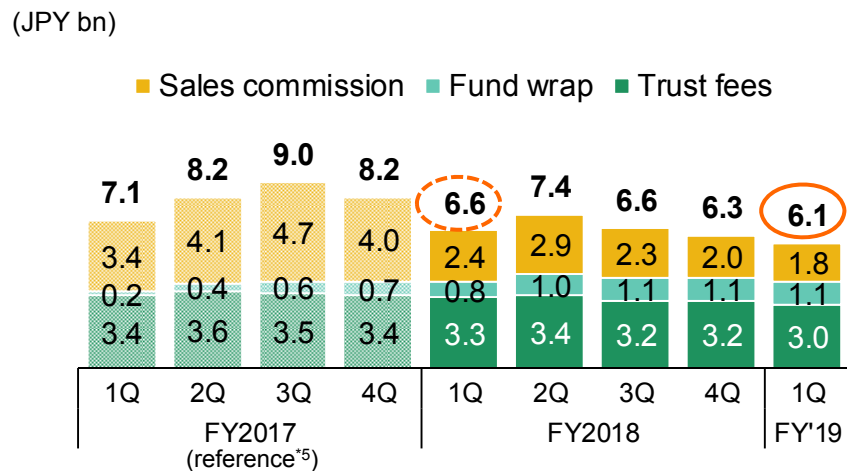
Balance of asset formation support products sold to individuals



- Balance of fund wrap*1 : '19/6 JPY324.2 bn (JPY362.1 bn including corporation)
- Change in balance of investment trust and fund wrap: 1Q FY'19 approx. JPY(4.0) bn
 - Net inflow (new purchase – withdrawal and redemption) : Approx. +JPY18.1 bn
- Number of individual customers having investment trust, fund wrap and insurance products :'19/6 0.91 million
 - NISA account holders*3 : 0.34 million
- iDeCo participants*4 : '19/6 104 thousand, +27.6%, YoY

Investment trust and fund wrap income

Insurance income



*1. Based on market value *2. Balance of asset formation support products sold to individuals / (balance of asset formation support products sold to individuals and yen deposits held by individuals) *3. NISA, Junior NISA, Cumulative NISA
 *4. iDeCo participants + members giving investment instructions *5. Figures are adjusted to reflect the KMFG integration.

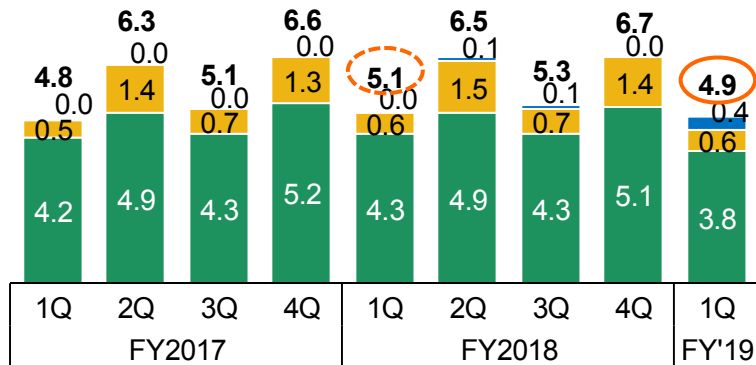
Major Fee Businesses(2) (Trust, Corporate Solution, Real Estate Business)

HD Consolidated

Trust-related business income

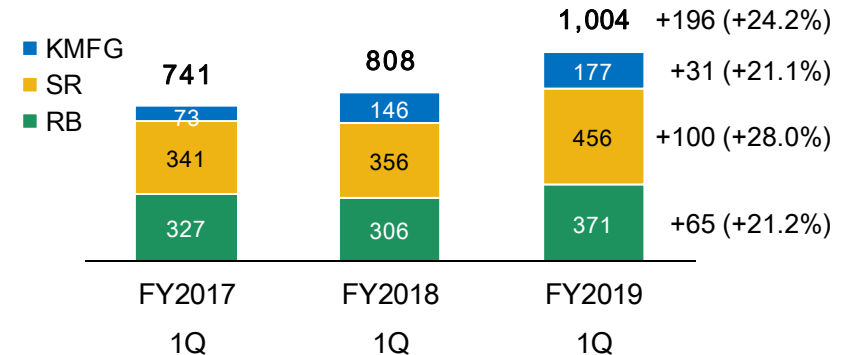
(JPY bn)

- Resona Asset Management
- Trust solution offered for asset and business succession
- Pension/Securities trust



- Expand business opportunities through providing group banks' customers with trust functions

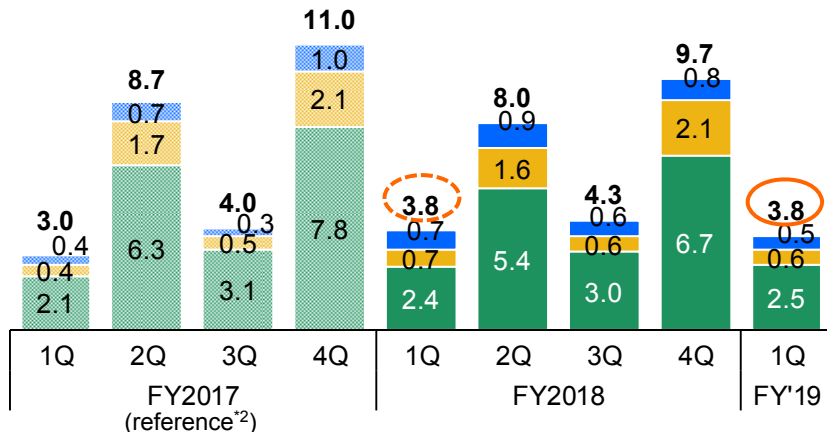
[Number of new asset succession-related contracts]



Corporate solutions business income

(JPY bn)

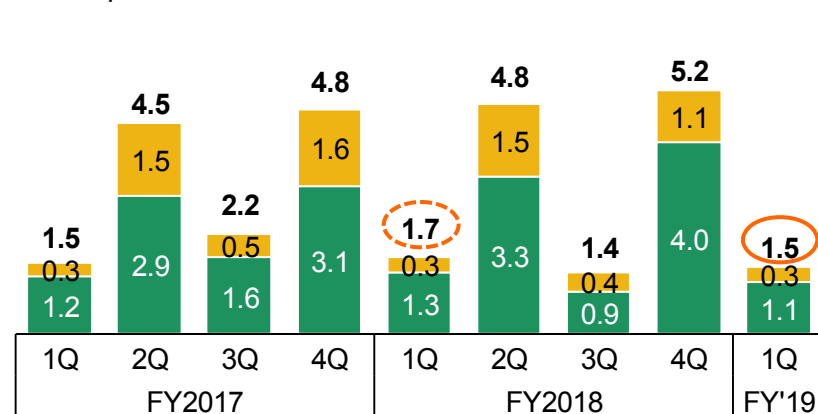
- M&A
- Private notes
- Commitment line, Syndicated loans, Covenants



Real estate business income*1

(JPY bn)

- Corporate
- Consumer



*1. Excluding gains from investments in real estate funds

*2. Figures are adjusted to reflect the KMFG integration.

Credit Costs and NPL

HD Consolidated
Total of Group Banks

Trend of credit costs

(JPY bn)	FY 2017 (Reference ¹) (a)	FY2018		FY2019	
		1Q (b)	(c)	1Q (d)	Plan (e)
Net credit cost (HD consolidated) (1)	10.1	(1.8)	(1.3)	(2.6)	(22.5)
Net credit cost (Total of group banks) (2)	14.7	1.4	0.1	(1.1)	(17.0)
General reserve (3)	9.0	2.3	11.2	5.3	
Specific reserve and other items (4)	5.7	(0.9)	(11.0)	(6.5)	
New bankruptcy, downward migration (5)	(22.2)	(7.9)	(31.3)	(10.4)	
Collection/ upward migration (6)	27.9	6.9	20.2	3.8	
Difference (1) - (2) (7)	(4.6)	(3.3)	(1.4)	(1.4)	(5.5)
HL guarantee subsidiaries (8)	0.0	(0.7)	3.0	(0.3)	
Resona Card (9)	(2.3)	(0.6)	(2.2)	(0.6)	
<Credit cost ratio> (bps)					
HD consolidated ² (10)	2.8	(2.0)	(0.3)	(2.8)	(6.1)
Total of group banks ³ (11)	4.0	1.6	0.0	(1.2)	(4.5)

*(Note) Positive figures represent reversal gains

*1. Figures are adjusted to reflect the KMFG integration.

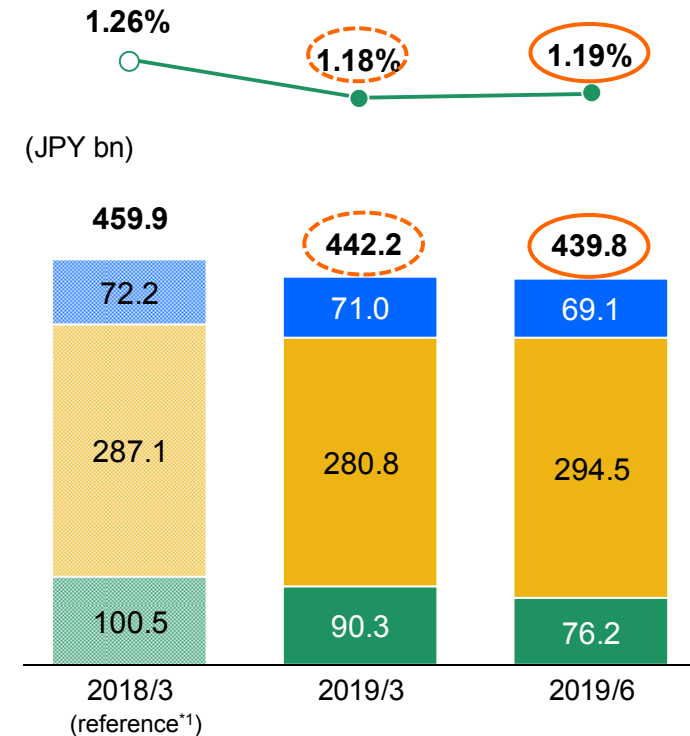
*2. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

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

Trend of NPL balance and ratio (Total of Group Banks)

(Financial Reconstruction Act criteria)

- Unrecoverable or valueless claims
- Risk claims
- Special attention loans
- NPL ratio



Securities portfolio^{*1}

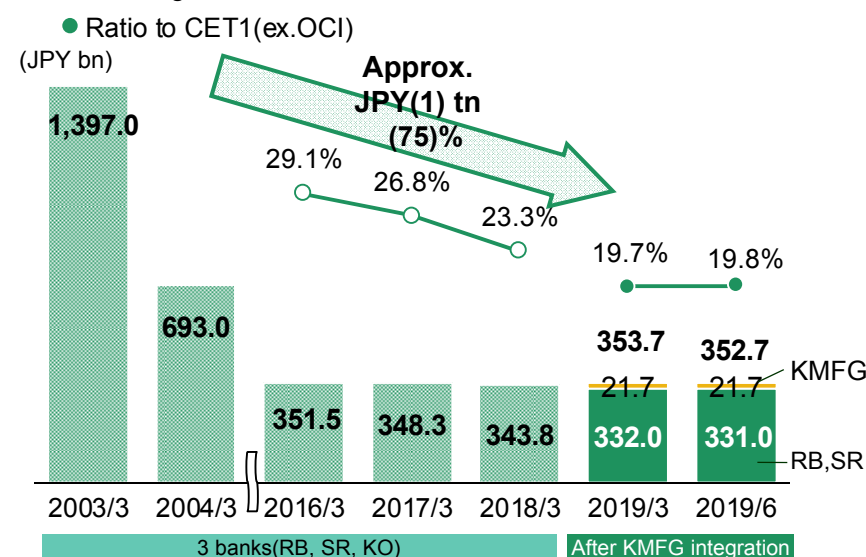
(JPY bn)	2018/3 (reference ^{*2}) (a)	2019/3 (b)	2019/6 (c)		
				Unrealized gain/(loss) (d)	
Available-for-sale securities	(1)	2,918.1	2,566.5	2,628.2	537.1
Stocks	(2)	365.4	353.8	352.8	517.3
Bonds	(3)	1,532.7	1,188.2	1,183.0	7.2
JGBs	(4)	325.1	46.1	81.1	0.3
Average duration (years)	(5)	6.5	6.7	11.1	-
Basis point value (BPV)	(6)	(0.21)	(0.03)	(0.09)	-
Local government and corporate bonds	(7)	1,207.5	1,142.0	1,101.9	6.8
Other	(8)	1,019.9	1,024.5	1,092.2	12.5
Foreign bonds	(9)	389.2	472.3	572.2	12.5
Average duration (years)	(10)	8.4	5.3	5.0	-
Basis point value (BPV)	(11)	(0.31)	(0.18)	(0.21)	-
Investment trusts (Domestic)	(12)	608.0	540.6	509.0	(2.6)
Net unrealized gain	(13)	672.8	598.3	537.1	
Bonds held to maturity	(14)	2,057.1	2,127.4	1,848.0	46.6
JGBs	(15)	1,565.5	1,539.5	1,243.1	33.3
Net unrealized gain	(16)	52.0	47.1	46.6	

- Unrealized gains/(losses) in 3 assets improved (4)+(9)+(12) '18/3^{*2} JPY(21.2) bn ⇒ '19/3 +JPY2.4 bn ⇒ '19/6 +JPY10.3 bn

Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 8,400 yen
- Balance of listed stocks disposed in 1Q of FY2019 (acquisition cost basis): JPY0.9 bn, Net gain on sale: JPY1.2 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^{*3} in the medium term.
 - Plan to reduce JPY35.0 bn in 5 years from FY2016

【Stock holdings】



*1. Acquisition cost basis. The presented figures include marketable securities only

*2. Figures are adjusted to reflect the KMFG integration. *3. Excluding OCI (other comprehensive income)

Capital Adequacy Ratio

HD
Consolidated

- **CAR (Domestic std.) and CET1 ratio* (International std.) as of Jun. 30, 2019 were 10.90% and 9.93%, respectively, maintaining sound capital adequacy level**

* Excluding unrealized gain on available for sale securities

Domestic standard

(JPY bn)	2019/3	2019/6	Change
Capital adequacy ratio (1)	10.10%	10.90%	+0.80%

Total capital (2)	1,925.9	1,936.7	+10.7
Core Capital: instruments and reserves (3)	1,978.1	1,990.1	+12.0
Stockholders' equity (4)	1,636.7	1,664.1	+27.4
Adjusted non-controlling interests (5)	236.2	233.3	(2.9)
Subordinated loans and bonds subject to transitional arrangement (6)	97.0	87.1	(9.9)
Core Capital: regulatory adjustments (7)	52.1	53.4	+1.2

Risk weighted assets (8)	19,062.0	17,762.5	(1,299.4)
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- **Change in total capital**
 - Net income attributable to owners of parent +36.7 bn
 - Acquisition of own shares (10.0) bn
 - Redemption of subordinated bonds and other (9.9) bn
- **Change in RWAs**
 - IRB approach applicable to KMB and MB* (1,135.6) bn
(*Applicable at an RHD-consolidated level)
 - Decline in loan balance (117.7) bn

■ Group banks, Bank holding company

Domestic standard (JPY bn)	Resona (Consolidated)	Saitama Resona (Non-consolidated)	KMFG (Consolidated)
Capital adequacy ratio	10.71%	12.88%	8.08%
Total capital	1,091.6	345.8	458.9
Risk weighted assets	10,191.7	2,684.9	5,675.0

(Reference) International standard

(JPY bn)	2019/3	2019/6	Change
Excluding net unrealized gains on available-for-sale securities (9)	9.30%	9.93%	+0.63%
Common Equity Tier1 capital ratio (10)	11.47%	12.02%	+0.55%
Tier1 capital ratio (11)	11.54%	12.25%	+0.71%
Total capital ratio (12)	12.21%	12.92%	+0.71%

Common Equity Tier1 capital (13)	2,239.2	2,181.2	(58.0)
Instruments and reserves (14)	2,309.3	2,252.2	(57.1)
Stockholders' equity (15)	1,636.7	1,664.1	+27.4
Net unrealized gains on available-for-sale securities (16)	423.9	379.1	(44.8)
Adjusted non-controlling interests (17)	222.7	182.4	(40.3)
Regulatory adjustments (18)	70.1	71.0	+0.9
Other Tier1 capital (19)	11.8	41.8	+30.0
Tier1 capital (20)	2,251.1	2,223.1	(28.0)
Tier2 capital (21)	130.6	121.8	(8.7)
Total capital (Tier1+Tier2) (22)	2,381.7	2,345.0	(36.7)
Risk weighted assets (23)	19,506.6	18,143.2	(1,363.3)

(Reference)

■ Impact from the finalized Basel 3

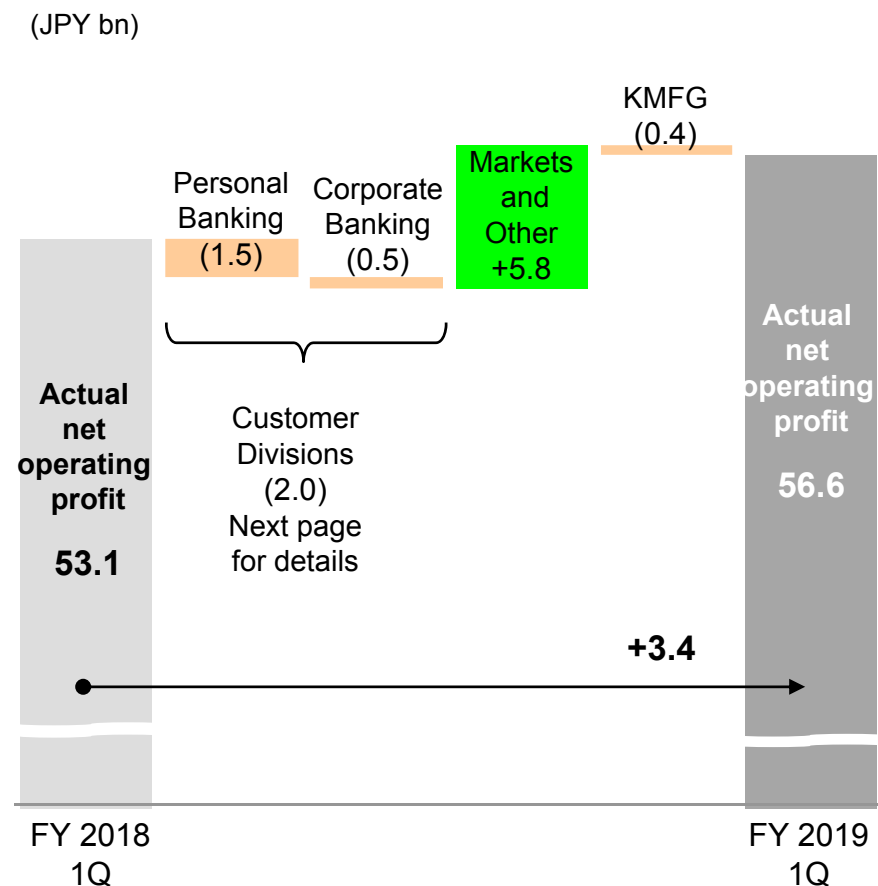
CET1 ratio: Approx. 8.9%*
(Excluding unrealized gains on available-for-sale securities)

*Trial calculation which took into consideration the estimated increase in RWAs owing to the finalization of Basel 3 (SA and capital floor revisions) based on the actual CET1 ratio excluding net unrealized gains on available-for-sale securities as of Jun. 30, 2019 reported as (9) in the above table

(Reference) Outline of Financial Results of Each Segment

HD Consolidated

(JPY bn)		FY2019 1Q	YoY Change
Customer Divisions	Gross operating profit (1)	114.5	(1.8)
	Operating expense (2)	(75.0)	(0.1)
	Actual net operating profit (3)	39.5	(2.0)
Personal Banking	Gross operating profit (4)	56.3	(0.6)
	Operating expense (5)	(40.6)	(0.8)
	Actual net operating profit (6)	15.6	(1.5)
Corporate Banking	Gross operating profit (7)	58.2	(1.1)
	Operating expense (8)	(34.4)	+0.6
	Actual net operating profit (9)	23.8	(0.5)
Markets and Other	Gross operating profit (10)	11.1	+3.7
	Operating expense (11)	(0.5)	+2.0
	Actual net operating profit (12)	10.6	+5.8
KMFG	Gross operating profit (13)	34.7	(1.8)
	Operating expense (14)	(28.3)	+1.4
	Actual net operating profit (15)	6.4	(0.4)
Total	Gross operating profit (16)	160.4	+0.0
	Operating expense (17)	(103.9)	+3.3
	Actual net operating profit (18)	56.6	+3.4



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.

(Reference) Outline of Financial Results of Customer Divisions

HD Consolidated
(exclude KMFG)

Personal banking segment

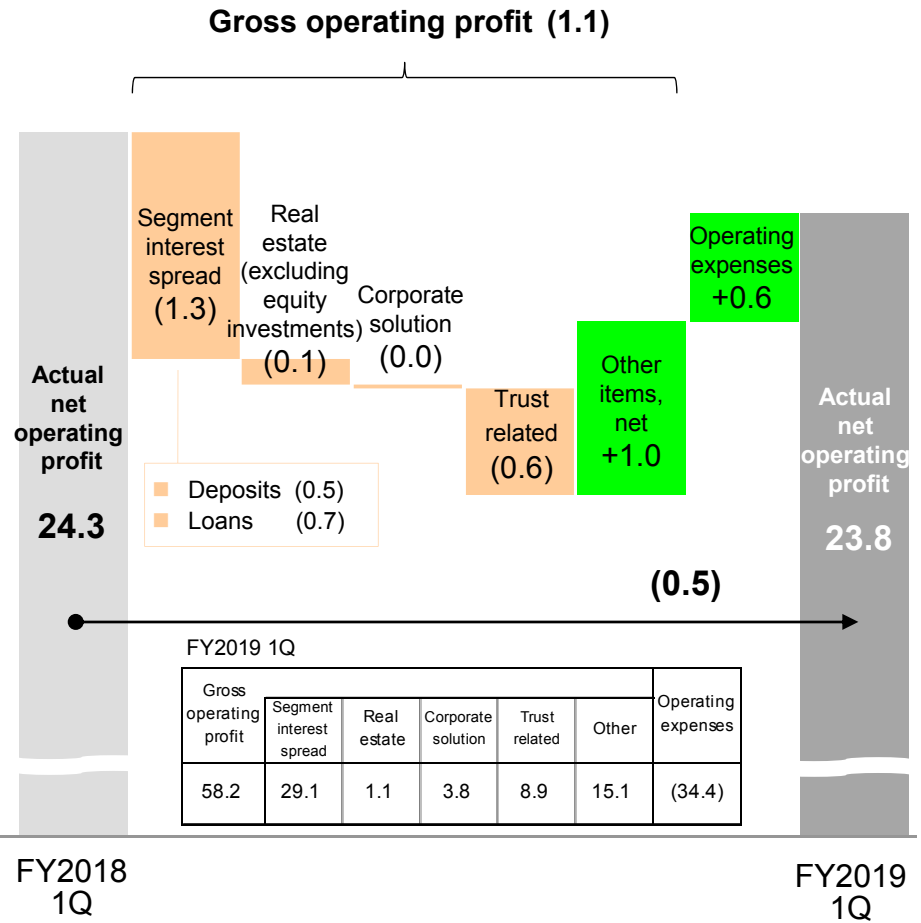
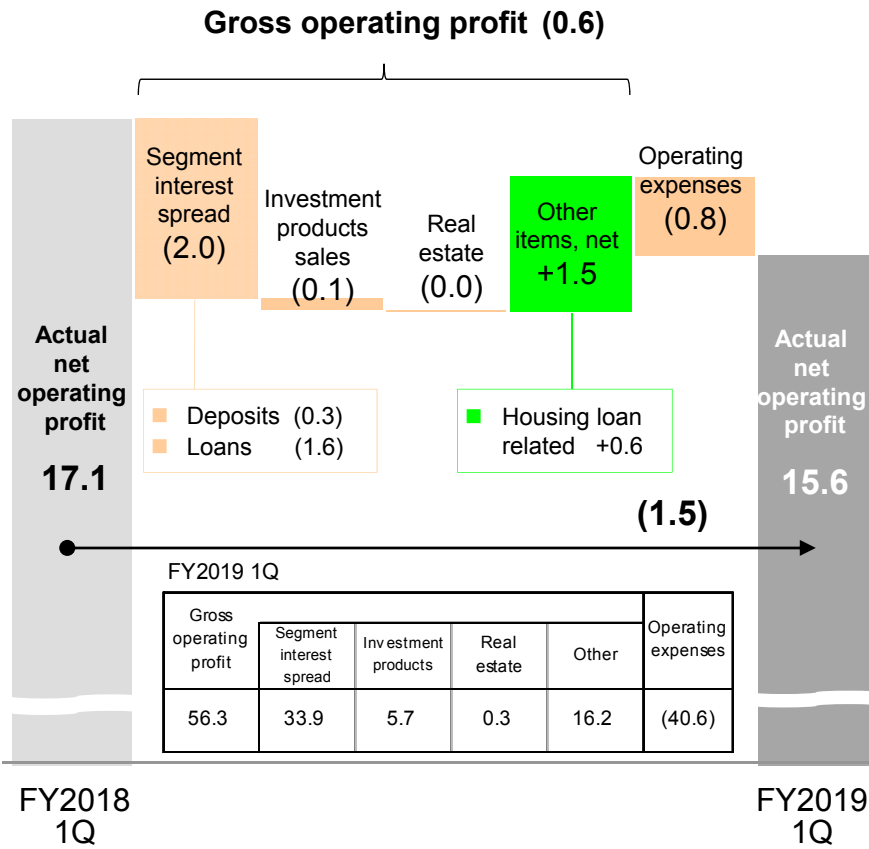
Corporate banking segment

Actual net operating profit : Down JPY1.5 bn, YoY

Actual net operating profit : Down JPY0.5 bn, YoY

(JPY bn)

(JPY bn)



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

[HD] Resona Holdings, [RB] Resona Bank, [SR] Saitama Resona Bank,
[KMFG] Kansai Mirai Financial Group, [KMB] Kansai Mirai Bank*, [MB] Minato Bank
* [KU] Kansai Urban Banking Corporation and [KO] Kinki Osaka Bank merged on April 1, 2019

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.