

Financial Highlights for the First Quarter of Fiscal Year 2020



Resona Holdings

August 7, 2020

Outline of Financial Results for the 1Q of FY2020

■ Net income attributable to owners of parent: JPY21.8 bn

- Down JPY14.8 bn, or 40.5%, YoY
- Progress rate against the full year target*1 : 18.1%

■ Actual net operating profit: JPY51.7 bn

Down JPY3.9 bn, or 7.0%, YoY

● Gross operating profit: JPY154.6 bn

Down JPY4.8 bn, or 3.0%, YoY

- Net interest income from domestic loans and deposits:
Down JPY2.3 bn, YoY

Average loan balance : +3.59%, YoY

Loans rate : down by 6bps, YoY

[Excluding loans to the Japanese government and others]

Average loan balance : +2.07%, YoY

Loans rate : down by 5bps, YoY

Loans balance surpassed expectation mainly due to increasing loans demand from corporate customers.

Loans rate, excluding loans to the Japanese government and others, was almost in line with the plan.

- Fee income : Down JPY3.9 bn, YoY
Fee income ratio : 28.3%

Fee businesses started slow mainly due to the constraint on face-to-face business activities amid the COVID-19 related crisis.

- Net gains on bonds (including futures) : Up JPY4.2 bn, YoY
Increased by building-up trading profits in a timely manner.

- **Operating expenses: JPY103.0 bn**, improved by JPY0.8 bn, YoY
Both personnel and non-personnel expenses decreased.

■ Credit related expenses: JPY15.9 bn (cost)

Increased by JPY13.3 bn, YoY

Provisioned loan loss reserves from a preemptive standpoint amid an uncertain environment due to the COVID-19 pandemic.

HD consolidated (JPY bn)	FY2020 1Q (a)	YoY change		Progress rate vs. Target*1 (d)
		(b)	% (c)	
Net income attributable to owners of parent (1)	21.8	(14.8)	(40.5)%	18.1%
EPS (yen) (2)	9.49	(6.40)	(40.2)%	
BPS (yen) (3)	941.54	+39.97	+4.4%	
Gross operating profit (4)	154.6	(4.8)	(3.0)%	
Net interest income (5)	100.0	(3.1)		
Nil from loans and deposits*2 (6)	84.0	(2.3)		
Fee income (7)	43.9	(3.9)		
Fee income ratio (8)	28.3%	(1.6)%		
Trust fees (9)	4.4	(0.0)		
Fees and commission income (10)	39.4	(3.8)		
Other operating income (11)	10.7	+2.3		
Net gains on bonds (including futures) (12)	7.8	+4.2		
Operating expenses (excluding group banks' non-recurring items) (13)	(103.0)	+0.8	+0.8%	
Cost income ratio (OHR) (14)	66.6%	+1.4%		
Actual net operating profit (15)	51.7	(3.9)	(7.0)%	
Net gains on stocks (including equity derivatives) (16)	(0.9)	(3.0)		
Credit related expenses, net (17)	(15.9)	(13.3)		
Other gains, net (18)	(2.7)	+1.1		
Net income before income taxes and non-controlling interests (19)	32.0	(19.2)	(37.5)%	
Income taxes and other (20)	(8.9)	+4.5		
Net income attributable to non-controlling interests (21)	(1.3)	(0.1)		

*1. Full year target of FY2020: JPY120.0 bn

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

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

Response to the COVID-19 Pandemic

How we response to the COVID-19 pandemic and what it impacts on our business activities

■ Maintaining smooth, locally-rooted banking operations

Local
Communities and
Customers

Employees

- All domestic branches have maintained deposit, domestic & foreign exchange, lending and other banking services
- Expanded non face-to-face services
 - Resona Group App: Approx. 2.6 million downloads as of Jun. '20
 - Pay-easy*1 : Approx. 2.4 times, YoY Bank transfer*1 : Approx. 2.2 times, YoY
- Supported cash flow
 - Set up help desks and dedicated call centers to accommodate customer needs for cash-flow-related consulting even during public holidays
 - Provided “the COVID-19 support fund” and utilized public-financing system at all group banks to support customers in a swift and timely manner
- Broadly implemented a “split-team” operation, working shifts with smaller headcounts, teleworking and other

■ 1Q of FY'20: Loan balance surpassed expectation while fee businesses started slow mainly due to the constraint on face-to-face business activities Provisioned loan loss reserves from a preemptive standpoint amid an uncertain environment

Cash flow
Support

Fee Business

Credit Costs

- Loan balance increased mainly due to higher cash flow demand from corporate customers
 - Average loan balance (excluding loans to the Japanese government and others): +2.07%, YoY (Corporate loans*2 +3.59%, YoY)
 - COVID-19 related loan origination*3 : Approx. JPY1.3 trillion
Approx. 40% of which are guaranteed by Credit Guarantee Corporations
- Despite negative effects mainly on asset formation support business from constraints on face-to-face business activities, income from corporate solution business regarding loans increased
 - Income from Investment trust, FW and Insurance: JPY6.6 bn, down 25%, YoY
 - Income from commitment lines, syndicated loans, covenants and private notes: JPY3.8 bn, up 18%, YoY
- General reserve increased ⇒ Took into account a greatly uncertain environment to calculate PD
⇒ Loans balance increased utilizing public-financing system and other
- Specific reserve increased ⇒ New bankruptcy remained almost the same level on a group bank basis as previous fiscal year although RB recognized some credit cost from certain large borrowers
⇒ Reversal gains have continued to be on a declining trend due to the progress of turnaround support and other

*1. Transaction number through Resona Group App as of 1Q of FY'20 (RB·SR·KMB)

*2. Excluding loans to HD

*3. Total of group banks from March 10 to July 3, 2020 based on the report from each bank

Breakdown of Financial Results

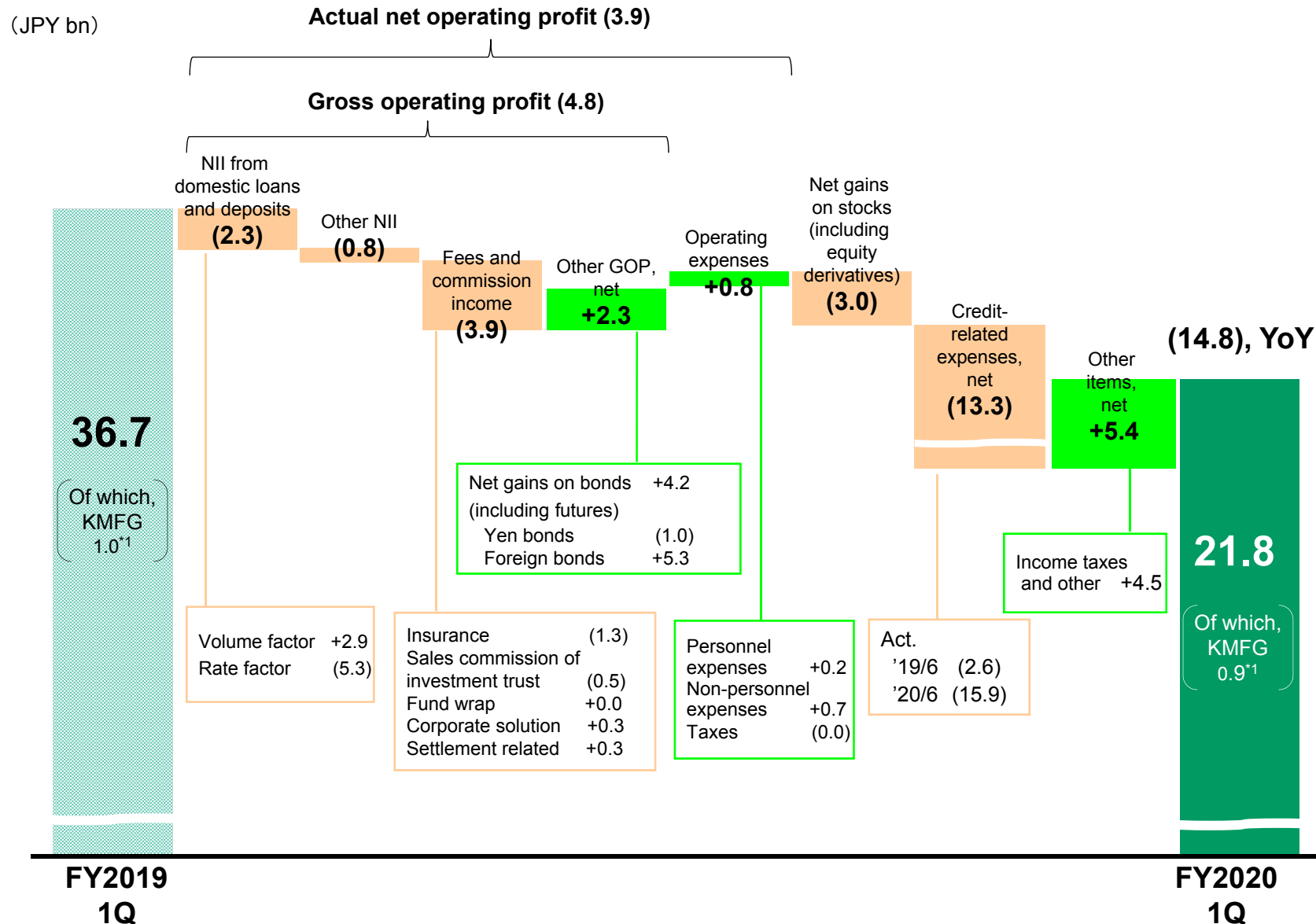
(JPY bn)	Resona Holdings (Consolidated)		Total of group banks		Resona Bank (e)	Saitama Resona Bank (f)	Total of group banks under KMFG (g)	Difference (a)-(c)
	(a)	YoY	(c)	YoY				
		(b)		(d)				
Gross operating profit (1)	154.6	(4.8)	141.0	(4.8)	81.3	28.6	31.0	13.6
Net interest income (2)	100.0	(3.1)	98.3	(3.3)	51.3	20.5	26.4	1.7
Nil from domestic loans and deposits (3)			84.0	(2.3)	42.7	17.4	23.8	
Gains/(losses) on cancellation of investment trusts (4)	1.7	+1.2	1.2	+0.7	(0.4)	0.7	0.9	0.4
Fee income (5)	43.9	(3.9)	32.4	(3.6)	21.5	7.1	3.7	11.4
Fee income ratio (6)	28.3%	(1.6)%	22.9%	(1.7)%	26.5%	24.9%	11.9%	
Trust fees (7)	4.4	(0.0)	4.4	(0.0)	4.4			(0.0)
Fees and commission income (8)	39.4	(3.8)	27.9	(3.6)	17.0	7.1	3.7	11.4
Other operating income (9)	10.7	+2.3	10.2	+2.1	8.3	0.9	0.9	0.4
Net gains on bonds (including futures) (10)	7.8	+4.2	7.7	+4.0	6.6	0.6	0.4	0.0
Operating expenses (excluding group banks' non-recurring items) (11)	(103.0)	+0.8	*1 (96.9)	+1.1	(51.5)	(18.6)	*1 (26.7)	(6.1)
Cost income ratio (OHR) (12)	66.6%	+1.4%	68.7%	+1.4%	63.4%	65.1%	85.8%	
Actual net operating profit (13)	51.7	(3.9)	44.0	(3.6)	29.7	9.9	4.3	7.6
Core net operating profit *2 (excluding gains/(losses) on cancellation of investment trusts) (14)			35.9	(4.8)	24.2	8.5	3.0	
Net gains on stocks (including equity derivatives) (15)	(0.9)	(3.0)	0.7	(1.3)	(1.8)	1.2	1.3	(1.6)
Credit related expenses, net (16)	(15.9)	(13.3)	(14.3)	(13.2)	(11.3)	(0.7)	(2.2)	(1.6)
Other gains/(losses), net (17)	(2.7)	+1.1	(2.4)	+1.7	(1.7)	(0.8)	0.1	(0.3)
Net income before income taxes (18)	32.0	(19.2)	28.0	(16.5)	14.8	9.5	3.6	4.0
Income taxes and other (19)	(8.9)	+4.5	(7.5)	+4.1	(3.8)	(2.7)	(0.9)	
Net income attributable to non-controlling interests (20)	(1.3)	(0.1)						
Net income (attributable to owners of parent) (21)	21.8	(14.8)	20.4	(12.3)	10.9	6.7	2.6	

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

*2. Actual net operating profit - Gains on cancellation of investment trusts - Net gains on bonds

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

HD Consolidated



*1. KMFG consolidated net income x 51.2%

Trend of Loans and Deposits (Domestic Account)

Total of Group Banks

Average loan / deposit balance, rates and spread

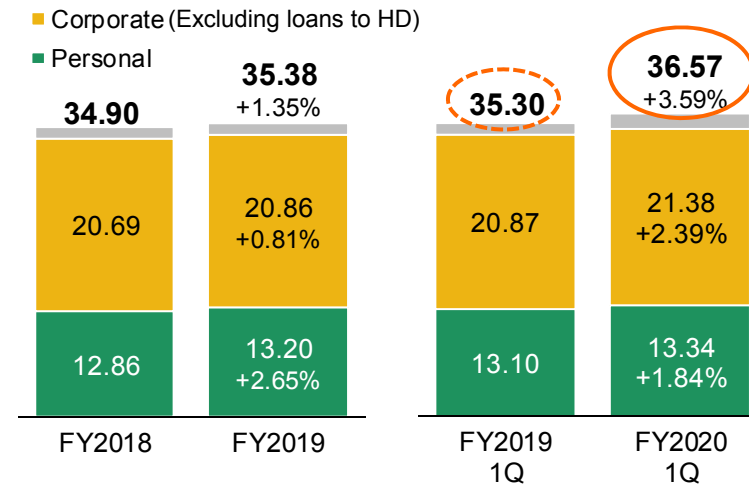
Trend of average loan balance, loan rate change

1Q of FY'20 (YoY)

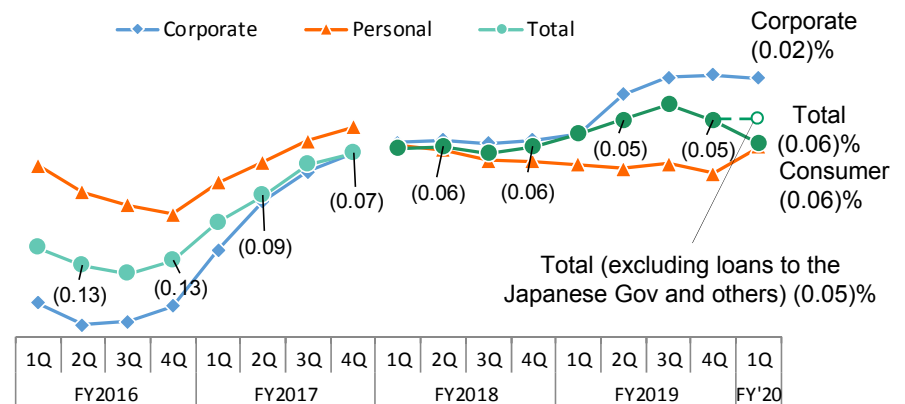
Average loan balance : **+3.59%**, Loan rate : **(6) bps**
 [Excluding loans to the Japanese government and others]
 Average loan balance : **+2.07%**, Loan rate : **(5) bps**

[Avg. bal : Trillion Yen Income/Cost : Billion Yen]		1Q		FY2020	
		Act. (a)	YoY *3 (b)	Plan (c)	YoY *3 (d)
Loans	Avg. Bal. (1)	36.57	+3.59%	35.78	+1.12%
	Rate (2)	0.93%	(0.06)%	0.94%	(0.04)%
	Income (3)	85.4	(2.7)	339.2	(10.5)
Corporate Banking Business Unit *1	Avg. Bal. (4)	21.38	+2.39%	20.94	+0.40%
	Rate (5)	0.82%	(0.02)%	0.82%	(0.02)%
Corporate Loan	Avg. Bal. (6)	17.77	+3.59%	17.35	+1.00%
	Rate (7)	0.76%	(0.02)%	0.76%	(0.02)%
Personal Banking Business Unit *2	Avg. Bal. (8)	13.34	+1.84%	13.42	+1.64%
	Rate (9)	1.20%	(0.06)%	1.19%	(0.05)%
Deposits (Including NCDs)	Avg. Bal. (10)	54.55	+5.23%	52.86	+1.41%
	Rate (11)	0.01%	(0.00)%	0.01%	(0.00)%
	Cost (12)	(1.4)	+0.3	(6.4)	+0.7
Loan-to-deposit	Spread (13)	0.92%	(0.06)%	0.93%	(0.03)%
	Net interest income (14)	84.0	(2.3)	332.8	(9.8)

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



[Loan rate YoY change (%)]



*1. Corporate Banking Business Unit : Corporate loans (excluding loans to HD) + apartment loans, Figures are internal administration purpose

*2. Personal Banking Business Unit: Residential housing loans + other consumer loans, Figures are internal administration purpose

*3. Average balance : rate of change

Term-end Balance of Loans and Deposits

Total of Group Banks

Term-end loan balance

Term-end deposit balance

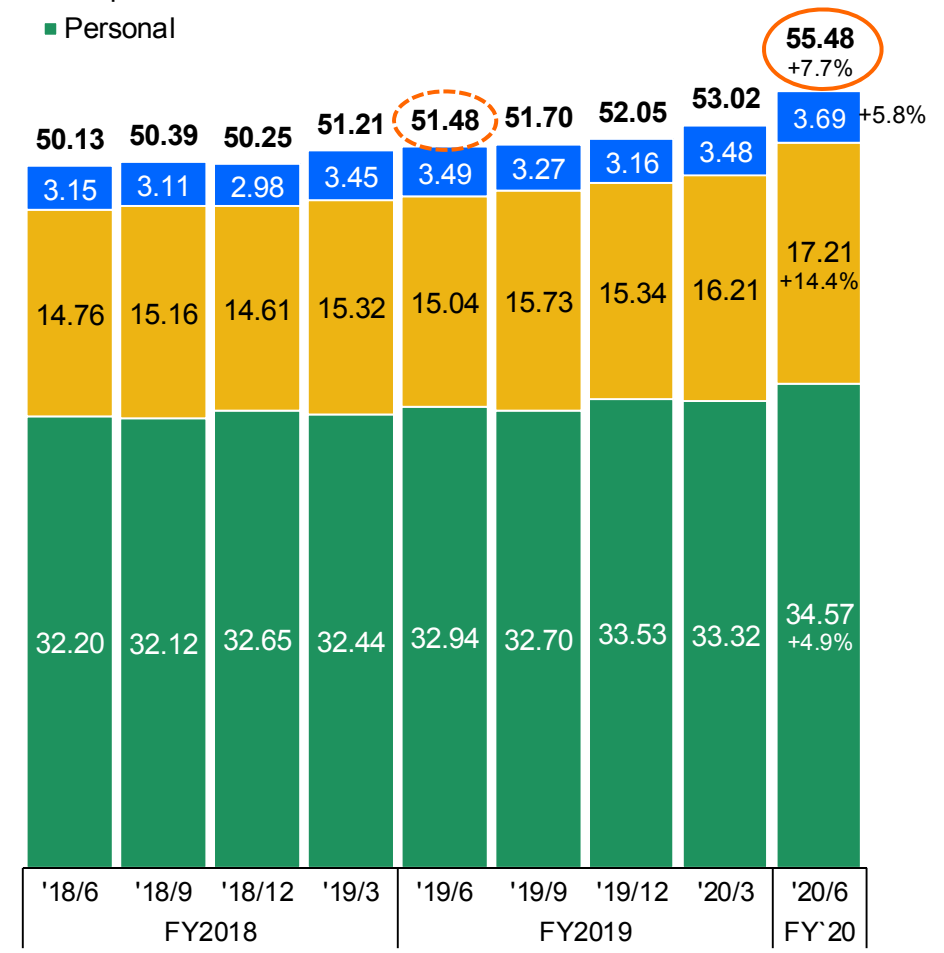
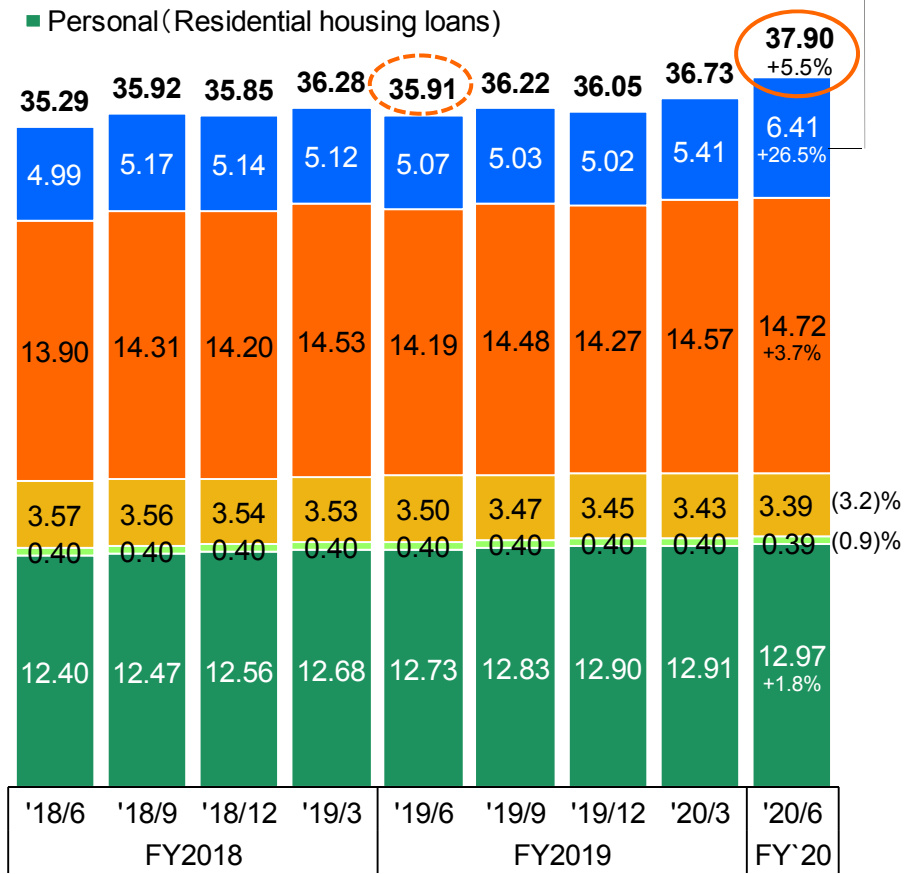
[JPY tn, % represents YoY change]

[JPY tn, % represents YoY change]

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

Of which, excluding loans to the Japanese Gov and others [1.03] +2.7%

- Other
- Corporate
- Personal



Housing Loan Business

Total of Group Banks

New housing loan origination

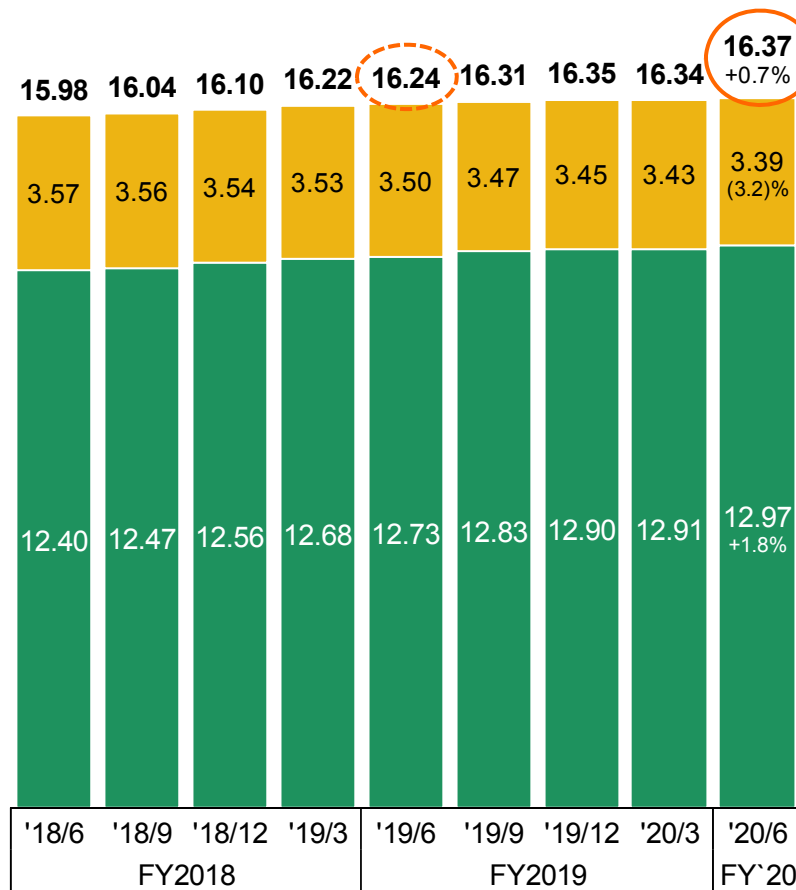
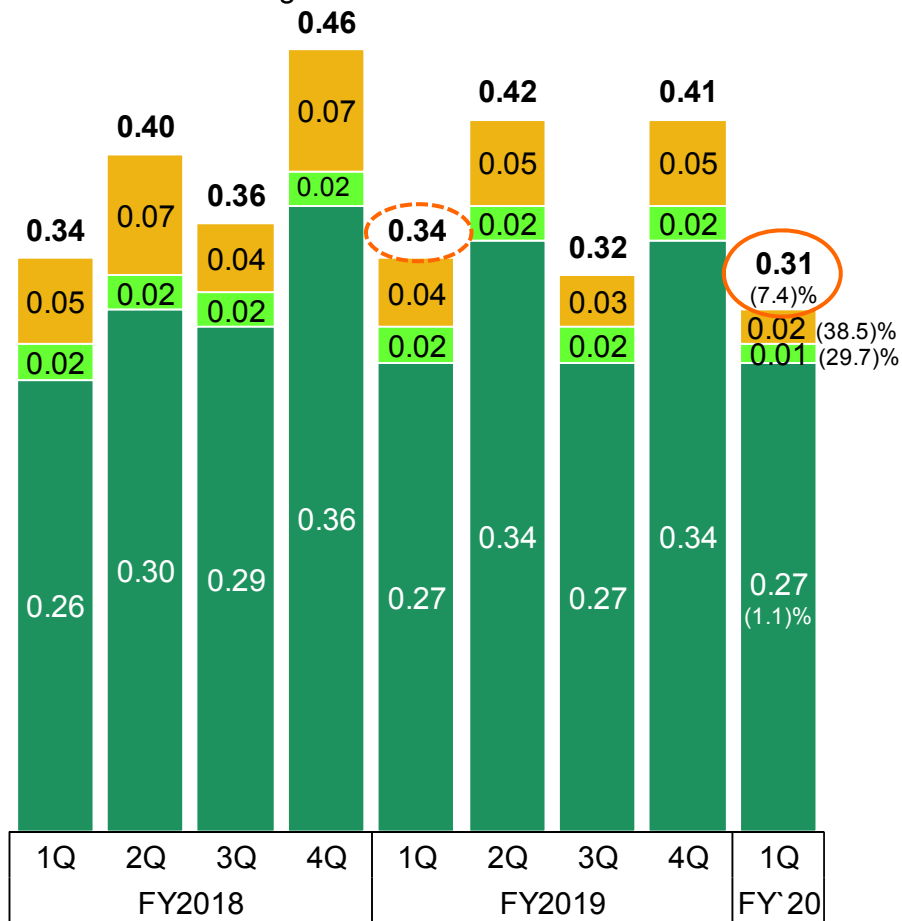
Term-end housing loan balance

[JPY tn, % represents YoY change]

[JPY tn, % represents YoY change]

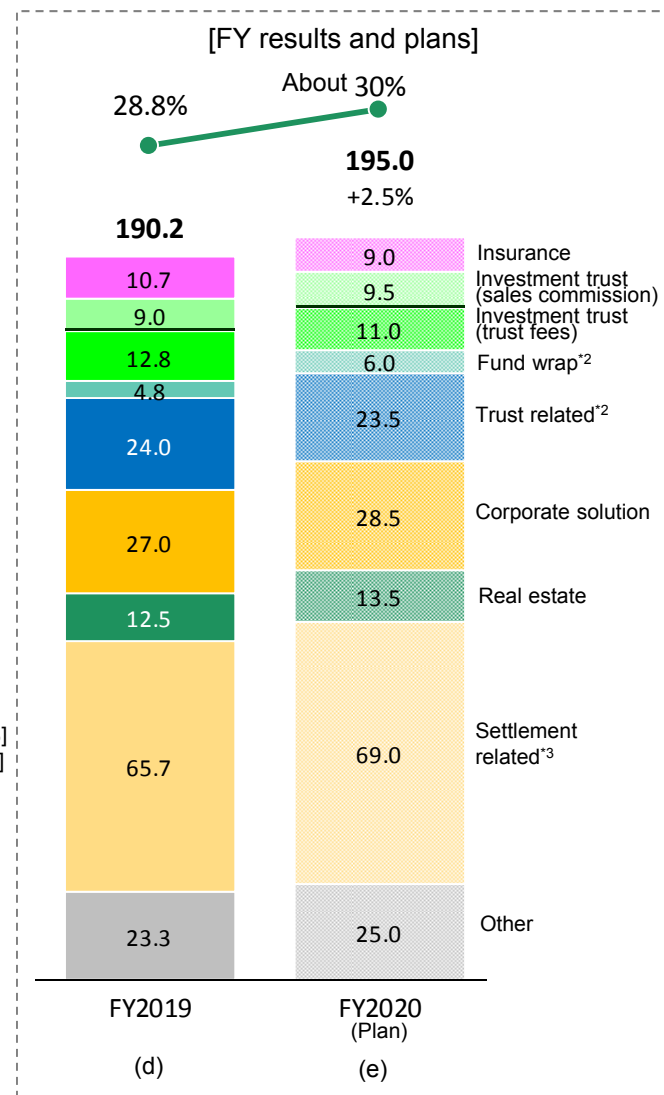
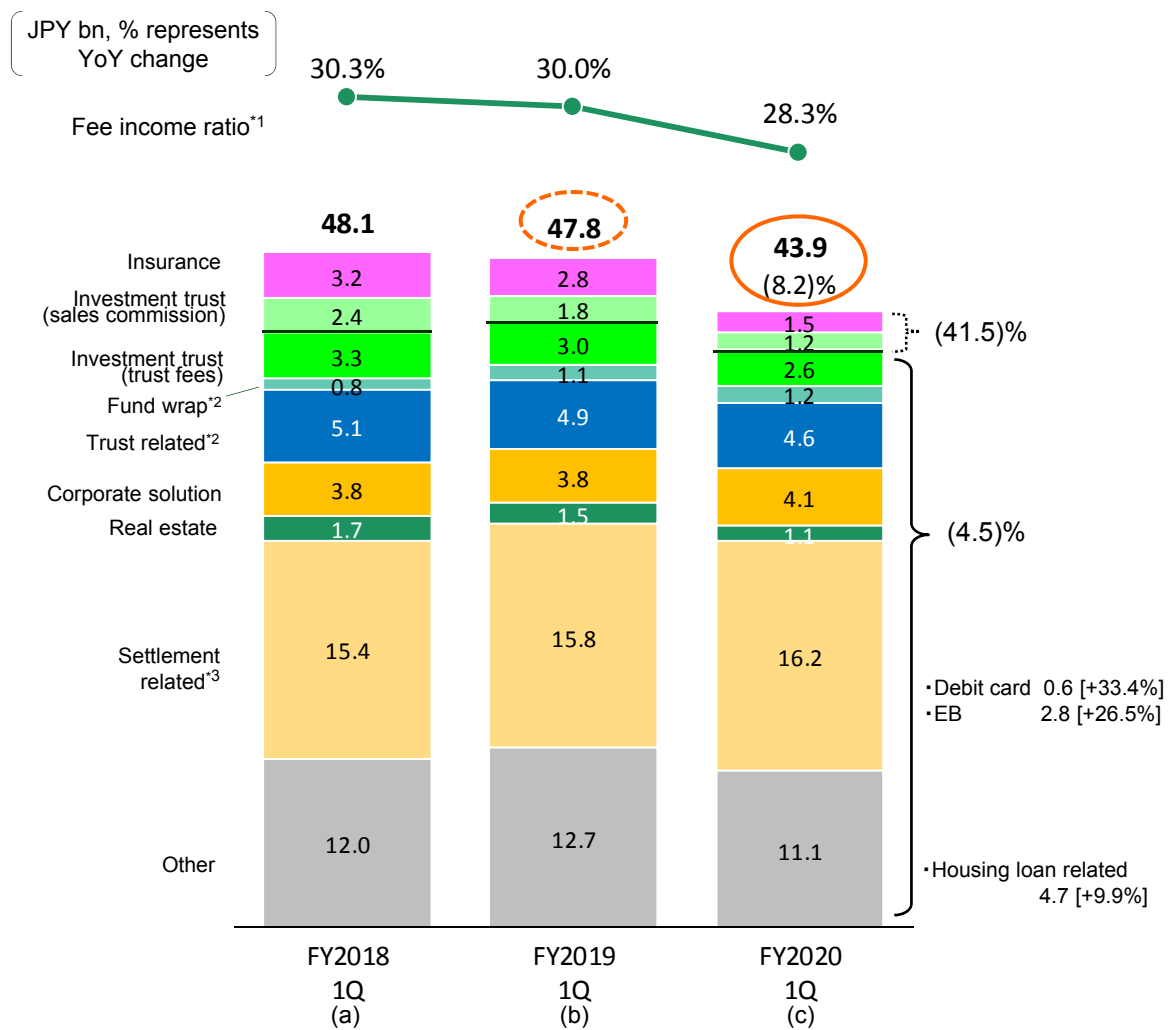
- Apartment loan
- Flat 35
- Residential housing loan

- Apartment loan
- Residential housing loan



Fee Income

- Consolidated fee income ratio*1 : 28.3%
- While income from insurance and investment trust sales has decreased, fund wrap (+4.8% YoY), corporate solution (+8.4%,YoY) and settlement related (+2.2%, YoY), have increased.

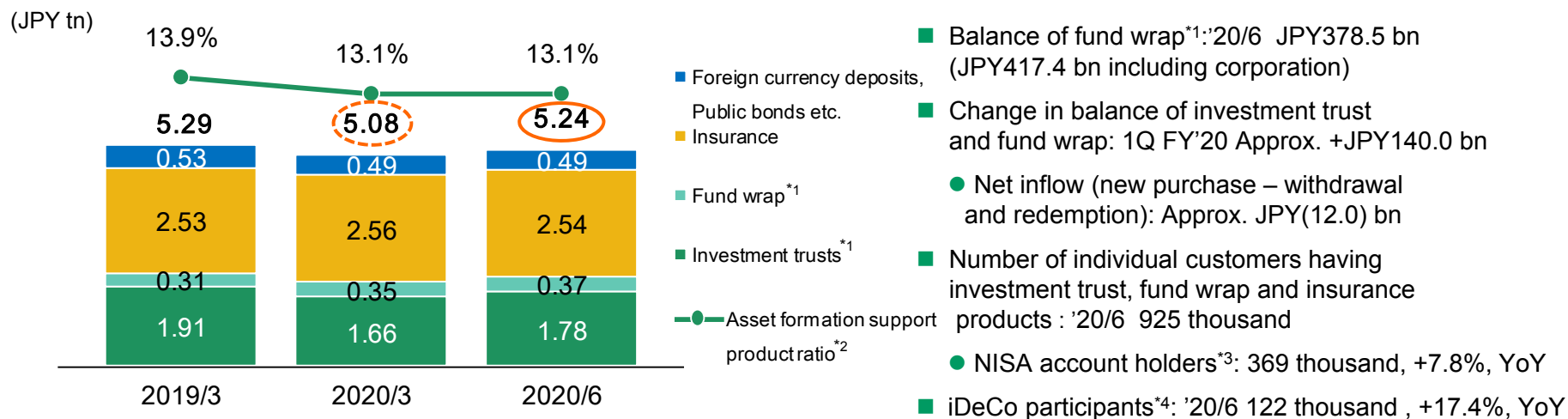


*1. (Fees and commission income + trust fees) / Consolidated gross operating profit *2. Including fee income earned by Resona Asset Management
 *3. Fees and commission from domestic exchange, account transfer, EB, debit card and fee income earned by Resona Kessai Service and Resona Card

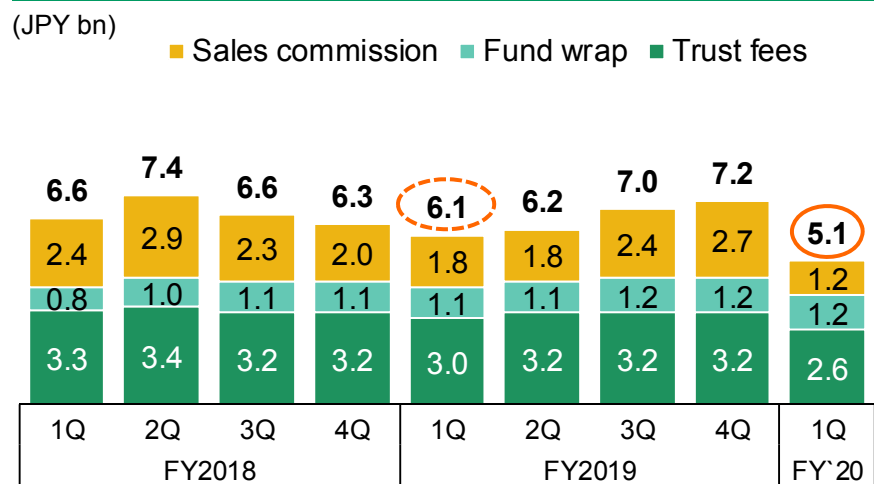
Major Fee Businesses(1) (Asset Formation Support Business)

HD
Consolidated

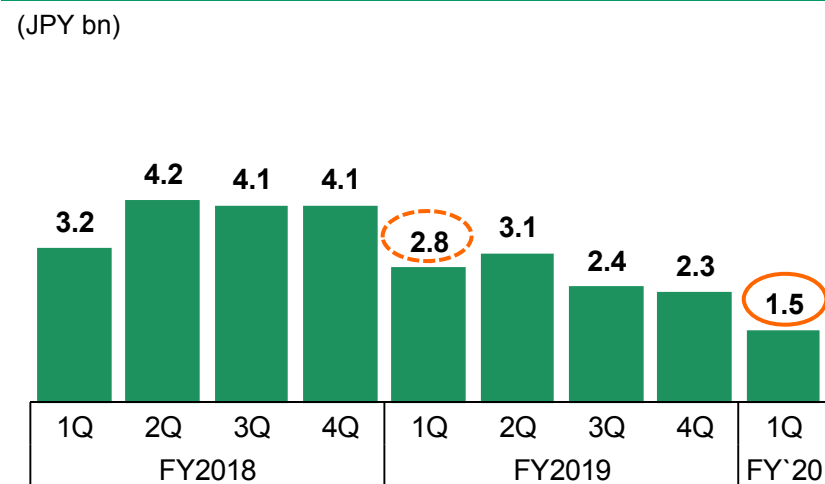
Balance of asset formation support products sold to individuals



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

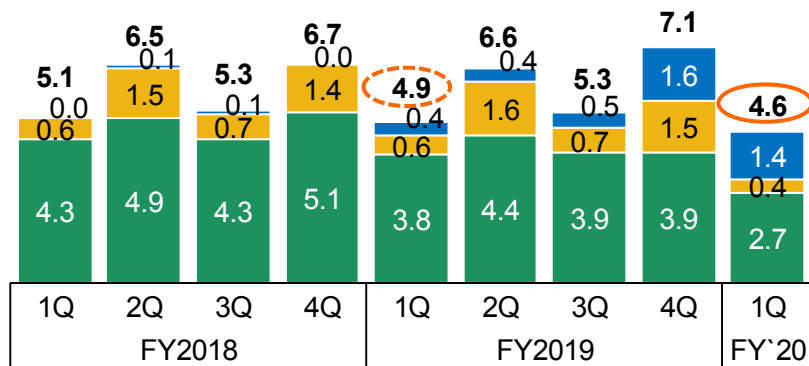
*4. iDeCo participants + members giving investment instructions

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

HD Consolidated

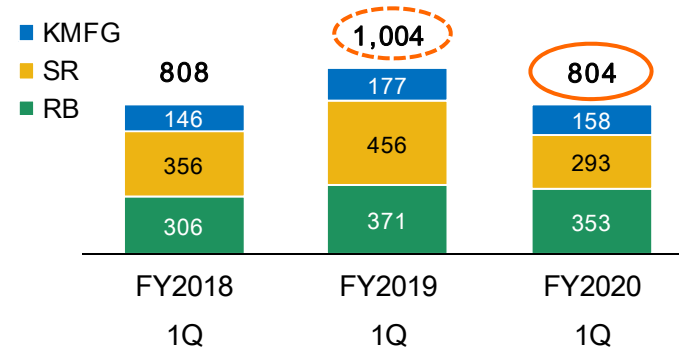
Trust-related business income

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



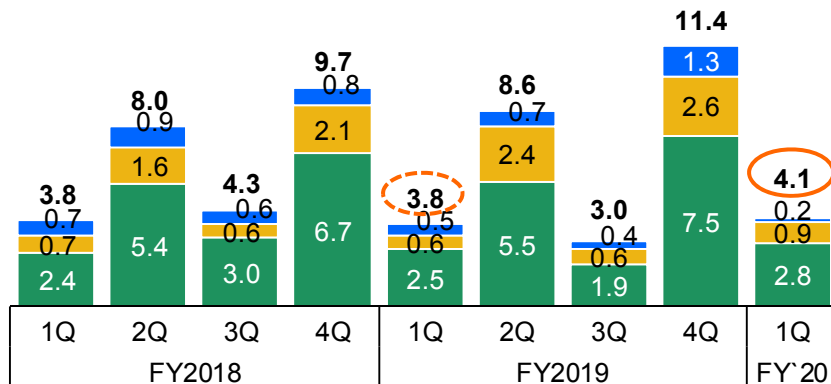
- Expand business opportunities through providing group banks' customers with trust functions

[Number of new asset succession-related contracts]



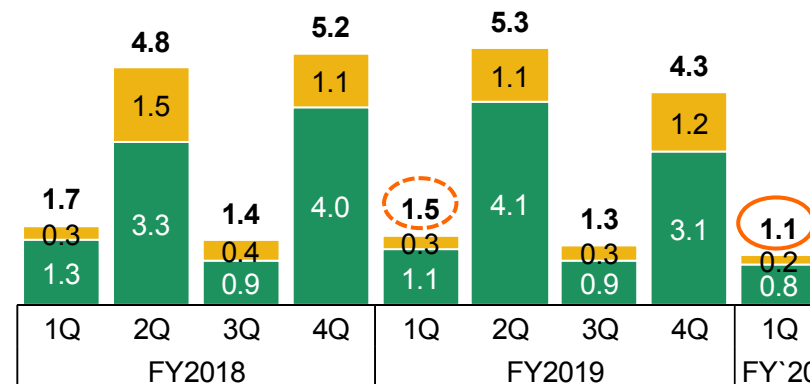
Corporate solutions business income

- (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

Credit Costs and NPL

HD Consolidated
Total of Group Banks

Credit costs

(JPY bn)	FY2018 (a)	FY2019		FY2020	
		1Q (b)	(c)	1Q (d)	Plan (e)
Net credit cost (HD consolidated) (1)	(1.3)	(2.6)	(22.9)	(15.9)	(50.0)
Net credit cost (Total of group banks) (2)	0.1	(1.1)	(18.8)	(14.3)	(42.0)
General reserve (3)	11.2	5.3	(4.7)	(4.3)	
Specific reserve and other items (4)	(11.0)	(6.5)	(14.0)	(10.0)	
New bankruptcy, downward migration (5)	(31.3)	(10.4)	(27.1)	(11.0)	
Collection/ upward migration (6)	20.2	3.8	13.1	1.0	
Difference (1) - (2) (7)	(1.4)	(1.4)	(4.1)	(1.6)	(8.0)
HL guarantee subsidiaries (8)	3.0	(0.3)	(2.3)	(1.0)	
Resona Card (9)	(2.2)	(0.6)	(2.1)	(0.4)	
<Credit cost ratio> (bps)					
HD consolidated ^{*1} (10)	(0.3)	(2.8)	(6.2)	(17.0)	(13.4)
Total of group banks ^{*2} (11)	0.0	(1.2)	(5.0)	(15.0)	(11.1)

*(Note) Positive figures represent reversal gains

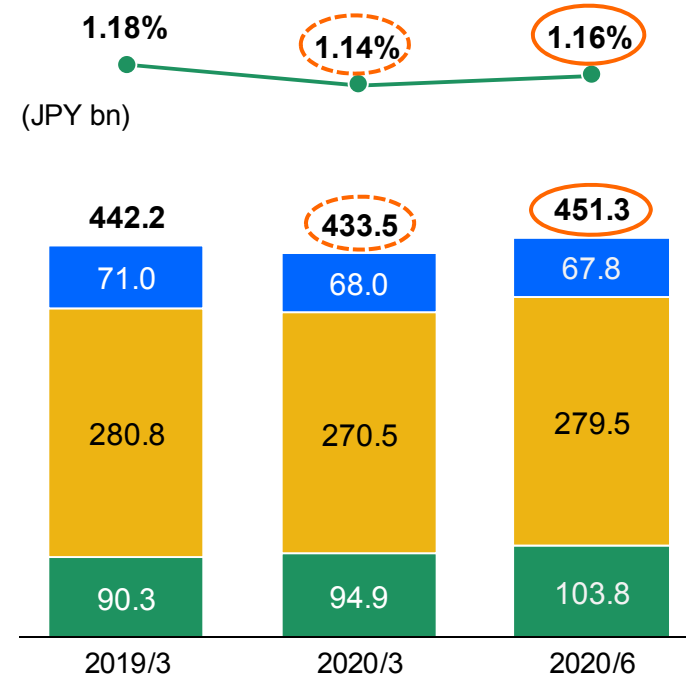
*1. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

*2. 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)

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



Securities Portfolio*1

(JPY bn)		2019/3	2020/3	2020/6	Unrealized gains/(losses) (d)
		(a)	(b)	(c)	
Available-for-sale securities (1)		2,566.5	3,055.7	3,213.5	554.5
Stocks (2)		353.8	336.9	334.8	554.2
Bonds (3)		1,188.2	1,722.8	2,046.3	(8.8)
JGBs (4)		46.1	459.6	641.8	(11.8)
Average duration (years) (5)		6.7	14.8	14.3	-
Basis point value (BPV) (6)		(0.03)	(0.68)	(0.91)	-
Local government and corporate bonds (7)		1,142.0	1,263.1	1,404.5	2.9
Other (8)		1,024.5	995.9	832.2	9.1
Foreign bonds (9)		472.3	554.1	337.7	11.9
Average duration (years) (10)		5.3	2.4	4.0	-
Basis point value (BPV) (11)		(0.18)	(0.00)	(0.09)	-
Investment trusts (Domestic) (12)		540.6	435.0	490.5	(4.4)
Net unrealized gain (13)		598.3	420.7	554.5	
Bonds held to maturity (14)		2,127.4	1,968.4	2,100.1	21.5
JGBs (15)		1,539.5	1,144.2	1,269.0	15.0
Net unrealized gain (16)		47.1	28.1	21.5	

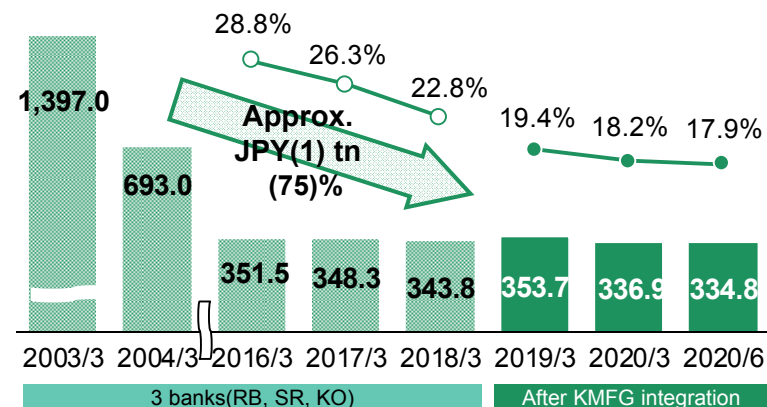
- Unrealized gains/(losses) in 3 assets (4)+(9)+(12)
'19/3 +JPY2.4 bn ⇒ '20/3 JPY(6.9) bn ⇒ '20/6 JPY(4.3) bn
- CLO: Zero

Status of policy-oriented stocks held

- Balance of listed stocks disposed in 1Q of FY2020 (acquisition cost basis): JPY2.0 bn, Net gain on sale: JPY2.8 bn (HD consolidated: JPY1.2 bn) Breakeven Nikkei average: Approx. 6,800 yen
- 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.
 - Plan to reduce JPY30.0 bn level in 3 years from Mar. '20
 - Aim to reduce the balance to 15% level of the CET1 capital*2

[Stock holdings]

- Ratio to CET1 (ex. unrealized gains on available-for-sale securities) (JPY bn)



*1. Acquisition cost basis. The presented figures include marketable securities only
*2. Excluding unrealized gains on available for sale securities

Capital Adequacy Ratio

HD
Consolidated

- CAR (Domestic std.) and CET1 ratio (International std.) as of Jun. 30, 2020 were 11.21% and 12.79%, respectively, maintaining sound capital adequacy level

Domestic standard				(Reference) International standard			
(JPY bn)	2020/3	2020/6	Change	(JPY bn)	2020/3	2020/6	Change
Capital adequacy ratio (1)	11.17%	11.21%	+0.04%	Common Equity Tier1 capital ratio (9)	12.28%	12.79%	+0.51%
Total capital (2)	1,947.0	1,963.9	+16.9	Excluding net unrealized gains on available-for-sale securities (10)	10.54%	10.54%	—
Core Capital: instruments and reserves (3)	2,012.4	2,028.5	+16.1	Tier1 capital ratio (11)	12.52%	13.02%	+0.50%
Stockholders' equity (4)	1,733.4	1,755.5	+22.0	Total capital ratio (12)	13.06%	13.58%	+0.52%
Adjusted non-controlling interests (5)	221.1	217.4	(3.7)	Common Equity Tier1 capital (13)	2,154.7	2,266.3	+111.5
Subordinated loans and bonds subject to transitional arrangement (6)	60.4	55.2	(5.2)	Instruments and reserves (14)	2,232.9	2,342.1	+109.2
Core Capital: regulatory adjustments (7)	65.3	64.5	(0.8)	Stockholders' equity (15)	1,733.4	1,755.5	+22.0
Risk weighted assets (8)	17,427.7	17,516.2	+88.4	Net unrealized gains on available-for-sale securities (16)	306.1	398.7	+92.5
				Adjusted non-controlling interests (17)	178.7	178.1	(0.6)
				Regulatory adjustments (18)	78.1	75.8	(2.3)
				Other Tier1 capital (19)	40.9	40.6	(0.2)
				Tier1 capital (20)	2,195.6	2,307.0	+111.3
				Tier2 capital (21)	95.4	98.7	+3.2
				Total capital (Tier1+Tier2) (22)	2,291.1	2,405.7	+114.6
				Risk weighted assets (23)	17,533.4	17,707.5	+174.1

- Change in total capital
 - Stockholders' equity +22.0 bn
 - Net income attributable to owners of parent +21.8 bn
 - Decrease of subordinated bonds included in Core Capital (5.2) bn
- Change in RWAs
 - Increase in loan balance +47.4 bn
 - Increase in commitment line agreements +35.2 bn

■ Group banks, Bank holding company

Domestic standard	Resona (Consolidated)	Saitama Resona (Non-consolidated)	KMFG (Consolidated)
Capital adequacy ratio	10.50%	14.37%	8.05%

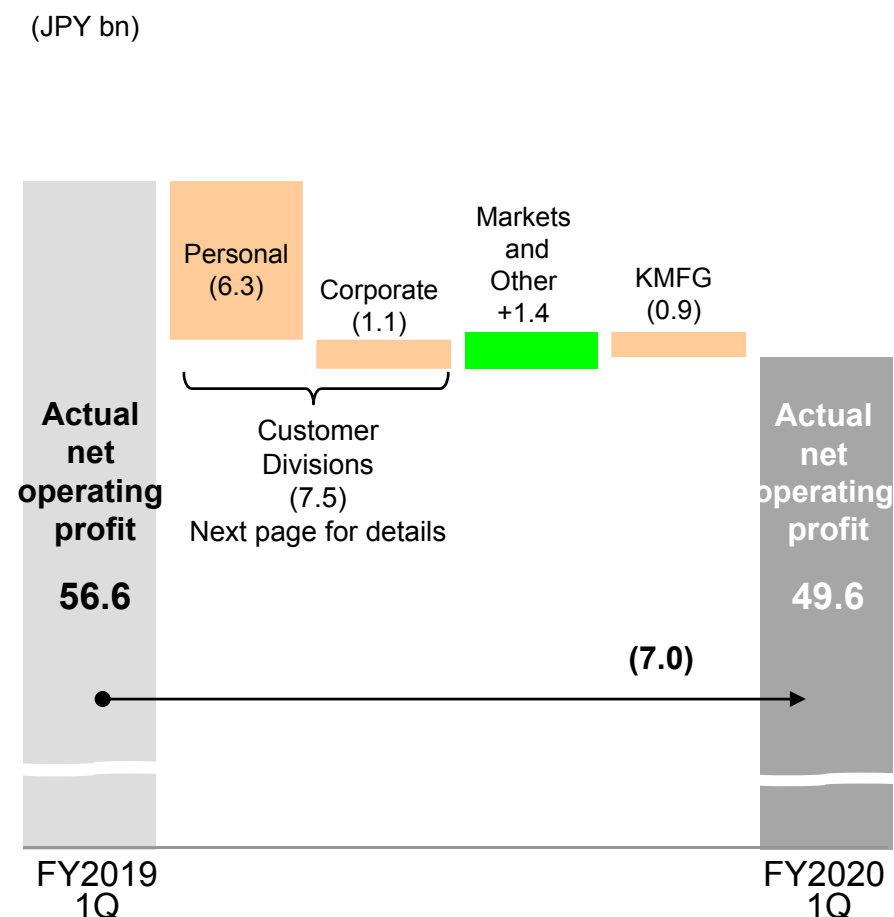
(Reference)

- Trial calculation based on the finalization of Basel 3
CET1 ratio: Approx. 9.0%*
(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-sales securities as of Jun. 30, 2020 reported as (10) in the above table

(Reference) Outline of Financial Results of Each Segment

(JPY bn)		FY2020 1Q	YoY Change
Customer Divisions	Gross operating profit (1)	106.6	(7.8)
	Operating expense (2)	(74.7)	+0.3
	Actual net operating profit (3)	31.9	(7.5)
Personal Banking	Gross operating profit (4)	50.0	(6.2)
	Operating expense (5)	(40.7)	(0.0)
	Actual net operating profit (6)	9.3	(6.3)
Corporate Banking	Gross operating profit (7)	56.6	(1.6)
	Operating expense (8)	(34.0)	+0.4
	Actual net operating profit (9)	22.6	(1.1)
Markets and Other	Gross operating profit (10)	12.6	+1.4
	Operating expense (11)	(0.5)	+0.0
	Actual net operating profit (12)	12.1	+1.4
KMFG	Gross operating profit (13)	33.2	(1.4)
	Operating expense (14)	(27.8)	+0.4
	Actual net operating profit (15)	5.4	(0.9)
Total	Gross operating profit (16)	152.5	(7.8)
	Operating expense (17)	(103.0)	+0.8
	Actual net operating profit (18)	49.6	(7.0)



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

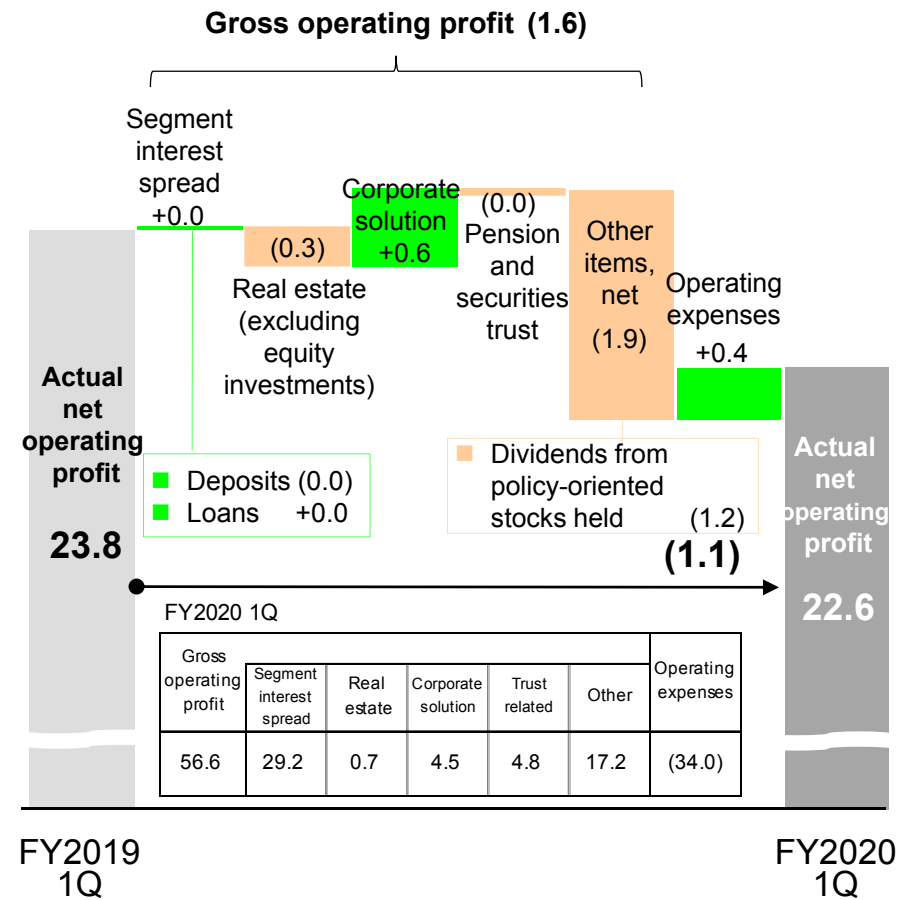
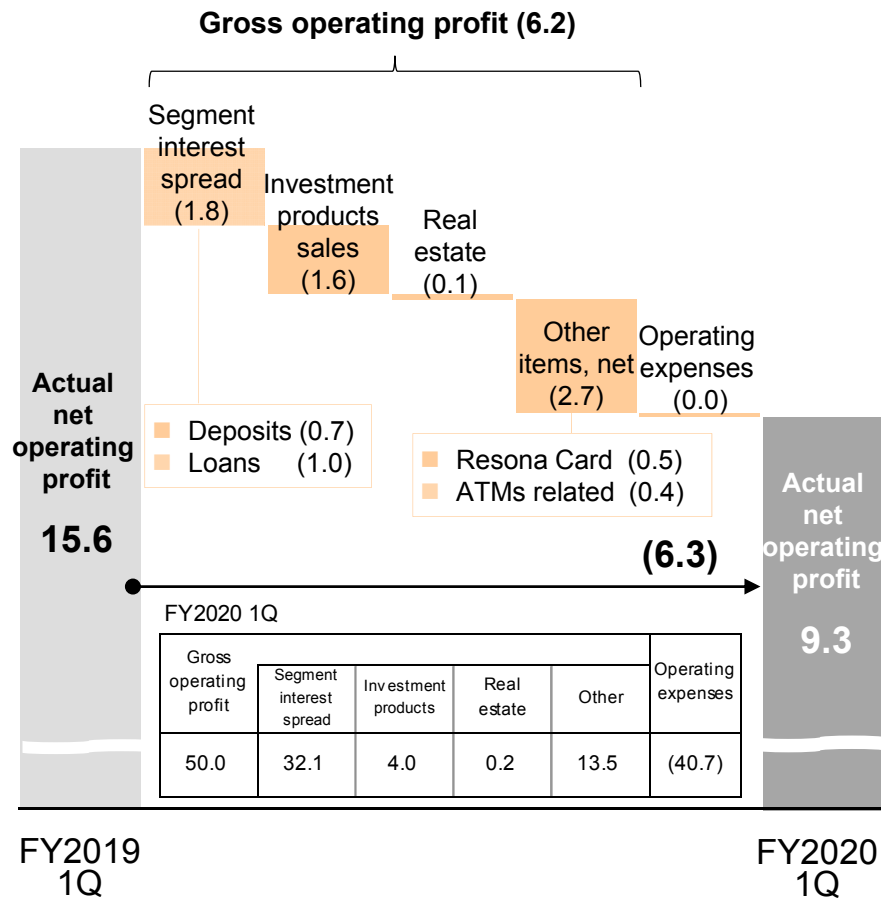
Corporate Banking Segment

Actual net operating profit : Down JPY6.3 bn, YoY

Actual net operating profit : Down JPY1.1 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.