

Financial Highlights for the Third Quarter of Fiscal Year 2021



Resona Holdings

January 31, 2022

Outline of Financial Results for the 1-3Q of FY2021

- **Net income attributable to owners of parent : JPY126.5 bn**
 - Up JPY29.3 bn, or 30.2%, YoY
Progress rate against the full year target*1 : 1-3Q 87.2%
- **Actual net operating profit : JPY167.1 bn**, Up JPY4.1 bn, or 2.5%, YoY
Core income [Net interest income from loans and deposits + Fee income + Operating expenses] : Up JPY12.8 bn, YoY
 - **Gross operating profit : JPY476.1 bn**, Up JPY4.2 bn, or 0.9%, YoY
 - Net interest income from domestic loans and deposits :
Down JPY0.3 bn, YoY
Average loan balance : +2.66%, YoY, Loans rate : down by 2bps, YoY
[Excluding loans to the Japanese government and others]
Average loan balance : +2.03%, YoY, Loans rate: down by 2bps, YoY
Both loan balance and loan rate were in line with the plan.
 - Fee income : Up JPY13.4 bn, YoY, Fee income ratio : 31.4%
Progress rate against the full year plan*2 : 1-3Q 71.3%
Increased driven by growth in asset formation support business and succession-related income.
 - Net gains on bonds (including futures) : Down JPY19.7 bn, YoY
 - **Operating expenses : JPY309.4 bn**, increased by JPY0.2 bn, YoY
Although the non-personnel expenses increased due to the introduction of a new branch system (RB and SR), overall operating expenses remained in the flat zone due to the progress of cost reduction by KMFG.
⇒ Consolidated cost income ratio of KMFG : 70.1% [(7.6)%, YoY]
- **Credit related expenses : JPY20.5 bn (cost)**, decreased by JPY10.8 bn, YoY
New bankruptcy in specific reserve was at a low level.
Credit costs have posted 46.6% against the full year guidance*3.
- **Acquisition and cancellation of treasury shares**
 - Completion of share buyback (Dec. 17, '21 : Approx. JPY10.0 bn)
⇒ Cancellation of treasury shares was implemented on Jan. 11, '22.
- **Establishment of the Employee Stock Ownership Plan**
[Total amount : Approx. JPY7.6 bn, released on Jan. 31, '22]

	HD consolidated (JPY bn)	FY2021 1-3Q (a)	YoY change		Progress rate vs. Target*1 (d)
			(b)	% (c)	
Net income attributable to owners of parent	(1)	126.5	+29.3	+30.2%	87.2%
EPS (yen)	(2)	52.03	+9.74	+23.0%	
BPS (yen)	(3)	1,049.78	+51.46	+5.1%	
Gross operating profit	(4)	476.1	+4.2	+0.9%	
Net interest income	(5)	317.7	+10.0		
Nil from loans and deposits*4	(6)	254.9	(0.3)		
Fee income	(7)	149.8	+13.4		
Fee income ratio	(8)	31.4%	+2.5%		
Trust fees	(9)	15.3	+1.2		
Fees and commission income	(10)	134.5	+12.1		
Other operating income	(11)	8.5	(19.1)		
Net gains on bonds (including futures)	(12)	(3.1)	(19.7)		
Operating expenses (excluding group banks' non-recurring items)	(13)	(309.4)	(0.2)	(0.0)%	
Cost income ratio (OHR)	(14)	64.9%	(0.5)%		
Actual net operating profit	(15)	167.1	+4.1	+2.5%	
Net gains on stocks (including equity derivatives)	(16)	44.2	+18.8		
Credit related expenses, net	(17)	(20.5)	+10.8		
Other gains, net	(18)	(11.5)	+0.6		
Net income before income taxes and non-controlling interests	(19)	179.2	+34.4	+23.8%	
Income taxes and other	(20)	(52.3)	(10.0)		
Net income attributable to non-controlling interests	(21)	(0.3)	+4.9		

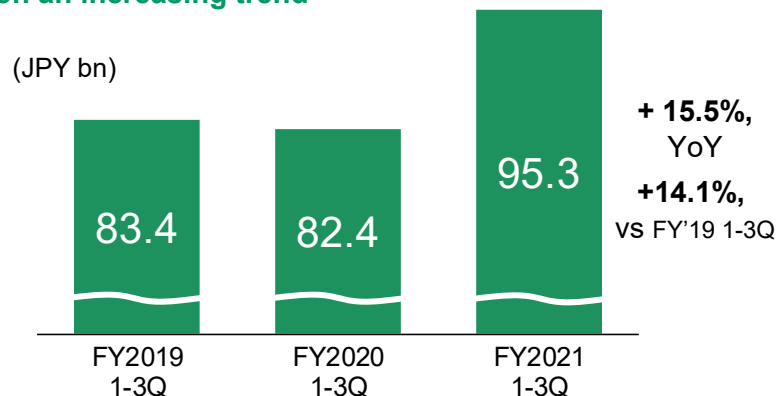
*1. Full year target of FY2021: JPY145.0 bn *2. Full year plan of FY2021: JPY210.0 bn *3. Full year plan of FY2021: JPY44.0 bn

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

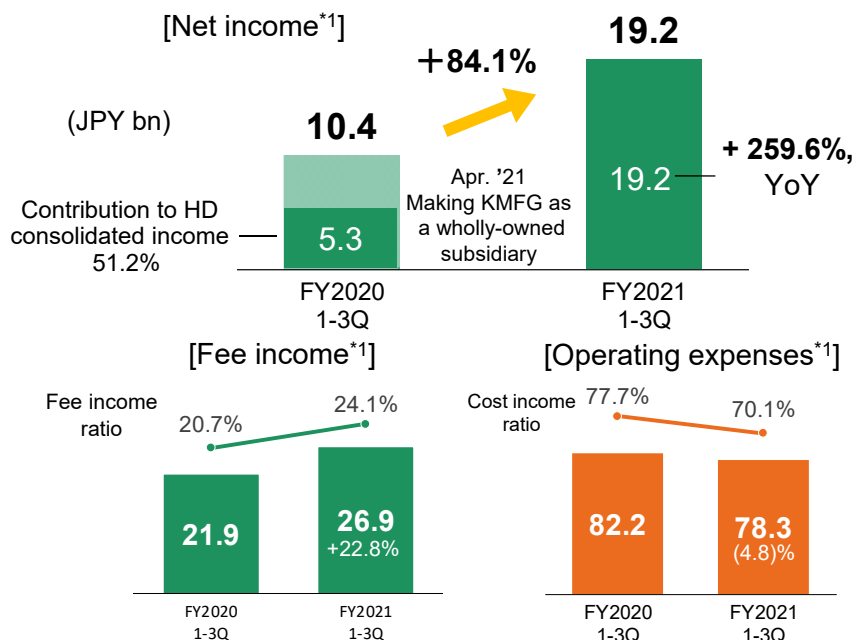
*5. Negative figures represent items that would reduce net income

Review of the 1-3Q of FY2021

- Steady progress in income and cost structure reforms
Core income [Net interest income from loans and deposits + Fee income + Operating expenses] remained on an increasing trend



- Solid evolution of Kansai Mirai Financial Group



*1. KMFG consolidated *2. Number of responding companies (total of group bank)
*3. "SX Framework Loan", "TryNow" etc. *4. Including corporation and external group

- Acceleration of SDGs-oriented management

Change in customers' issues
⇒ Creating new value via Resona's own reform

- Reforms with two "Xs"

SX

- Retail Transition Finance
 - Questionnaire implementation about SDGs/SX (Oct. - Dec. '21) : Approx. 24,000 companies*2
 - Made available new loan products with conditions linked to ESG target accomplishments*3 (Oct. '21-)
- Sign the "Japan Impact-driven Financing Initiative" (Nov. '21)

DX

- The progress in the Financial Digital Platform
 - Establishment of consortium toward "Multi-channel platform for individual authorization using facial recognition" (Dec. '21)
 - Conclusion of a basic agreement of fund wrap with Keiyo bank (Dec. '21)
- Completed the introduction of a new branch system at all RB and SR branches (Dec. '21)

- Customer needs surfacing under the COVID-19 pandemic

- Non face-to-face / Cashless
 - # of App DL : 4.64 million (+41.9%, YoY) and external group 0.55 million
 - # of debit card issued : 2.75 million (+ 20.1%, YoY)
- Asset formation support
 - Balance of fund wrap*4 : JPY741.7 bn (+49.5%, YoY).
Of which, external group JPY35.9 bn
- Asset and business succession
 - Succession-related income (succession related trust, real estate, M&A) : JPY14.0 bn (+25.0%, YoY)

Breakdown of Financial Results for the 1-3Q of FY2021

(JPY bn)	Resona Holdings (Consolidated)		Total of group banks		Resona Bank		Saitama Resona Bank		Total of group banks under KMFG		Difference (a)-(c)	
	(a)	YoY (b)	(c)	YoY (d)	(e)	YoY (f)	(g)	YoY (h)	(i)	YoY (j)		
Gross operating profit	(1)	476.1	+4.2	433.3	+3.8	242.7	(3.4)	86.0	+1.1	104.5	+6.1	42.7
Net interest income	(2)	317.7	+10.0	312.3	+9.9	167.9	+7.3	64.7	+1.8	79.7	+0.6	5.4
NII from domestic loans and deposits	(3)			254.9	(0.3)	131.7	+1.6	51.6	(1.1)	71.5	(0.8)	
Net gains on cancellation of investment trusts	(4)	1.0	(1.1)	1.0	(0.6)	*1	—	0.6	(0.7)	0.4	(1.8)	0.0
Fee income	(5)	149.8	+13.4	113.4	+12.8	72.1	+6.6	19.9	+1.0	21.3	+5.1	36.4
Fee income ratio	(6)	31.4%	+2.5%	26.1%	+2.7%	29.7%	+3.1%	23.1%	+0.9%	20.4%	+3.9%	
Trust fees	(7)	15.3	+1.2	15.4	+1.3	15.3	+1.3	0.0	+0.0	0.0	+0.0	(0.0)
Fees and commission income	(8)	134.5	+12.1	98.0	+11.5	56.7	+5.3	19.9	+1.0	21.3	+5.1	36.4
Other operating income	(9)	8.5	(19.1)	7.5	(18.9)	2.7	(17.5)	1.4	(1.7)	3.4	+0.2	0.9
Net gains on bonds (including futures)	(10)	(3.1)	(19.7)	(3.1)	(19.6)	*1	(5.3)	(18.4)	0.3	(1.7)	+0.5	0.0
Operating expenses (excluding group banks' non-recurring items)	(11)	(309.4)	(0.2)	(289.9)	+0.8	(157.9)	(2.5)	(56.4)	(0.7)	*2 (75.4)	+4.1	(19.5)
Cost income ratio (OHR)	(12)	64.9%	(0.5)%	66.8%	(0.7)%	65.0%	+1.9%	65.6%	+0.0%	72.2%	(8.7)%	
Actual net operating profit	(13)	167.1	+4.1	143.4	+4.6	84.8	(5.9)	29.6	+0.3	29.0	+10.2	23.6
Core net operating profit (excluding gains on cancellation of investment trusts)	(14)			145.0	+21.2	90.3	+8.7	27.9	+0.9	26.7	+11.4	
Net gains on stocks (including equity derivatives)	(15)	44.2	+18.8	44.0	+16.7	39.6	+25.2	3.4	(7.3)	1.0	(1.1)	0.1
Credit related expenses, net	(16)	(20.5)	+10.8	(20.2)	+6.6	(15.7)	+3.1	(0.4)	+1.5	(4.1)	+2.0	(0.2)
Other gains, net	(17)	(11.5)	+0.6	(10.4)	+0.4	(5.3)	+1.6	(2.0)	+0.5	(3.0)	(1.7)	(1.1)
Net income before income taxes	(18)	179.2	+34.4	156.8	+28.5	103.3	+23.9	30.6	(4.9)	22.8	+9.4	22.4
Income taxes and other	(19)	(52.3)	(10.0)	(45.5)	(8.3)	(29.5)	(6.8)	(8.9)	+1.4	(6.9)	(2.9)	
Net income attributable to non-controlling interests	(20)	(0.3)	+4.9									
Net income (attributable to owners of parent)	(21)	126.5	+29.3	111.3	+20.2	73.7	+17.0	21.6	(3.4)	15.9	+6.5	

*1. Net gains on cancellation of investment trusts are posted in the net gains on bonds since net of the gains and dividends from investment trusts become negative
(Net gains on cancellation of investment trusts: JPY(4.8) bn, dividends from investment trusts: +JPY2.9 bn → net amount: JPY(1.9) bn)

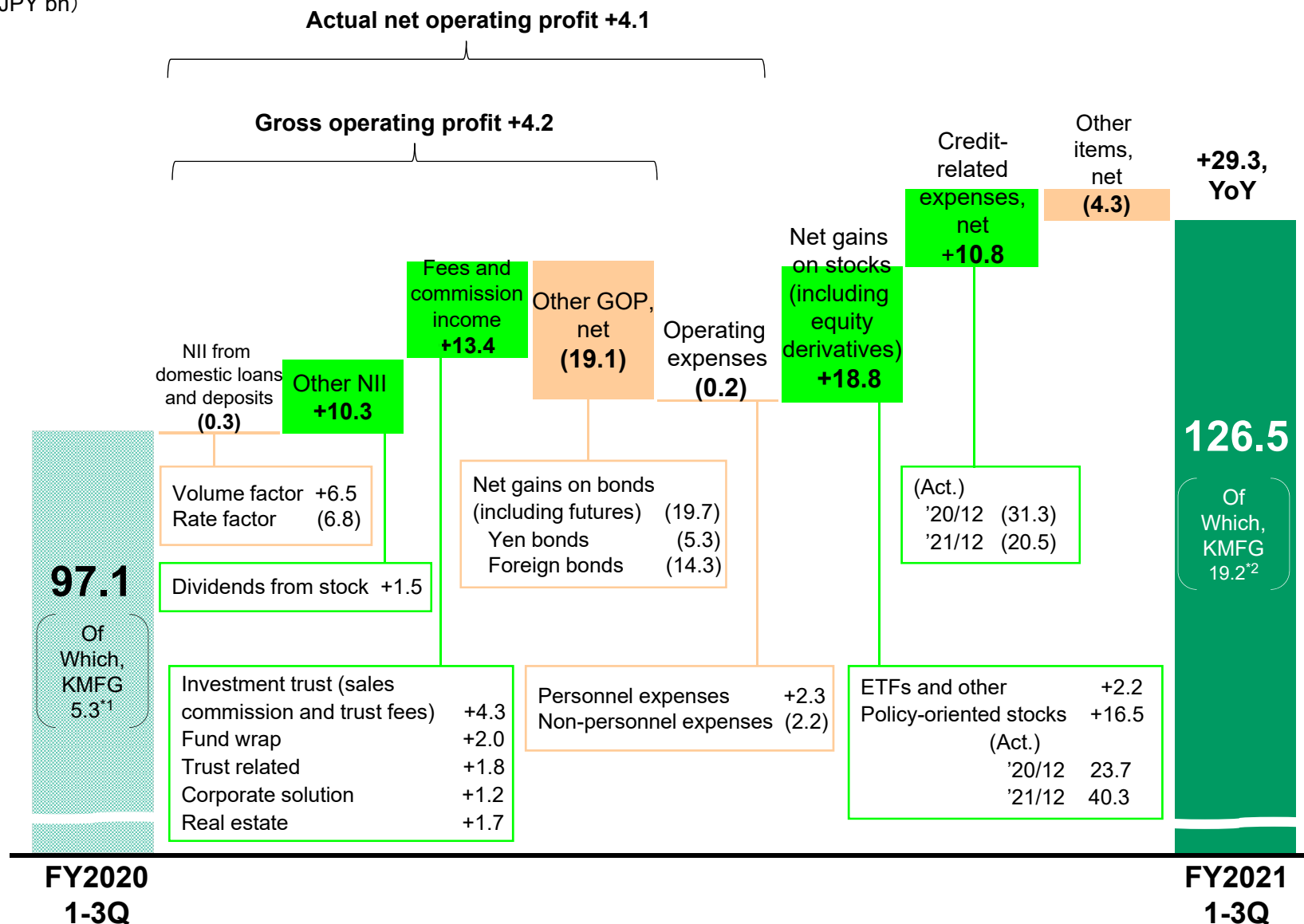
*2. Exclude goodwill amortization by KMB, JPY(0.5) bn, related to acquisition of former Biwako Bank

*3. Actual net operating profit – Net 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

(JPY bn)



*1. KMFG consolidated net income x 51.2% *2. KMFG consolidated net income x 100%

Trend of Loans and Deposits (Domestic Account)

Total of Group Banks

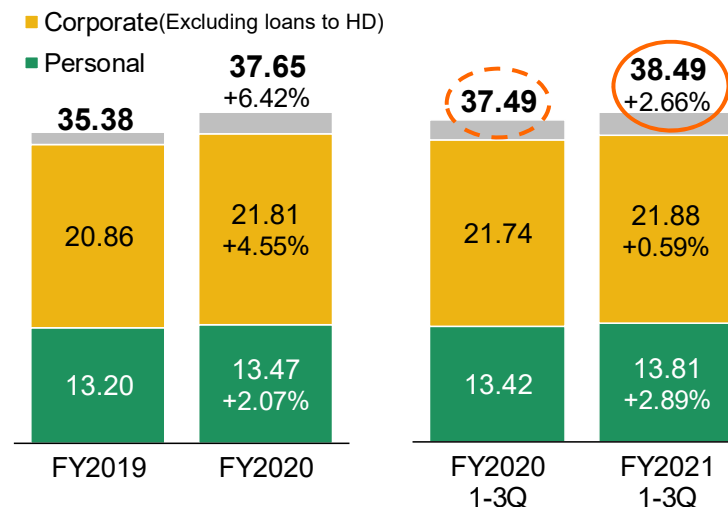
Average loan / deposit balance, rates and spread

Trend of average loan balance, loan rate change

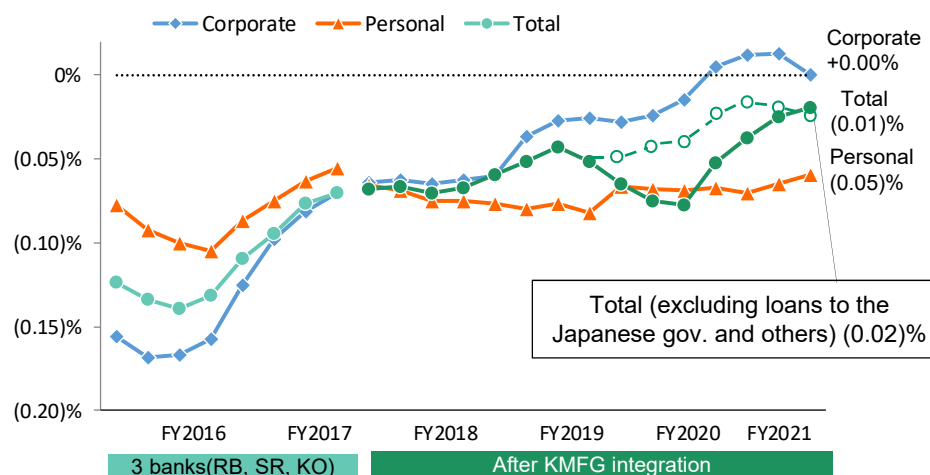
- 1-3Q of FY'21 (YoY)
 - Average loan balance : **+2.66%**, Loan rate : **(2) bps**
[Excluding loans to the Japanese government and others]
 - Average loan balance : +2.03%, Loan rate : (2) bps
 - => Full year (plan*1) +1.84% (2) bps

Avg. bal : Trillion Yen Income/Cost : Billion Yen		1-3Q		FY2021	
		Act. (a)	YoY ⁴ (b)	Plan ^{*1} (c)	YoY ⁴ (d)
Loans	Avg. Bal. (1)	38.49	+2.66%	38.52	+2.29%
	Rate (2)	0.89%	(0.02)%	0.88%	(0.03)%
	Income (3)	258.4	(0.9)	341.3	(4.4)
Corporate banking business unit ²	Avg. Bal. (4)	21.88	+0.59%	21.94	+0.58%
	Rate (5)	0.83%	+0.00%	0.82%	(0.00)%
Corporate Loan	Avg. Bal. (6)	18.47	+1.59%	18.54	+1.52%
	Rate (7)	0.78%	+0.01%	0.77%	+0.00%
Personal banking business unit ³	Avg. Bal. (8)	13.81	+2.89%	13.87	+2.96%
	Rate (9)	1.12%	(0.06)%	1.11%	(0.06)%
Deposits (Including NCDs)	Avg. Bal. (10)	59.05	+6.13%	58.70	+4.76%
	Rate (11)	0.00%	(0.00)%	0.00%	(0.00)%
	Cost (12)	(3.5)	+0.5	(5.0)	+0.3
Loan-to-deposit	Spread (13)	0.88%	(0.02)%	0.87%	(0.03)%
	Net interest income (14)	254.9	(0.3)	336.2	(4.0)

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



[Loan rate YoY change (%)]



*1. Revised plan (released in Nov. 2021) *2. Corporate banking business unit : Corporate loans (excluding loans to HD) + apartment loans, Figures are internal administration purpose
 *3. Personal banking business unit: Residential housing loans + other consumer loans, Figures are internal administration purpose
 *4. Average balance: rate of change

Term-end Balance of Loans and Deposits

Total of Group Banks

Term-end loan balance

Term-end deposit balance

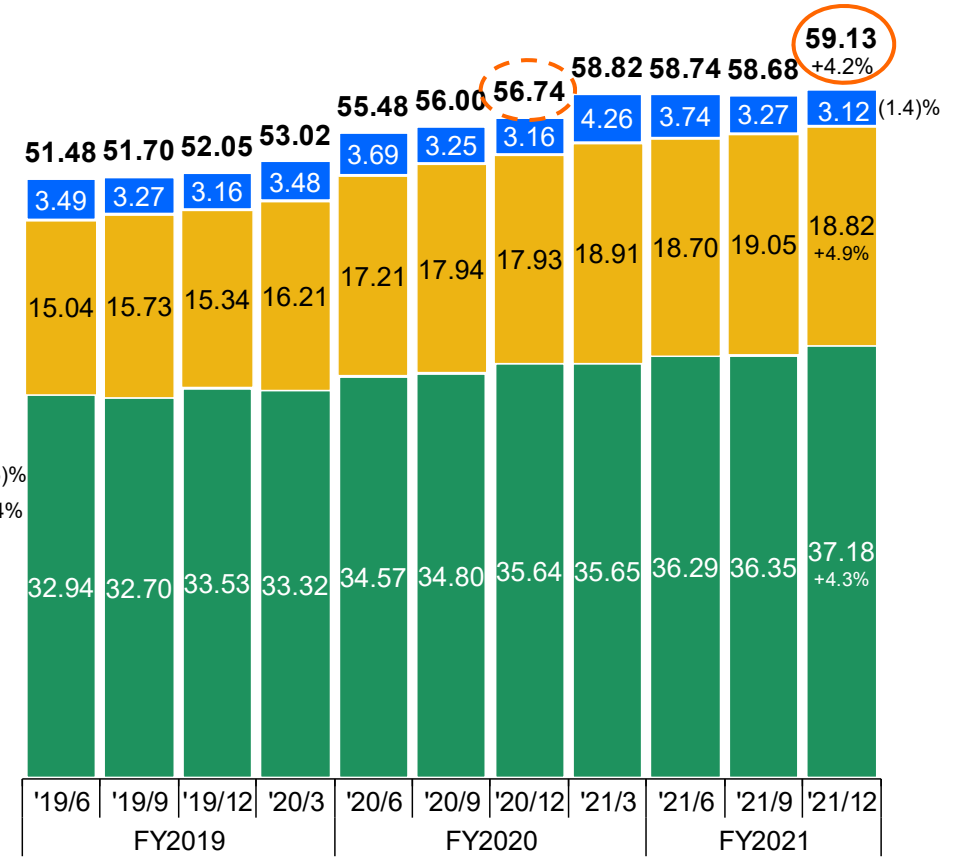
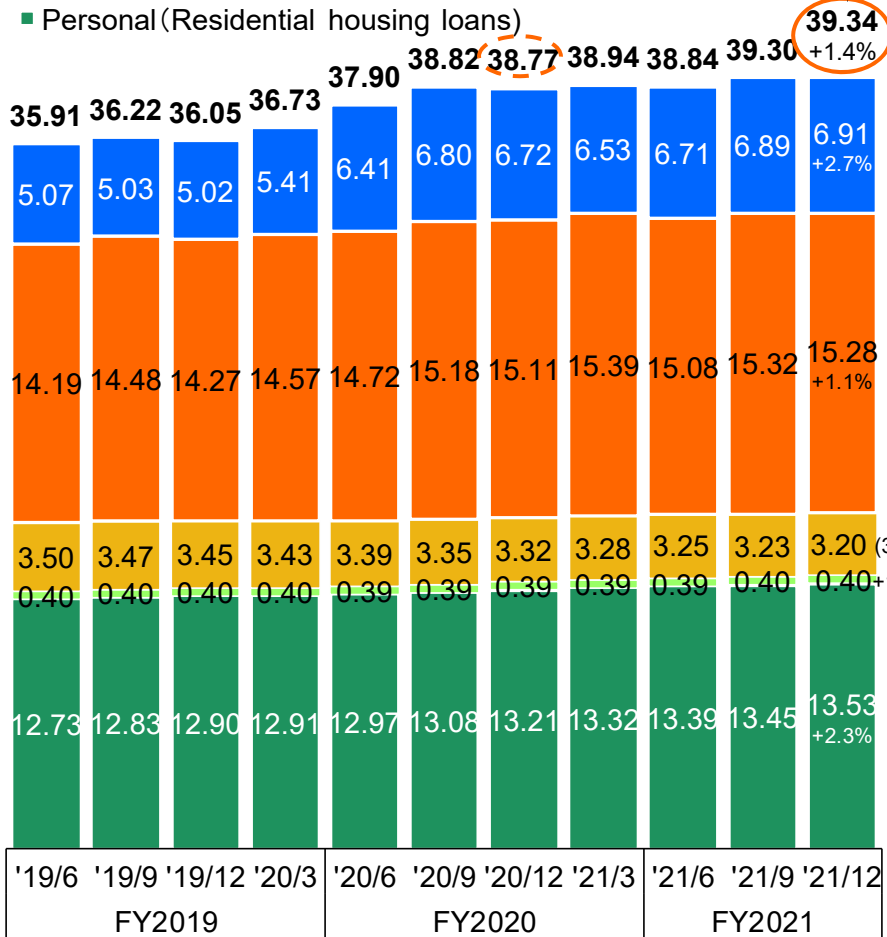
[JPY tn, % represents YoY change]

[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 [1.39 tn] +1.5%

- Other
- Corporate
- Personal



Housing Loan Business

Total of Group Banks

New housing loan origination

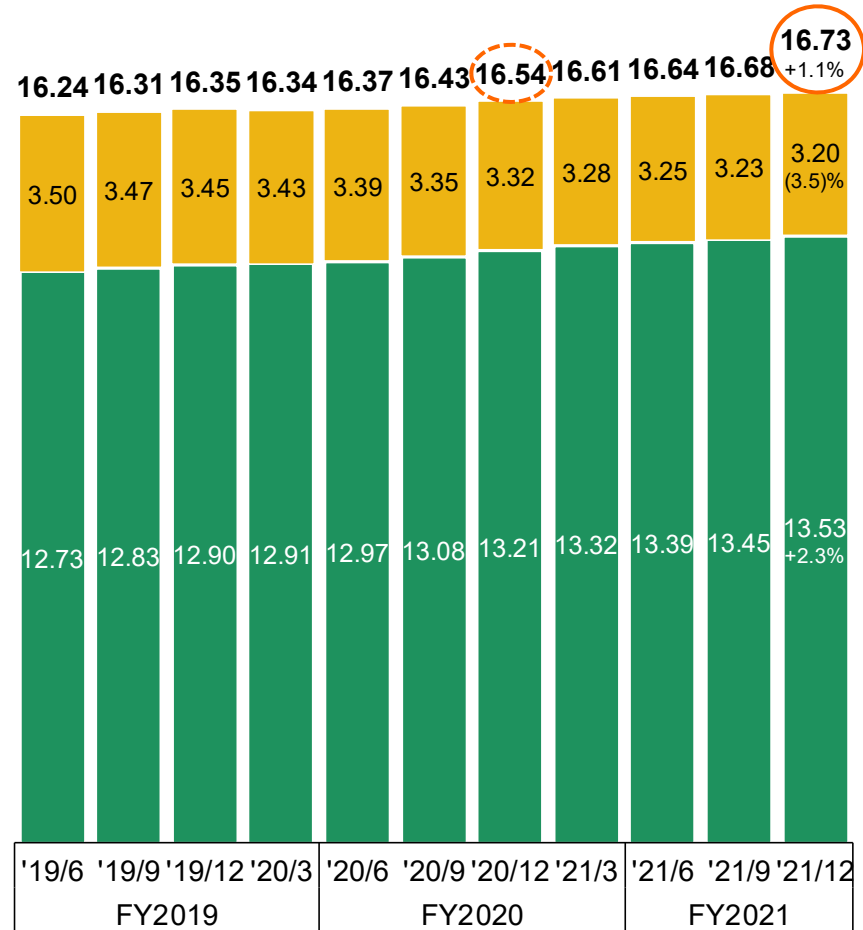
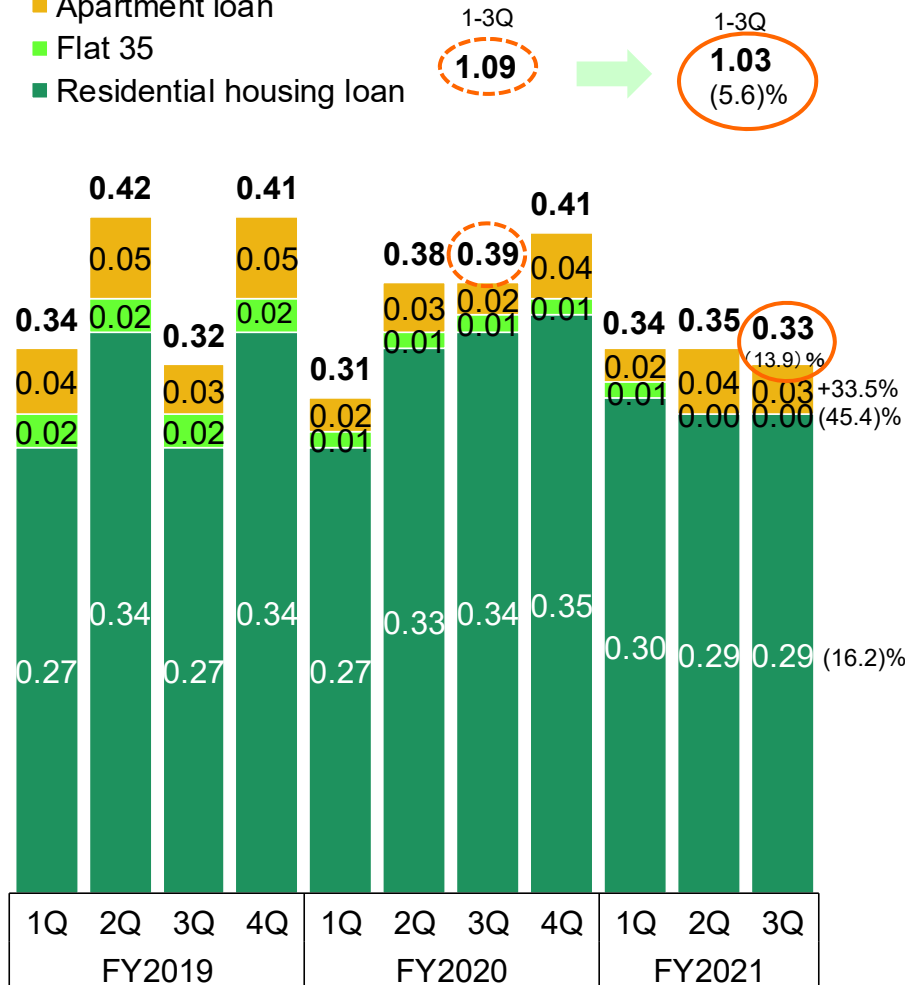
Term-end housing loan balance

[JPY tn, % represents YoY change]

[JPY tn, % represents YoY change]

- Apartment loan
- Flat 35
- Residential housing loan

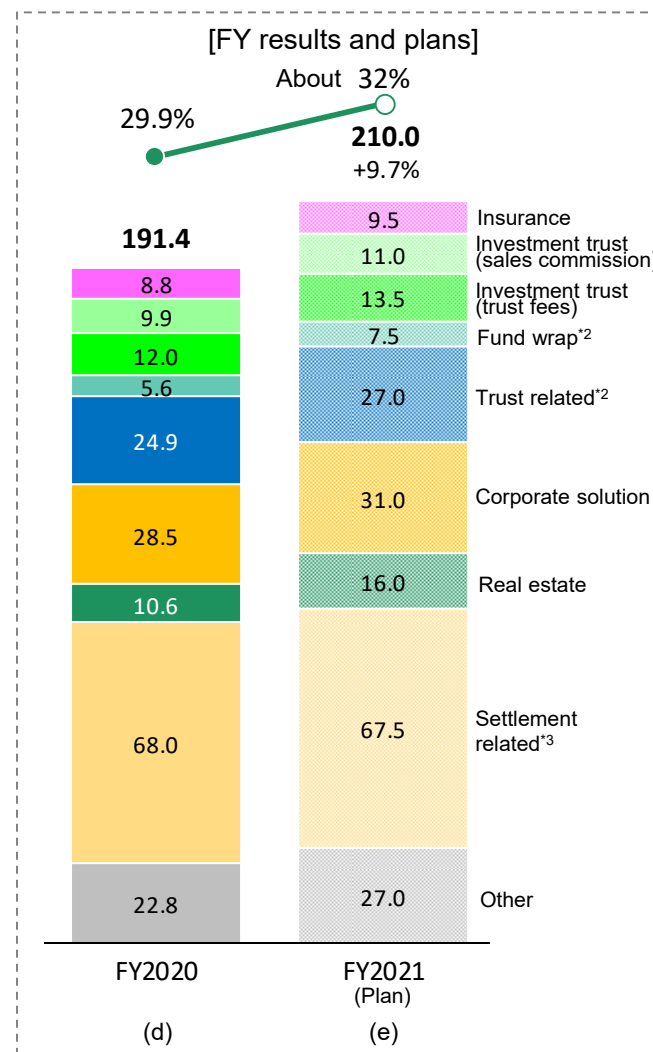
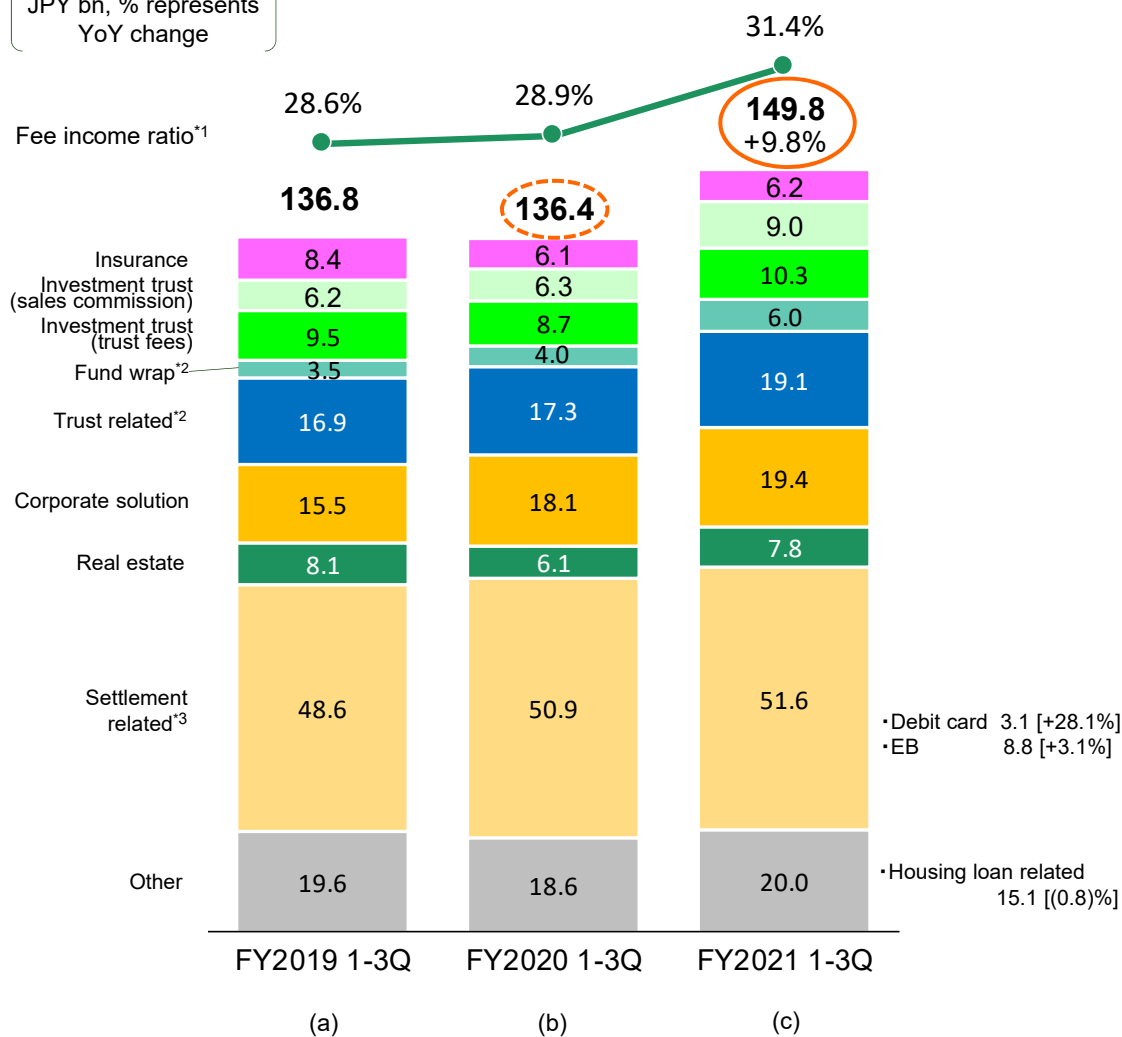
- Apartment loan
- Residential housing loan



Fee Income

- Consolidated fee income ratio*1 : 31.4%, progress rate against the full year plan : 71.3%
- Increased driven by growth in investment trust (+4.3 bn, +28.5%, YoY) , Fund wrap (+2.0 bn, +51.3%, YoY) and Real estate (+1.7 bn, +27.9%, YoY).

(JPY bn, % represents YoY change)



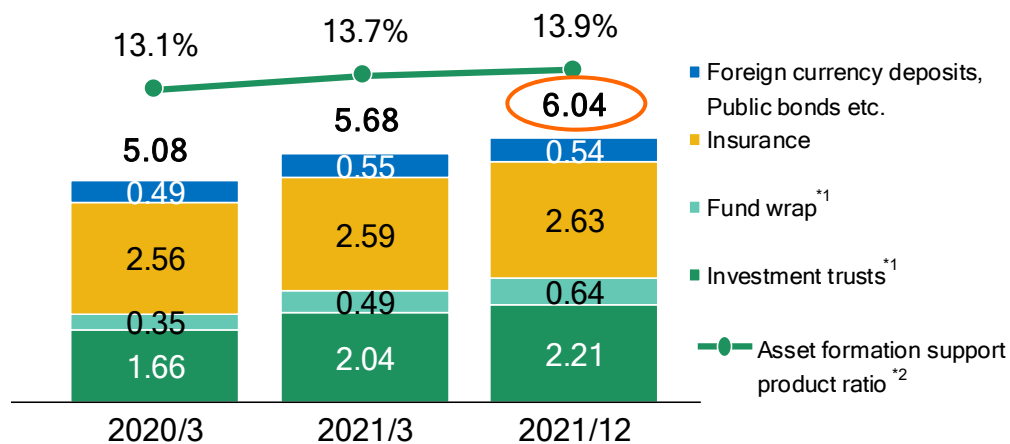
*1. (Fees and commission income + trust fees) / Consolidated gross operating profit
 *2. Including fee income earned by Resona Asset Management *3. Fees and commission from domestic exchange, account transfer, EB, debit card and fee income earned by Resona Kessai Service and Resona Card

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

HD Consolidated

Balance of asset formation support products sold to individuals

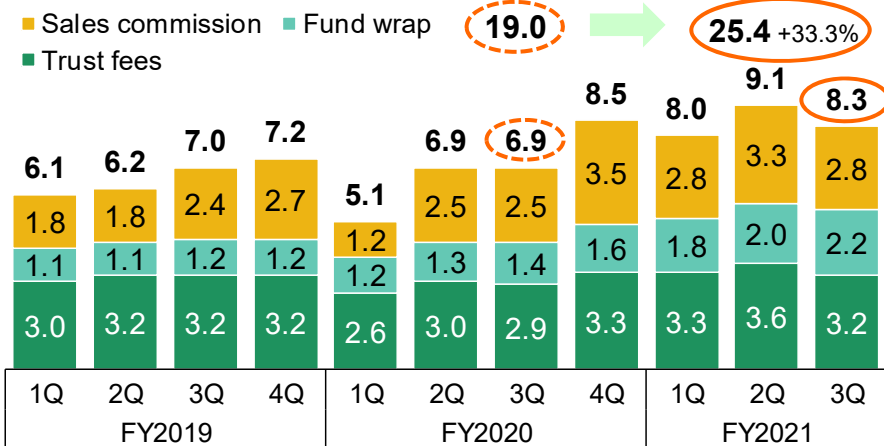
(JPY tn)



- Balance of fund wrap^{*1}: '21/12 JPY741.7 bn (including corporation^{*3})
- Change in balance of investment trust and fund wrap: 1-3Q of FY'21 Approx. +JPY320.0 bn
 - Net inflow (new purchase – withdrawal and redemption): Approx. +JPY171.0 bn
- Number of individual customers having investment trust, fund wrap and insurance products: '21/12 961 thousand
 - NISA account holders^{*4}: 414 thousand, +8.8%, YoY
- iDeCo participants^{*5}: '21/12 149 thousand, +14.2%, YoY

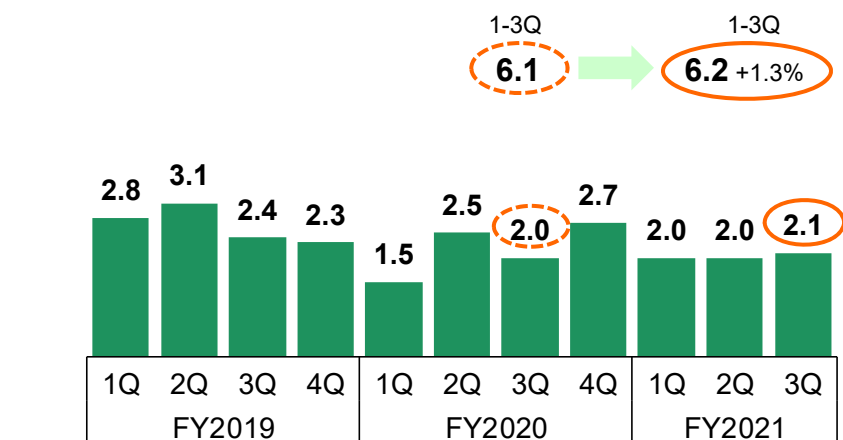
Investment trust and fund wrap income

(JPY bn)



Insurance income

(JPY bn)



*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. Including balance of fund wrap in banks other than group banks

*4. NISA, Junior NISA, Cumulative NISA

*5. iDeCo participants + members giving investment instructions

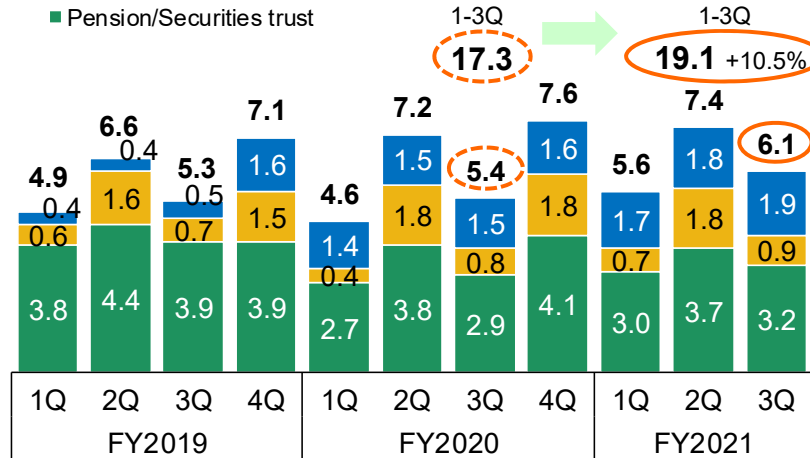
Major Fee Businesses(2) (Trust, Corporate Solution, Real Estate Business)

HD Consolidated

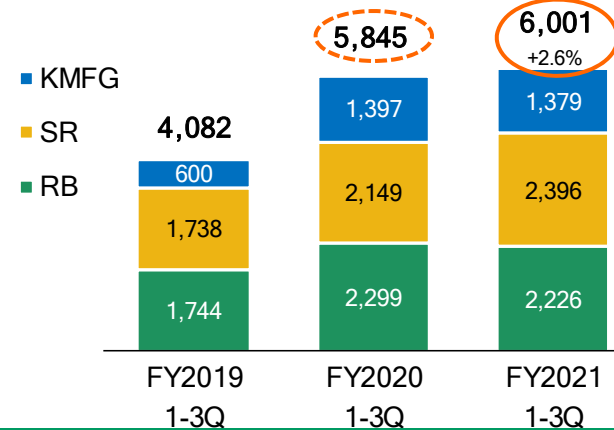
Trust-related business income

(JPY bn)

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



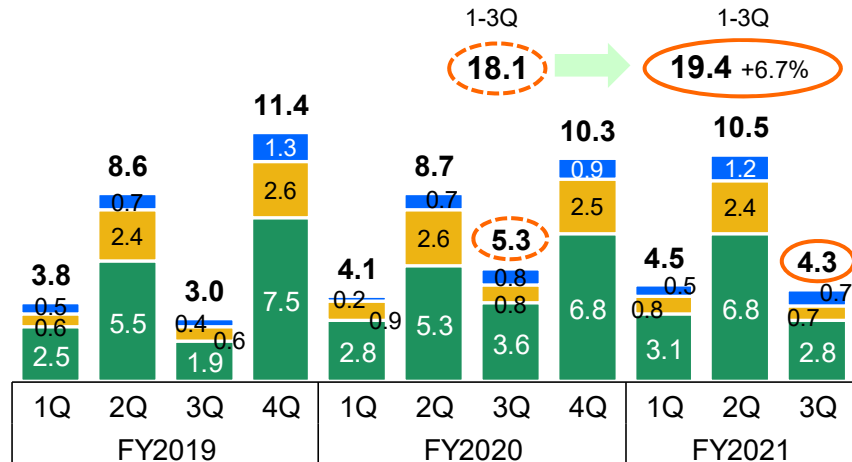
- Expand business opportunities through providing group banks' customers with trust functions
- [Number of new asset succession-related contracts]



Corporate solutions business income

(JPY bn)

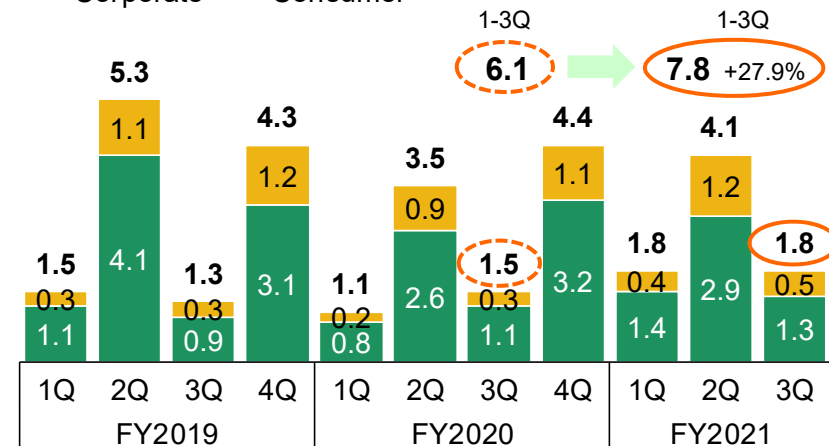
- M&A
- Private notes
- Commitment line, Syndicated loans, Covenants



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)		FY2019	FY2020		FY2021	
		(a)	1-3Q (b)	(c)	1-3Q (d)	Plan (e)
Net credit cost (HD consolidated)	(1)	(22.9)	(31.3)	(57.4)	(20.5)	(44.0)

Net credit cost (Total of group banks)	(2)	(18.8)	(26.9)	(52.3)	(20.2)	(37.0)
General reserve	(3)	(4.7)	(7.2)	(15.9)	(8.8)	
Specific reserve and other items	(4)	(14.0)	(19.6)	(36.3)	(11.4)	
New bankruptcy, downward migration	(5)	(27.1)	(22.4)	(45.0)	(17.6)	
Collection/ upward migration	(6)	13.1	2.7	8.7	6.2	
Difference (1) - (2)	(7)	(4.1)	(4.4)	(5.1)	(0.2)	(7.0)
HL guarantee subsidiaries	(8)	(2.3)	(1.1)	(0.5)	1.7	
Resona Card	(9)	(2.1)	(1.0)	(1.5)	(1.0)	

<Credit cost ratio>		(bps)				
HD consolidated ^{*1}	(10)	(6.2)	(10.9)	(15.0)	(6.8)	(11.0)
Total of group banks ^{*2}	(11)	(5.0)	(9.2)	(13.4)	(6.6)	(9.1)

*(Note) Positive figures represent reversal gains

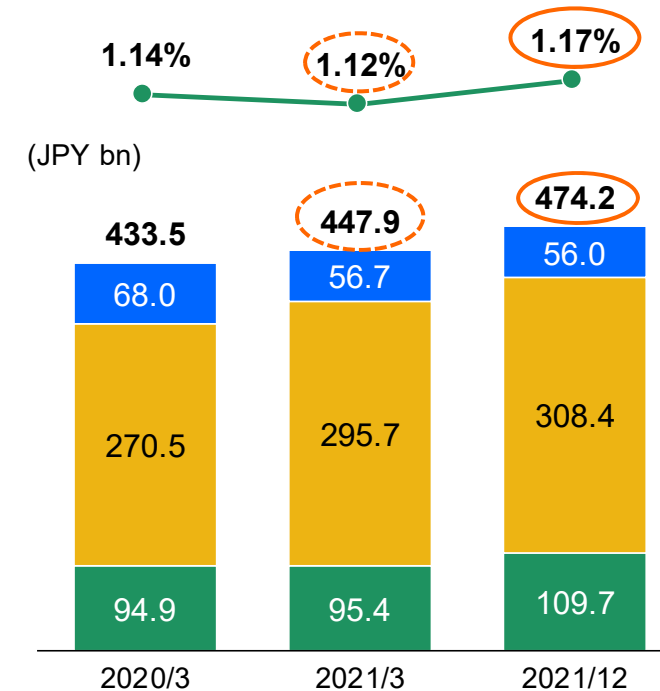
*1. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

*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

Total of Group Banks

Securities portfolio*1

(JPY bn)	2020/3	2021/3	2021/12	Unrealized gains/(losses) (d)
	(a)	(b)	(c)	
Available-for-sale securities (1)	3,055.7	4,480.7	4,651.6	601.5
Stocks (2)	336.9	325.2	307.9	623.9
Bonds (3)	1,722.8	2,586.4	2,706.6	(7.9)
JGBs (4)	459.6	925.7	932.2	(9.9)
Average duration (years) (5)	14.8	13.1	10.7	-
Basis point value (BPV) (6)	(0.68)	(1.21)	(1.12)	-
Local government and corporate bonds (7)	1,263.1	1,660.6	1,774.3	2.0
Other (8)	995.9	1,569.0	1,637.0	(14.5)
Foreign bonds (9)	554.1	904.8	992.5	(22.9)
Average duration (years) (10)	2.4	6.3	5.6	-
Basis point value (BPV) (11)	(0.00)	(0.51)	(0.49)	-
Investment trusts (Domestic) (12)	435.0	658.4	640.7	5.3
Net unrealized gain (13)	420.7	615.3	601.5	
Bonds held to maturity (14)	1,968.4	1,942.2	2,571.2	9.7
JGBs (15)	1,144.2	1,035.6	1,514.0	4.6
Net unrealized gain (16)	28.1	11.5	9.7	

■ Unrealized gains/(losses) in 3 assets (4)+(9)+(12)
'20/3 JPY(6.9) bn ⇒ '21/3 JPY(45.1) bn ⇒ '21/12 JPY(27.5) bn

■ CLO: Zero

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

Status of policy-oriented stocks held

■ Balance of listed stocks disposed in 1-3Q of FY2021

(acquisition cost basis): JPY17.2 bn

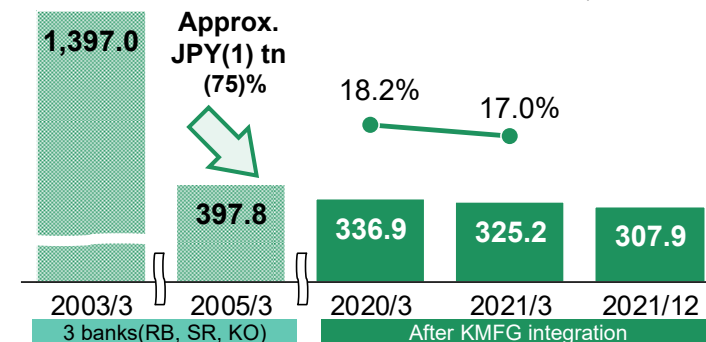
Net gain on sale: JPY39.8 bn (HD consolidated: JPY40.0 bn)

Breakeven Nikkei average: Approx. 8,500 yen

■ Policy for holding policy-oriented stocks

- Since the capital enhancement with public funds, Resona Group has reduced the balance of the policy-oriented stocks to lessen the risk of price volatility. Our basic policy is to continue to reduce the balance of policy-oriented stocks.
- The Group determines whether to hold policy-oriented stocks by evaluating the risks and returns, including feasibility of the development of a trading relationship in a medium- to long-term. The Group may also sell stocks in consideration of the market situations, management and financial strategies, even though the Group considers appropriate for holding from the risk-return perspective.
 - 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

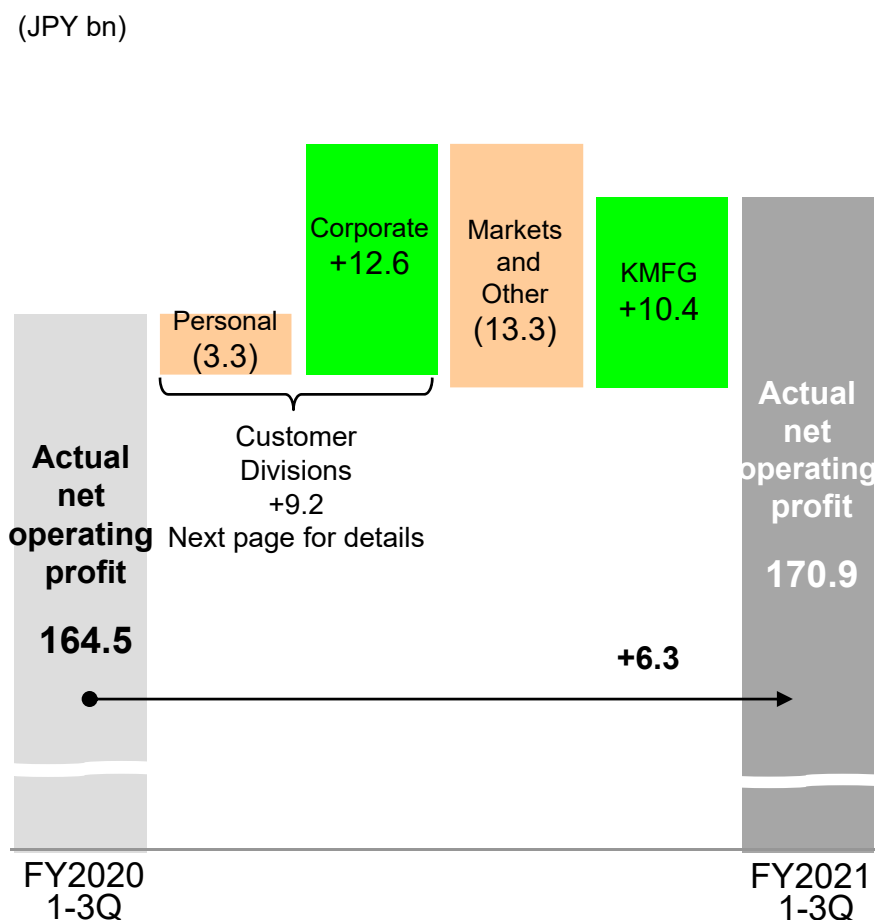
[Stock holdings] ● Ratio to CET1 (ex. unrealized gains on available-for-sale securities) (JPY bn)



(Reference) Outline of Financial Results of Each Segment

HD Consolidated

(JPY bn)		FY2021 1-3Q	YoY Change
Customer Divisions	Gross operating profit (1)	336.3	+12.8
	Operating expense (2)	(226.1)	(3.5)
	Actual net operating profit (3)	110.4	+9.2
Personal Banking	Gross operating profit (4)	135.0	(2.4)
	Operating expense (5)	(116.9)	(0.9)
	Actual net operating profit (6)	18.1	(3.3)
Corporate Banking	Gross operating profit (7)	201.3	+15.2
	Operating expense (8)	(109.1)	(2.6)
	Actual net operating profit (9)	92.2	+12.6
Markets and Other	Gross operating profit (10)	31.4	(12.7)
	Operating expense (11)	(5.0)	(0.6)
	Actual net operating profit (12)	26.6	(13.3)
KMFG	Gross operating profit (13)	112.1	+6.4
	Operating expense (14)	(78.3)	+3.9
	Actual net operating profit (15)	33.8	+10.4
Total	Gross operating profit (16)	479.9	+6.5
	Operating expense (17)	(309.4)	(0.2)
	Actual net operating profit (18)	170.9	+6.3



Definition of management accounting

1. “Customer Divisions” and “Markets and Other” segment refer 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 JPY3.3 bn, YoY

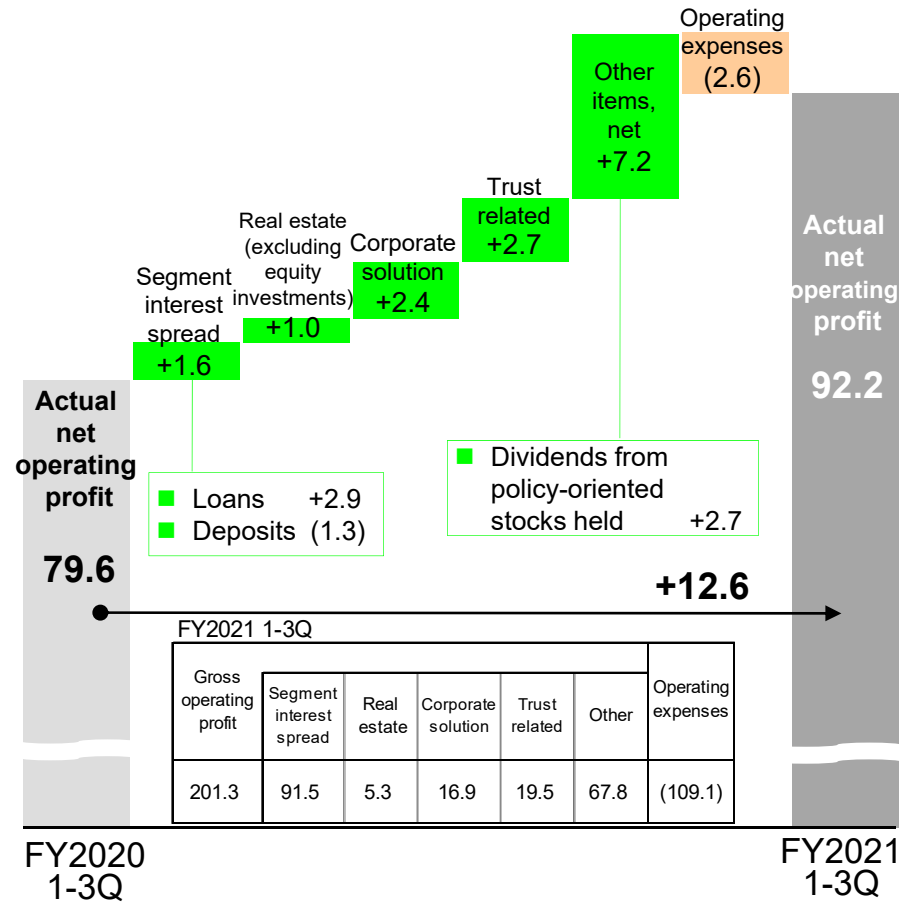
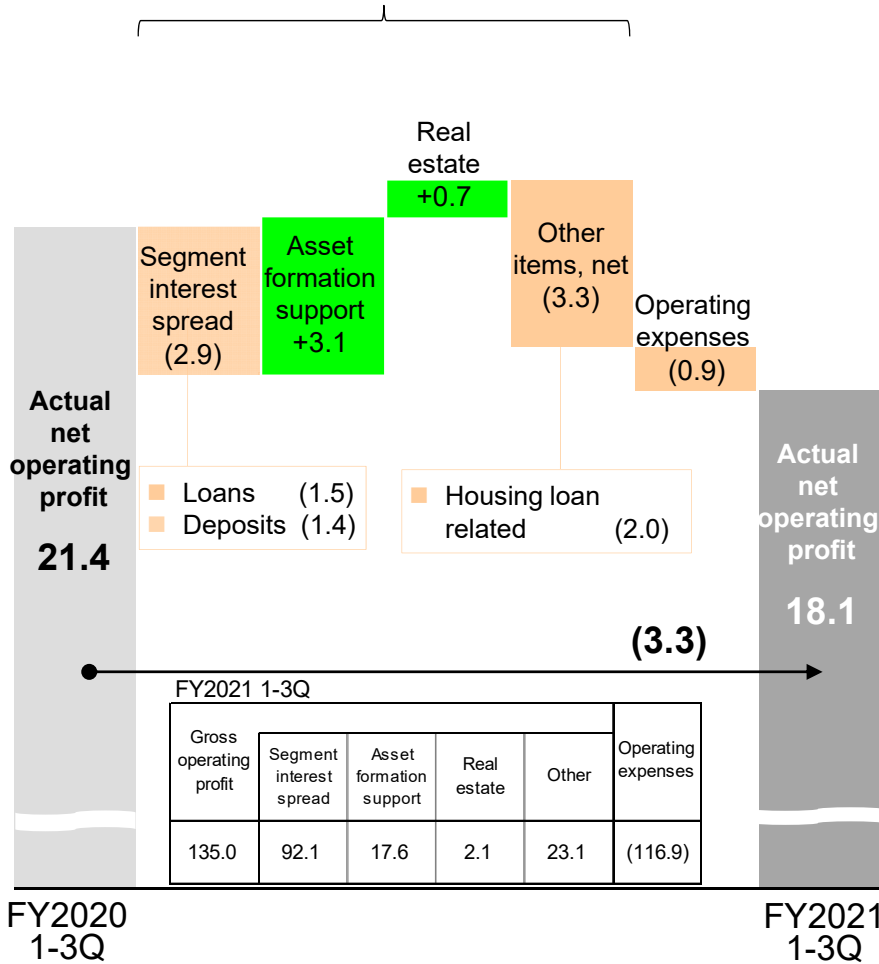
Actual net operating profit : Up JPY12.6 bn, YoY

(JPY bn)

Gross operating profit (2.4)

(JPY bn)

Gross operating profit +15.2



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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

Negative figures represent items that would reduce net income.

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.