

Financial Highlights for Fiscal Year 2018



Resona Holdings

May 10, 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 FY2017
[Adjusted YoY]	HD Consolidated	Comparison with the total sum of HD consolidated, KU consolidated and MB consolidated results for FY2017 *(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 FY2018

■ Posted JPY175.1 bn of net income attributable to owners of parent

Down JPY61.0 bn, or 25.8%, YoY

Down JPY69.0 bn, or 28.2%, on an adjusted YoY basis

Down JPY24.9 bn from the target announced in Nov. 2018

Up JPY5.1 bn from the revised target in Apr. 2019

- Changes in one-off gains JPY(45.7) bn
 - Management integration of KMFG JPY(31.6) bn
 - Realignment of loan guarantee subsidiaries JPY(14.1) bn
- Measures to improve soundness of securities portfolio JPY(22.7) bn

■ Posted JPY644.1 bn of gross operating profit

Down JPY17.1 bn, or 2.5%, on an adjusted YoY basis

Contraction of loan-to-deposit spread moderated while increase in loan balance and fee income continued

Income structure reform has made discernible progress

- Net interest income from domestic loans and deposits:
 - Down JPY11.1 bn on an adjusted YoY basis
 - Average loan balance : +2.89%, outpacing the plan +2.54%
 - Loan-to-deposit spread contracted by 6 bps, in line with the plan
- Fee income: Up JPY6.0 bn, or 3.2%, on an adjusted YoY basis
 - Fee income ratio : 30.0%
 - Fee income climbed to a record high level
 - Primarily driven by insurance and housing loan-related fees

■ Operating expenses: JPY420.5 bn

Down JPY0.0 bn, on an adjusted YoY basis

■ Credit related expenses: JPY1.3 bn

Increased by JPY11.4 bn, on an adjusted YoY basis

■ Shareholder return policy for FY2019

Enlarge shareholder return further by share buy back

(1) Share buy back up to JPY10.0 bn

(2) Continue 21 yen per annum common DPS

	HD consolidated (JPY bn)	FY2018	YoY change		[Reference] Adjusted YoY change	
				%		%
Net income attributable to owners of parent	(1)	175.1	(61.0)	(25.8)%	(69.0)	(28.2)%
EPS (yen)	(2)	75.63	(24.88)	(24.7)%		
BPS (yen)	(3)	911.17	+10.45	+1.1%		
ROE (stockholders' equity) *1	(4)	10.85%	(4.91)%			
Gross operating profit	(5)	644.1	+91.6	+16.5%	(17.1)	(2.5)%
Net interest income	(6)	435.9	+67.5		(18.3)	
Nil from loans and deposits*2	(7)	353.7	+66.0		(11.1)	
Fee income	(8)	193.8	+25.7		+6.0	
Fee income ratio	(9)	30.0%	(0.3)%		+1.7%	
Trust fees	(10)	19.2	+0.6		+0.6	
Fees and commission income	(11)	174.5	+25.1		+5.4	
Other operating income	(12)	14.4	(1.7)		(4.9)	
Net gains on bonds (including futures)	(13)	(7.8)	(2.7)		(2.9)	
Operating expenses (excluding group banks' non-recurring items)	(14)	(420.5)	(79.3)	(23.2)%	(0.0)	(0.0)%
Cost income ratio (OHR)	(15)	65.2%	+3.5%		+1.7%	
Actual net operating profit	(16)	225.6	+14.0	+6.6%	(15.4)	(6.3)%
Net gains on stocks (including equity derivatives)	(17)	7.1	(5.9)		(10.6)	
Credit related expenses, net	(18)	(1.3)	(16.0)		(11.4)	
Other gains, net	(19)	7.1	+30.7		+32.6	
Net income before income taxes and non-controlling interests	(20)	238.6	+22.7	+10.5%	(4.8)	(1.9)%
Income taxes and other	(21)	(57.3)	(78.3)		(72.2)	
Net income attributable to non-controlling interests	(22)	(6.1)	(5.5)		+8.0	

【Target for FY2019】

Net income attributable to owners of parent	160.0
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*1. (Net income – preferred dividends) / (Total shareholders equity – balance of outstanding preferred shares)

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

*3. 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	Difference (a)-(d)
	(a)	YoY (b)	[reference] Adjusted YoY (c)	(d)	[reference] Adjusted YoY (e)	(f)	(g)	(h)	
Gross operating profit (1)	644.1	+91.6	(17.1)	593.0	(16.2)	339.9	113.5	139.5	51.1
Net interest income (2)	435.9	+67.5	(18.3)	434.5	*i (16.2)	229.3	89.4	115.7	1.3
Nil from domestic loans and deposits (3)				353.7	(11.1)	178.3	75.0	100.2	
Fee income (4)	193.8	+25.7	+6.0	147.3	+6.7	101.3	24.0	22.0	46.4
Fee income ratio (5)	30.0%	(0.3)%	+1.7%	24.8%	+1.7%	29.8%	21.1%	15.7%	
Trust fees (6)	19.2	+0.6	+0.6	19.2	+0.5	19.2			(0.0)
Fees and commission income (7)	174.5	+25.1	+5.4	128.1	+6.1	82.1	24.0	22.0	46.4
Other operating income (8)	14.4	(1.7)	(4.9)	11.0	(6.6)	9.2	0.0	1.8	3.3
Net gains on bonds (including futures) (9)	(7.8)	(2.7)	(2.9)	(9.7)	(4.9)	(6.9)	(2.6)	(0.1)	1.9
Operating expenses (excluding group banks' non-recurring items) (10)	(420.5)	(79.3)	(0.0)	*1 (397.6)	(0.3)	(211.2)	(74.3)	*1 (112.0)	(22.9)
Cost income ratio (OHR) (11)	65.2%	+3.5%	+1.7%	67.0%	+1.8%	62.1%	65.4%	80.2%	
Equity in gains of affiliates (12)	*2 2.1	+1.8	+1.8						2.1
Actual net operating profit (13)	225.6	+14.0	(15.4)	195.3	(16.6)	128.6	39.2	27.5	30.3
Net gains on stocks (including equity derivatives) (14)	7.1	(5.9)	(10.6)	12.0	*j (58.1)	10.5	(2.2)	3.7	(4.9)
Credit related expenses, net (15)	(1.3)	(16.0)	(11.4)	0.1	(14.5)	5.1	(0.8)	(4.1)	(1.4)
Other gains/(losses), net (16)	7.1	+30.7	+32.6	(31.4)	(9.9)	(16.4)	(3.8)	(11.2)	38.5
One-off gain related to management integration under KMFG (17)	39.8	+39.8	+39.8						39.8
Net income before income taxes (18)	238.6	+22.7	(4.8)	176.1	(99.3)	127.9	32.2	15.9	62.4
Income taxes and other (19)	(57.3)	*3 (78.3) *k	*3 (72.2) *k	(50.2)	*k (0.9)	(37.2)	(10.1)	(2.8)	(7.0)
Net income attributable to non-controlling interests (20)	(6.1)	(5.5)	+8.0						(6.1)
Net income (attributable to owners of parent) (21)	175.1	(61.0)	(69.0)	125.8	(100.2)	90.7	22.0	13.0	49.2

*1. Exclude goodwill amortization by KU, JPY(0.7) 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.

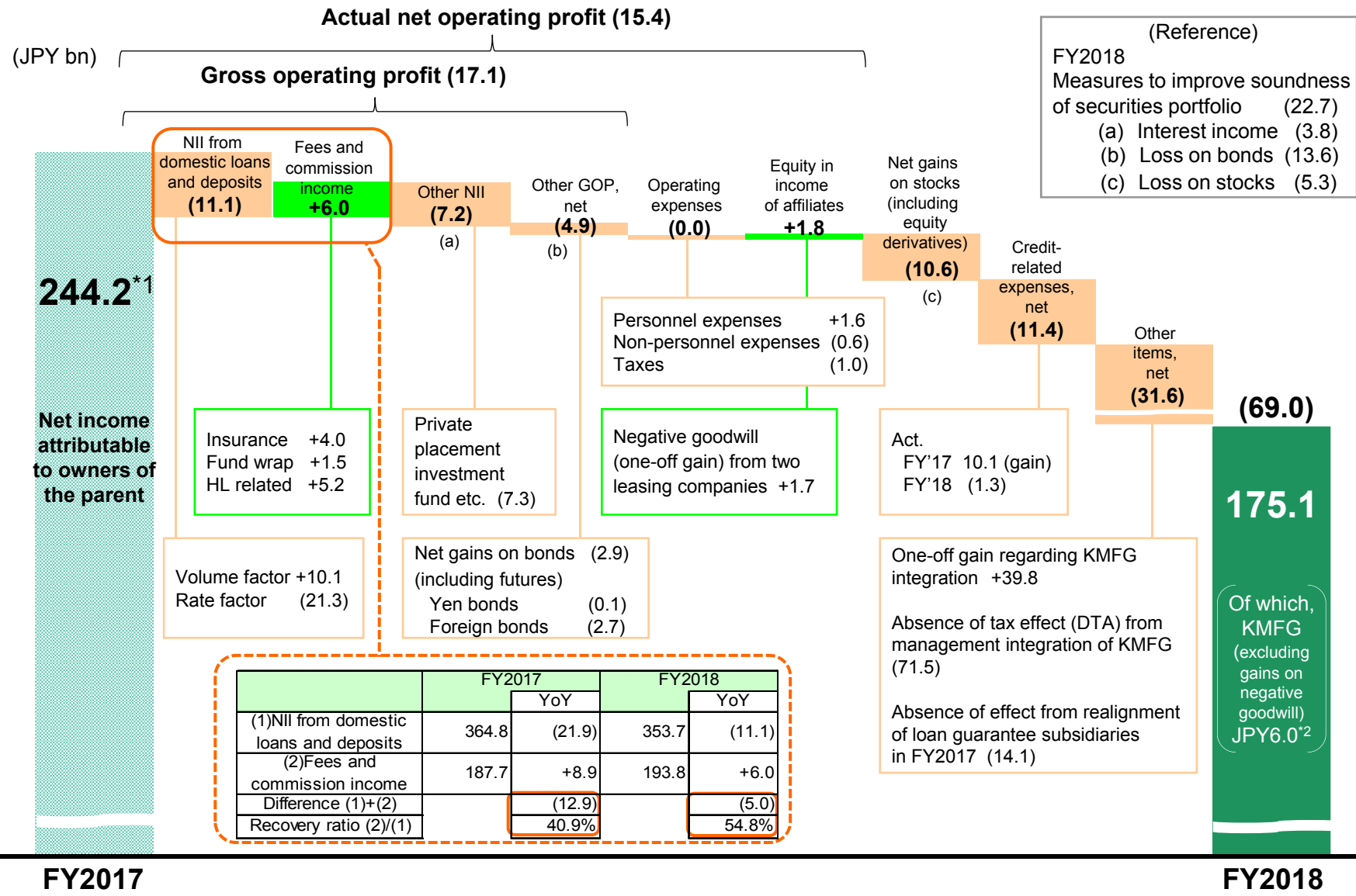
*3. Include absence of tax effect, JPY(71.5) bn, from management integration of KMFG

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

[*i. Special dividend (JPY4.9 bn, cancelled out in consolidation) paid by Kinki Osaka Shinyo Hoshō to KO. *j. 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) *k. Reduction of income tax charge, JPY14.1 bn, due to a tax loss recognized]

Factors for the Changes in Periodic Profits (Adjusted YoY Comparison)

HD Consolidated



*1. HD consolidated net income (JPY236.2 bn)+ { KU consolidated net income (JPY13.8 bn) + MB consolidated net income (JPY7.6 bn) } x 51.2% - KO consolidated net income (JPY6.1 bn) x (100% - 51.2%) as of FY2017

*2. { KMFG consolidated net income (JPY68.4 bn) - KMFG gains on negative goodwill (JPY56.6 bn) } x 51.2%

Trend of Loans and Deposits (Domestic Account)

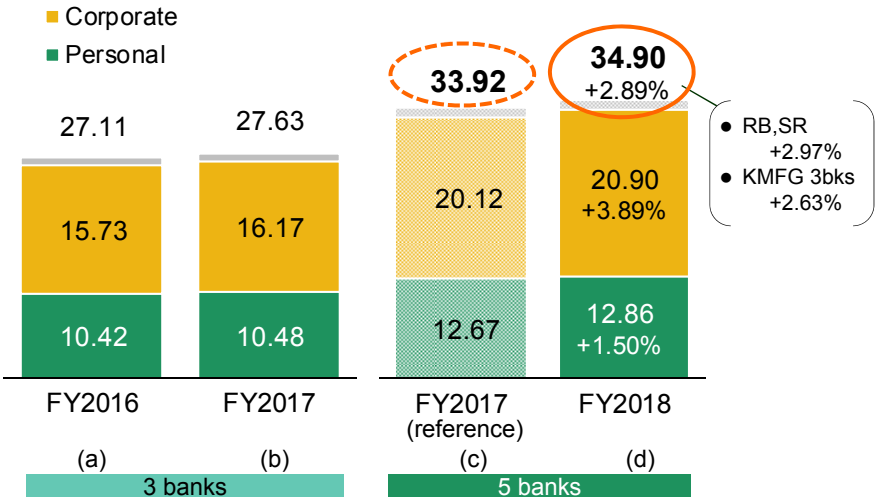
Total of Group Banks

Average loan / deposit balance, rates and spread

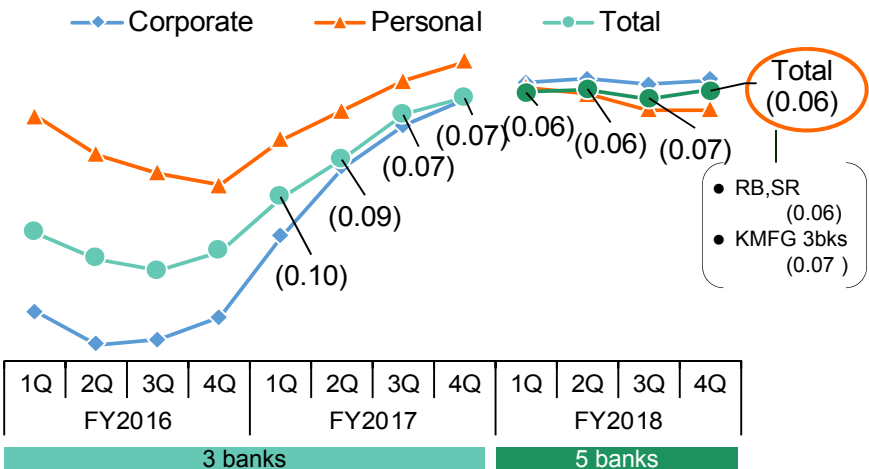
Trend of average loan balance, loan rate change

〔 Avg. bal : Trillion Yen Income/Cost : Billion Yen 〕		FY2018		FY2019	
		Act. (a)	Adjusted YoY*3 (b)	Plan (c)	YoY [vs. '19/3] *3 (d)
Loans	Avg. Bal. (1)	34.90	+2.89%	35.63	+2.08%
	Rate (2)	1.03%	(0.06)%	0.98%	(0.04)%
	Income (3)	361.3	(12.9)	351.9	(9.4)
Corporate Banking Business Unit *1	Avg. Bal. (4)	20.90	+3.89%	21.40	+2.36%
	Rate (5)	0.87%	(0.06)%	0.83%	(0.04)%
Personal Banking Business Unit *2	Avg. Bal. (6)	12.86	+1.50%	13.14	+2.21%
	Rate (7)	1.32%	(0.07)%	1.26%	(0.06)%
Deposits (Including NCDs)	Avg. Bal. (8)	50.81	+3.45%	51.77	+1.89%
	Rate (9)	0.01%	(0.00)%	0.01%	(0.00)%
	Cost (10)	(7.6)	+1.7	(6.6)	+0.9
Loan-to-deposit	Spread (11)	1.02%	(0.06)%	0.97%	(0.04)%
	Net interest income (12)	353.7	(11.1)	345.2	(8.4)

[Average loan balance (JPY tn)] % represents adjusted 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
 *3. Average balance : rate of change

Term-end Balance of Loans and Deposits

Total of Group Banks

Term-end loan balance

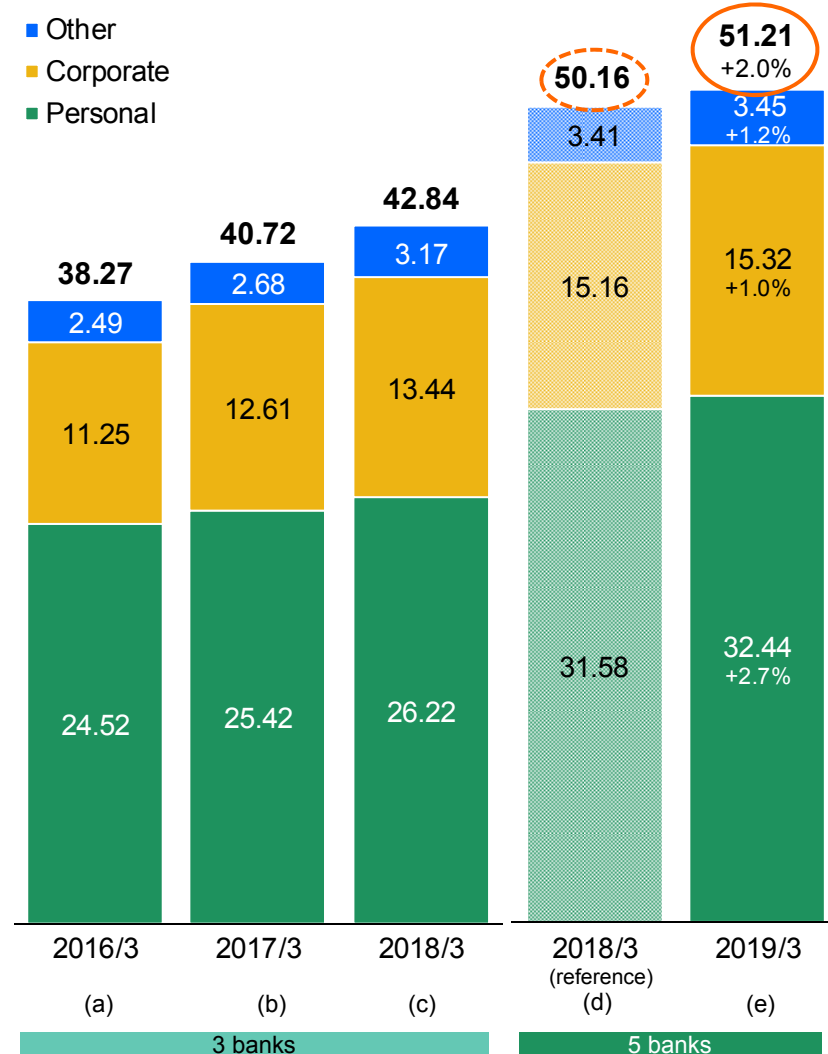
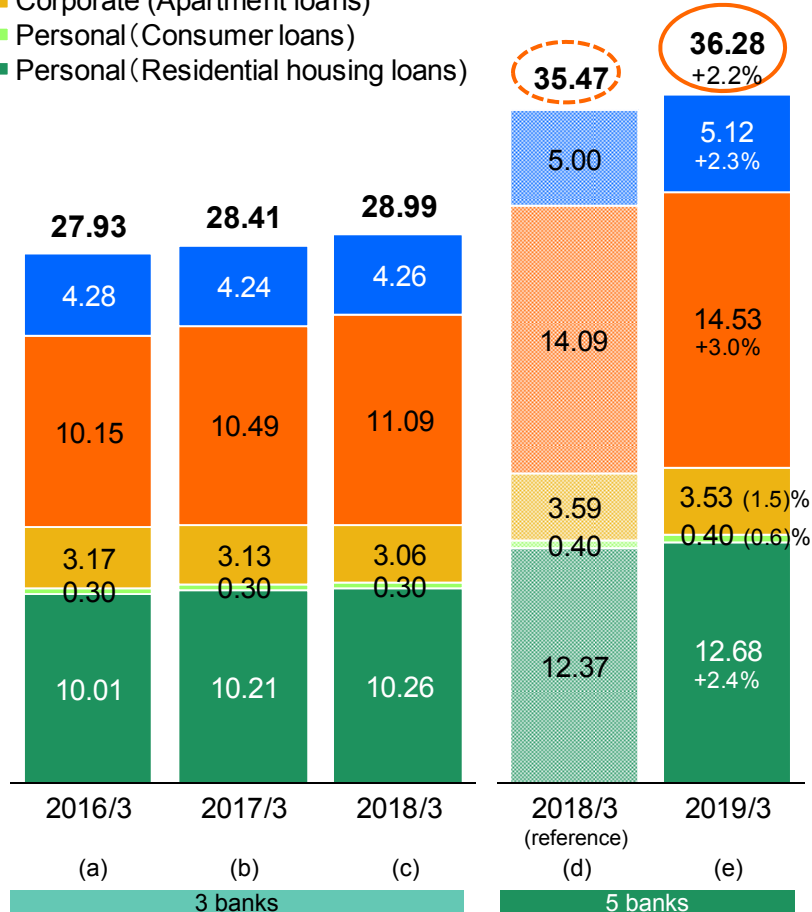
Term-end deposit balance

JPY tn, % represents adjusted YoY change

JPY tn, % represents adjusted YoY change

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

- Other
- Corporate
- Personal



Housing Loan Business

Total of Group Banks

New housing loan origination

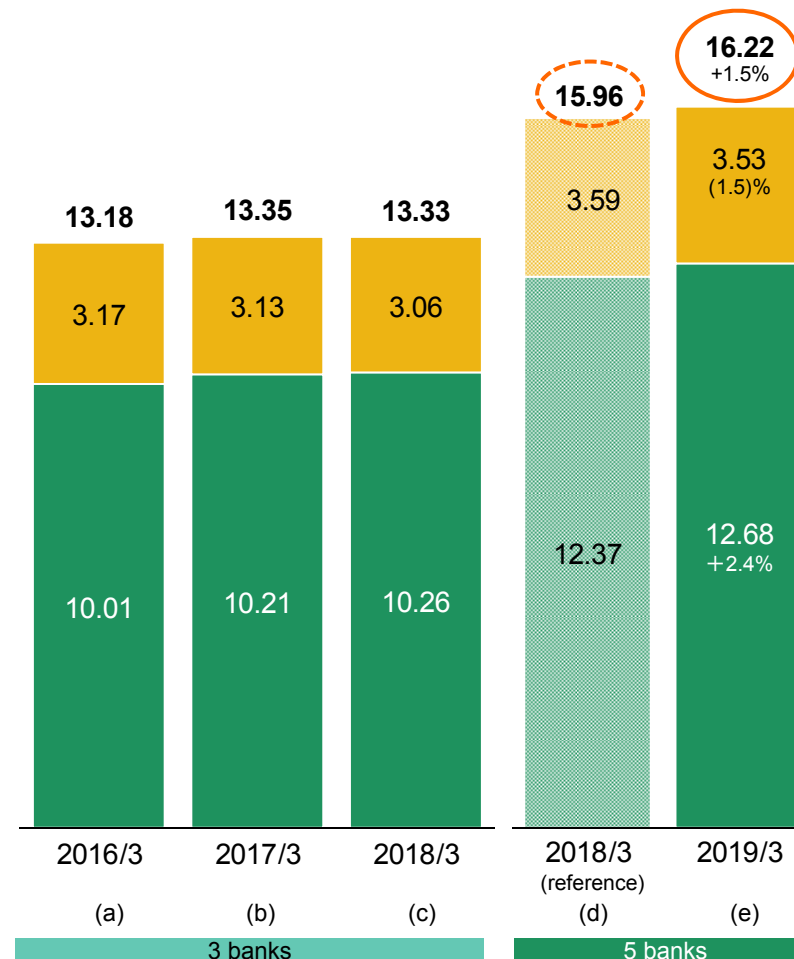
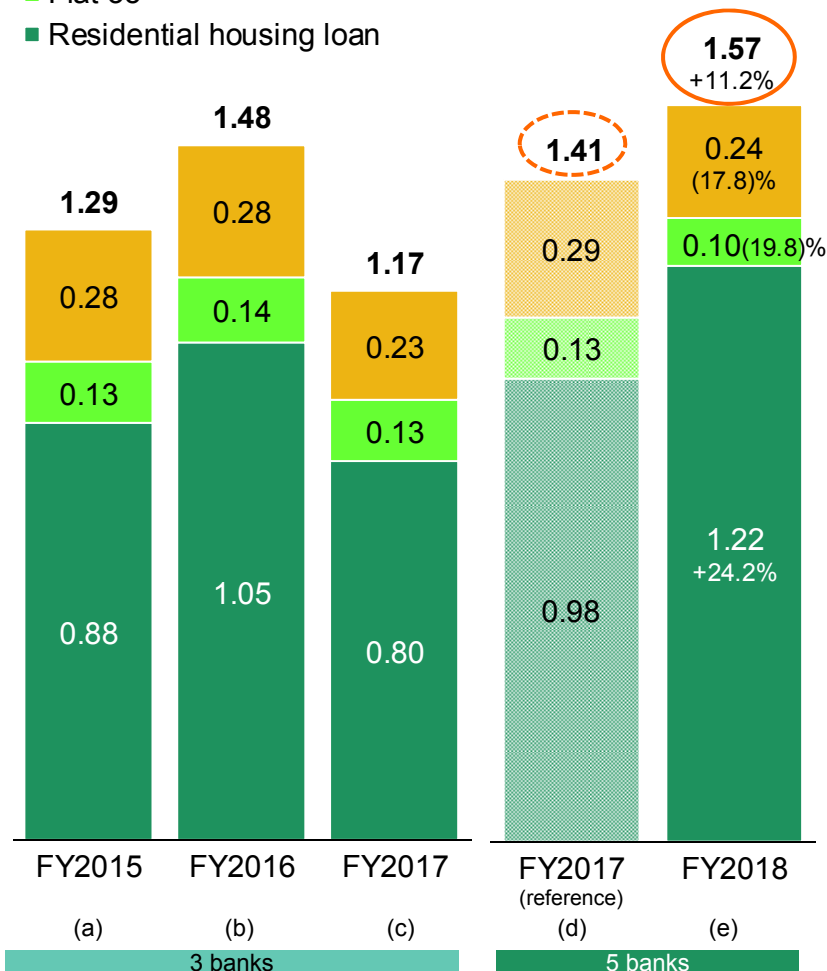
Term-end housing loan balance

JPY tn, % represents adjusted YoY change

JPY tn, % represents adjusted YoY change

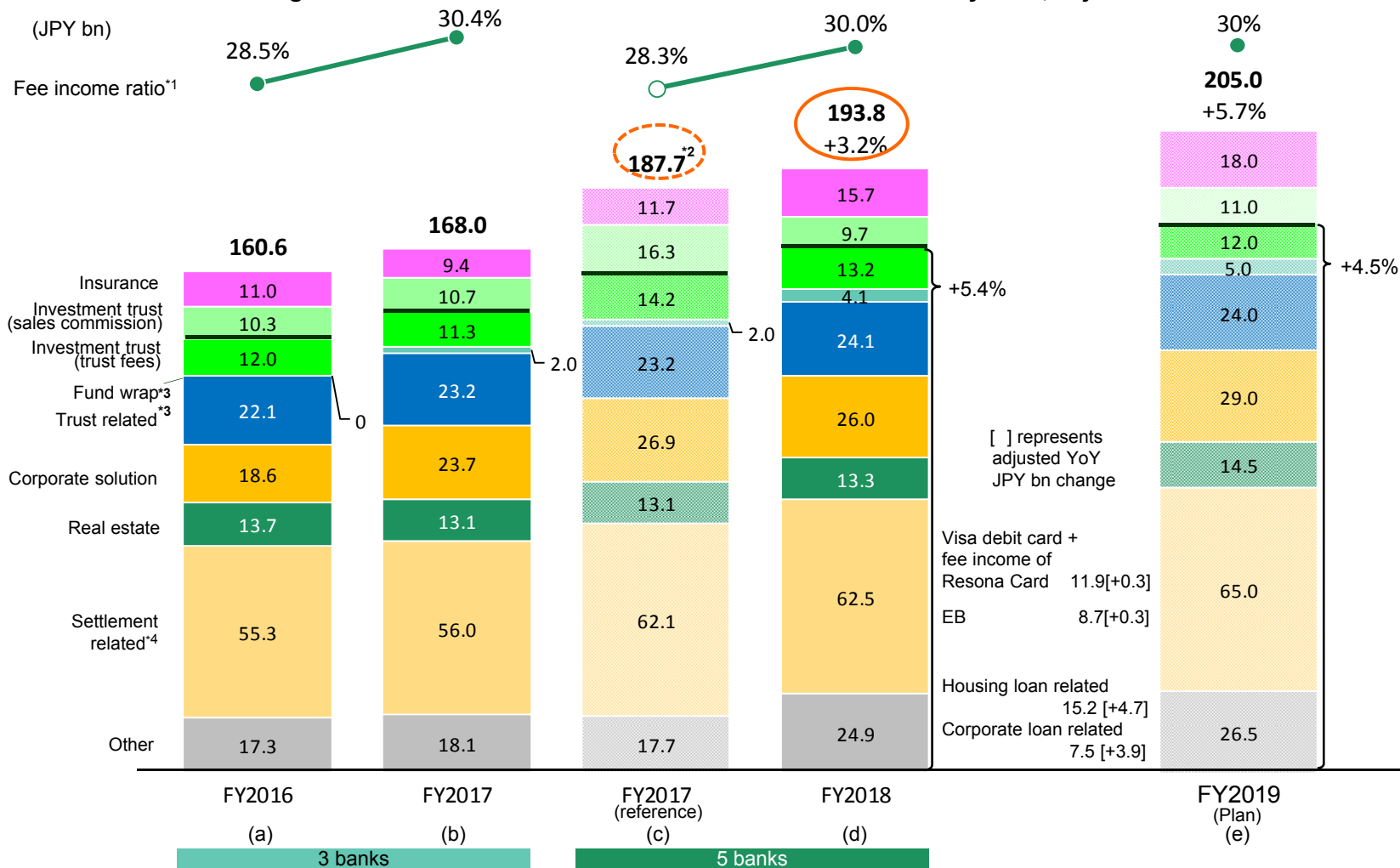
- Apartment loan
- Flat 35
- Residential housing loan

- Apartment loan
- Residential housing loan



Fee Income

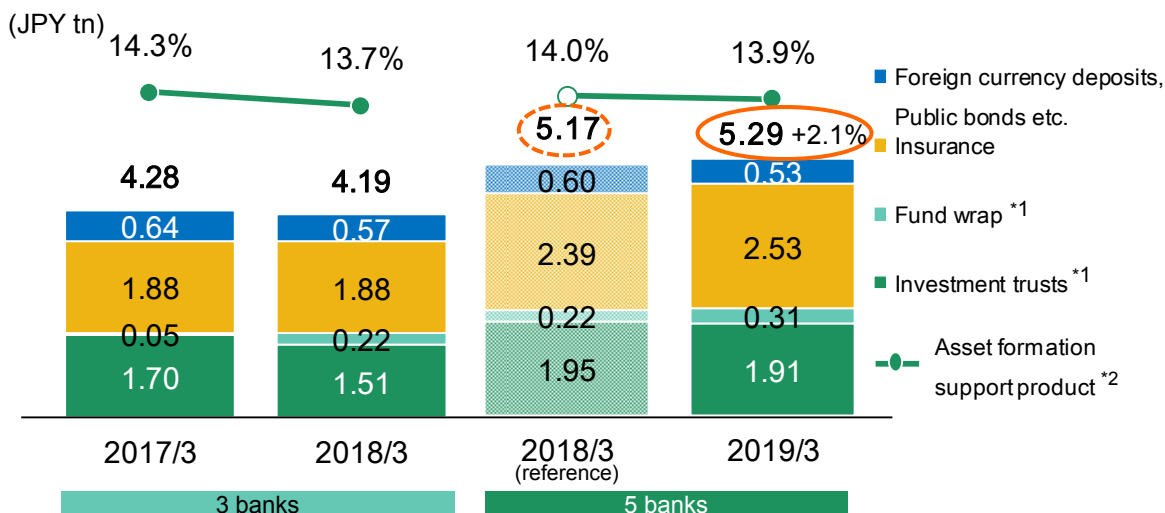
- Consolidated fee income ratio*1 for FY2018: 30.0%
- Primarily driven by insurance (+34%, adjusted YoY basis), fund wrap (× 2 times, adjusted YoY basis) and housing loan related fees (+45%, adjusted YoY basis)
- Fee income excluding fees from insurance and investment trust sale increased by 5.4%, adjusted YoY basis



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

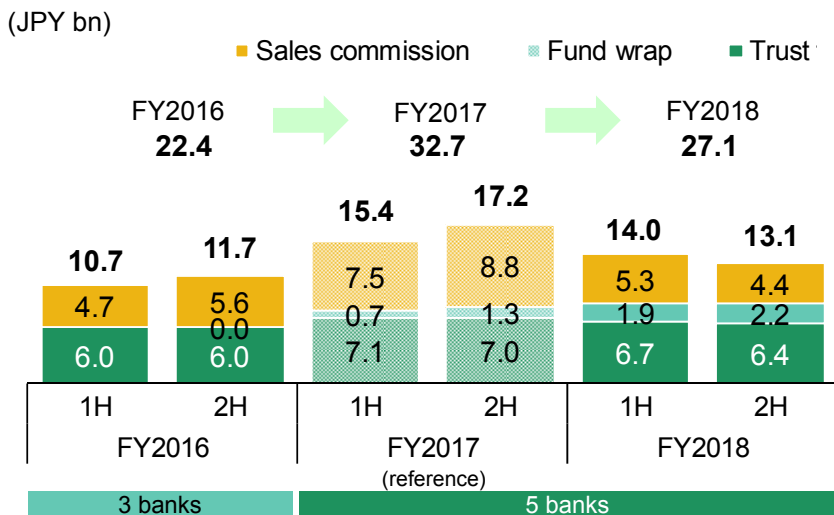
Major Fee Businesses(1) (Asset Formation Support Business)

[Balance of asset formation support products sold to individuals]

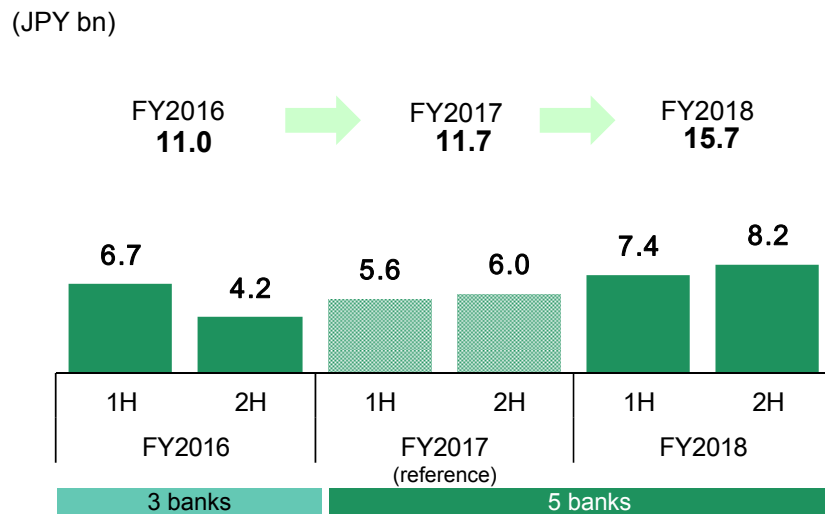


- Balance of fund wrap*1: '19/3 JPY310.3 bn (JPY347.6 bn including corporation)
- Increase in balance of investment trust and fund wrap: Approx. +JPY44.0 bn
- Net inflow (new purchase – withdrawal and redemption): Approx. +JPY46.0 bn in FY2018
- Number of individual customers having investment trust, fund wrap and insurance products : '19/3 0.90 million
- NISA account holders*3: 0.33 million
- iDeCo participants*4: '19/3 99 thousand +33%, YoY

[Investment trust and fund wrap]



[Insurance]



*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

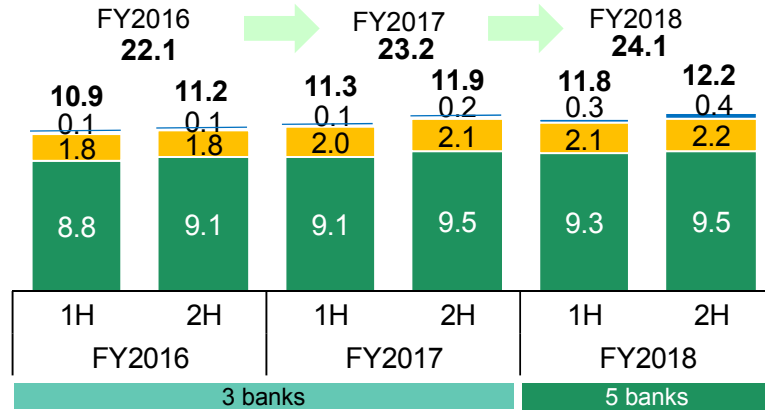
Major Fee Businesses(2) (Trust, Corporate Solution, Real Estate Business)

HD Consolidated

Trust-related business income

(JPY bn)

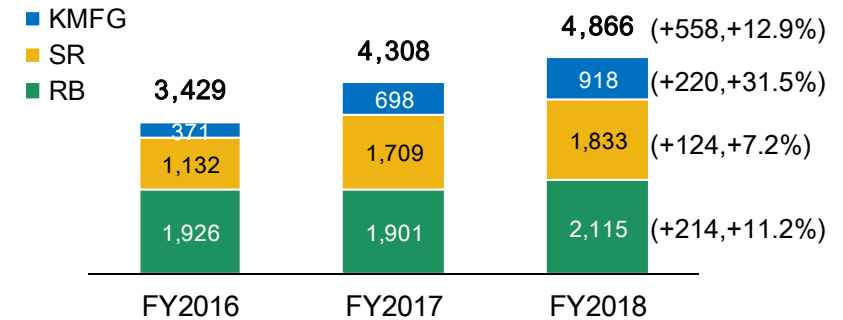
- Resona Asset Management
- Trust solution offered for asset and business succession
- Pension/Securities trust



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

⇒ Asset and business succession: Income and number of new contracts renewed all-time record high

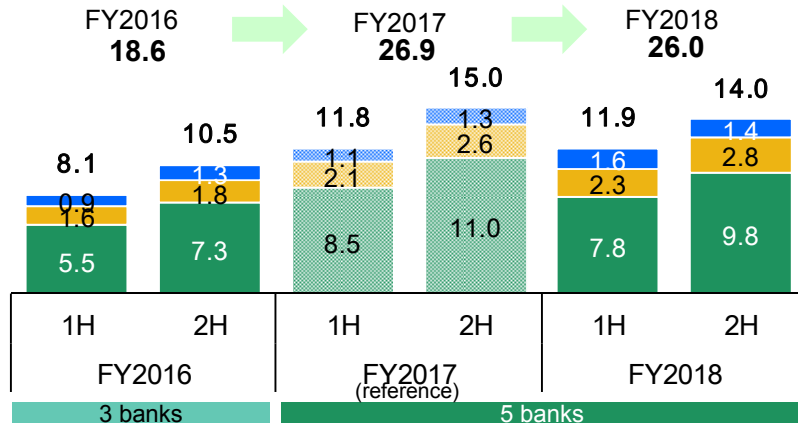
[Number of new asset succession-related contracts]



Corporate solutions business income

(JPY bn)

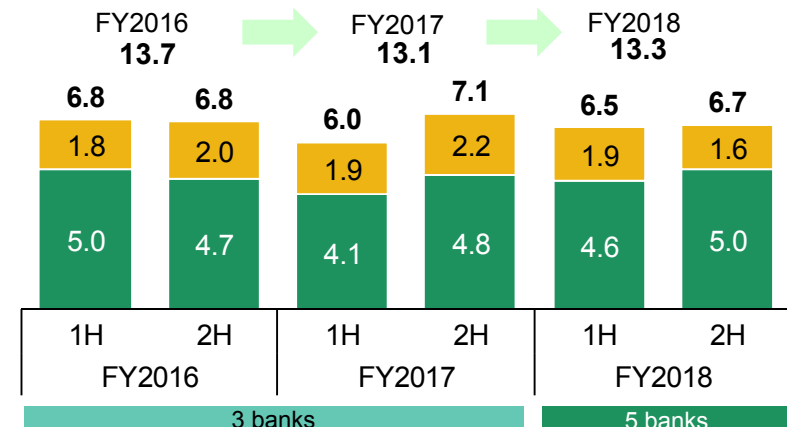
- M&A
- Private notes
- Commitment line, Syndicated loans, Covenants



Real estate business income*1

(JPY bn)

- Consumer
- Corporate



*1. Excluding gains from investments in real estate funds

Credit Costs and NPL

HD Consolidated
Total of Group Banks

Credit costs

(JPY bn)	3 banks		5 banks	
	FY 2017 (a)	FY 2017 (reference) (b)	FY 2018 (c)	FY 2019 (Plan) (d)
Net credit cost*¹ (HD consolidated) (1)	14.7	10.1	(1.3)	(22.5)
Net credit cost (Total of group banks) (2)	17.5	14.7	0.1	(17.0)
General reserve (3)	6.6	9.0	11.2	
Specific reserve and other items (4)	10.8	5.7	(11.0)	
New bankruptcy, downward migration (5)	(15.4)	(22.2)	(31.3)	
Collection/ upward migration (6)	26.2	27.9	20.2	
Difference (1) - (2) (7)	(2.7)	(4.6)	(1.4)	(5.5)
HL guarantee subsidiaries (8)	1.1	0.0	3.0	
Resona Card (9)	(2.3)	(2.3)	(2.2)	
<Credit cost ratio> (bps)				
HD consolidated* ^{1,2} (10)	5.1	2.8	(0.3)	(6.1)
Total of group banks* ³ (11)	5.9	4.0	0.0	(4.5)

*(Note) Positive figures represent reversal gains

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

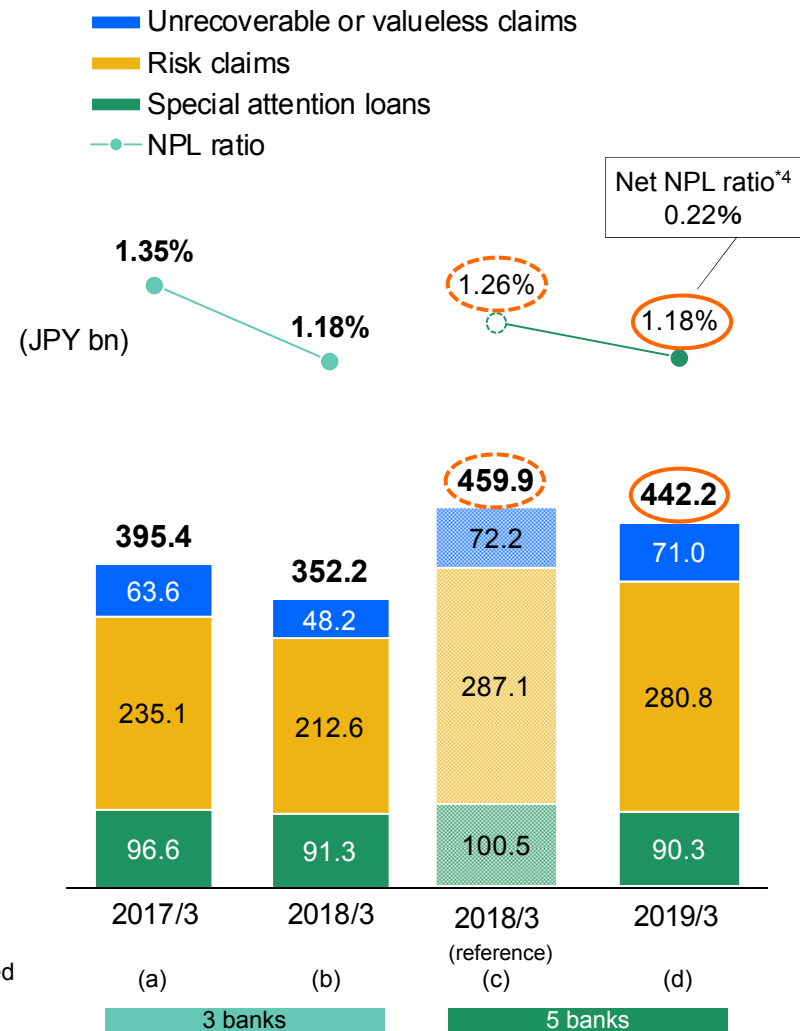
*2. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

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

*4. Net of collateral, guarantees and loan loss reserves

NPL balance and ratio (Total of Group Banks)

(Financial Reconstruction Act criteria)



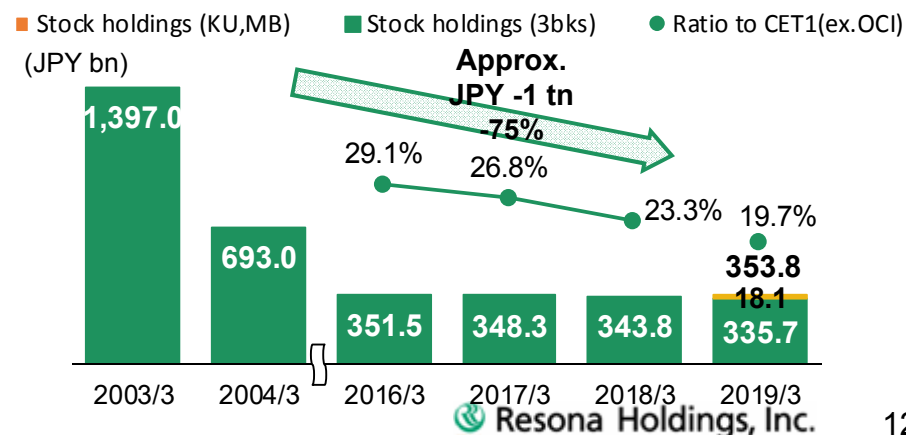
Securities Portfolio*1

(JPY bn)	5 banks			
	2018/3	2018/9	2019/3	Unrealized gain/(loss)
	(reference)	(b)	(c)	
(a)	(b)	(c)	(d)	(d)
Available-for-sale securities (1)	2,918.1	3,975.7	2,566.5	598.3
Stocks (2)	365.4	362.0	353.8	587.0
Bonds (3)	1,532.7	2,280.0	1,188.2	6.5
JGBs (4)	325.1	1,112.5	46.1	0.5
Average duration (years) (5)	6.5	7.4	6.7	-
Basis point value (BPV) (6)	(0.21)	(0.82)	(0.03)	-
Local government and corporate bonds (7)	1,207.5	1,167.5	1,142.0	5.9
Other (8)	1,019.9	1,333.6	1,024.5	4.7
Foreign bonds (9)	389.2	737.0	472.3	6.4
Average duration (years) (10)	8.4	7.7	5.3	-
Basis point value (BPV) (11)	(0.31)	(0.51)	(0.18)	-
Investment trusts (Domestic) (12)	608.0	574.7	540.6	(4.5)
Net unrealized gain (13)	672.8	687.1	598.3	
Bonds held to maturity (14)	2,057.1	2,185.1	2,127.4	47.1
JGBs (15)	1,565.5	1,607.0	1,539.5	34.1
Net unrealized gain (16)	52.0	40.5	47.1	

- Implemented measures to improve soundness of securities portfolio in the volatile market environment JPY(22.7) bn
 - Unrealized losses in 3 assets improved (4)+(9)+(12) '18/9 JPY(28.6) bn ⇒ '18/12 JPY(32.1) bn ⇒ '19/3 JPY2.4 bn
 - Reduce downside risk of income in FY2019

Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 7,600 yen
- Balance of listed stocks disposed in FY2018 (acquisition cost basis): JPY11.6 bn, Net gain on sale: JPY16.7 bn
- Resona Group will 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.
 - Plan to reduce JPY35.0 bn in 5 years from FY2016



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

Capital Adequacy Ratio

- CAR (Domestic std.) and CET1 ratio* (International std.) as of March 31, 2019 were 10.10% and 9.30%, respectively, maintaining sound capital adequacy level
- * Excluding unrealized gain on available for sale securities

Domestic standard

(JPY bn)	2018/3	2019/3	Change
Capital adequacy ratio (1)	10.65%	10.10%	(0.55)%

Total capital (2)	1,626.0	1,925.9	+299.8
Core Capital: instruments and reserves (3)	1,689.9	1,978.1	+288.1
Stockholders' equity (4)	1,544.0	1,636.7	+92.7
Adjusted non-controlling interests (5)	14.6	236.2	+221.6
Subordinated loans and bonds subject to transitional arrangement (6)	130.9	97.0	(33.9)
Core Capital: regulatory adjustments (7)	63.8	52.1	(11.7)

Risk weighted assets (8)	15,262.1	19,062.0	+3,799.9
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- Change in RWAs
 - Consolidation of KU and MB (as of April 1, 2018) +4,539.0 bn
 - Increase in loan balance +338.5 bn
 - Decline in parameters and other (627.9) bn
 - Decline in the balance of investment trusts and ETFs (328.4) bn

■ Group banks, Bank holding company

Domestic standard (JPY bn)	Resona (Consolidated)	Saitama Resona (Non-consolidated)	KMFG (Consolidated)
Capital adequacy ratio (24)	10.33%	12.33%	6.86%
Total capital (25)	1,076.2	338.6	462.0
Risk weighted assets (26)	10,413.2	2,744.7	6,727.4

(Reference) International standard

(JPY bn)	2018/3	2019/3	Change
Excluding net unrealized gains on available-for-sale securities (9)	9.50%	9.30%	(0.20)%
Common Equity Tier1 capital ratio (10)	12.58%	11.47%	(1.11)%
Tier1 capital ratio (11)	12.60%	11.54%	(1.06)%
Total capital ratio (12)	13.56%	12.21%	(1.35)%

Common Equity Tier1 capital (13)	1,990.7	2,239.2	+248.5
Instruments and reserves (14)	2,065.2	2,309.3	+244.1
Stockholders' equity (15)	1,544.0	1,636.7	+92.7
Net unrealized gains on available-for-sale securities (16)	486.6	423.9	(62.7)
Adjusted non-controlling interests (17)	3.3	222.7	+219.4
Regulatory adjustments (18)	74.4	70.1	(4.3)
Other Tier1 capital (19)	2.7	11.8	+9.0
Tier1 capital (20)	1,993.5	2,251.1	+257.5
Tier2 capital (21)	152.9	130.6	(22.3)
Total capital (Tier1+Tier2) (22)	2,146.4	2,381.7	+235.2

Risk weighted assets (23)	15,818.0	19,506.6	+3,688.6
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(Reference)

- F-IRB approach applicable to KMB and MB (2019/6~)

■ Impact from the finalized Basel 3

CET1 ratio: Approx. 8.8%*
(Excluding unrealized gains on available-for-sale securities)

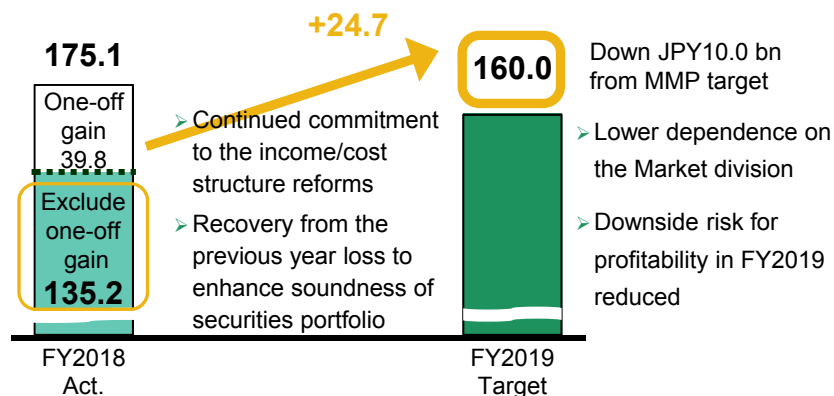
*Trial calculation which took into consideration the estimated increase in RWAs owing to the finalization of Basel 3 (SA and capital floor revisions) based on the actual CET1 ratio excluding net unrealized gains on available-for-sale securities as of Mar. 31, 2019 reported as (9) in the above table

Earnings Targets for FY2019

HD Consolidated
Total of Group Banks

HD consolidated

(JPY bn)		1H	Full-year	YoY change
Net (interim) income attributable to owners of the parent (1)		76.0	160.0	(15.1)
KMFG *1 (2)		2.5	6.5	
Difference (3)		7.5	15.5	



Total of group banks / Non-consolidated

(JPY bn)	Total of group banks			Resona Bank			Saitama Resona Bank			KMFG (total of group banks)		
	1H	Full-year	YoY change	1H	Full-year	YoY change	1H	Full-year	YoY change	1H	Full-year	YoY change
Gross operating profit (4)	306.0	616.0	+23.0	176.0	352.5	+12.6	61.0	120.0	+6.5	69.0	143.0	+3.5
Operating expenses (5)	(201.0)	(401.5)	(3.9)	(105.0)	(209.5)	+1.7	(37.0)	(74.5)	(0.2)	(59.0)	(117.5)	(5.5)
Actual net operating profit (6)	105.0	214.5	+19.2	71.0	143.0	+14.4	24.0	45.5	+6.3	10.0	25.5	(2.0)
Net gains on stocks (including equity derivatives) (7)	5.5	27.0	+15.0	3.5	18.5	+8.0	0.5	4.0	+6.2	1.5	4.5	+0.8
Credit related expenses, net (8)	(6.0)	(17.0)	(17.1)	(3.0)	(8.5)	(13.6)	(1.0)	(3.0)	(2.2)	(2.5)	(5.5)	(1.4)
Income before income taxes (9)	99.5	209.5	+33.4	71.0	151.0	+23.1	21.5	43.0	+10.8	6.5	15.5	(0.4)
Net (interim) income *2 (10)	70.5	149.0	+23.2	51.0	108.0	+17.3	15.0	30.0	+8.0	4.5	11.0	(2.0)

*1. Applied HD's 51% stake to the KMFG's consolidated net income guidance for FY2019

*2. Net (interim) income attributable to non-controlling shareholders is not deducted

Direction of Capital Management

Equal-weight allocation policy among (1) investment for future growth, (2) higher capital adequacy, and (3) enlargement of shareholder return

CAR Target

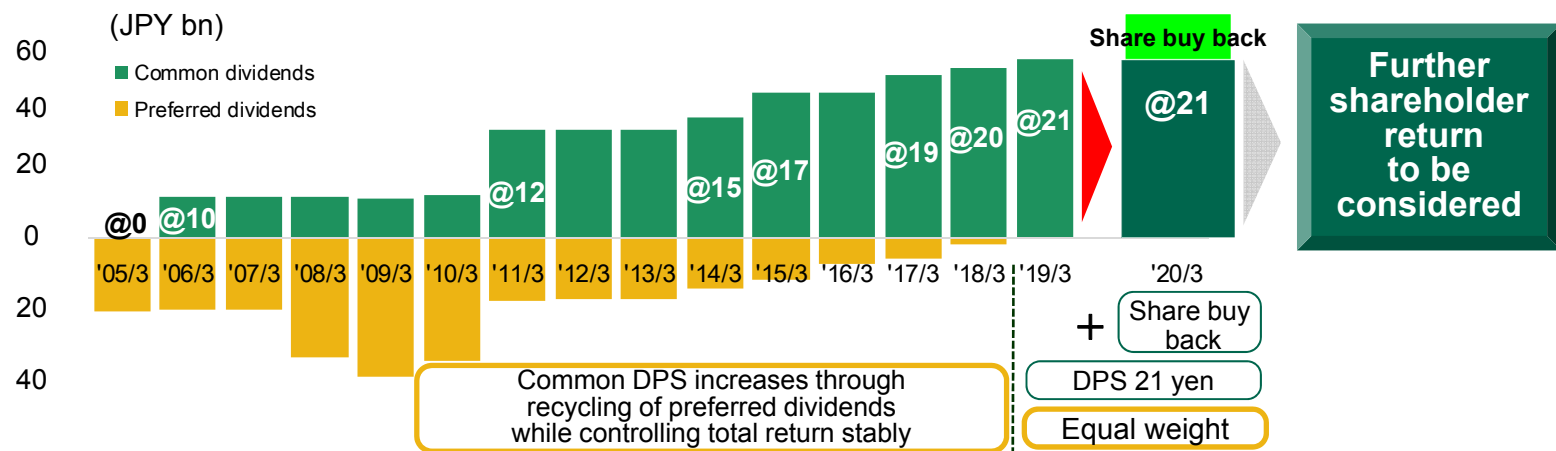
- Achieved the CET1 ratio target of 9%*1 set for March 2020 in the MMP one year earlier
 - CET1 ratio as of March-end 2019: 9.30%
 - Coping with the finalized Basel 3 (SA and capital floor revisions) utilizing the time horizon till their fully loaded implementations

ROE target

- Maintain ROE*2 above 10%
 - FY2018 (Act) : 10.85%

Shareholder return policy

- Making efforts to further expand return to shareholders while maintaining stable dividends based on our equal-weight allocation policy
 - FY2018 (Act): Common DPS of 21 yen per annum (+1 yen increase from previous year)
To be paid as forecasted at beginning of the year though business results fell short of the guidance
 - FY2019 (Forecast): (1) Continue common DPS of 21 yen per annum, and (2) share buy back of up to JPY10.0 bn or 30 million shares
 - (2) above is an additional action in response to the current share price
 - JPY10.0 bn size share buy back partially funded with resources in excess of “equal-weight” allocation limit
 - Forecasted total payout ratio for FY2019*3: 36.7%



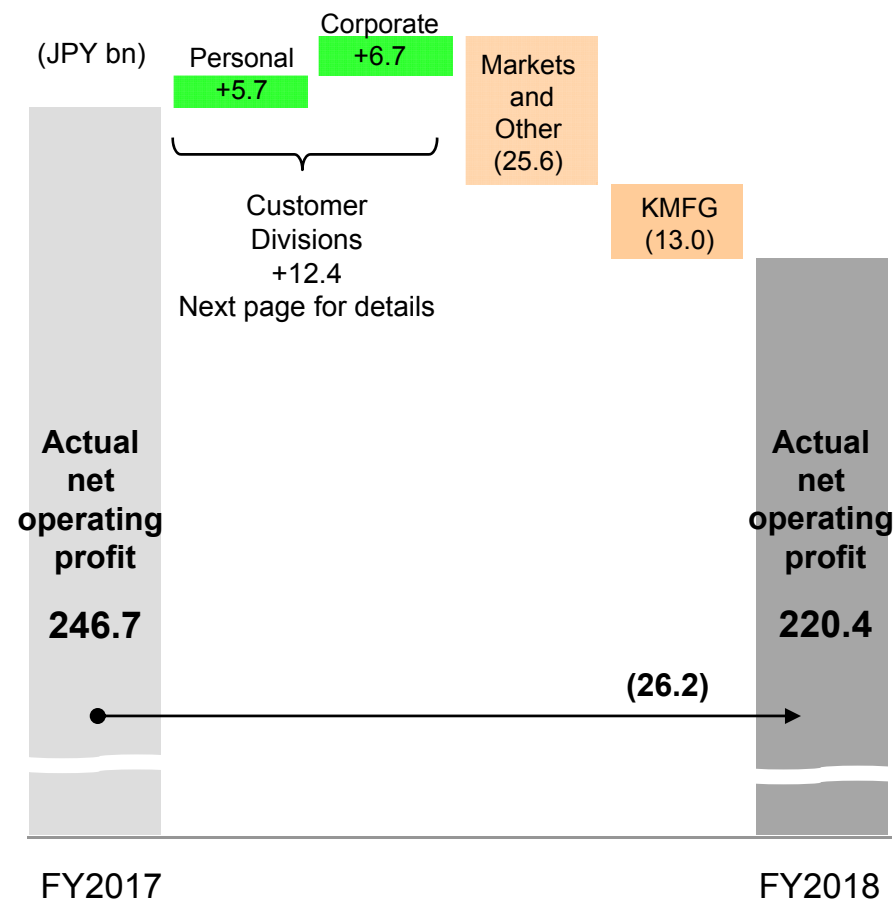
*1. Exclude unrealized gain on available-for-sale securities, net of tax effect

*2. (Net income – preferred dividends) / (Total shareholders equity – balance of outstanding preferred shares)

*3. Forecasted total shareholder return ratio based on the consolidated net income guidance (JPY160.0 bn) for FY2019

(Reference) Outline of Financial Results of Each Segment

(JPY bn)		FY2018	Adjusted YoY Change
Customer Divisions	Gross operating profit (1)	469.1	+16.0
	Operating expense (2)	(298.6)	(3.4)
	Actual net operating profit (3)	170.5	+12.4
Personal Banking	Gross operating profit (4)	206.0	+7.5
	Operating expense (5)	(153.0)	(1.8)
	Actual net operating profit (6)	52.9	+5.7
Corporate Banking	Gross operating profit (7)	263.1	+8.4
	Operating expense (8)	(145.6)	(1.5)
	Actual net operating profit (9)	117.6	+6.7
Markets and Other	Gross operating profit (10)	23.4	(30.9)
	Operating expense (11)	(5.4)	+3.2
	Actual net operating profit (12)	19.9	(25.6)
KMFG	Gross operating profit (13)	146.4	(13.0)
	Operating expense (14)	(116.4)	+0.0
	Actual net operating profit (15)	29.9	(13.0)
Total	Gross operating profit (16)	638.9	(27.9)
	Operating expense (17)	(420.5)	(0.0)
	Actual net operating profit (18)	220.4	(26.2)



Definition of management accounting

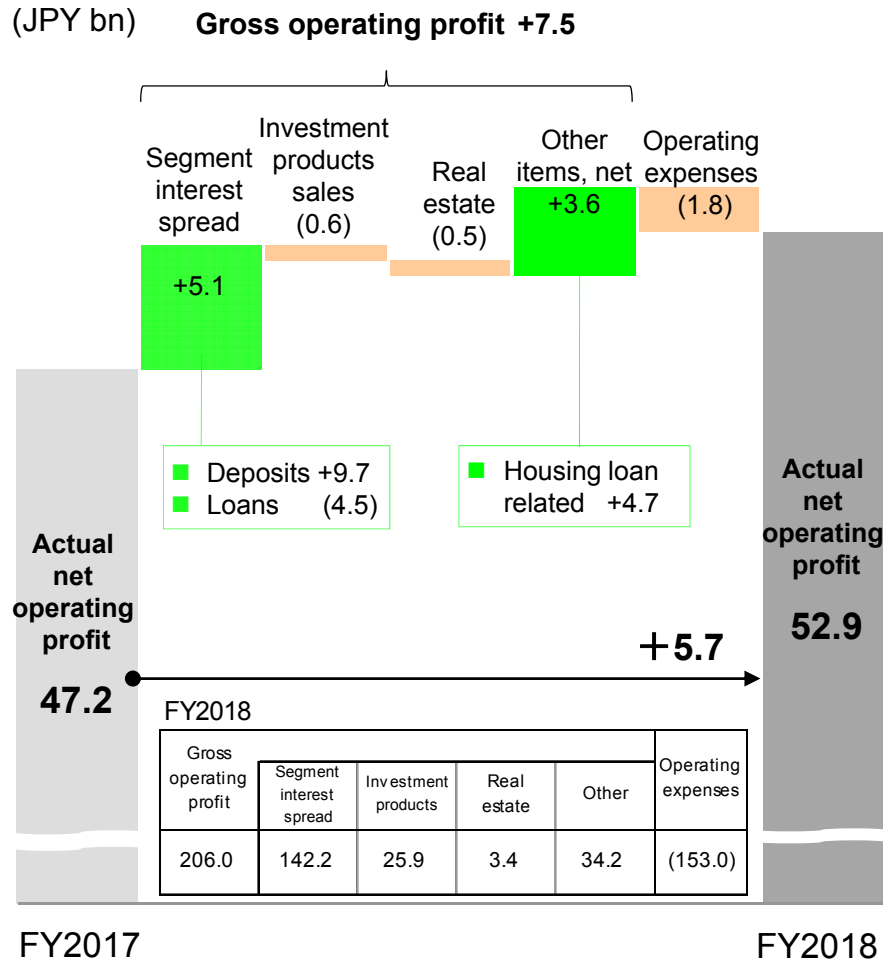
1. "Customer Divisions" and "Markets and Other" segment refers to the HD Consolidated subsidiaries, except KMFG consolidated subsidiaries.
2. Gross operating profit of "Markets" segment includes a part of net gains/losses on stocks. "Other" segment refers to the divisions in charge of management and 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 FY2017

(Reference) Outline of Financial Results of Customer Divisions

HD Consolidated
(exclude KMFG)

Personal Banking Segment

Actual net operating profit : Up JPY5.7 bn, YoY



Corporate Banking Segment

Actual net operating profit : Up JPY6.7 bn, YoY

