

Business Results for 1H of FY2018 and Future Management Direction



Resona Holdings

November 20, 2018

- 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 1H/FY2017
[Adjusted YoY]	HD Consolidated	Comparison with the total sum of HD consolidated, KU consolidated and MB consolidated results for 1H/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)

Abbreviations	5 Banks Total	Comparison with the total sum of non-consolidated results of 5 banks
[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.

Opening Remarks

1. The income and cost structure reforms have progressed

- Net income attributable to owners of the parent was in line with the target
- Gross operating profit turned to increase since the increase in fee income exceeded the decline in income from domestic loans and deposits
- Average loan balance continued to increase
Loan-to-deposit spread was in line with the plan
- Operating expenses in line with the full-year target through strict cost control

2. Proactively implemented “Omni-Strategies” and other distinctive measures

- Resona Group App continued to evolve and accelerated its market penetration
- Good start for Kansai Mirai Financial Group as planned, and steady progress of merger / system integration project
- Implemented measures one after another, including Fund Wrap, Debit Card, Resona Cashless Platform, etc.

3. Capital management

- Continue allocation policy of equal weight to 1) investment for future growth, 2) higher capital adequacy, and 3) enlargement of shareholder return
- Common DPS increase in three consecutive years
FY2016 +2 yen FY2017 +1 yen FY2018 +1 yen (forecast)

Table of Contents

Outline of Business Results for 1H of FY2018 and Updates on Major Businesses		Progress of HD's MMP and Efforts to Business Challenges for Sustainable Growth	
P5	Outline of Financial Results for the 1H of FY2018	P21	Final Year's KPIs of MMP Based on the 5 Banks Group Structure
P6	Breakdown of Financial Results	P22	Plan Stable Increase in Net Income
P7	Factors for the Changes in Periodic Profits	P23	Omni-Channel Strategy (1)
P8	Trend of Loans and Deposits	P24	Omni-Channel Strategy (2)
P9	Term-end Balance of Loans and Deposits	P25	Omni-Regional Strategy
P10	Housing Loan Business	P26	Good Start for Kansai Mirai Financial Group
P11	Fee Income	P27	Omni-Advisors Strategy
P12	Major Fee Businesses(1)	P28	Progress of Key Business and FY2019 Target under the 5 Banks Group Structure
P13	Major Fee Businesses(2)	P29	Asset Formation Support Business
P14	Credit Costs and NPL	P30	Settlement Business(1)
P15	Securities Portfolio	P31	Settlement Business(2)
P16	Capital Adequacy Ratio	P32	Succession Business
P17	Earnings Targets for FY2018 (Released in November 2018)	P33	SME Business
P18	(Reference) Outline of Financial Results of Each Segment	P34	International Business
P19	(Reference) Outline of Financial Results of Customer Divisions	P35	Individual Loan Business
		P36	Improve Customers' Convenience and Resona's Productivity Through Digitalization
		P37	Cost Structure Reforms
		P38	For Becoming the "Retail No.1" Financial Services Group ~Resona Sustainability Challenge 2030~
		Direction of Capital Management	
		P40	Direction of Capital Management
		Reference Material (P42 ~)	

Outline of Business Results for 1H of FY2018 and Updates on Major Businesses

**Progress of HD's MMP and Efforts to Business Challenges for
Sustainable Growth**

Direction of Capital Management

Reference Material

Outline of Financial Results for the 1H of FY2018

■ Posted JPY122.1 bn of net income attributable to owners of the parent

KMFG contributed JPY4.6 bn (excluding one-off gain related to management integration of KMFG, exceeding the 1H target by JPY0.6 bn)

Up JPY28.0 bn, or +29.8%, YoY

Progress rate against the full year target : 61.0%

Up JPY24.0 bn, or +24.4%, on an adjusted YoY basis

- Excluding one-off gain (JPY39.8 bn) related to management integration of KMFG: JPY82.2 bn

■ Posted JPY336.8 bn of gross operating profit

Up JPY3.8 bn, or +1.1%, on an adjusted YoY basis

Turned to increase since the increase in fee income (+6.7 bn) exceeded the decline in income from domestic loans and deposits (-5.5 bn). Income structure reform has progressed.

- Average loan balance increased by 2.80%, loan-to-deposit spread contracted by 6 bps
Rate of average loan balance increase exceeded the level assumed in the full year plan (+1.95%), primarily driven by increase in loans to SMEs. Loan-to-deposit spread in line with the plan.
- Fee income ratio : 29.6%, +1.6% on an adjusted YoY basis
Primarily driven by fund wrap, insurance and housing loan-related fees.

■ Operating expenses: JPY211.1 bn

Increased by JPY0.9 bn, on an adjusted YoY basis

In line with the full-year target by strictly controlling operating expenses

■ Credit related expenses: JPY5.1 bn (reversal)

Increased by JPY2.2 bn, on an adjusted YoY basis

Expenses from new bankruptcy and downward migration stayed low while reversal gain decreased.

Resona HD consolidated (JPY bn)		1H of FY2018	YoY change %		[Reference] Adjusted YoY change %	
Net income attributable to owners of the parent	(1)	122.1	+28.0	+29.8%	+24.0	+24.4%
EPS (yen)	(2)	52.75	+12.93	+32.4%		
BPS (yen)	(3)	929.37	+96.24	+11.5%		
Gross operating profit	(4)	336.8	+58.0	+20.8%	3.8	+1.1%
Net interest income	(5)	222.0	+38.1		(5.2)	
Nil from loans and deposits ^{*1}	(6)	177.8	(5.5)		(5.5)	
Fee income	(7)	100.0	+15.4		+6.7	
Fee income ratio	(8)	29.6%	(0.6)%		+1.6%	
Trust fees	(9)	9.6	+0.5		+0.5	
Fees and commission income	(10)	90.3	+14.9		+6.1	
Other operating income	(11)	14.7	+4.4		+2.3	
Net gains on bonds (including futures)	(12)	3.4	+3.0		+2.3	
Operating expenses (excluding group banks' non-recurring items)	(13)	(211.1)	(40.8)	(23.9)%	(0.9)	(0.4)%
Cost income ratio (OHR)	(14)	62.6%	+1.5%		(0.4)%	(improved)
Actual net operating profit	(15)	127.5	+18.9	+17.4%	+4.6	+3.7%
Net gains on stocks (including equity derivatives)	(16)	2.7	(1.6)		(2.5)	
Credit related expenses, net	(17)	5.1	(2.4)		(2.2)	
Other gains, net	(18)	25.2	+32.2		+33.5	
Net income before income taxes and non-controlling interests	(19)	160.7	+47.1	+41.4%	+33.4	+26.3%
Income taxes and other	(20)	(34.2)	(15.4)		(13.1)	
Net income attributable to non-controlling interests	(21)	(4.3)	(3.5)		+3.6	

*1. Domestic banking account of 5 banks total, deposits include NCDs

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

Breakdown of Financial Results

(JPY bn)	Resona Holdings (Consolidated)			5 banks total (Non-consolidated)		Resona Bank	Saitama Resona Bank	Total of 3 group banks under KMFG	Difference (A)-(B)	
	(A)	YoY	[reference] Adjusted YoY	(B)	[reference] Adjusted YoY					
Gross operating profit	(1)	336.8	+58.0	+3.8	309.8	(1.2)	176.7	63.1	69.8	27.0
Net interest income	(2)	222.0	+38.1	(5.2)	220.0	*a (9.6)	114.7	47.0	58.2	2.0
Nil from domestic loans and deposits	(3)				177.8	(5.5)	89.7	37.8	50.2	
Trust fees	(4)	9.6	+0.5	+0.5	9.6	+0.5	9.6			(0.0)
Fees and commission income	(5)	90.3	+14.9	+6.1	66.9	+6.2	43.4	13.5	9.9	23.4
Other operating income	(6)	14.7	+4.4	+2.3	13.2	+1.6	9.0	2.5	1.6	1.5
Net gains on bonds (including futures)	(7)	3.4	+3.0	+2.3	2.8	+1.6	1.2	1.1	0.3	0.6
Operating expenses (excluding group banks' non-recurring items)	(8)	(211.1)	(40.8)	(0.9)	(199.6)	(0.9)	(105.7)	(37.7)	(56.2)	(11.5)
Equity in gains of affiliates	(9)	1.9	+1.7	+1.7						1.9
Actual net operating profit	(10)	127.5	+18.9	+4.6	110.1	(2.3)	71.0	25.4	13.6	17.4
Net gains on stocks (including equity derivatives)	(11)	2.7	(1.6)	(2.5)	4.9	*b (53.2)	3.7	(1.2)	2.4	(2.1)
Credit related expenses, net	(12)	5.1	(2.4)	(2.2)	5.2	(4.3)	7.0	0.5	(2.3)	(0.1)
Other gains/(losses), net	(13)	25.2	+32.2	+33.5	(14.0)	(6.6)	(8.7)	(1.6)	(3.6)	39.2
One-off gain related to management integration under KMFG	(14)	39.8	+39.8	+39.8						39.8
Net income before income taxes	(15)	160.7	+47.1	+33.4	106.3	(66.5)	73.0	23.1	10.1	54.4
Income taxes and other	(16)	(34.2)	*c (15.4)	*c (13.1)	(30.4)	*c (13.1)	(20.8)	(7.2)	(2.3)	(3.7)
Net income attributable to noncontrolling interests	(17)	(4.3)	(3.5)	+3.6						(4.3)
Net income (attributable to owners of the parent)	(18)	122.1	+28.0	+24.0	75.8	(79.6)	52.1	15.9	7.7	46.2

*1. Exclude goodwill amortization by KU, JPY (0.3) bn, related to acquisition of former Biwako Bank.

*2. Include gains on negative goodwill, JPY 1.7 bn, related to Shutoken Leasing and DFL Lease which newly became equity method-applied affiliates.

[*a, *b and *c: Include a swing factor related to one-off gain in 1H FY2017 from intra-group realignment of loan guarantee subsidiaries.]

*a. Special dividend (JPY4.9 bn, cancelled out in consolidation) paid by Kinki Osaka Shinyo Hosho to KO.

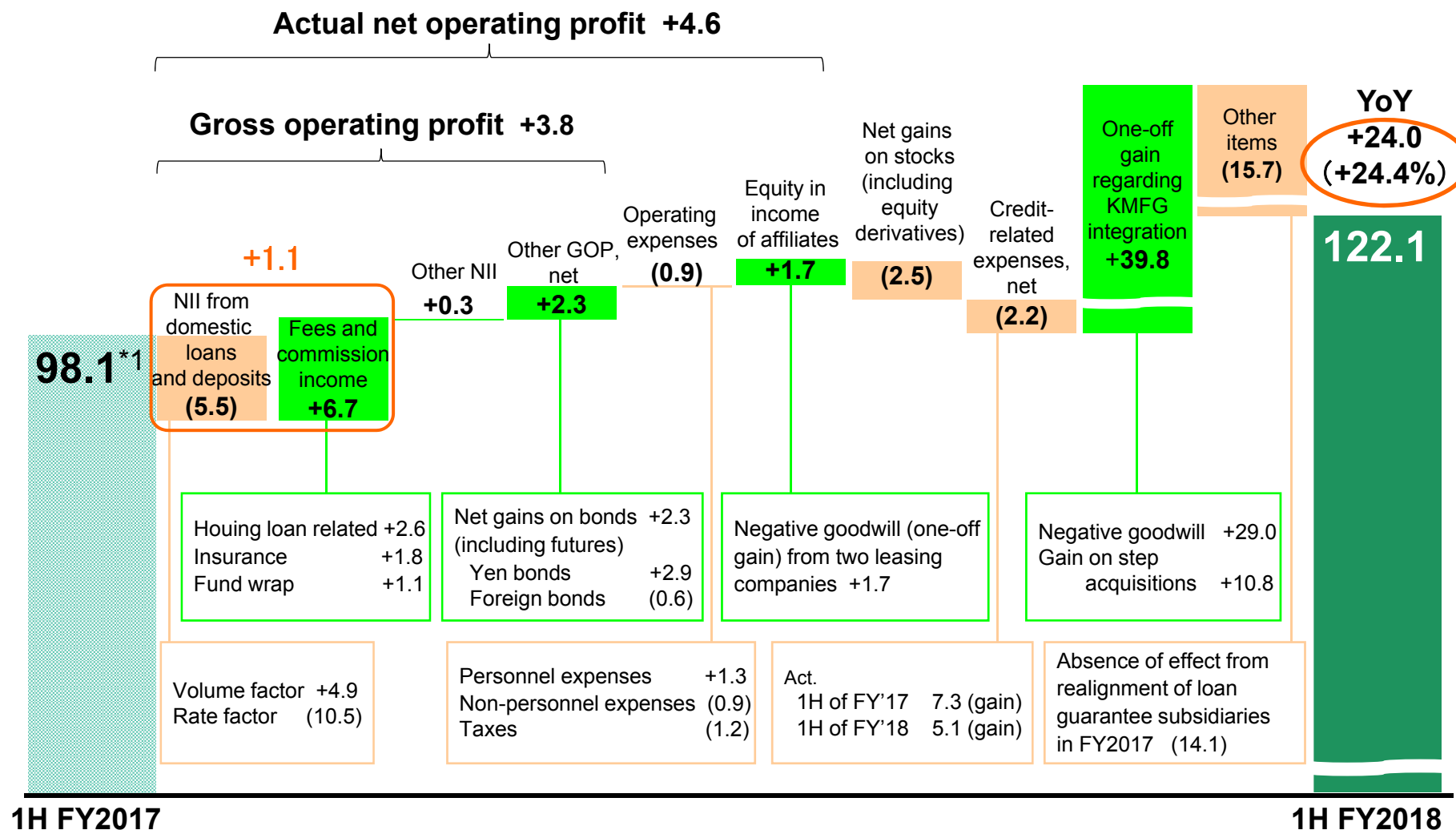
*b. Gain on sale of shares of Resona Guarantee totaling JPY 52.9 bn (JPY 39.3 bn recognized by RB and JPY 13.5 bn by SR, respectively)
(Cancelled out in consolidation)

*c. 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

(JPY bn)



*1. HD consolidated net income (JPY94.0 bn)+ { KU consolidated net income (JPY7.5 bn) + MB consolidated net income (JPY3.6 bn) } x 51.2% - KO consolidated net income (JPY3.4 bn) x (100% - 51.2%) as of 1H of FY2017

Trend of Loans and Deposits (Domestic Account)

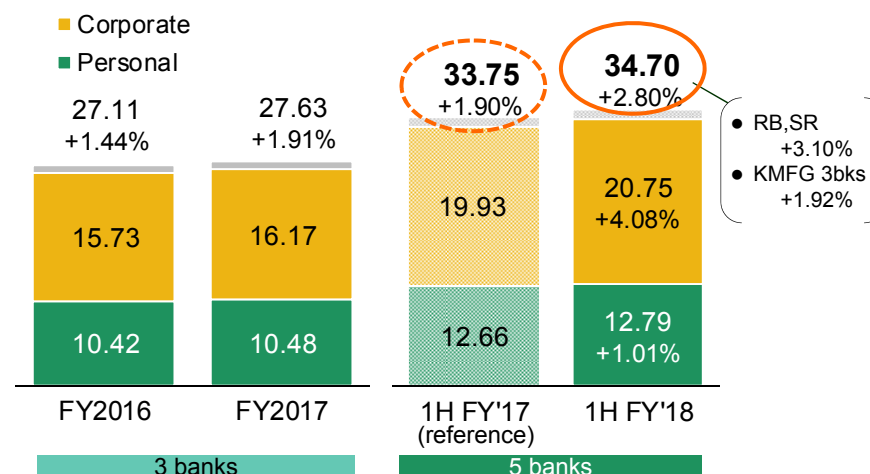
Total of
Group Banks

Average loan / deposit balance, rates and spread

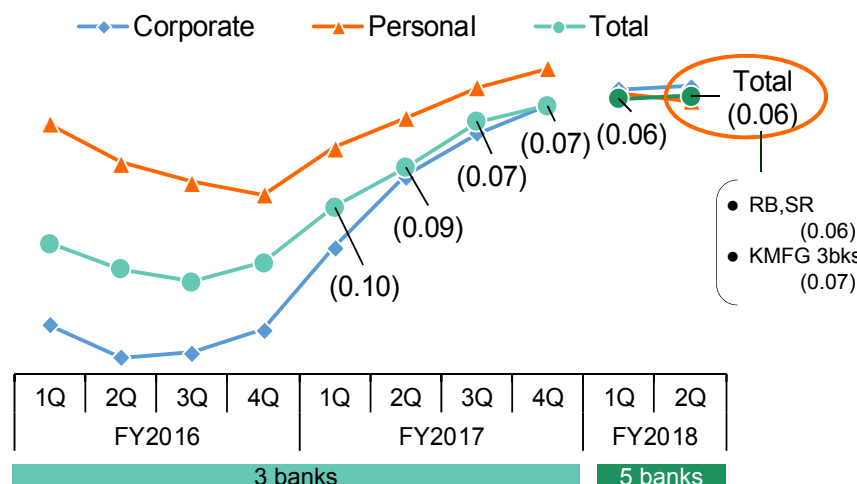
Avg. bal : Trillion Yen Income/Cost : Billion Yen		5 banks			
		1H		FY2018	
		Act.	Adjusted YoY	Revised plan	YoY [vs. '18/3]
Loans	Avg. Bal. (1)	34.70	+2.80%	34.79	+2.54% [+0.59%]
	Rate (2)	1.04%	(0.06)%	1.03%	(0.06)%
	Income (3)	182.0	(6.4)	360.0	(14.3)
Corporate Banking Business Unit *1	Avg. Bal. (4)	20.75	+4.08%	20.80	+3.38% [+0.70%]
	Rate (5)	0.89%	(0.06)%	0.87%	(0.06)%
Personal Banking Business Unit *2	Avg. Bal. (6)	12.79	+1.01%	12.83	+1.31% [+0.38%]
	Rate (7)	1.34%	(0.06)%	1.33%	(0.06)%
Deposits (Including NCDs)	Avg. Bal. (8)	50.65	+3.91%	50.86	+3.55%
	Rate (9)	0.01%	(0.00)%	0.01%	(0.00)%
	Cost (10)	(4.1)	+0.8	(8.5)	(0.9)
Loan-to-deposit	Spread (11)	1.02%	(0.06)%	1.01%	(0.06)%
	Net interest income (12)	177.8	(5.5)	351.5	(13.3)

Trend of average loan balance, loan rate change

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



[Loan rate YoY change (%)]



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

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

Term-end Balance of Loans and Deposits

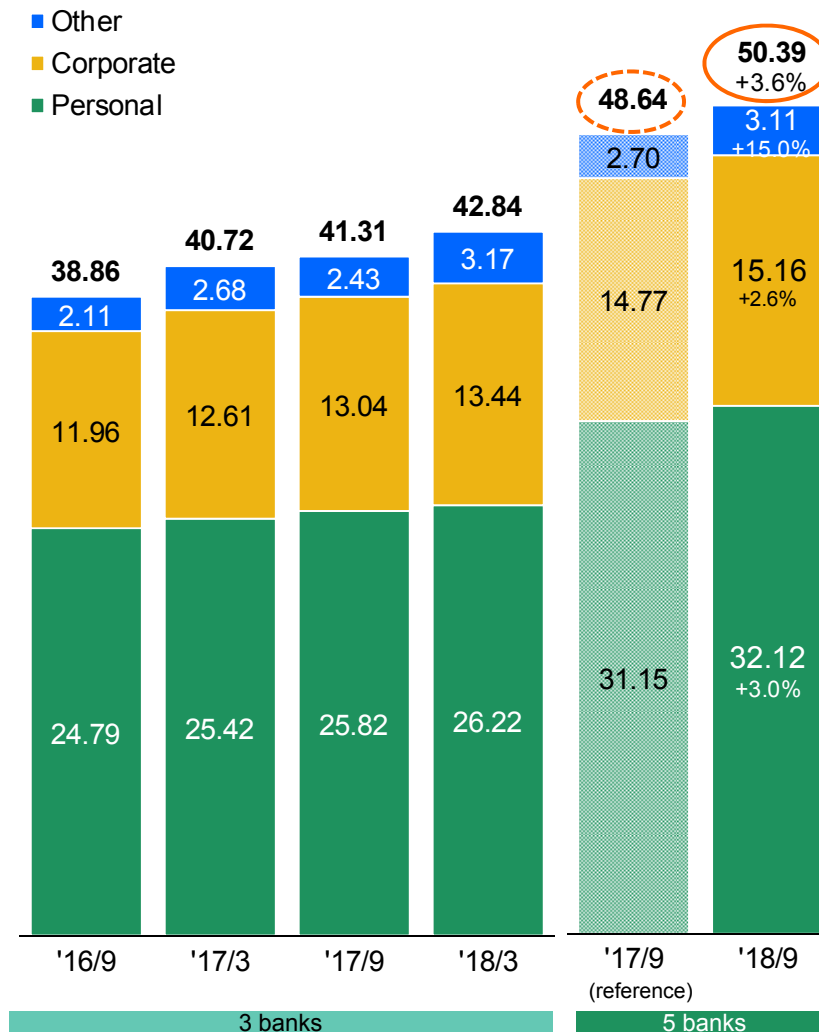
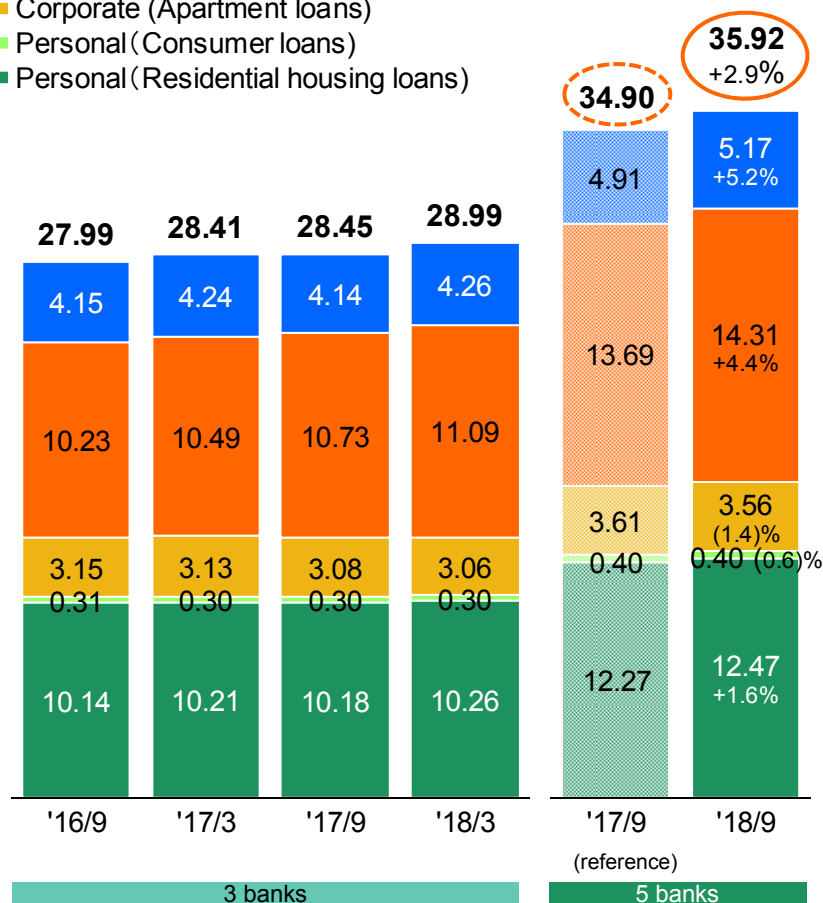
Total of
Group Banks

Term-end loan balance

Term-end deposit balance

JPY tn, % represents
YoY change

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



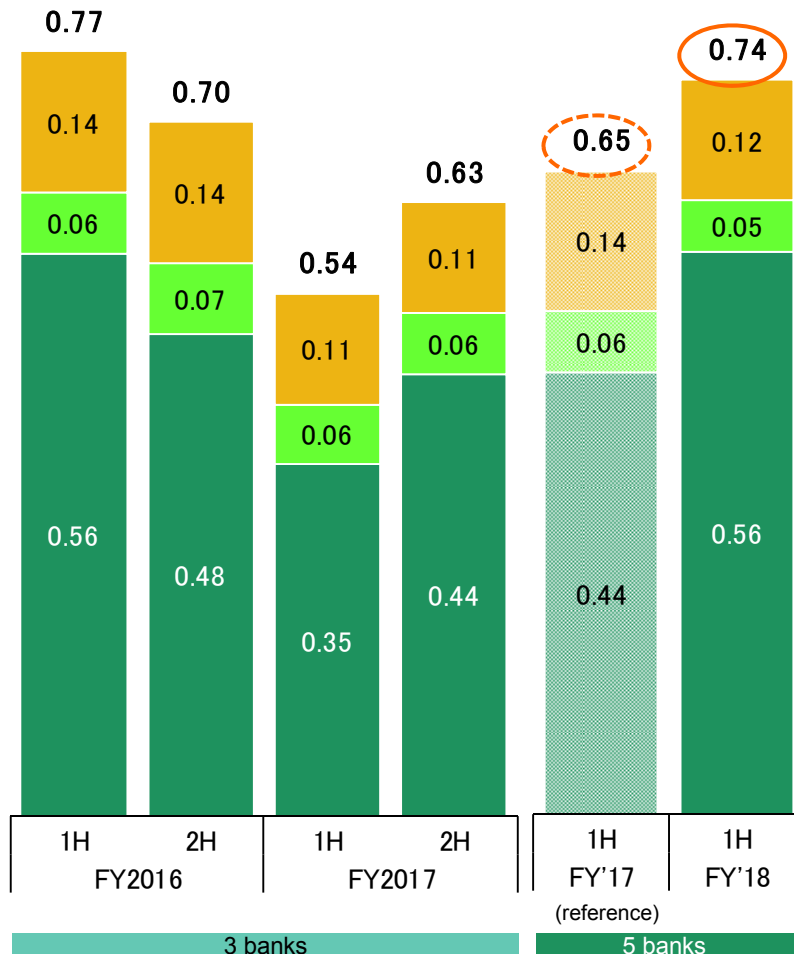
Housing Loan Business

Total of
Group Banks

New loan origination

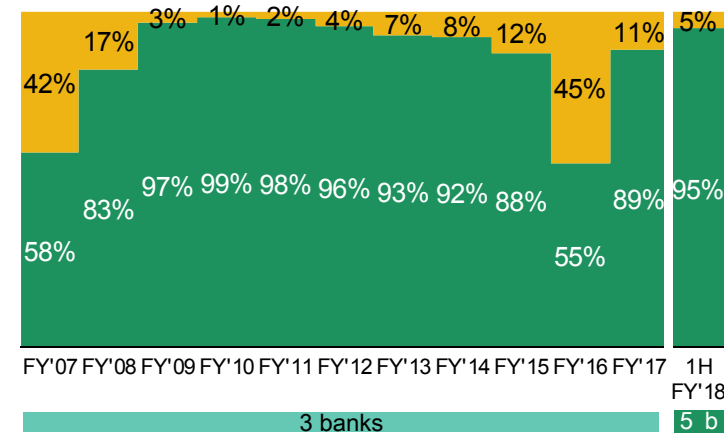
(JPY tn)

- Apartment loan
- Flat 35
- Residential housing loan



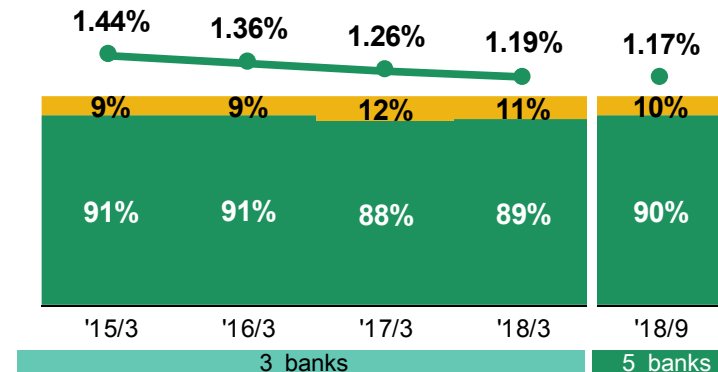
Composition of newly originated residential housing loans by interest rate type

- Share of fixed rate residential housing loans
- Share of variable rate residential housing loans



Residential housing loans yield on a stock basis and composition by interest rate type

- Share of fixed rate residential housing loans
- Share of variable rate residential housing loans
- Residential housing loans yield

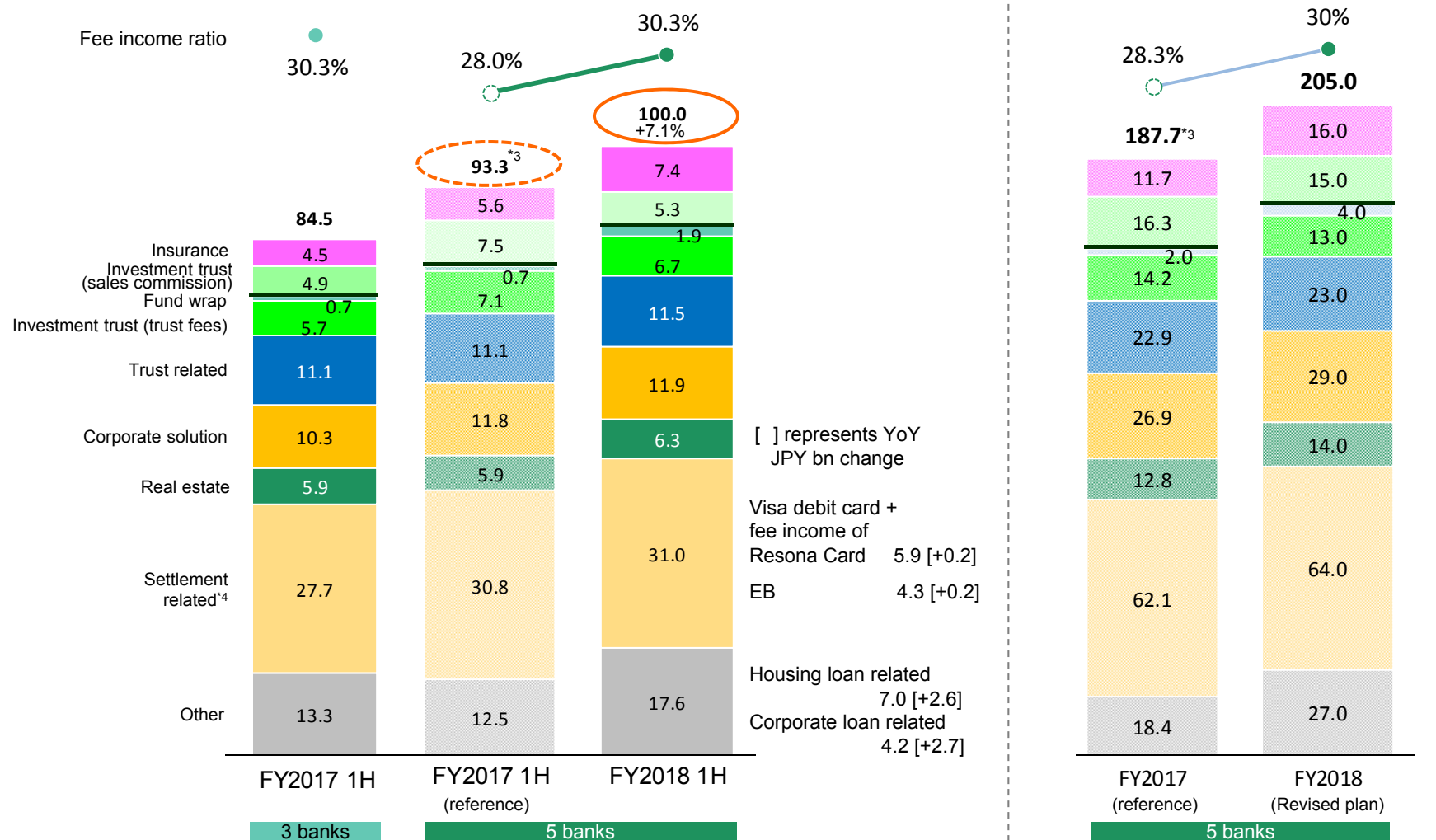


Fee Income

HD
Consolidated

- Consolidated fee income ratio*¹ at 29.6% for the 1H of FY2018 (of which, RB+SR 32.6%*²)
- Insurance (+32%, adjusted YoY basis) and fund wrap (x 1.6 times, adjusted YoY basis) steadily increased

(JPY bn)



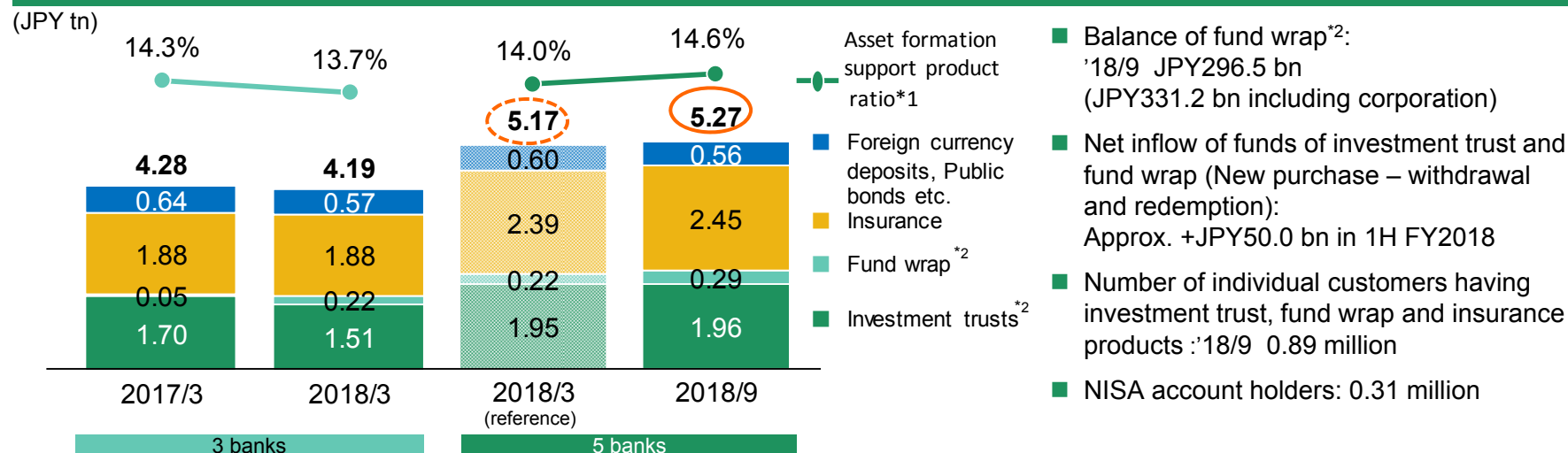
*1. (Fees and commission income + trust fees) / Consolidated gross operating profit *2. HD consolidated – KMFG consolidated

*3. Total of HD consolidated, KU consolidated and MB consolidated figures *4. Fees and commission from domestic exchange, account transfer, EB, Visa debit card and fee income earned by Resona Kessai Service and Resona Card

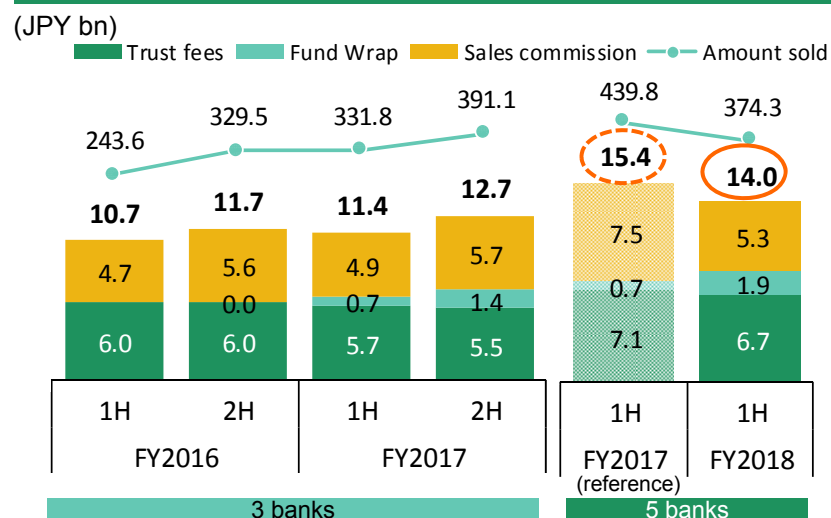
Major Fee Businesses(1) (Asset Formation Support Business)

HD
Consolidated

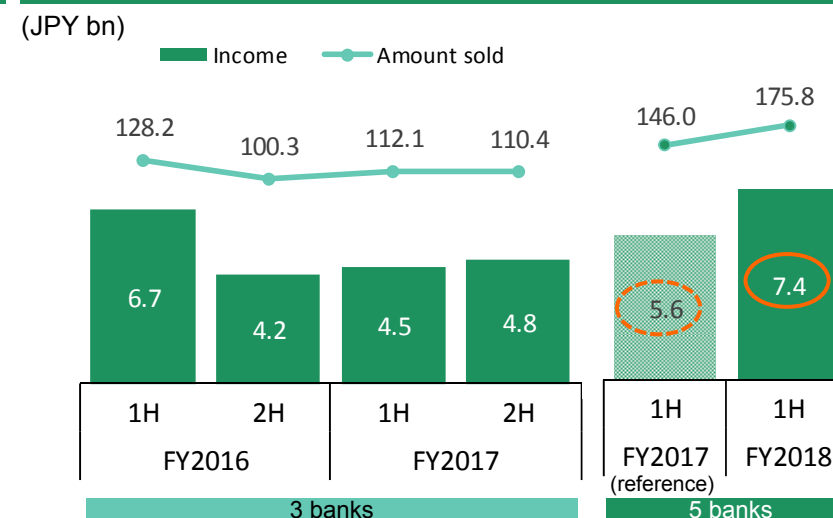
Balance of asset formation support products sold to individuals



Investment trust and fund wrap



Insurance



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

*2. Based on market value

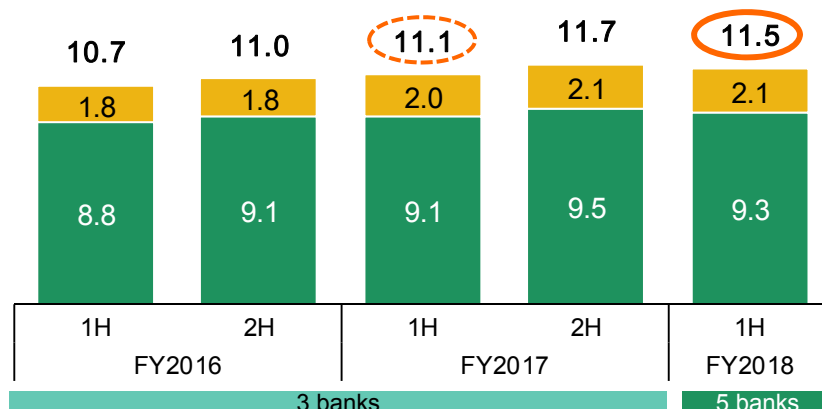
Major Fee Businesses(2) (Trust, Corporate Solution, Real Estate Business)

Total of
Group Banks

Trust-related business

(JPY bn)

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



Asset and business succession

Number of new asset succession-related contracts
2,113 in 1H FY2017 ⇒ 2,264 in 1H FY2018 (+7.1%)

Securities trust

Total assets in custody
'17/9 JPY43.59 tn ⇒ '18/9 JPY48.11 tn (+10.3%)

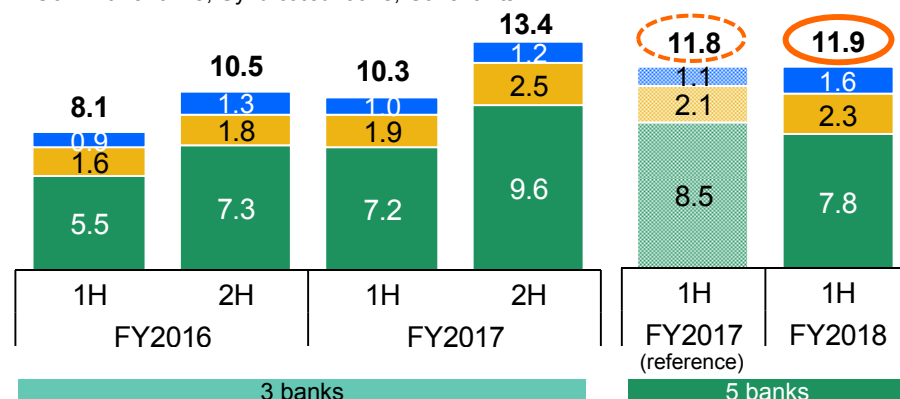
Pension trust

Total assets entrusted
'17/9 JPY4.77 tn ⇒ '18/9 JPY4.87 tn (+2.0%)

Corporate solutions business

(JPY bn)

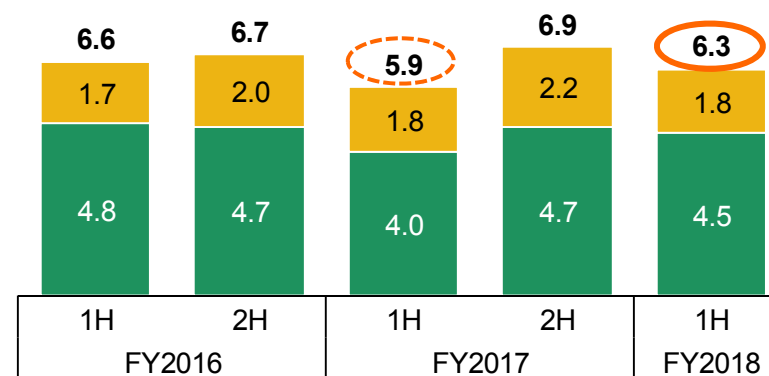
- M&A
- Private notes
- Commitment line, Syndicated loans, Covenants



Real estate business*1

(JPY bn)

- Consumer
- Corporate



*1. Excluding gains from investments in real estate funds

Credit Costs and NPL

HD Consolidated
Total of Group Banks

Credit costs

		3 banks	5 banks			
		FY 2017	FY 2017 (reference)		FY 2018	
(JPY bn)			1H Act.	Act.	1H Act.	Revised plan
Net credit cost ^{*1} (HD consolidated)	(1)	14.7	7.3	10.1	5.1	(7.0)
Net credit cost (Total of group banks)	(2)	17.5	9.6	14.7	5.2	(2.5)
General reserve	(3)	6.6	3.3	9.0	7.9	
Specific reserve and other items	(4)	10.8	6.2	5.7	(2.6)	
New bankruptcy, downward migration	(5)	(15.4)	(11.8)	(22.2)	(12.7)	
Collection/ upward migration	(6)	26.2	18.1	27.9	10.0	
Difference (1) - (2)	(7)	(2.7)	(2.2)	(4.6)	(0.1)	(4.5)
HL guarantee subsidiaries	(8)	1.1	(1.0)	0.0	2.6	
Resona Card	(9)	(2.3)	(1.4)	(2.3)	(1.1)	
<Credit cost ratio> (bps)						
HD consolidated ^{*1,2}	(10)	5.1	4.1	2.8	2.8	(1.9)
Total of group banks ^{*3}	(11)	5.9	5.3	4.0	2.8	(0.6)

*(Note) Positive figures represent reversal gains

*1. Figures of FY2017: HD consolidated + KU consolidated + MB consolidated

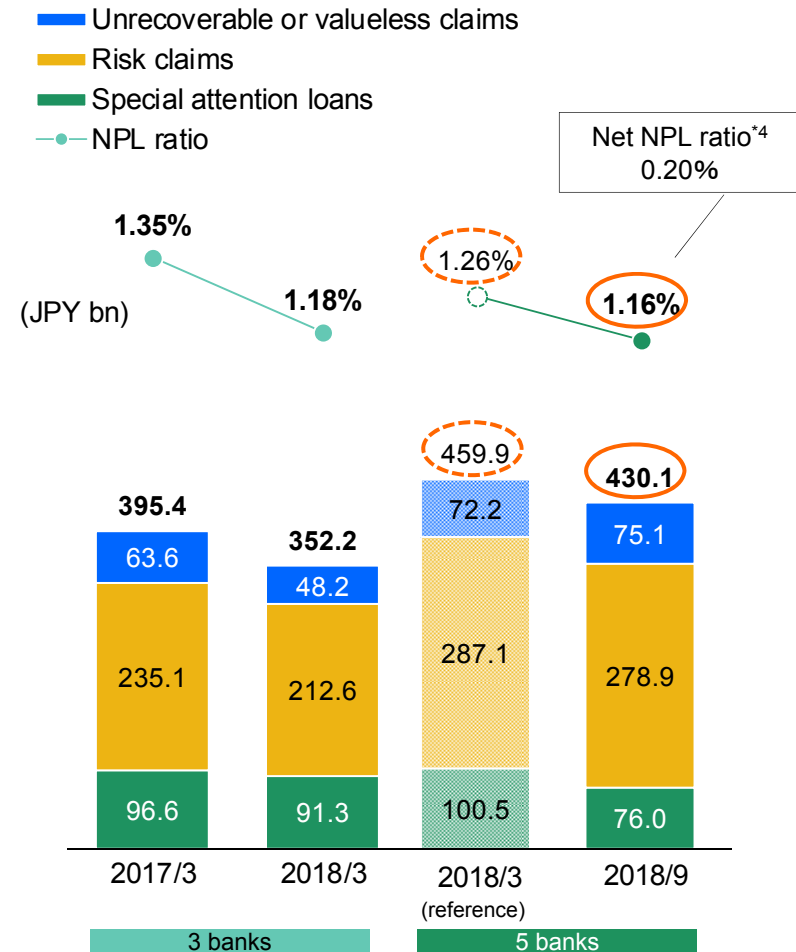
*2. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

*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

Total of
Group Banks

Securities portfolio*1

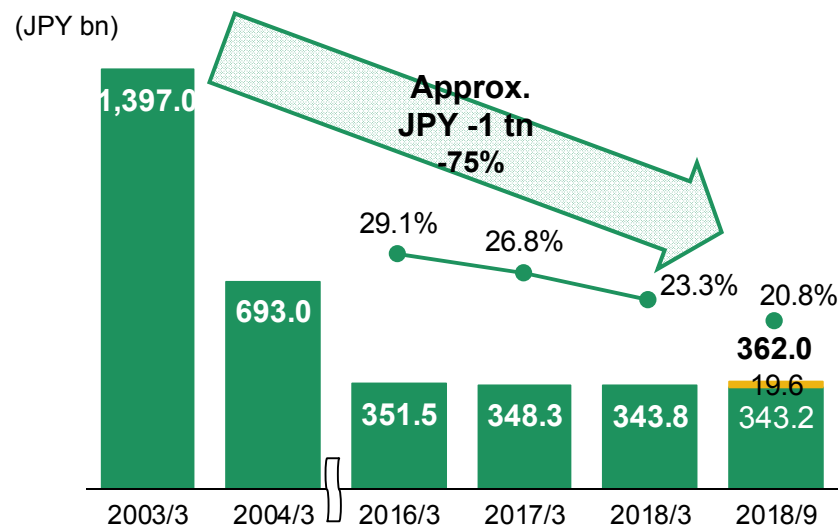
(JPY bn)		3 banks		5 banks	
		2018/3		2018/3 (reference)	2018/9 Unrealized gain/(loss)
Available-for-sale securities (1)		2,401.2		2,918.1	3,975.7 687.1
Stocks (2)		343.8		365.4	362.0 710.9
Bonds (3)		1,214.4		1,532.7	2,280.0 (2.0)
JGBs (4)		214.3		325.1	1,112.5 (3.9)
Average duration (years) (5)		8.0		6.5	7.4 -
Basis point value (BPV) (6)		(0.17)		(0.21)	(0.82) -
Local government and corporate bonds (7)		1,000.1		1,207.5	1,167.5 1.8
Other (8)		842.9		1,019.9	1,333.6 (21.7)
Foreign securities (9)		312.2		389.2	737.0 (20.4)
Average duration (years) (10)		8.6		8.4	7.7 -
Basis point value (BPV) (11)		(0.25)		(0.31)	(0.51) -
Net unrealized gain (12)		649.4		672.8	687.1
Bonds held to maturity (13)		2,046.7		2,057.1	2,185.1 40.5
JGBs (14)		1,565.5		1,565.5	1,607.0 31.9
Net unrealized gain (15)		51.9		52.0	40.5

Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 6,500 yen
- Balance of listed stocks disposed in 1H of FY2018 (acquisition cost basis): JPY3.4 bn
Net gain on sale: JPY3.0 bn
- Policy for holding policy-oriented stocks
 - After the injection of public funds, Resona Group reduced the balance of stockholdings in order to minimize the price fluctuation risk.
 - Resona Group will continue to determine whether or not to hold policy-oriented stocks after examining risks and returns, including the realizability of medium- and long-term business prospects, and aims to reduce the balance to a range between 10% and 20% of the CET1 capital*2 in the medium term.

➢ Plan to reduce JPY35.0 bn in 5 years from FY2016

■ Stock holdings (KU,MB) ■ Stock holdings (3bks) ● Ratio to CET1(ex.OCI)



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

*2. Excluding OCI (other comprehensive income)

Capital Adequacy Ratio

RHD
Consolidated

- CAR (Domestic std.) and CET1 ratio* (International std.) as of September 30, 2018 were 10.17% and 8.97%, respectively, maintaining sound capital adequacy level

* Excluding unrealized gain on available for sale securities

Domestic standard

(JPY bn)	2018/3	2018/9	Change
Capital adequacy ratio (1)	10.65%	10.17%	(0.48)%
Total capital (2)	1,626.0	1,939.2	+313.1
Core Capital: instruments and reserves (3)	1,689.9	1,991.8	+301.8
Stockholders' equity (4)	1,544.0	1,606.8	+62.8
Adjusted non-controlling interests (5)	14.6	237.2	+222.6
Subordinated loans and bonds subject to transitional arrangement (6)	130.9	117.5	(13.4)
Core Capital: regulatory adjustments (7)	63.8	52.6	(11.2)
Risk weighted assets (8)	15,262.1	19,067.4	+3,805.2

- Change in total capital
 - Stockholders' equity +62.8 bn
 - Net income attributable to owners of the parent +122.1 bn
 - Dividends distributed (23.2) bn
 - Decrease in HD's ownership ratio in KO (35.7) bn
 - Non-controlling interests +222.6 bn
- Change in RWAs
 - Consolidation of KU and MB (as of April 1, 2018) +4,539.0 bn
 - Increase in loan balance +172.7 bn
 - Decline in parameters and other (603.2) bn
 - Decline in the balance of investment trusts (268.2) bn

(Reference) International standard

(JPY bn)	2018/3	2018/9	Change
Excluding net unrealized gains on available-for-sale securities (9)	9.50%	8.97%	(0.53)%
Common Equity Tier1 capital ratio (10)	12.58%	11.44%	(1.14)%
Tier1 capital ratio (11)	12.60%	11.54%	(1.06)%
Total capital ratio (12)	13.56%	12.34%	(1.22)%
Common Equity Tier1 capital (13)	1,990.7	2,258.9	+268.1
Instruments and reserves (14)	2,065.2	2,341.7	+276.5
Stockholders' equity (15)	1,544.0	1,606.8	+62.8
Net unrealized gains on available-for-sale securities (16)	486.6	487.8	+1.1
Adjusted non-controlling interests (17)	3.3	213.8	+210.5
Regulatory adjustments (18)	74.4	82.8	+8.3
Other Tier1 capital (19)	2.7	20.6	+17.8
Tier1 capital (20)	1,993.5	2,279.5	+285.9
Tier2 capital (21)	152.9	158.0	+5.0
Total capital (Tier1+Tier2) (22)	2,146.4	2,437.5	+291.0
Risk weighted assets (23)	15,818.0	19,743.9	+3,925.8

(Reference) Group banks, Bank holding company

Domestic standard (JPY bn)	Resona (Consolidated)	Saitama Resona (Non-consolidated)	KMFG (Consolidated)
Capital adequacy ratio (24)	10.80%	12.94%	7.15%
Total capital (25)	1,134.2	350.6	472.0
Risk weighted assets (26)	10,495.3	2,708.0	6,596.3

Earnings Targets for FY2018 (Released in November 2018)

HD Consolidated
Total of Group Banks

HD consolidated

(JPY bn)	1H Act.	Full-year target	Change from original	YoY change
Net income attributable to owners of the parent (1)	122.1	200.0	-	(36.2)
KMFG *1 (2)	4.6	10.0	-	
Difference *2 (3)	49.3	58.0	+5.0	

Common DPS

	DPS	Change from previous year
Common stock (annual) (4)	21.0 yen	+1.0 yen
Interim dividend (5)	10.5 yen	+0.5 yen

Total of group banks

(JPY bn)	Total of 5 banks				Resona Bank				Saitama Resona Bank				KMFG (total of 3 banks)			
	1H	Full-year	Change from original target	YoY change*4	1H	Full-year	Change from original target	YoY change	1H	Full-year	Change from original target	YoY change	1H	Full-year	Change from original target	YoY change*4
Gross operating profit (6)	309.8	613.5	(18.0)	+4.3	176.7	348.0	(10.5)	+2.6	63.1	120.0	(3.0)	+2.9	69.8	144.5	(5.5)	(2.1)
Operating expenses (7)	(199.6)	(401.0)	3.0	(3.8)	(105.7)	(213.0)	1.0	(1.1)	(37.7)	(74.0)	-	(0.5)	(56.2)	(114.0)	2.0	(2.4)
Actual net operating profit (8)	110.1	212.5	(15.0)	+0.5	71.0	135.0	(9.5)	+1.5	25.4	46.0	(3.0)	+2.4	13.6	30.5	(3.5)	(4.4)
Net gains on stocks (including equity derivatives) (9)	4.9	21.0	2.5	(49.1)	3.7	15.5	(0.5)	(35.7)	(1.2)	-	(1.0)	(12.4)	2.4	4.5	3.0	(2.0)
Credit related expenses, net (10)	5.2	(2.5)	10.5	(17.2)	7.0	5.0	8.0	(8.7)	0.5	(2.0)	1.0	(4.1)	(2.3)	(5.5)	1.5	(4.4)
Income before income taxes (11)	106.3	207.0	(7.0)	(68.4)	73.0	145.0	(5.0)	(41.4)	23.1	40.0	(2.5)	(11.8)	10.1	21.5	-	(15.5)
Net income *3 (12)	75.8	148.5	(5.0)	(77.6)	52.1	104.0	(3.5)	(52.8)	15.9	28.0	(1.5)	(12.1)	7.7	16.5	-	(12.6)

*1. Applied HD's 51% stake to the KMFG's net income guidance excluding one-off gain related to the management integration

*2. Include the one-off gain related to the management integration and other

*3. Net income attributable to non-controlling shareholders are not deducted from net income

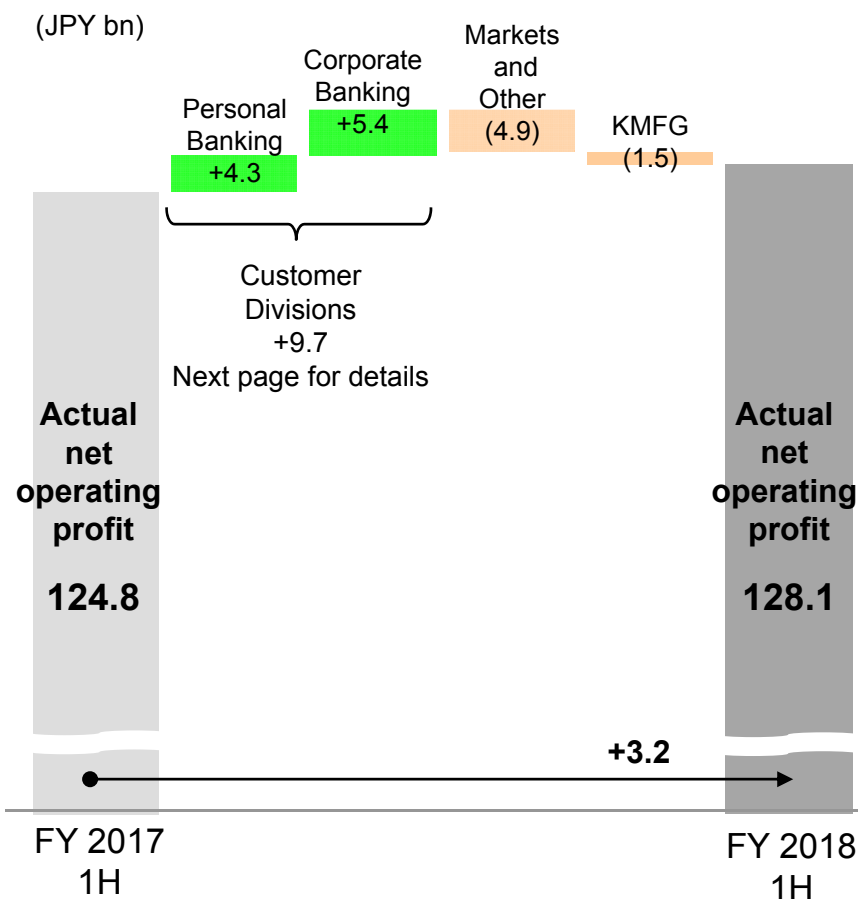
*4. Adjusted YoY

(Reference) Outline of Financial Results of Each Segment

HD
Consolidated

- Actual net operating profit increased by JPY3.2 bn, adjusted YoY

(JPY bn)		FY2018 1H	Adjusted YoY Change
Customer Divisions	Gross operating profit (1)	237.6	+11.9
	Operating expense (2)	(148.9)	(1.8)
	Actual net operating profit (3)	88.8	+9.7
Personal Banking	Gross operating profit (4)	107.6	+5.2
	Operating expense (5)	(76.9)	(0.9)
	Actual net operating profit (6)	30.6	+4.3
Corporate Banking	Gross operating profit (7)	130.0	+6.6
	Operating expense (8)	(71.9)	(0.9)
	Actual net operating profit (9)	58.1	+5.4
Markets and Other	Gross operating profit (10)	23.2	(7.7)
	Operating expense (11)	(3.7)	+0.8
	Actual net operating profit (12)	21.2	(4.9)
KMFG	Gross operating profit (13)	76.5	(1.6)
	Operating expense (14)	(58.4)	+0.1
	Actual net operating profit (15)	18.0	(1.5)
Total	Gross operating profit (16)	337.4	+2.4
	Operating expense (17)	(211.1)	(0.9)
	Actual net operating profit (18)	128.1	+3.2



Definition of management accounting

- “Customer Divisions” and “Markets and Other” segment refers to the HD Consolidated subsidiaries, except KMFG consolidated subsidiaries.
- 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.
- Adjusted YoY change of “KMFG” refers to the comparison with the total sum of KU consolidated, KO consolidated and MB consolidated results of 1H of FY2017

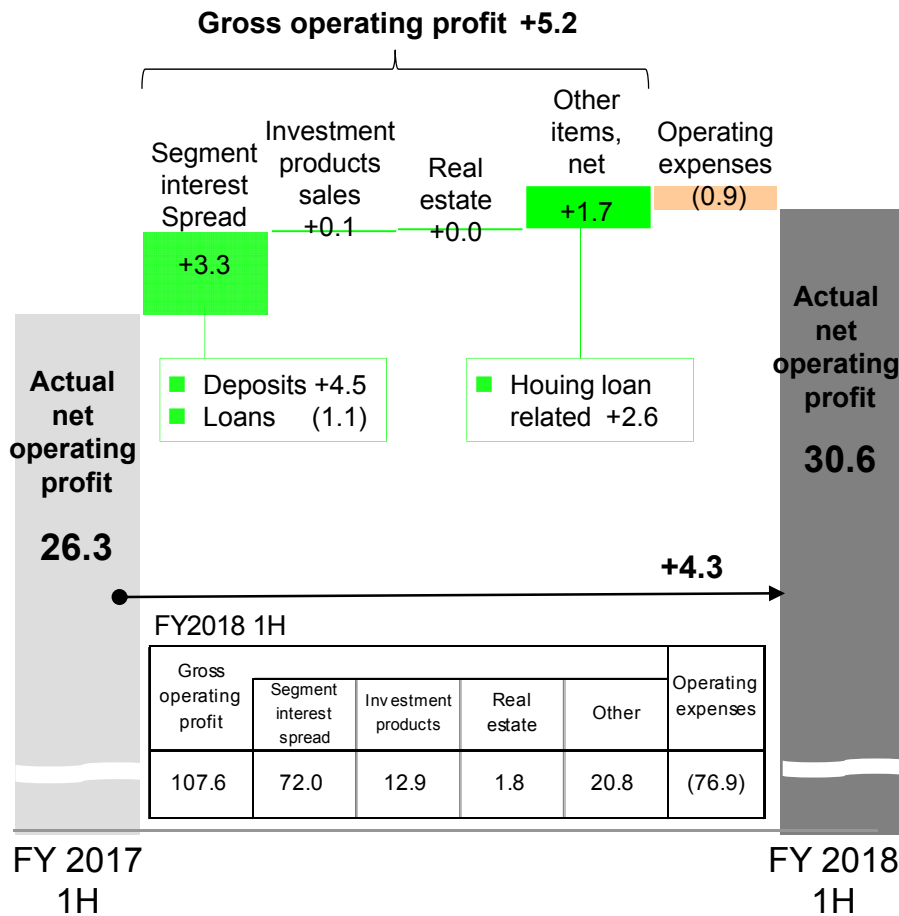
(Reference) Outline of Financial Results of Customer Divisions

HD Consolidated
(exclude KMFG)

Personal banking segment

■ Actual net operating profit : Up JPY4.3 bn, YoY

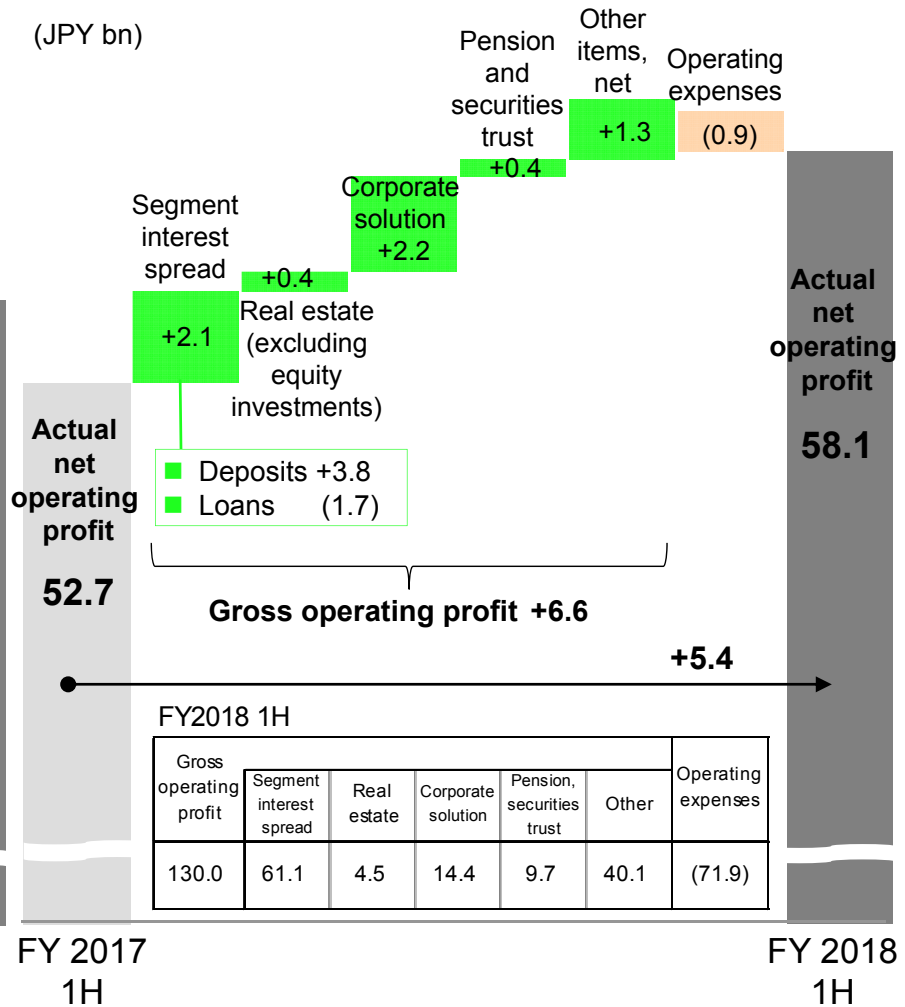
(JPY bn)



Corporate banking segment

■ Actual net operating profit : Up JPY5.4 bn, YoY

(JPY bn)



**Outline of Business Results for 1H of FY2018
and Updates on Major Businesses**

**Progress of HD's MMP and Efforts to Business Challenges for
Sustainable Growth**

Direction of Capital Management

Reference Material

Final Year's KPIs of MMP Based on the 5 Banks Group Structure

KPIs	Before KMFG Integration reflected		KMFG Integration reflected* ¹ (FY2019)
	FY2017 (First Year Act.)	HD's MMP (FY2019)	
Net income attributable to owners of the parent	JPY236.2 bn (Excluding one time gains JPY 150.5 bn)	JPY165.0 bn	JPY170.0 bn (RB+SR JPY160.0 bn* ²)
Consolidated fee income ratio	30.4%	Over 35%	Lower half of the 30% range (RB+SR Over 35%* ²)
Consolidated cost income ratio	61.7%	Below 60%	60% level (RB+SR Below 60%* ²)
ROE* ³	15.76%	Over 10%	Over 10%
CET1 ratio* ⁴	9.50%	9% level	9% level

*1. Adjustments to the current HD's medium-term management plan (MMP) are made by combining the following (1) and (2)

(1) KPIs for the final year (FY2019) in the HD's MMP is adjusted to exclude KO's targets

(2) KMFG's target for the second year (FY2019) in the KMFG's MMP

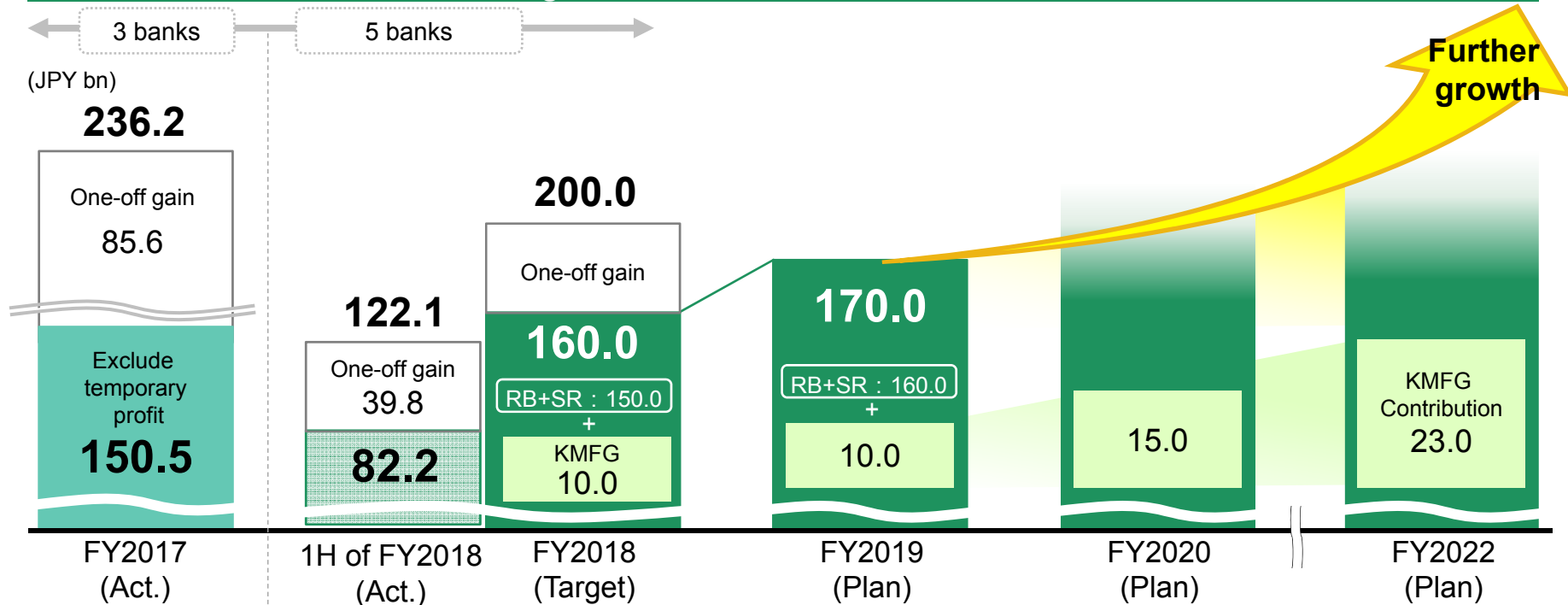
*2. HD consolidated figures - KMFG consolidated figures

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

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

Envisage Stable Net Income

Achieve steady income growth through implementation of the income-cost structure reforms and enlargement of KMFG's income contribution



HD's MMP Period (~FY2019)

KMFG 1st MMP Period

2nd MMP Period

Synergy [approx.]* ¹	1.0	4.0	8.0	19.0
Integration cost [approx.] (Including extraordinary expense and other)* ¹	(5.0)	(10.0)	(10.0)	(5.0)
Apr. '18 KMFG started full scale operation		Apr. '19 KU KO Merger* ²	Oct. '19 KMB System integration	MB System integration

*1. Before consideration of HD's stake in KMFG (51%)

*2. Merge to form Kansai Mirai Bank (KMB)

Omni-Channel Strategy (1) ~Digital~

Daily, diverse transactions with wide-ranging customers over their lifetimes
⇒ develop a recurring fee business

Resona Group App (Feb. 2018~) “Bank in Your Pocket”

■ Outstanding design and user-friendliness

- Received Good Design Award 2018
- App Store rating of 4.5^{*1}/5.0



Your
Smartphone
Becomes
your bank

Resona Group App

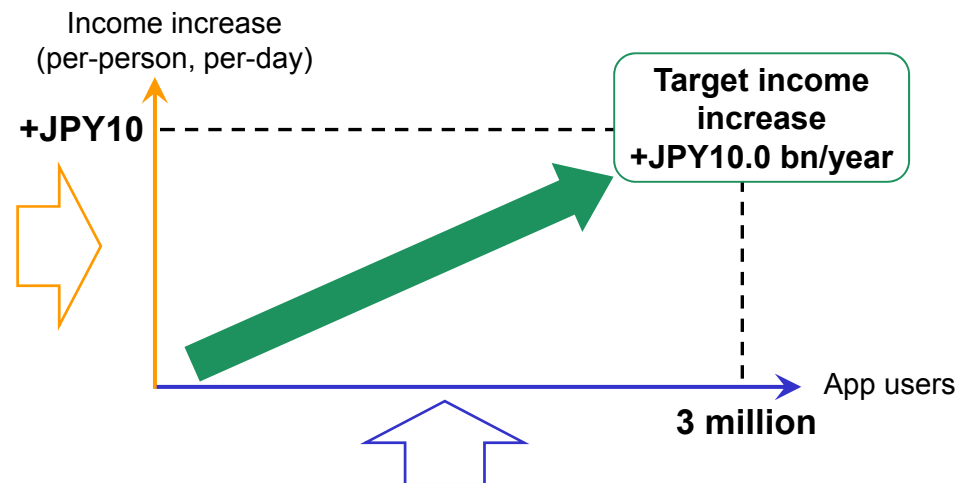


■ Marketing engine

- Personalized proposals
- Content-rich service information

[Image of income increase]

- Diverse income, in addition to remittance fees, etc.
 - ✓ Debit cards (income from corporate member stores)
 - ✓ Small amount insurance (income from insurance companies)
 - Expanding the scope of product offerings continuously
- [Plans]
- ✓ Investment trusts, foreign currency deposits (more currencies, real time)
 - Card loan, etc.



- 400 thousand downloads in approx. 6 months since its release
- Provide to all customers from Nov. 2018

*1. As of end of Oct, 2018

Omni-Channel Strategy (2) ~Face-to-face~

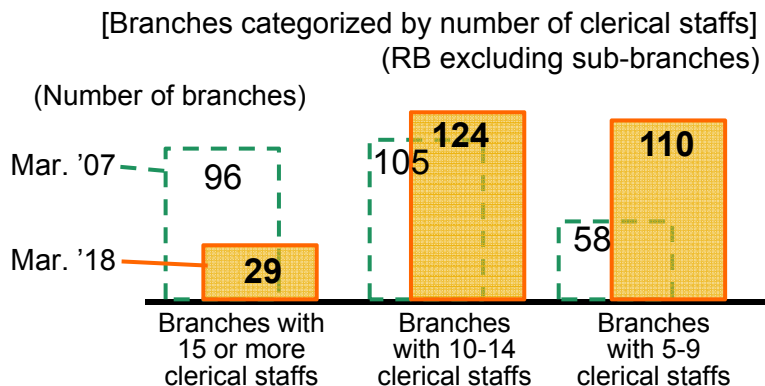
Seamless linkage between different channels / branch operation with fewer staffs
⇒ Enhance customer convenience and low-cost operations

External environment

- Working-age population declining
 - 77.28 million in 2015 ⇒ 68.75 million in 2030*1
- Further progress of digitalization, cashless transaction
- Decline in customers visiting branches
- Heightened consultation needs for asset management and succession

Internal environment

- Face-to-face and digital channel linkage
 - Tablet devices, Resona Group App, 24 hr. call center
- Operational reform results
 - Progress of branch operation with fewer staffs over 10 years



*1 National Institute of Population and Social Security Research
*2. Some Seven Days Plazas open till 8:00 p.m. or 9:00 p.m. *3. RB+SR

Medium-term direction

- Digitalization for branch operational with fewer staffs
- Functions and equipment according to branch characteristics (Downsizing / modular add-ons)
- Flexible operating hours based on customer needs

General branches



- From clerical work to sales
 - ✓ Digitalization + processing reforms
 - ✓ Expand consultation services

Digital service offices (TV counters)



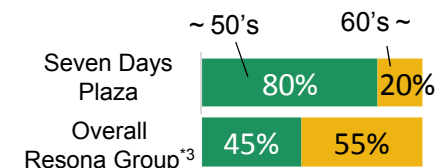
- High-level consultation from professionals
- Focus on complex, diverse clerical work

Seven Days Plaza (Consultation-focused branch)



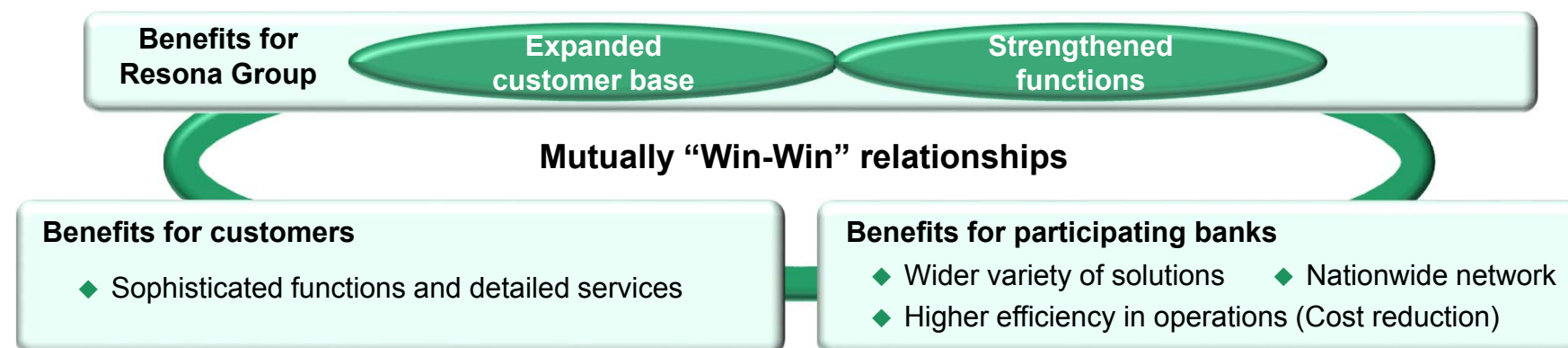
- Increase contact with new customers (24 branches as of Nov. 2018)
 - ✓ Open seven days a week, weekdays to 7:00 p.m.*2
 - ✓ Focus on consultations
 - ✓ Open new accounts

【Branch visitors by age】



Omni-Regional Strategy

Broader alliances with regional financial institutions with or without capital ties
⇒ Provide new value to wider range of customers



[Recent Activities]

<p>Creation of New Banking Group</p> <p>Kansai Mirai Financial Group</p> <p>Started full scale operation in Apr. '18</p>	<p>International Business Expanded Business Alliances/Cooperation</p> <p>Jul. '18 Business alliance with BIDV (Vietnam)</p> <p>Oct. '18 Business cooperation with Bank of Yokohama and Daido Life Insurance upon their capital participation in Bank Resona Perdania</p>	<p>Lease</p> <p>DFL Lease Shutoken Leasing</p> <p>Became equity-method affiliates in Jul. '18</p>	<p>iDeCo</p> <p>More financial institutions now offering Resona's products</p> <p>15 financial institutions offering Resona's products*¹</p>
<p>Cashless</p> <p>(Resona Cashless Platform)</p> <p>Strategic alliances with 12 companies</p>	<p>SME Support</p> <p>(Succession/business succession) (Support for management improvement, etc.)</p> <p>Daido Life</p> <p>Oct. '18 Business alliance</p>	<p>System</p> <p>NTT Data Sofia, D&I Information Systems</p> <p>Became equity-method affiliates in Nov. '17</p>	<p>M & A</p> <p>M&A platform</p> <p>37 financial institutions participated*¹</p>

*1. As of Oct. 31, 2018

Good Start for Kansai Mirai Financial Group

PMI*1 for earlier realization of integration synergies progressing according to plan

Strengths of 3 Banks Under KMFG

- Presence in Osaka, Hyogo, Shiga
- High Consulting ability that contributes to individual customers asset formation
- Complementarity in retail business



Strengths of Resona Group

- Nationwide network and customer base
- Trust and real estate functions
- Operational reform know-how

Measures for Demonstrating Synergies

■ Three expanding networks

- Channels: Largest branch network in Kansai region
- Information: Joint business meetings hosted by 5 Group banks (8 times); customer meet-and-greets (Shanghai, Beijing, Bangkok, etc.); business matching (approx. 10,500 matches)
- Functions: Personnel exchanges in trust, real estate, PB and other divisions
Product/service ⇒ Investment trust products provided jointly by 5 Group banks, iDeCo, etc.

■ Unify clerical work process and system integration

- Create Kansai Mirai Bank (KMB) in April 2019 through KU, KO merger; unify clerical work process and system integration six months after the merger (plan)
- Integration of MB clerical work process and systems targeted in FY2020, approx. 1 year after that of KMB

■ Sophistication of capital management

- Adopted the same credit rating system as Resona's, and started operations under the new system
- Preparations under way for KMB and MB to make a transition to F-IRB approach

*1. Post Merger Integration

Omni-Advisors Strategy

Raise consultants who can think and act in the best interests of their customers
⇒ Attain “Customers’ happiness”

Think in the best interests of their customers



Expand sales contacts and time



Improve ability to offer solution

■ Work-style reforms

- Rule requiring all staff to leave the office by 7:00 p.m.
 - Secure time for own experience to sympathize with customers and acquisition of diverse knowledge
 - Reduced overtime (by around 60min/person/month^{*1})
 - ⇒ Redistribute the fruits of productivity gains to employees
- Diverse working style
 - Smart employees^{*2} ('15/10 ~) : 380 employees
 - “Telework” -Telecommuting ('17/4 ~):
Utilized by approx. 200 employees

■ Diversity promotion

- Proportion of female line managers: 28.1%^{*1,3}
Target: 30%

■ Digitalization

- Provide asset formation support products via tablet devices
 - Smooth transactions from proposal to contract
 - Appropriate proposals based on life plan
- Introduction of corporate SFA (Sales Force Automation)
 - Increased contacts from efficient visits
 - Optimal, timely proposals

■ Training for professionals

- High level from ongoing training
 - FP 1st grade: Approx. 1,100
 - FP 2nd grade: Approx. 12,000
 - Real Estate Notary: Approx. 5,500

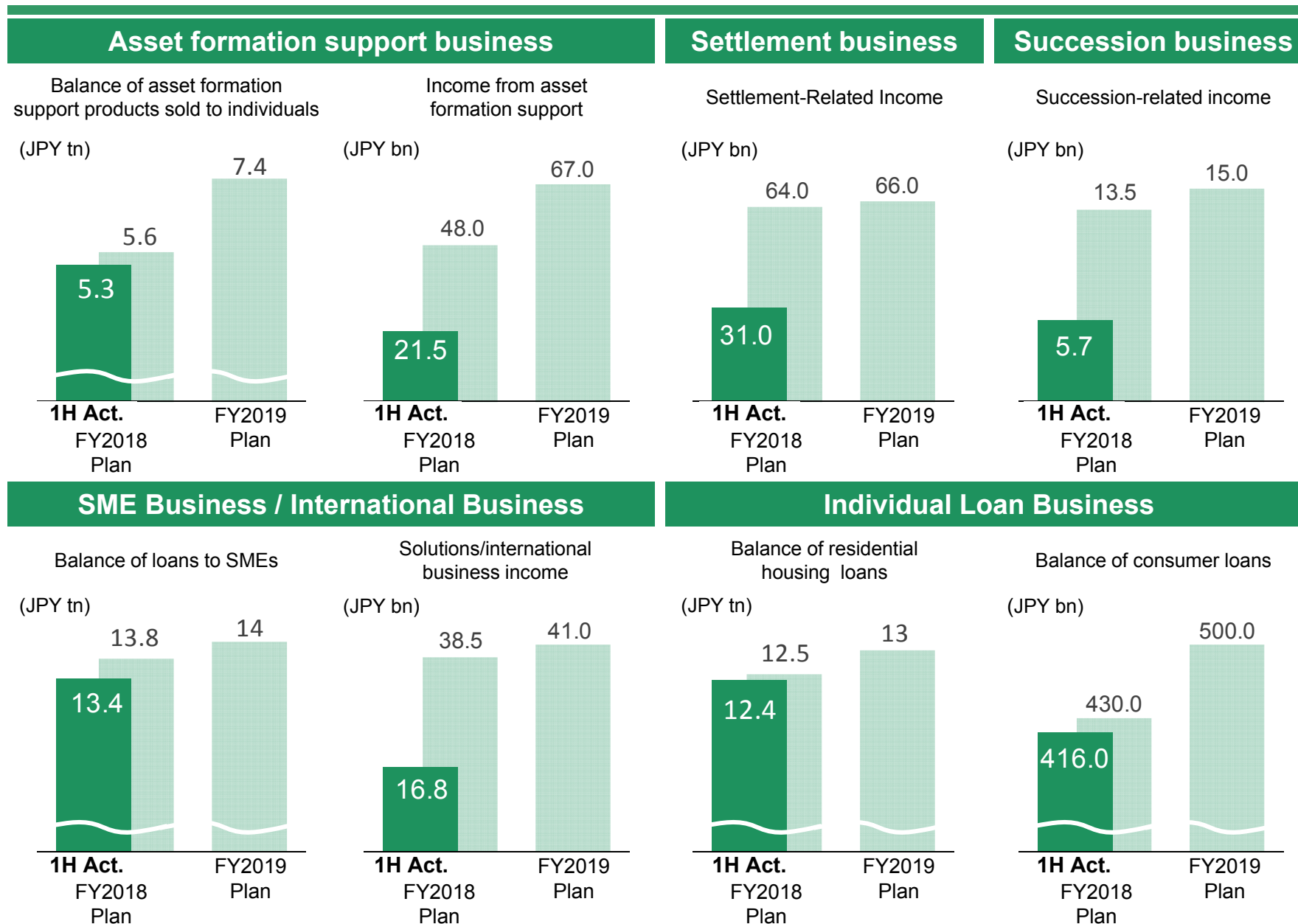
5 Attitudes expected to Omni-advisors

- ◆ Customers' happiness is our pleasure
- ◆ Extract customer concerns and give shape to them
- ◆ Provide solution options and clues
- ◆ Propose what is thought good for the customer's future
- ◆ Turn down what is thought not good for the customer's future

*1. RB+SR *2. Employees whose working hours and scope of duties are limited

*3. Proportion of female employees at or above line manager level, who have subordinates

Progress of Key Business and FY2019 Target under the 5 Banks Group Structure



* Balance: At the end of the period

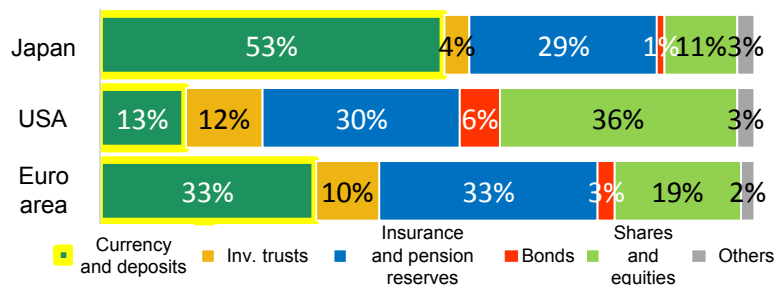
Asset Formation Support Business

External environment, customer needs

Increasing asset management, private pension needs

- Era of 100-year-olds
 - Average lifespan*1 :
2015 Men 80.75, Women 86.98
2050 Men 84.02, Women 90.40
 - Prepare for “second life” of over 30 years

【Proportion of financial assets*2】



Resona's strengths

- 16.0 million customer base
 - Number of customers having investment trust / insurance / FW : 0.89 million (approx. 5%)
- Capability of distributing investment products with due attention to the fiduciary duties
 - Differentiation through Omni-advisors
- Investment management capability long nurtured from corporate pension management
 - R&I Fund Award, Mercer MPA Award (2018)

*1. National Institute of Population and Social Security Research

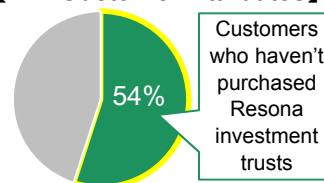
*2. “Flow of Funds: Overview of Japan, the United States, and the Euro area,” Bank of Japan Research and Statistics Dept.

Initiatives for shift from savings to asset formation

Expand customers having investment products

- Provide investment products matched to medium/long-term asset formation
 - Fund Wrap: balance in '18/9 JPY331.2 bn
 - Cost advantage contributes to long-term asset management
 - Welcome Plan (JPY300,000 minimum; fees only incurred for success), since June 2018 **First in industry**

【FW Customer Attributes】



【Anticipated source of new FW contracts】



- iDeCo: Participants as of end of '18/9: approx. 88,000
 - Face-to-face consultation sites increased to approx. 840 branches; Consultations at Tsumitate Plazas increased
 - Seminars at customer offices/branch seminars: 50 or more in 1H

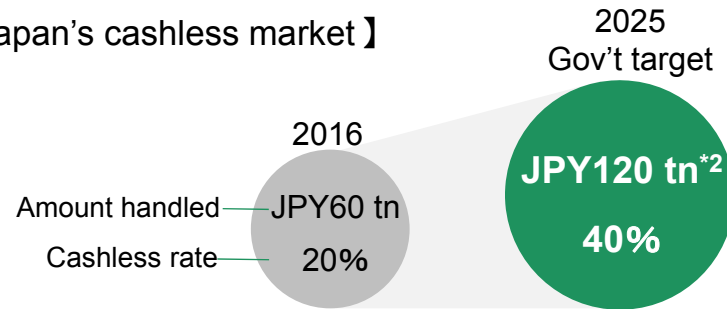
Expand Resona asset management functions -Apply investment know-how from corporate pensions expertise to retail market-

- Total asset under management: '18/9 JPY553.2 bn (+114%, YoY)
- Start investment advisory regarding asset allocation('18/12-)
- Products development reflecting true customer needs / Distributing such products via Group banks' channels
 - Resona Japan Mid-to-Small Cap Fund (“Nihon no Mirai”) (Sep. '18~) Amount sold by 5 group banks: JPY20.15 bn
 - Resona Wrap-type Fund (“R246”) , KU started distributing Jun. '18

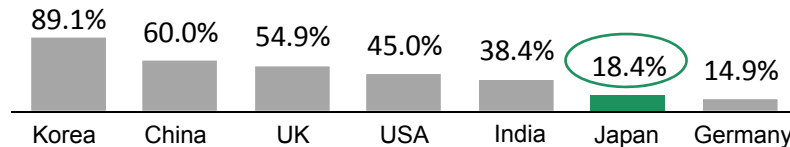
Settlement Business(1) ~Initiatives to Cashless Payments~

Expanding cashless market*1

【Japan's cashless market】



【Cashless rates of other countries】



Expanding debit card business

For individual customers: Integrate debit card with cash card

- Standard with new accounts (for free, instantly issued)



- Number issued: More than 1.2 million
- Usage amount: x1.3 increase (YoY)
- Number handled: x1.9 increase (YoY)

- Expansion of Visa payWave (McDonald's, Lawson, etc.)

For corporate customers: business debit card

- Matched to demand for efficient payment
- Can be used from startup stage (Start-up support pack)

Challenge to new business areas

Resona cashless platform (RB, SR, KO*3, '18/11~)

Member store services

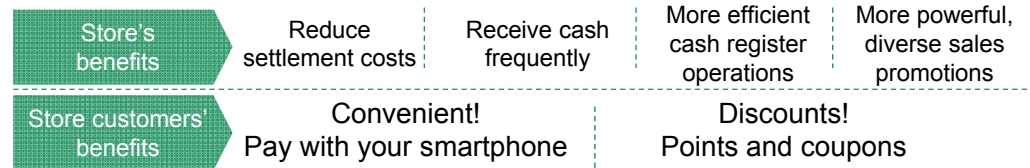
First among major banks

- Bank offering acquiring business
- Compatible with almost all settlement schemes by just one terminal which is provided for free

Partner wallet service

First in Japan

- QR/barcode payment
+ Membership card/point/coupon function
- Provide on white-label basis with free installation



Money Tap (RB, '18/10~)

- P2P remittance using block chain technology
- App for remittance between banks without money charge
- Real time, low cost
- Also accommodates QR code/phone number remittance

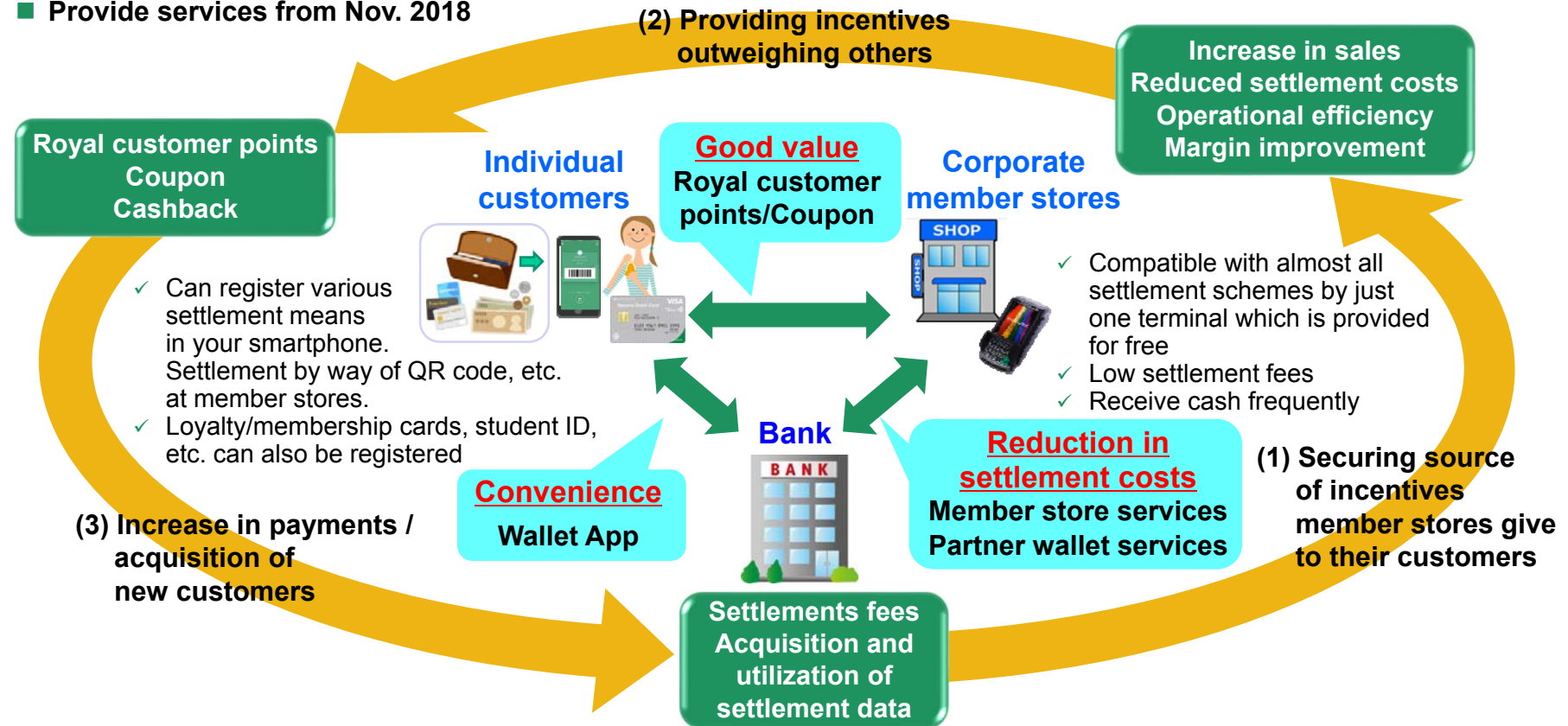


*1. Prepared by Resona Holdings based on documents from the Ministry of Economy, Trade and Industry

*2. Assuming private consumption to stay at the same level as in 2016 *3 KO from FY2019

Settlement Business(2) ~Outline of Resona Cashless Platform~

- Resona will contribute to reduction in social costs and help corporate customers enhance productivity by promoting “cashless payments”
- Provide services from Nov. 2018



Further Initiatives

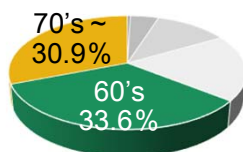
Measures to strengthen Wallet functions	Measures to utilize the data
<ul style="list-style-type: none"> ● Automatic value charge functions for prepaid cards, P2P value transfer function ● Settlement in regional currencies, loyalty points exchange function 	<ul style="list-style-type: none"> ● Transaction lending (small lot loan) ● Online settlement on EC sites ● Combination of purchase data (flow) and financial data (stock) ● Effective utilization of API ⇒ Creating new value and reducing costs

Succession Business

External environment, customer needs

Smooth asset/business succession becoming social issue

- Household financial assets:
Approx. JPY1,830 tn*1
Approx. 65%*2 possessed by seniors
(age 60 and over)
- Aging of SME owners
 - Small and Medium Enterprise Agency
“Five-Year Plan for Business Succession”(July 2017)
 - Over 0.3 million business owners to become in 70's by 2022; of which 60% have no successor
- Results of interviews on customer needs
 - Succession
 - Utilization of real estates, trust, M&A
 - Use of business succession tax exceptions



Resona's strengths

- Specialized functions (succession trusts/real estate/M&A) and specialized consultants
- Extensive track record and know-how
 - Will trust contracts: '18/9 Approx 18,000*3
- Customer base and network strength
 - Further expansion after KMFG integration
(corporate 0.5 million, individual 16 million)
 - M&A platform with 37 financial institutions participants

Provide succession solutions with firm grasp of customer needs

Increasing asset/business succession needs

- Number of business succession consultations: Approx. 13,000*4
- Unique business succession support program
 - Resona Management School
 - ⇒ Produce approx. 2,000 next-generation leaders over 30 years

Trust offices

- Specialists assigned to sales offices
 - Sophisticated consulting for broad-ranging customer needs
 - Customer contacts up x1.3 in one year after establishment
- Already assigned to 69 offices; plan to increase to 85 offices during this fiscal year

Personnel training

- Business training at each level, from general staff to branch manager
- On-the-job training for branch personnel by trust office specialists
- Increase M&A personnel
- Personnel from KMFG

*1. "Flow of Funds: Overview of Japan, the United States, and the Euro area," Bank of Japan Research and Statistics Dept.
Society," Cabinet Office *3. 5 banks total *4. RB+SR+KO (FY'18)

*2. "2018 Annual Report on the Aging Society," Cabinet Office

SME Business

External environment, customer needs

SME management issues and expectations for financial institutions

- Top management issues for companies*1
 - 1st Increase sales, expand business scale
 - 2nd Secure personnel
 - 3rd Streamline management, reduce costs
 - 4th Procure funds
 - 5th Increase employee satisfaction
- What company emphasizes when selecting financial institution*1
 - 1st Deep understanding of company
 - 2nd Interest rate/fee levels, financing speed
 - 3rd Information provision, consulting capability
 - 4th Frequency of visits, connection with community
 - 5th Responsiveness to international business

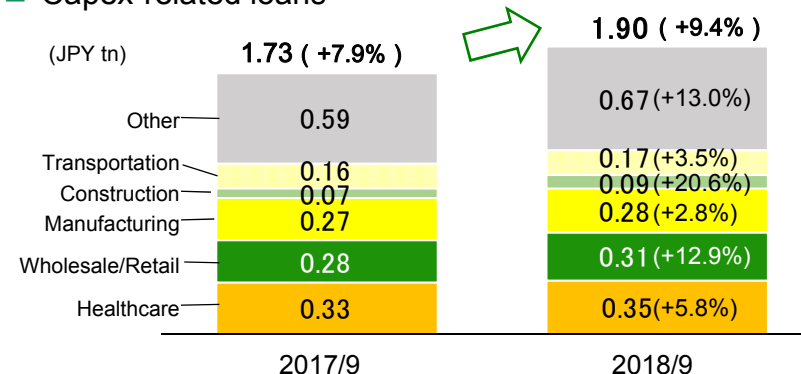
Resona's strengths

- Thick, locally rooted customer base
 - 67,000 companies*2 have chosen us as their main bank No. 1 in Osaka Pref. and Saitama Pref.
- | Number of Banks | Number of Companies |
|-----------------|---------------------|
| 3 banks | 55,000 |
| 5 banks | 67,000 |
- Largest commercial bank with trust capabilities in Japan
 - Provide advanced solutions, including trusts, on one-stop basis

Initiatives based on firm grasp of customer needs

Support for sales increase, business scale expansion

Capex-related loans*3



- Business matching among 5 group banks
 - Grasp customer needs through close relations and insight
 - Matching record (1H FY'18): Approx. 10,500 matches

Support for new management issues

- SDGs
 - Nation-wide CSR privately-placed bond: SDGs promotion fund (5 Group banks)
 - 1H issue amount JPY34.9 bn
 - SDGs consulting fund ('18/9~, RB, SR)
 - SDGs consulting by Resona Research Institute
- Risk of interest rate hikes
 - Loan with interest rate selection covenant ('18/4~)

*1. Results of survey of RB, SR corporate customers (respondents: approx. 3,450 companies; survey period: Dec. 2017)

*2. Teikoku Databank *3. RB+SR, excluding loans to individuals, non-residents, local governments, and the real estate industry

International Business

Covering the Asia and US via overseas bases and partner banks

- Full banking services from Bank Resona Perdania (Indonesia)
- Financing, M&A services from Resona Merchant Bank Asia (Singapore)
- Meticulous services from 5 overseas representative offices
- Dominant network of partner banks

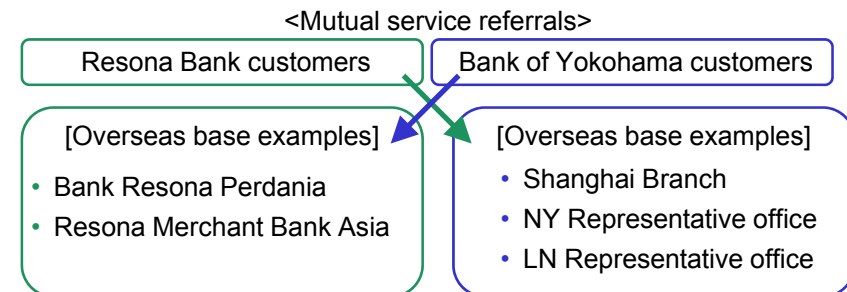


- ★ 3 Overseas subsidiaries
- 5 Representative offices (include MB's Shanghai Rep.)
- ▲ Overseas partner banks
- ▲ Of which, we have dispatched Resona's employees to 5 banks

*1. This share acquisition is premised on approval by related authorities and completion of legal procedures in Indonesia, etc.

Change of shareholders in Bank Resona Perdania and business cooperation with the Bank of Yokohama and Daido Life Insurance

- Shareholder change (FY2018 *1, plan)
 - Bank of Yokohama, Daido Life will acquire shares (30%, 14.9% respectively)
 - Initiatives for further growth of Bank Resona Perdania
- Business Cooperation with bank of Yokohama
 - Cooperation in international businesses
 - Improve capability to serve both customers' global business needs
 - Strengthen capability to present proposals by sharing global expertise related to international operations

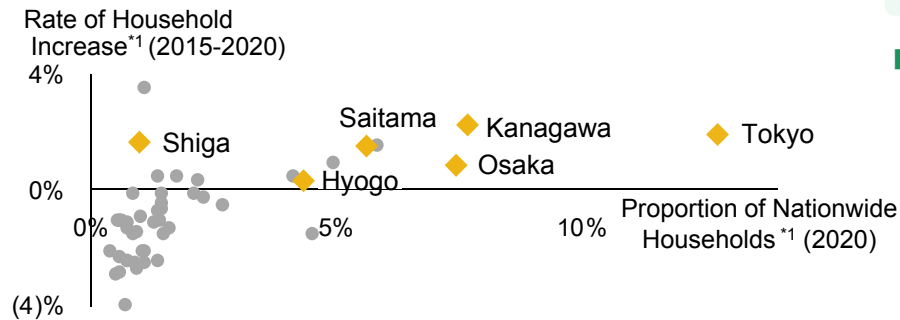


- Business alliance with Daido Life
 - Provide support to overseas expansion needs and trade activities for Daido Life customers
- ◆ Further enhancement of customer support
- ◆ Expand customer base of Japan-affiliated companies entering ASEAN and Indian markets, centering on Indonesia and Singapore

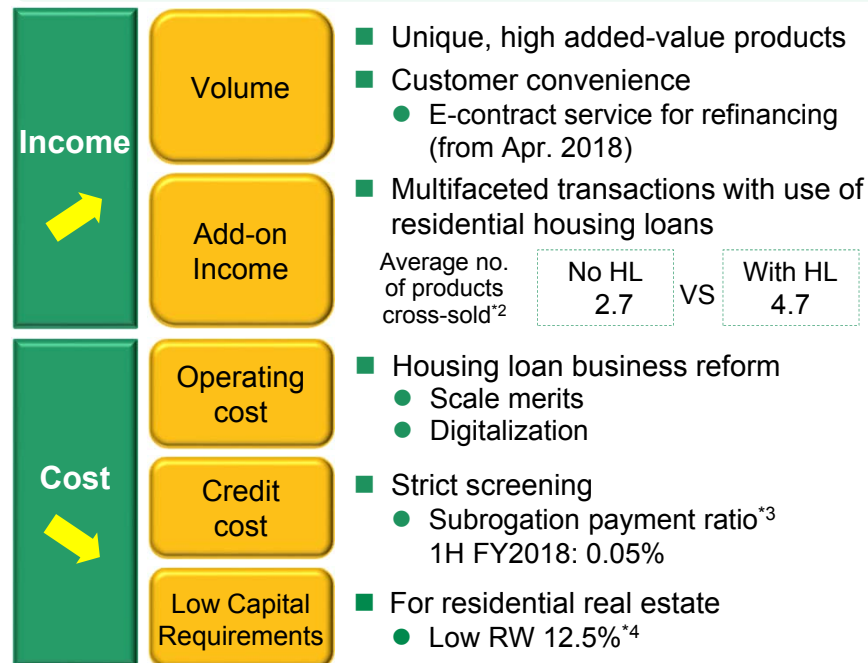
Individual Loan Business

Residential housing loan

■ Resona's franchise: accumulation of households



Maintain, Raise Profitability



*1. National Institute of Population and Social Security Research *2. RB+SR

*3. Subrogation ratio x (1 – collection rate after subrogation), residential housing loan + apartment loan

*4. RB as of Sep 30, 2018, Non-default

Loans to “Premium” customers (incl. apartment loans)

To further raise portfolio soundness

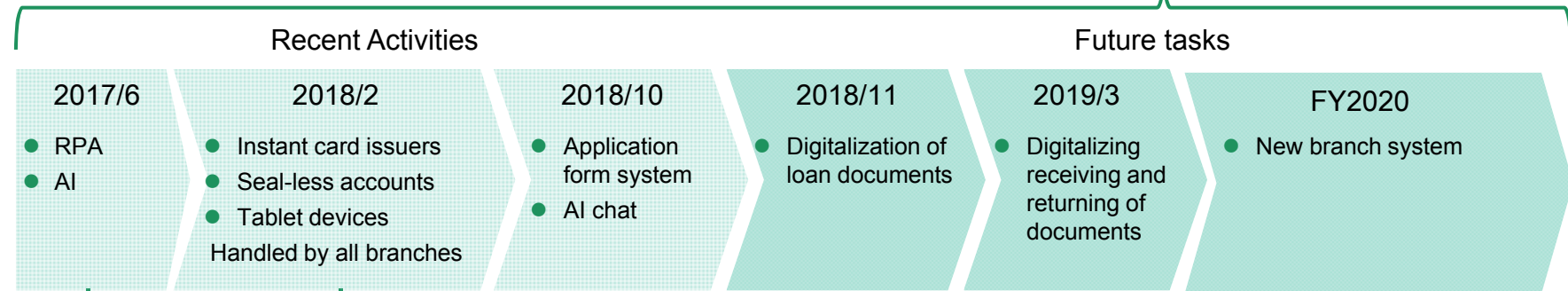
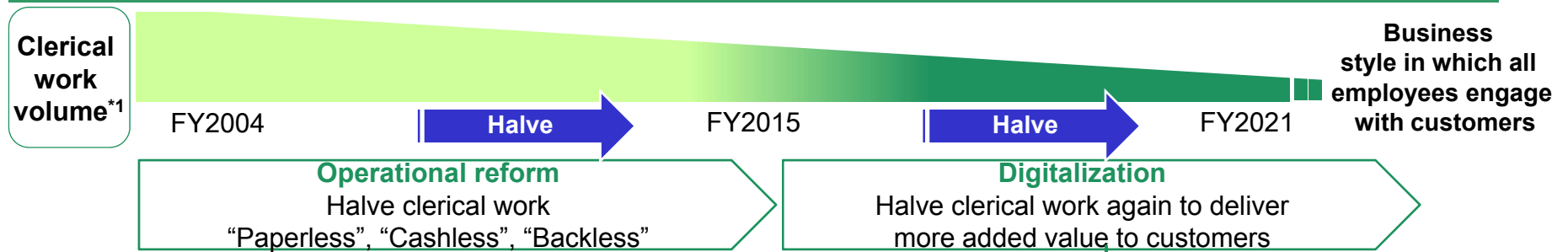
■ Focus on loan screening

- Qualification as an apartment owner and his/her asset background
- Appropriateness in purpose of funds, loan amount, loan period, and collateral value, etc.
 - Policy not to extend loans for shared houses
- Adequate income/expense plan
 - Rent prediction system allows for loan screenings based on rationally estimated net cash flows
- Stress tolerance
 - Stress scenario applied with respect to asset value, rents and loan interest rate

■ Continued reinforcement of fraud prevention system

- Further sophistication in loan screening process as a counter measure for increase in fraudulent loan applications
- Strictly monitoring developers
- Closely monitoring each application

Improve Customers' Convenience and Resona's Productivity Through Digitalization



RPA

【Work volume】

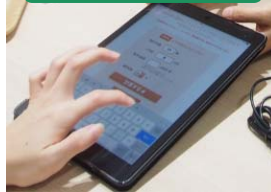
'18/10 (Act.):
Clerical work saved
75,000 hours a year

'22/3 (Target):
1 million hours a year
(equivalent to work
volume handled
by 500 people)

AI

- Displays best-fit answers in call centers
- Utilized for info gathering and risk management
- Robo adviser suggests optimal portfolio

Tablet



Seal-less accounts



Image of branches after introduction of new branch system

“Location-free”
“Low-cost branch operations”
“IoT coordination”



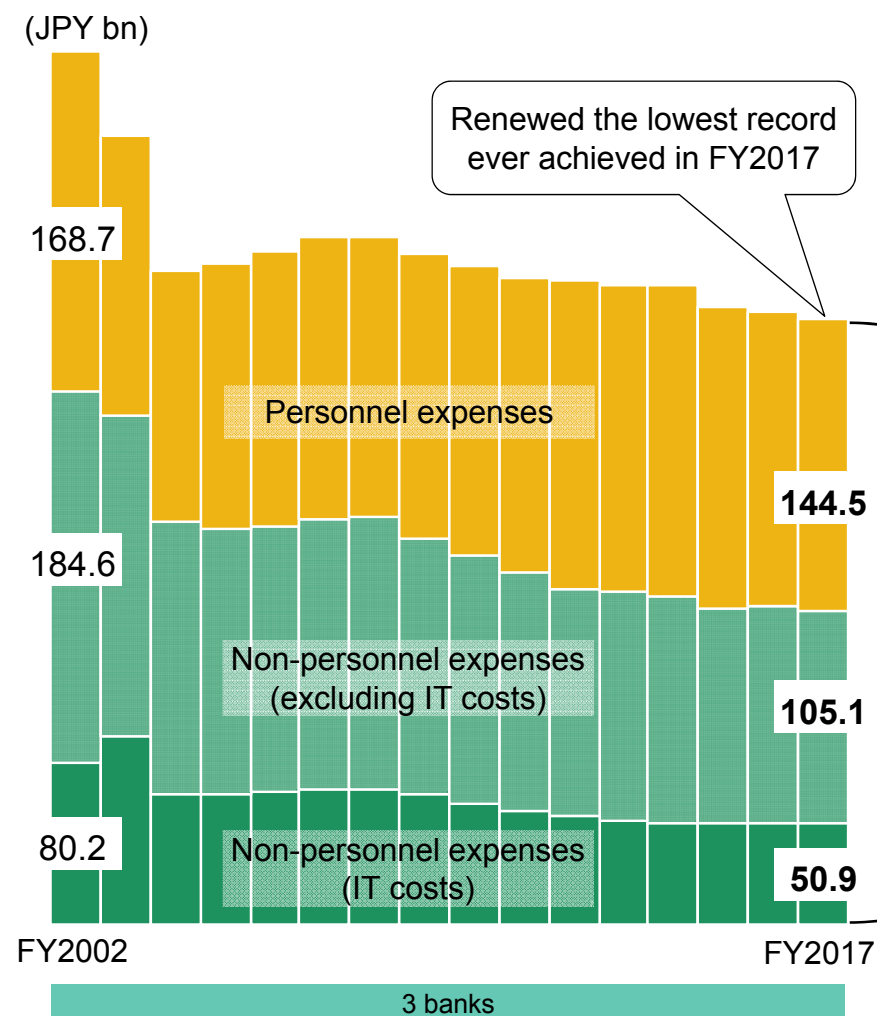
- Provide services in places in which customers feel comfortable and convenient
- Digital completion via simplification of administrative processes
- Complete physical separation of sales and clerical work

*1. RB+SR+KO

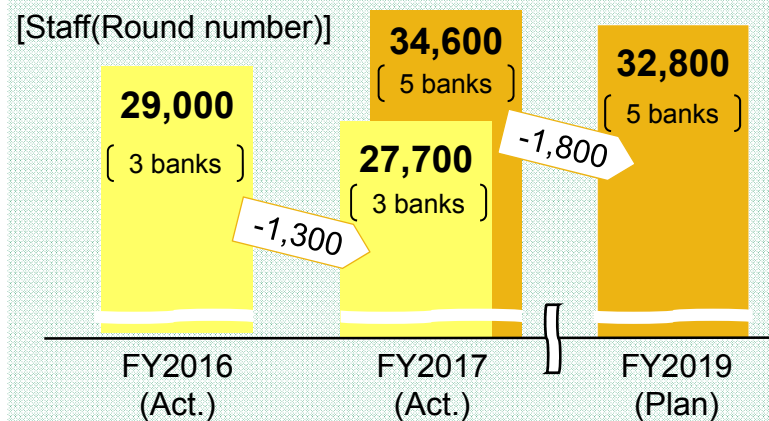
Cost Structure Reforms

Reduce overall costs while absorbing IT investment and one-off integration costs

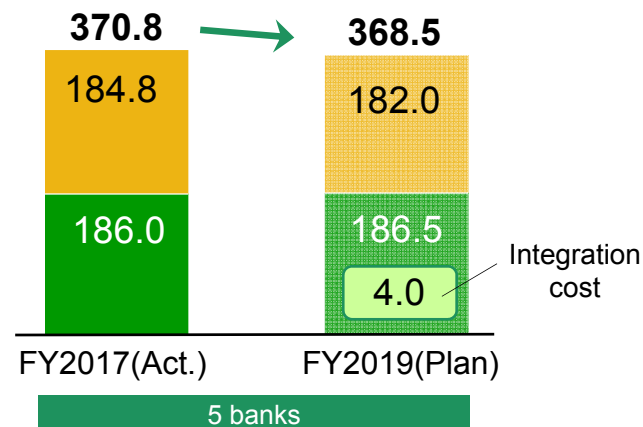
- Established a low cost management through operational reforms



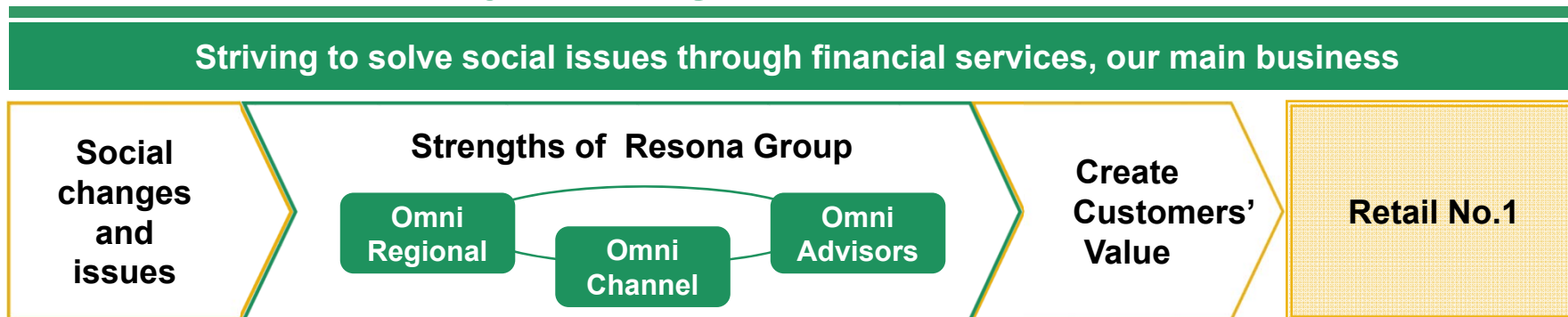
- Enhance productivity in anticipation of reduced population in labor force



[Personnel + Non-personnel expenses]
(JPY bn)



For Becoming the “Retail No.1” Financial Services Group ~Resona Sustainability Challenge 2030~



Commitments Towards Achieving the Sustainable Development Goals 2030 (Resona Sustainability Challenge 2030)*1

< Four Priority Themes >

Theme	SDGs item	Commitment
Local Communities Revitalization of Local Economies	 All 17 goals	<ul style="list-style-type: none"> Realizing a sustainable society together with customers through constructive dialogue on the themes of environmental and social issues and other measures. Revitalizing local economies and creating livable communities through supporting the growth of companies, including nurturing of start-up companies, and the operational efficiency of social infrastructure. Increasing convenience in society and daily lives through the provision of innovative financial services accessible to all people at anytime and anywhere.
Low Birthrate and Aging Society Elimination of Anxiety Triggered by Low Birthrate and Aging Society		<ul style="list-style-type: none"> Improving customers' lifetime quality of life through the support for formation and succession of assets enabled by financial consulting and financial education to enhance financial literacy.
Environment Response to Global Warming and Climate Change		<ul style="list-style-type: none"> Realizing low-carbon and circular society by taking action with society to reduce environmental burden such as accelerating the use of renewable energy and reducing greenhouse gas emissions.
Human Rights Diversity & Inclusion		<ul style="list-style-type: none"> Creating a society in which all people respect human rights and diversity and can fulfill their potential while attaining work-life balance.

*1. Released on November 9, 2018

Outline of Business Results for 1H of FY2018 and Updates on Major Businesses

Progress of HD's MMP and Efforts to Business Challenges for Sustainable Growth

Direction of Capital Management

Reference Material

Direction of Capital Management

Continue allocation policy of equal weight to 1) investment for future growth,
2) higher capital adequacy, and 3) enlargement of shareholder return

- Class 5 PS repurchased and cancelled in FY2017, realizing shareholders' equity comprised solely of common shares

CAR Target

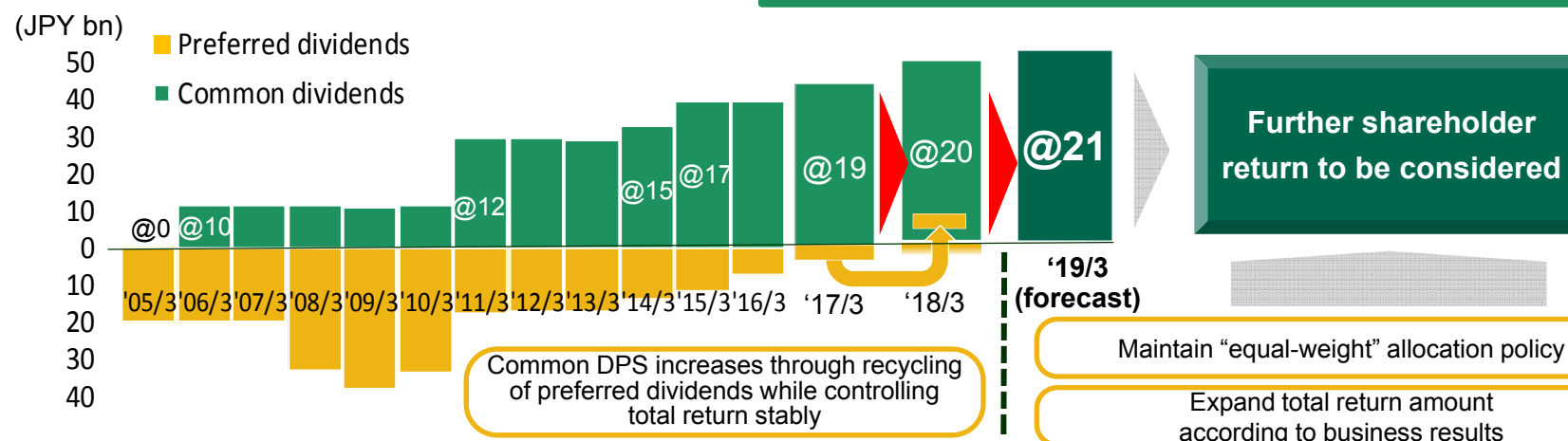
- Secure sufficient capital adequacy under the Japanese Domestic Std.
- Aim to achieve around 9% CET1 ratio*1 under the International Std. (Mar. 2020)
 - Downside from KMFG integration recoverable in the mean time
 - Cope with the finalized Basel 3 (SA and capital floor revisions) utilizing the time horizon till their fully loaded implementations

ROE target

- Maintain ROE*2 above 10%
 - FY2017 15.76%

Shareholder return policy

- Steady common DPS increases thus far, shifting preferred dividends to common shareholders (@5 yen, or 33%, increase in the past 5 years)
- Intend to further expand shareholder return based on the aforesaid “equal-weight” allocation policy
 - Common DPS forecast for FY2018: 21 yen per annum, + 1 yen YoY (of which, interim 10.5 yen, +0.5 yen YoY)
 - Consider further enlargement of shareholder return while keeping the level of common DPS after the above increase as “stable” dividends



*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)

Outline of Business Results for 1H of FY2018 and Updates on Major Businesses

Progress of HD's MMP and Efforts to Business Challenges for Sustainable Growth

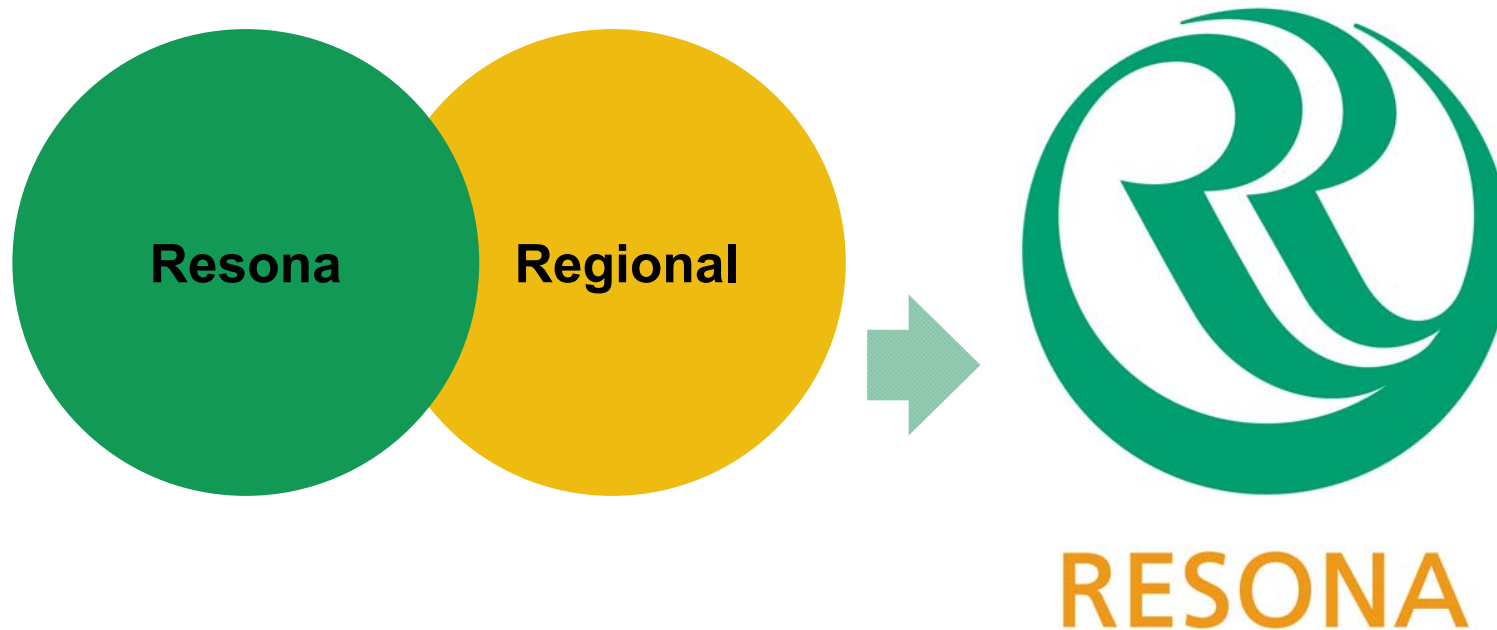
Direction of Capital Management

Reference Material

Resona Group's Brand Identity

The Resona Group's corporate name is derived from the Latin word (*resonus*) meaning "resonate" or "resound" in English

We attach great importance to customers' voice. By adopting the corporate name Resona, we want to express our desire to build stronger ties with communities and customers by "resonating" or "resounding" with them.



- Group Logo expresses the resonance between the "R" in Resona and the "R" in the Group's key word "Regional."

- Two "Rs" inside a perfect circle express a sense of security and trust.
- Green suggests "gentleness" and "transparency" and orange creates a sense of "familiarity" and "warmth."

Corporate Governance System

The first Japanese banking group which adopted a committee-based corporate governance structure in 2003 for management transparency and objectivity

Outside directors



Tadamitsu Matsui

Chairperson, Nominating Committee
Member, Compensation Committee

Representative Director and President of MATSUI Office Corporation
(Former Representative Director and Chairperson of Ryohin Keikaku Co., Ltd.)



Mitsudo Urano

Chairperson, Compensation Committee

(Former Representative Director and Chairperson of Nichirei Corporation)



Yoko Sanuki

Chairperson, Audit Committee

Attorney-at-law
(Representative of NS Law Office)



Toshio Arima

Member, Nominating Committee
Member, Compensation Committee

Chairperson of the Board, Global Compact Japan Network
(Former President and Representative Director of Fuji Xerox Co., Ltd)



Hidehiko Sato

Member, Nominating Committee
Member, Audit Committee

Attorney-at-law (Hibiki Law Office)
(Former National Police Agency Commissioner)



Chiharu Baba

Member, Audit Committee

(Former Deputy President of Mizuho Trust & Banking Co., Ltd.)

Internal directors



Kazuhiro Higashi

President and Representative Executive Officer



Shoichi Iwanaga

Representative Executive Officer



Satoshi Fukuoka

Representative Executive Officer



Kaoru Isono

Member, Audit Committee

Board of Directors

- **Majority of the Board members are independent outside directors with wide range of knowledge**
 - Elects chairperson of the Board after conducting an annual analysis and self-evaluation of the Board
 - Free discussion sessions without internal directors are held adding to the board

Nominating Committee

- Introduced succession plan in July 2007
- Ensure objectivity by drawing on the advice of outside consultants

Compensation Committee

- Abolished corporate performance based compensation, introduced Performance Share Unit Plan in 2017

Audit Committee

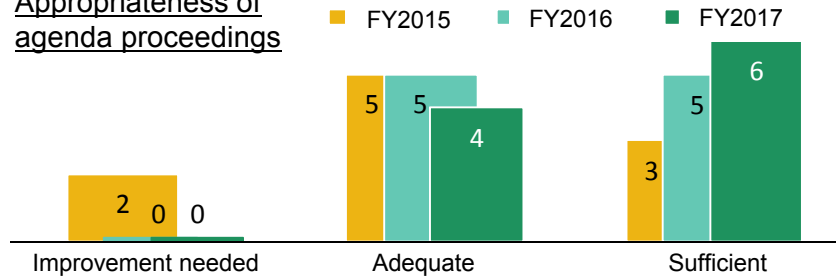
- Introduced double report line system in 2016

Initiatives for Corporate Governance Evolution

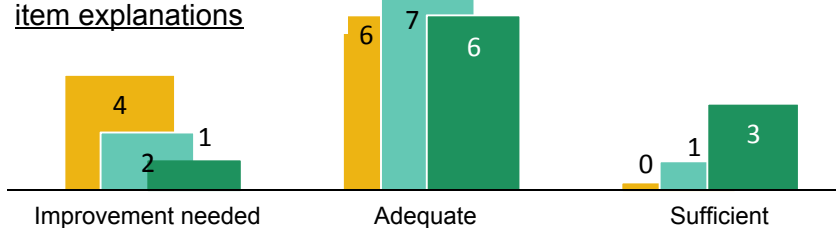
Self-evaluation of the board

- Improve effectiveness of Board of Directors meetings by revising operations, etc. through annual board evaluations

Appropriateness of agenda proceedings



Adequateness of agenda item explanations



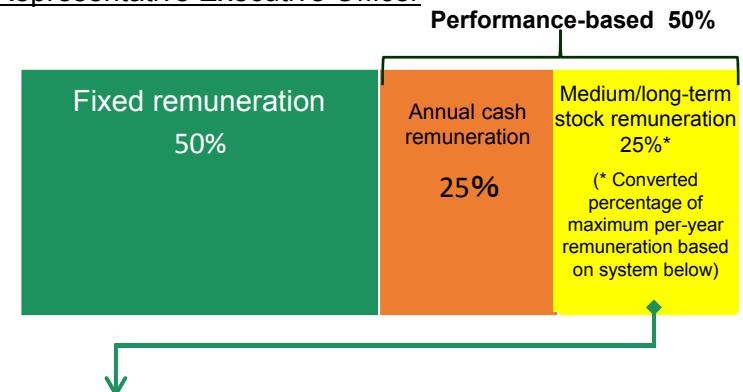
Glass-walled executive room



Performance share unit plan (PSU)

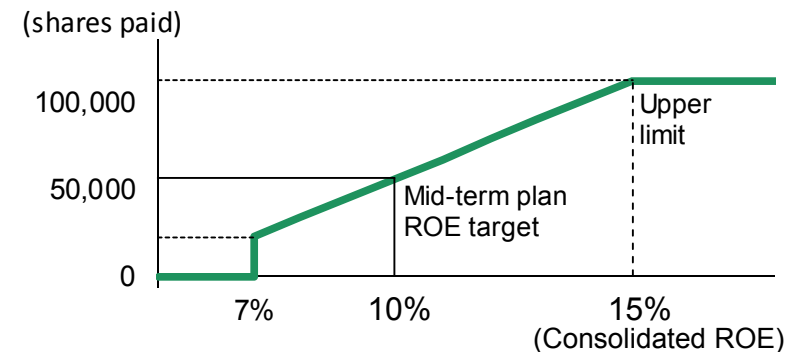
- Introduced in July 2017
- HD stock will be granted based on consolidated ROE for the final year of medium-term management plan

Remuneration System for President and Representative Executive Officer



Remuneration System (3 Years' Worth)

Consolidated ROE 15% (achievement rate of 150%) -> 112,500 shares (upper limit)
 Consolidated ROE 10% (achievement rate of 100%) -> 50% of above
 Consolidated ROE less than 7% -> Payment withheld



Overview of the KMFG's Mid-term Management Plan



Kansai Mirai Financial Group

New retail financial services model advancing
together with the future of Kansai region



Kansai Urban Banking Corporation



Kinki Osaka Bank



MINATO BANK

Goal

Banking group considered “absolutely essential” by customers

**Position of the first
mid-term
management plan
(FY2018-FY2020)**

- ◆ Build strong corporation among 3 banks through the management integration
- ◆ Contribute to regional societies by strengthening face-to-face interactions with our customers
- ◆ Fully preparing for the planned merger and systems integration

Overview of the strategy

**Basic
strategies**

- Contributing to development and invigoration of communities KMFG serves
 - Sharing distinctive strengths each bank has developed
 - Offering customers first-class financial services and solutions with one stop convenience
- Enhancing productivity and customer convenience at the same time
 - Sharing the know-how of operational reforms
 - Adopting unified clerical work process and IT platforms
- Raising profitability, efficiency and soundness as one of the largest regional financial groups in Japan
 - Potential of vibrant Kansai market
 - Scale merit advantage

**Business
strategies**

- | | |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate strategy | <ul style="list-style-type: none"> • Expand loan volume • Strengthen consulting function |
| Personal strategy | <ul style="list-style-type: none"> • Differentiate services based on customer profile • Develop AUM business further |
| Loan strategy | <ul style="list-style-type: none"> • Strengthen housing loan • Strengthen apartment loan • Strengthen other consumer loans |

Primary KPIs

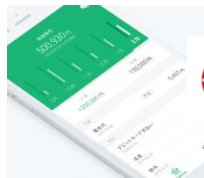
KPIs	FY2020	FY2022
(Consolidated) Net income	JPY29.0 bn	JPY45.0 bn
(Non-consolidated) Actual net operating profit	JPY52.0 bn	JPY70.0 bn
Loans and bills discounted	JPY9.8 tn	JPY10.5 tn
Deposits	JPY11.9 tn	JPY12.6 tn
Consolidated fee income ratio	Middle of the 20% range	Latter half of the 20% range
Consolidated cost income ratio	Latter half of the 60% range	60% level
ROE	Over 5%	8% level
Capital adequacy ratio	7% level	Over 7%

Resona's Challenges Attracting Attentions from Outside

Resona's challenges towards "Retail No.1" are highly evaluated by various institutions

Resona Group App Good Design Award 2018

Rated highly for practical, easy-to-understand design



GOOD DESIGN AWARD
2018 Prize Winning

Won both R&I Fund Award 2018 and 16th MERCER MPA Award (Japan) 2018 (two consecutive years)

Superior performance of
the Japanese concentrated
stock fund was highly evaluated



2017 30th Nikkei New Office Awards

7 Days Plaza Hirakata received
the New Office Promotion Award
for being a bank especially open
to the community.



Resona adopted by 3 index of GPIF's selected 4 ESG index (domestic stock)

- FTSE Blossom Japan Index
- MSCI Japan ESG Select Leaders Index
- S&P/JPX Carbon Efficient Index Series

2018 Certified Health & Productivity Management Outstanding Organizations Recognition Program -White 500-

Certified as a company that views
the health of its employees as
a corporate objective and acts in
a strategic fashion to ensure it



健康経営優良法人
Health and productivity
ホワイト500

FY2017 Osaka City Female Achievement Leading Company Mayor Award

Kansai Urban Banking Corporation:
Highest award

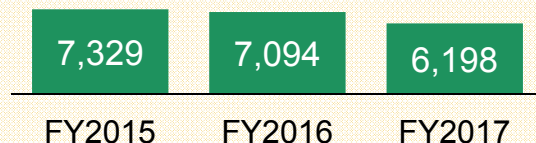
Resona Bank: Excellent Award
Kinki Osaka Bank: Excellent Award



Initiatives for a Better Society

Community

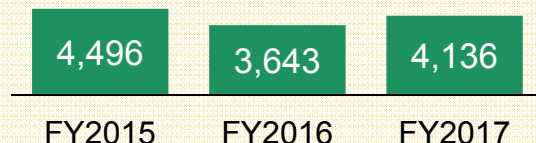
[“Re: Heart Club” members]



- “Re: Heart Club” (Employee volunteer group) joined various community activities
- Supported regional revitalization through the Resona Group Regional Revitalization Council
- Privately-placed bonds with donations
 - CSR privately-placed bond: Japan Expo/SDGs Support Fund: JPY47 bn (FY ’17)
 - CSR privately-placed bond: SDGs Support Fund: JPY34.9 bn (1H FY’18)

Next Generation

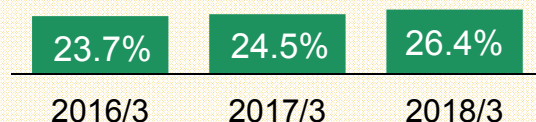
[Resona Kids’ Money Academy participants]



- Regularly hosting “Resona Kids’ Money Academy”(a financial and economic education activity for children) since 2005: Total of 37,000 participants
- Organized career seminars for high-school students: 78 participants (held in Oc. ’18)
- Resona Foundation for Future: Provided scholarships to a total of 134 students

Diversity

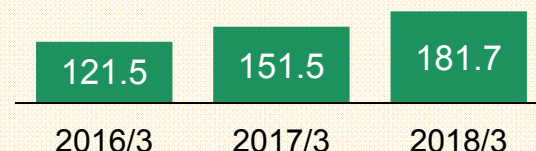
[Proportion of female line managers]



- Vibrant and diversified employees, Introduced “Smart Employee” position
 - Proportion of women in managerial posts 26.4%
- Project called “Watashi no Chikara (My Power)” that involves female employees developing products for women
 - Developed products for women: “cannael” and “Karada Kakumei” (life insurance).

Environment

[Environment-friendly corporate loans(JPY bn)]



- Action to reduce environmental impact through eco-friendly products/services
- Reduced paper usage through digitalization
- Specify action on climate change and other societal issues as a component of our credit policy

Sound Balance Sheet

RHD
Consolidated

As of March 31, 2018

Loans JPY 28.7 tn	Fixed-rate loans* ¹ JPY6.6 tn	Ordinary deposits* ¹ JPY26.9 tn	Deposits and NCDs JPY 43.8 tn
	Short-term prime rate-base loans* ¹ JPY13.9 tn		
	Market rate- based loans* ¹ JPY8.0 tn		
Securities JPY5.2 tn		Other liquidity deposits* ¹ JPY4.0 tn	
JGB JPY1.7 tn* ¹		Time deposits* ¹ JPY10.6 tn	
Other assets JPY16.2 tn		NCDs* ¹ JPY1.3 tn	
Deposits at BOJ JPY12.7 tn* ¹		Other liabilities JPY4.3 tn	
		Total equity JPY2.1 tn	

Total assets JPY50.2 tn

As of September 30, 2018

Loans JPY 35.7 tn	Fixed-rate loans* ¹ JPY7.6 tn	Ordinary deposits* ¹ JPY30.5 tn	Deposits and NCDs JPY 51.6 tn
	Short-term prime rate-base loans* ¹ JPY18.4 tn		
	Market rate-based loans* ¹ JPY9.4 tn		
Securities JPY6.9 tn		Other liquidity deposits* ¹ JPY5.4 tn	
JGB JPY2.7 tn* ¹		Time deposits* ¹ JPY14.4 tn	
Other assets JPY17.8 tn		NCDs* ¹ JPY1.5 tn	
	Deposits at BOJ JPY14.4 tn* ¹	Other liabilities	JPY6.4 tn
		Total equity JPY2.3 tn	

Total assets JPY60.4 tn

*1. Total of group banks

Measures to Build Multifaceted Business Relationships with Customers

Total of
Two Banks
(RB, SR)

Visible progress has been made through the increase in the number of “Resona Loyal Customers”

Customer segments based on the depth of transactions with Resona Group banks			Number of Customers (thousands)			Top-line Income Per Customer *	Avg. # of Products Cross-sold	<div> Increase life-time profits by upgrading customer segments and by increasing the number of products </div>
			2013/9	2018/9	Change			
Premier		(1)	47.9	55.0	+ 7.1	81.5	7.50	<div> Number of Products Sold </div> <div> Upgrade Segments </div> <div> Higher Profit </div> <div> Profit Matrix by Customer Segment and Number of Products sold (Illustrative) </div> <div> Lower Profit </div>
AUM or Apartment loan exceeding JPY50 million								
Housing Loan		(2)	487.4	519.1	+ 31.7	25.8	4.71	
With housing loan for own home								
Asset Management		(3)	614.5	675.3	+ 60.8	6.2	4.64	
AUM exceeding JPY10 million								
Potential I		(4)	689.9	717.6	+ 27.6	1.9	3.52	
AUM exceeding JPY5 million								
Potential II		(5)	4,161.5	4,479.7	+ 318.2	* 1	3.91	
AUM below JPY 5 million/ 3 or more products sold								
Resona Loyal Customers (RLCs)		(6)	6,001.3	6,446.9	+ 445.5	4.3	4.04	
Potential III		(7)	5,308.0	4,759.5	(548.5)	0.1	1.64	
AUM below JPY 5 million/ 2 or fewer products sold								

* Indexed to average top-line income per client for Potential II segment = 1

Business Results by Major Group Business Segments

Management accounting by major group business lines (1H of FY2018)

(JPY bn, %)

Resona Group Business Segments		Profitability			Soundness	Net operating profit after a deduction of credit cost												
		Net profit after a deduction of cost on capital	Risk-adjusted return on capital	Cost to income ratio	Internal CAR	Actual net operating profit								Credit cost				
						RVA ^{*1}	RAROC	OHR		YoY Change		YoY Change	Gross operating profit		Operating expense			YoY Change
	Customer Divisions (1)	38.1	18.9%	62.6%	9.5%	96.9	+11.1	88.8	+9.7	237.6	+11.9	(148.9)	(1.8)	8.1	+1.4			
	Personal Banking (2)	20.2	30.8%	71.5%	10.5%	32.2	+7.9	30.6	+4.3	107.6	+5.2	(76.9)	(0.9)	1.5	+3.6			
	Corporate Banking (3)	17.8	15.8%	55.3%	9.3%	64.7	+3.2	58.1	+5.4	130.0	+6.6	(71.9)	(0.9)	6.5	(2.2)			
	Markets (4)	10.6	23.1%	19.1%	14.4%	21.1	(8.1)	21.1	(8.1)	26.1	(8.3)	(5.0)	+0.1	-	-			
	KMFG (5)	(12.5)	12.3%	76.3%	7.0%	15.0	(5.1)	18.0	(1.5)	76.5	(1.6)	(58.4)	+0.1	(3.0)	(3.6)			
	Total ^{*2} (6)	21.5	14.2%	62.5%	8.5%	133.2	+1.0	128.1	+3.2	337.4	+2.4	(211.1)	(0.9)	5.1	(2.2)			

*1. RVA: Resona Value Added (Net profit after a deduction of cost on internally allocated capital)

*2. Numbers reported above refer to 2 Resona Group banks and consolidated subsidiaries

Consolidated Subsidiaries and Affiliated Companies

Major consolidated domestic subsidiaries (excluding group banks)

(JPY bn)

Name		Line of business	Capital contribution ratio	Fiscal year	Net income	YoY change
Resona Guarantee Co., Ltd.	(1)	Credit guarantee (Mainly mortgage loan) Japan's highest class of residential housing loan guarantee balances	Resona Holdings 100%	1H FY'18 (Sep.30 2018)	8.1	+1.9
Resona Card Co., Ltd.	(2)	Credit card Credit guarantee 1.6 million card members	Resona Holdings 77.5% Credit Saison 22.4%	1H FY'18 (Sep.30 2018)	1.0	+0.2
Resona Kessai Service Co., Ltd.	(3)	Collection service Factoring Collection services with 50 million cases annually	Resona Holdings 100%	1H FY'18 (Sep.30 2018)	0.3	+0.0
Resona Research Institute Co., Ltd.	(4)	Business consulting service Management consulting with 800 project annually	Resona Holdings 100%	1H FY'18 (Sep.30 2018)	0.0	(0.0)
Resona Capital Co., Ltd.	(5)	Venture capital IPO support, SME business succession, re-growth support	Resona Holdings 100%	1H FY'18 (Sep.30 2018)	0.0	+0.0
Resona Business Service Co., Ltd.	(6)	Back office work Employment agency Practices quick and accurate operations	Resona Holdings 100%	1H FY'18 (Sep.30 2018)	0.0	(0.0)
Resona Asset Management Co., Ltd.	(7)	Investment Trust Management Business started in Sep. 2015 utilizing 50 years of RB pension management expertise	Resona Holdings 100%	1H FY'18 (Sep.30 2018)	0.0	+0.1
Total (7 Companies)					9.6	+2.3

Major consolidated overseas subsidiaries

Name		Line of business	Capital contribution ratio	Fiscal year	Net income	YoY change
P.T. Bank Resona Perdania	(8)	Banking business (Indonesia) Oldest Japan-affiliated bank in Indonesia	Resona Group 43.4% (Effective control approach)	1H FY'18 (Jun.30 2018)	(0.1)	(0.8)
P.T. Resona Indonesia Finance	(9)	Leasing business (Indonesia)	Resona Group 100%	1H FY'18 (Jun.30 2018)	0.0	+0.0
Resona Merchant Bank Asia	(10)	Finance, M&A (Singapore) Became consolidated subsidiary July 2017; direct financing and M&A brokerage, etc.	Resona Group 100%	1H FY'18 (Jun.30 2018)	(0.1)	(0.2)
Total (3 Companies)					(0.2)	(0.9)

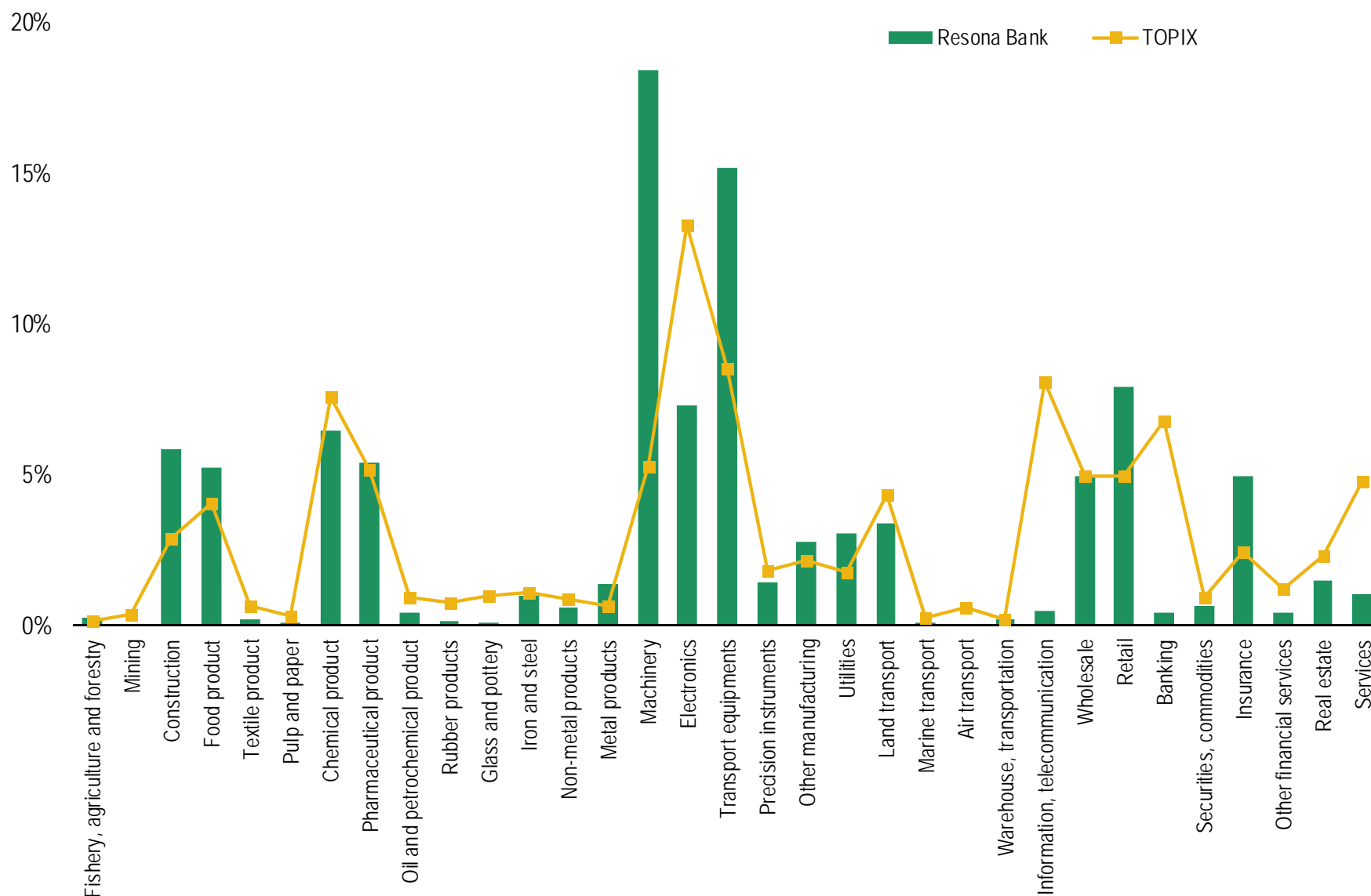
Affiliated company accounted for by the equity method

Name		Line of business	Capital contribution ratio	Fiscal year	Net income	YoY change
Japan Trustee Services Bank, Ltd.	(11)	Banking and Trust One of the largest asset size in Japan	Resona Group 33.3% Sumitomo Mitsui Trust HD 66.6%	1H FY'18 (Sep.30 2018)	0.3	(0.1)
NTT Data Sofia	(12)	IT system development Became affiliated company accounted for by the equity method in Oct. 2017; responsible for the system development of the group	Resona Holdings 15% NTT Data 85%	1H FY'18 (Sep.30 2018)	0.1	+0.1
D&I Information Systems	(13)	IT system development	Resona Holdings 15% IBM Japan 85%	1H FY'18 (Jun.30 2018)	0.1	(0.0)
Shutoken Leasing New	(14)	Leasing business Became affiliated company accounted for by the equity method in Jul. 2018; responsible for the leasing business of the group	Resona Holdings 20.26% Mitsubishi UFJ Lease & Finance 70.71%	1H FY'18 (Sep.30 2018)	0.6	(0.0)
DFL Lease New	(15)	Leasing business	Resona Holdings 20% Mitsubishi UFJ Lease & Finance 80%	1H FY'18 (Sep.30 2018)	0.3	+0.0
Total (5 Companies)					1.6	+0.0

* Fiscal year end of the overseas subsidiaries (8)-(10) and D&I Information Systems (13) are December 31. HD's consolidated business results reflect the accounts of these subsidiaries settled on June 30.

Stocks Held by Industry (September 30, 2018)

RB



(Balance sheet amount)

Swap Positions by Remaining Periods

RHD
Consolidated

- Notional amounts of interest rate swaps (deferred hedge accounting applicable) by remaining period

(JPY bn)

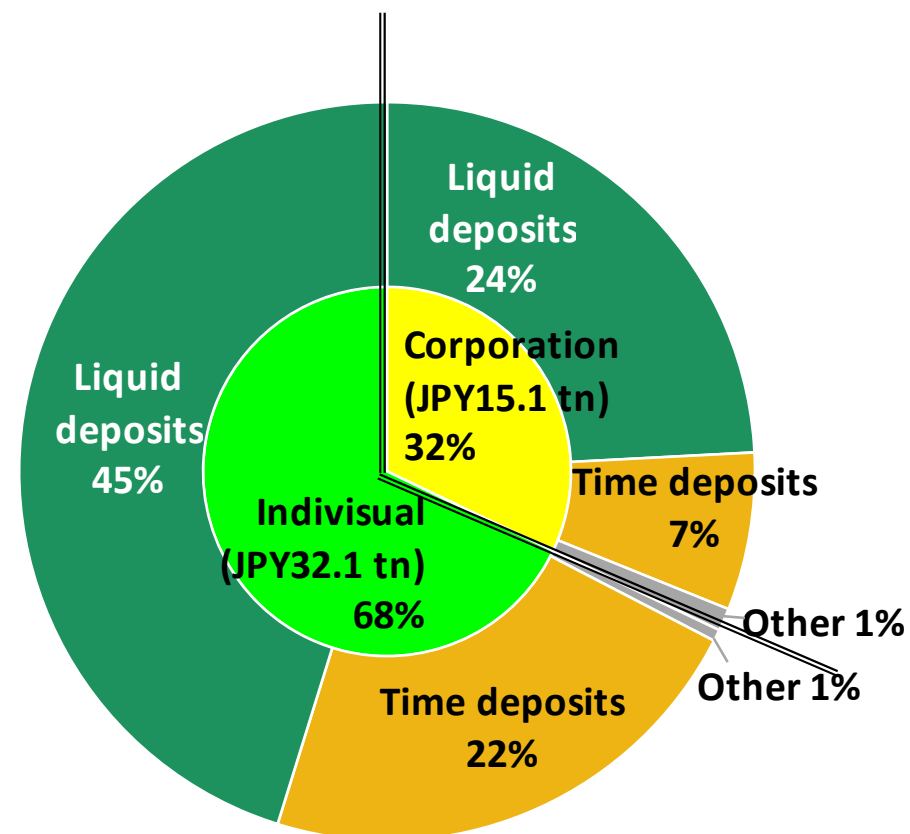
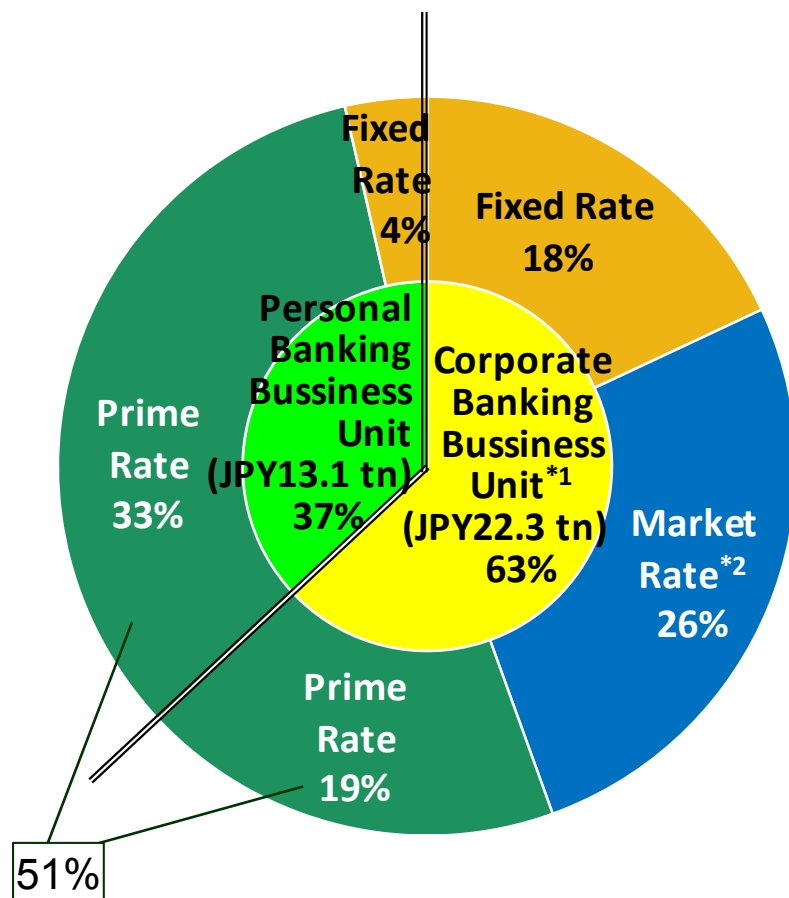
		Sep. 30, 2018				Mar. 31, 2018			
		Within 1 year	1 to 5 years	Over 5 years	Total	Within 1 year	1 to 5 years	Over 5 years	Total
Receive fixed rate/ Pay floating rate	(1)	65.0	920.0	680.0	1,665.0	40.0	725.0	930.0	1,695.0
Receive floating rate/ Pay fixed rate	(2)	57.2	454.6	552.5	1,064.4	204.1	479.1	573.3	1,256.6
Net position to receive fixed rate	(3)	7.7	465.3	127.4	600.5	(164.1)	245.8	356.6	438.3

Composition of Loan Portfolio and Deposits (September 30, 2018)

Total of
Five Banks

Loans^{*1}

Deposits^{*3}



*1. Corporate Banking Business Unit includes apartment loans

*2. Market rate-linked loans include the fixed-rate (spread) loans maturing in less than one year

*3. Domestic individual deposits + Domestic corporate deposits

Maturity Ladder of Loan and Deposit (Domestic Operation)

Total of
Two Banks
(RB, SR)

Loans and bills discounted

[End of March 2018]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(1)	1.1%	1.0%	6.2%	15.5%	23.9%
Prime rate-based	(2)	46.2%	0.1%			46.3%
Market rate-based	(3)	28.8%	0.9%			29.8%
Total	(4)	76.2%	2.0%	6.2%	15.5%	100.0%

Loans maturing
within 1 year

78.2%

[End of September 2018]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(5)	1.1%	1.0%	6.2%	15.6%	23.9%
Prime rate-based	(6)	45.7%	0.0%			45.7%
Market rate-based	(7)	29.4%	1.0%			30.4%
Total	(8)	76.2%	2.0%	6.2%	15.6%	100.0%

Loans maturing
within 1 year

78.2%

[Change in 1H FY2018]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(9)	(0.1)%	(0.1)%	(0.0)%	+0.1%	(0.1)%
Prime rate-based	(10)	(0.5)%	(0.0)%			(0.5)%
Market rate-based	(11)	+0.6%	+0.1%			+0.6%
Total	(12)	(0.0)%	(0.0)%	(0.0)%	+0.1%	-

Loans maturing
within 1 year

(0.1)%

Deposits

[End of March 2018]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(1)	54.0%	1.2%	4.6%	16.0%	75.7%
Time deposits	(2)	12.0%	6.9%	4.3%	1.2%	24.3%
Total	(3)	65.9%	8.0%	8.9%	17.2%	100.0%

[End of September 2018]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(4)	39.2%	1.9%	7.7%	26.8%	75.7%
Time deposits	(5)	12.2%	6.5%	4.2%	1.4%	24.3%
Total	(6)	51.4%	8.4%	12.0%	28.2%	100.0%

[Change in 1H FY2018]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(7)	(14.7)%	+0.8%	+3.1%	+10.8%	(0.0)%
Time deposits	(8)	+0.2%	(0.4)%	(0.0)%	+0.2%	+0.0%
Total	(9)	(14.5)%	+0.4%	+3.1%	+11.0%	-

Migrations of Borrowers (1H of FY2018)

RB

■ Exposure amount basis (Migrations of borrowers for 1H of FY2018 *1)

		End of September 2018									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Effectively Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of March 2018	Normal	98.3%	0.6%	0.0%	0.0%	0.0%	0.0%	1.1%	1.1%	0.0%	-	0.6%
	Other Watch	12.4%	81.4%	1.0%	1.9%	0.1%	0.1%	3.2%	3.2%	0.0%	12.4%	3.0%
	Special Attention	35.7%	3.9%	48.2%	6.3%	0.4%	0.0%	5.7%	5.7%	0.0%	39.6%	6.6%
	Doubtful	1.4%	9.6%	0.2%	77.3%	4.0%	0.7%	6.8%	6.1%	0.7%	11.3%	4.7%
	Effectively Bankrupt	0.2%	0.2%	0.0%	0.6%	91.0%	2.7%	5.4%	4.1%	1.3%	1.0%	2.7%
	Bankrupt	0.0%	0.0%	0.0%	2.5%	0.0%	94.3%	3.1%	0.6%	2.5%	2.5%	-

*1. Above table shows how a borrower belonging to a particular borrower category as of the end of March 2018 migrated to a new category as of the end of September 2018.
 Percentage points are calculated based on exposure amounts as of the end of March 2018.
 New loans extended, loans partially collected or written-off(including partial direct written-off) during the period are not taken into account.
 "Other" as of the end of September 2018 refers to those exposures removed from the balance sheet due to collection, repayments, assignments or sale of claims.

List of Subordinated Bonds (September 30, 2018)

RB

Amount outstanding	Issue date	Maturity	Dividend rate
JPY50.0 bn	July 17, 2009	June 20, 2019	2.766%
JPY50.0 bn	March 4, 2010	March 4, 2020	2.084%
JPY40.0 bn	September 28, 2010	September 28, 2020	1.606%
JPY25.0 bn	June 1, 2011	June 1, 2021	1.878%
JPY20.0 bn	December 22, 2011	December 22, 2026	2.442%
JPY35.0 bn	March 14, 2012	March 15, 2022	1.78%
JPY16.0 bn	March 14, 2012	March 15, 2027	2.464%

Responses to the Ongoing International Discussion over Further Tightening of Financial Regulation (No serious impact on Resona)

Major items of financial regulation being discussed internationally

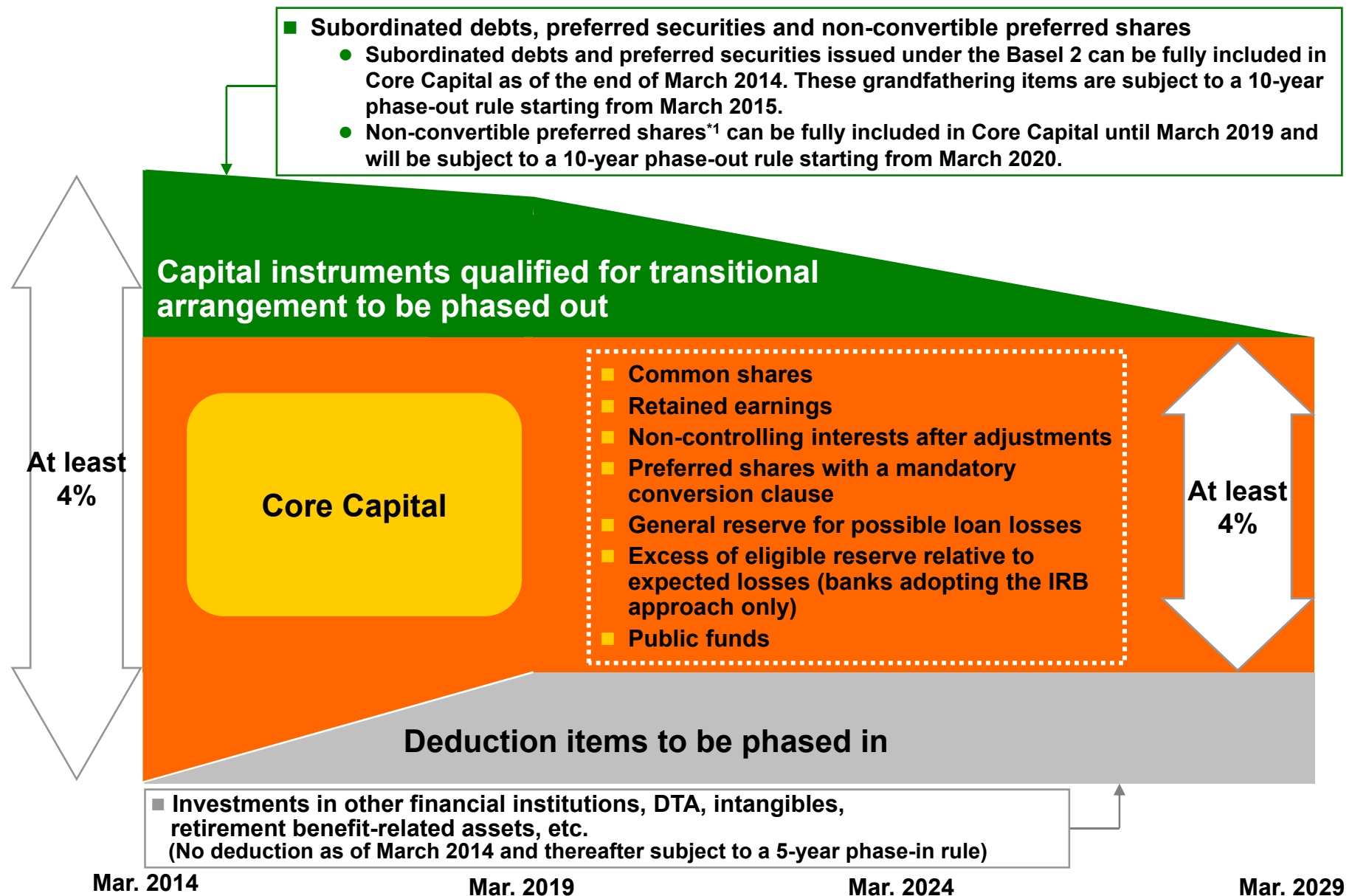
■ For many items, international rules will be finalized hereafter and local authorities will start working on domestic rules.

Major regulatory items	Outline	Important updates
Review of Standardized Approach (SA) (Credit and operational risks) Review of IRB approach, Capital floor based on SA	Reviewing credit risk measurement method to better reflect risks and ensure higher comparability Reviewing operational risk measurement method to reflect actual loss data New capital floor rule requiring a reference to the SA.	<ul style="list-style-type: none"> • International rules have been finalized in December 2017. • The impacts would be smaller than expected from the consultation draft. • Domestic rules will be formulated hereafter.
Liquidity regulations (LCR/NSFR)	[LCR] Requiring banks to hold high-quality liquid assets to prepare for significant outflow of funds under a severe stress. [NSFR] Requiring banks to hold certain capital and liabilities for the risk of having illiquid assets	<ul style="list-style-type: none"> • LCR requirement already started in 2015. (Applicable to banks subject to the International Std.) • Japanese authority is planning to introduce a local NSFR rule.
Leverage ratio	Introduced to complement capital adequacy ratio requirements. Tier 1 capital as a numerator. Exposure amount, not RWA, to be a denominator.	<ul style="list-style-type: none"> • Disclosure requirement already started in 2015 (Applicable to banks subject to the International Std.) • Japanese authority is planning to introduce a local rule for leverage ratio.
IRRBB (interest rate risk in the banking book)	Requiring banks to control interest rate risk within 15% of their Tier 1 capital	<ul style="list-style-type: none"> • Pillar 2 regulation. International rule already agreed on changes in how to measure, manage and disclose the interest rate risk.
Derivatives-related (Margin deposit, SA-CCR, CVA, etc.)	Requiring banks to pay/receive margin deposits for OTC derivatives not to be cleared by CCP. Including review of method to calculate derivatives exposure and CVA	<ul style="list-style-type: none"> • Resona is subject to the variable margin requirements from March 2017. Initial margin requirements are supposed to be introduced in September 2020. • International CVA rule has been finalized. Domestic CVA rules will be formulated hereafter. Adoption of SA-CCR (Standardized Approach) is optional for the time being.
Various capital buffers G-SIBs/D-SIBs, TLAC	Capital buffer requirements include capital conservation buffer, counter-cyclical buffer and SIBs' buffer. TLAC requires banks to hold additional capacity to absorb loss.	<ul style="list-style-type: none"> • Capital buffers were already introduced in March 2016 with a phase-in period given (Applicable to G-SIBs/D-SIBs, banks subject to the International Std.) • TLAC to be officially introduced in 2019 (applicable to G-SIBs)

■ Our responses and preparedness

- Secured sufficient capital needed to sustain our business model at this point in time.
- Even when regulations are tightened further, we establish a system with which we can control both numerator and denominator in a timely manner taking into account the comprehensive impacts of numerous regulations so that we can fulfill our mission of continuing to extend credits to our customers.

Outline of Eligible Capital under the Japanese Domestic Std.



*1. Non-cumulative preferred shares other than those with a mandatory conversion feature

Long Term Business Results

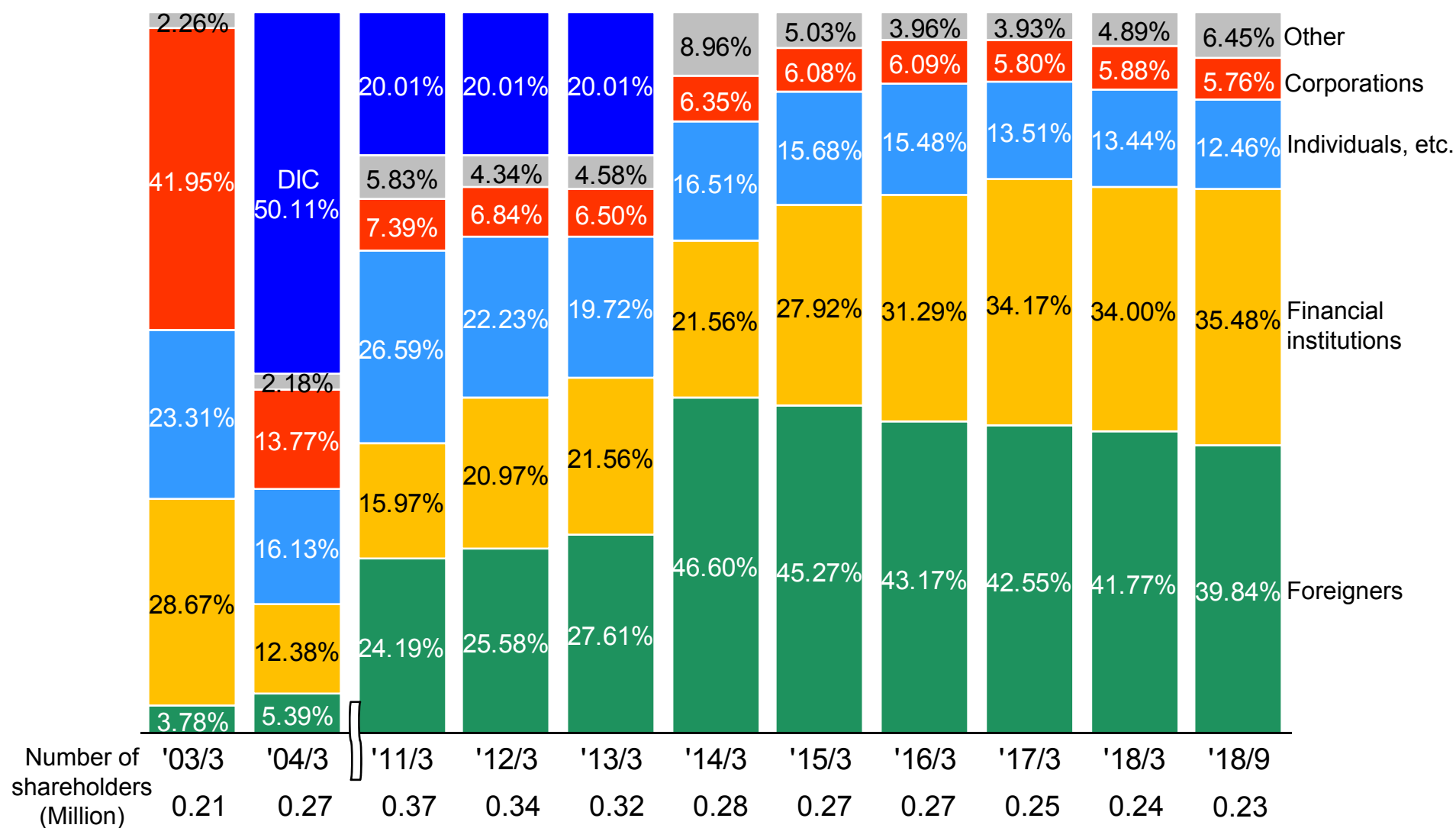
		3 banks										5 banks	
(JPY bn)			FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	1H FY2018
PL	Consolidated	Gross operating profit	739.5	678.3	667.0	655.2	637.1	608.5	632.4	619.5	563.1	552.5	336.8
		Net interest income	547.0	499.4	484.0	463.9	443.0	430.0	425.9	401.3	377.9	368.3	222.0
		Fee incomes*1	153.2	145.1	146.8	143.1	150.6	158.7	169.2	168.7	160.6	168.0	100.0
		Operating expenses	(384.4)	(387.5)	(369.4)	(360.9)	(361.6)	(348.4)	(357.7)	(347.5)	(362.4)	(360.6)	(220.6)
		Net gains/(losses) on stocks	(42.2)	0.6	(0.8)	2.3	(7.5)	22.6	44.5	(6.5)	25.1	16.7	2.7
		Credit related expenses	(181.4)	(114.6)	(61.5)	(13.8)	13.0	26.4	22.3	(25.8)	17.4	14.7	5.1
		Net income attributable to owners of the parent	123.9	132.2	160.0	253.6	275.1	220.6	211.4	183.8	161.4	236.2	122.1
BS	Total of group banks	Term end loan balance	26,608.9	26,306.1	26,177.9	26,050.4	26,682.1	26,986.0	27,755.5	27,932.1	28,412.0	28,992.1	35,927.4
		Loans to SMEs and individuals	22,218.6	22,320.8	22,166.3	22,235.8	22,659.5	22,912.6	23,454.9	23,645.8	24,163.8	24,728.4	30,756.5
		Housing loans*2	11,701.0	12,042.9	12,145.4	12,250.3	12,651.9	12,918.3	13,125.0	13,188.0	13,356.3	13,331.6	16,041.4
		Residential housing loans	8,593.5	8,857.4	8,973.6	9,095.3	9,441.3	9,705.2	9,905.1	10,015.1	10,218.6	10,267.5	12,477.0
	NPL ratio	2.42%	2.42%	2.43%	2.32%	2.06%	1.74%	1.51%	1.51%	1.35%	1.18%	1.16%	
	Consolidated	Stocks (Acquisition amount basis)	356.7	344.5	351.8	342.5	337.2	331.9	330.9	351.8	348.6	448.4	388.1
		Unrealized gains/(losses) on available-for-sale securities	(32.5)	120.6	92.8	131.9	258.0	333.2	573.6	460.6	555.8	658.2	664.9
Business	Total of group banks	Investment products sold	509.0	720.7	937.7	1,030.8	1,290.5	1,477.0	1,585.9	1,211.3	801.6	945.6	550.2
		Investment trust/ Fund wrap	314.9	494.6	725.8	742.6	972.7	1,185.2	1,225.1	831.9	573.1	723.0	374.3
		Insurance	194.1	226.1	211.9	288.3	317.8	273.2	360.7	379.3	228.5	222.6	175.8
		Housing loan*2	1,222.4	1,435.4	1,341.1	1,301.8	1,559.5	1,478.6	1,352.9	1,292.7	1,481.4	1,174.9	745.2
		Residential housing loans	894.0	1,147.7	1,098.6	1,048.6	1,225.5	1,162.3	1,042.2	1,011.7	1,198.7	939.0	618.1
		Real estate business	7.2	6.3	6.6	7.7	7.8	8.3	11.2	13.3	13.4	12.8	6.3
Remaining public fund balance			2,085.2	2,085.2	871.6	871.6	871.6	356.0	128.0	-	-	-	-

*1. Fees and commissions income plus trust fees *2. Includes apartment loans (Origination Includes Flat35)

Credit Rating Information (Long Term)

	Moody's	S&P	R&I	JCR
Resona Holdings	-	-	A	-
Resona Bank	A2	A	A+	AA- (Upgrade from A+ in '18/9)
Saitama Resona Bank	A2	-	A+	AA- (Upgrade from A+ in '18/9)
Kansai Urban Banking Corporation	-	-	-	A+ (Upgrade from A in '18/9)
Kinki Osaka Bank	A2	-	-	-
Minato Bank	A2	-	-	A+ (Upgrade from A in '18/9)

Composition of Resona HD's Common Shareholders

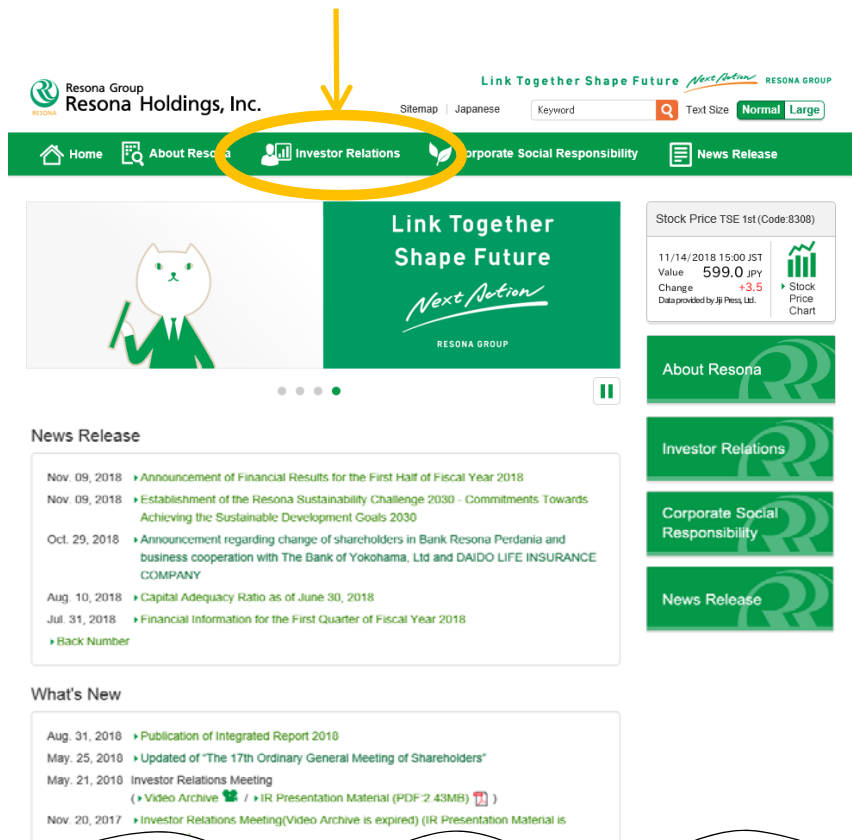


Proactively Communicating with Our Shareholders and Investors

Resona Group HP

<https://www.resona-gr.co.jp/holdings/english/index.html>

View IR presentation material from here



Integrated Report of Resona Group

Integrated Report explains in a simple manner to all stakeholders the Resona Group's strengths and measures undertaken to create sustainable corporate value

