

# Financial Highlights for the First Half of Fiscal Year 2018



**Resona Holdings**

**November 9, 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)
	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 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	
					%		%
<b>Net income attributable to owners of the parent</b>	(1)	<b>122.1</b>	<b>+28.0</b>	<b>+29.8%</b>		<b>+24.0</b>	<b>+24.4%</b>
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 <sup>*1</sup>	(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)
<b>Actual net operating profit</b>	(15)	<b>127.5</b>	<b>+18.9</b>	<b>+17.4%</b>		<b>+4.6</b>	<b>+3.7%</b>
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	
<b>Net income before income taxes and non-controlling interests</b>	(19)	<b>160.7</b>	<b>+47.1</b>	<b>+41.4%</b>		<b>+33.4</b>	<b>+26.3%</b>
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				
<b>Gross operating profit</b> (1)	<b>336.8</b>	<b>+58.0</b>	<b>+3.8</b>	<b>309.8</b>	<b>(1.2)</b>	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
<b>Actual net operating profit</b> (10)	<b>127.5</b>	<b>+18.9</b>	<b>+4.6</b>	<b>110.1</b>	<b>(2.3)</b>	<b>71.0</b>	<b>25.4</b>	<b>13.6</b>	<b>17.4</b>
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
<b>Net income before income taxes</b> (15)	<b>160.7</b>	<b>+47.1</b>	<b>+33.4</b>	<b>106.3</b>	<b>(66.5)</b>	<b>73.0</b>	<b>23.1</b>	<b>10.1</b>	<b>54.4</b>
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)
<b>Net income (attributable to owners of the parent)</b> (18)	<b>122.1</b>	<b>+28.0</b>	<b>+24.0</b>	<b>75.8</b>	<b>(79.6)</b>	<b>52.1</b>	<b>15.9</b>	<b>7.7</b>	<b>46.2</b>

\*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.

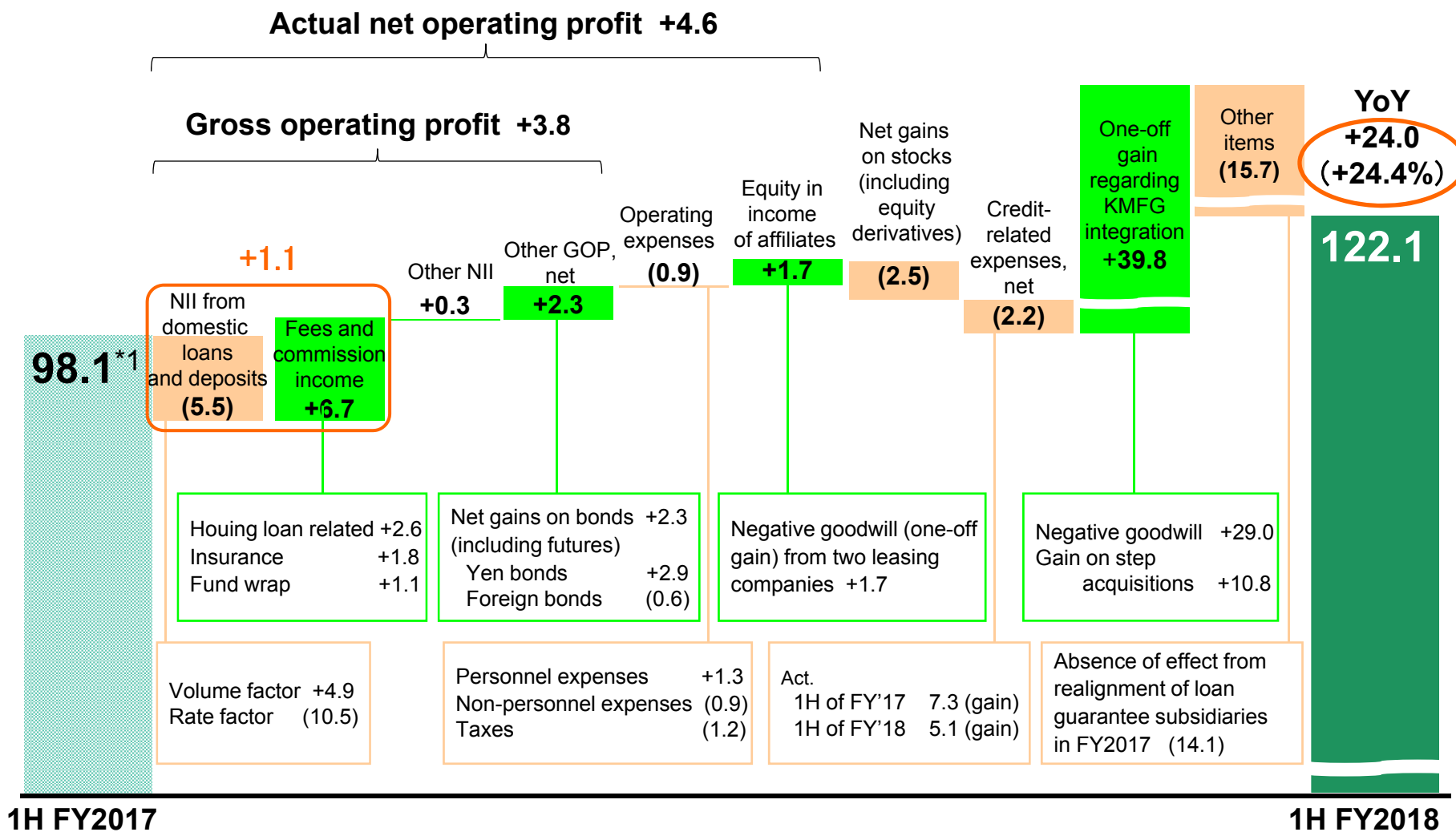
\*b. Gain on sale of shares of Resona Guarantee totaling JPY 52.9 bn (JPY 39.3 bn recognized by RB and JPY 13.5 bn by SR, respectively)  
(Cancelled out in consolidation)

\*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)

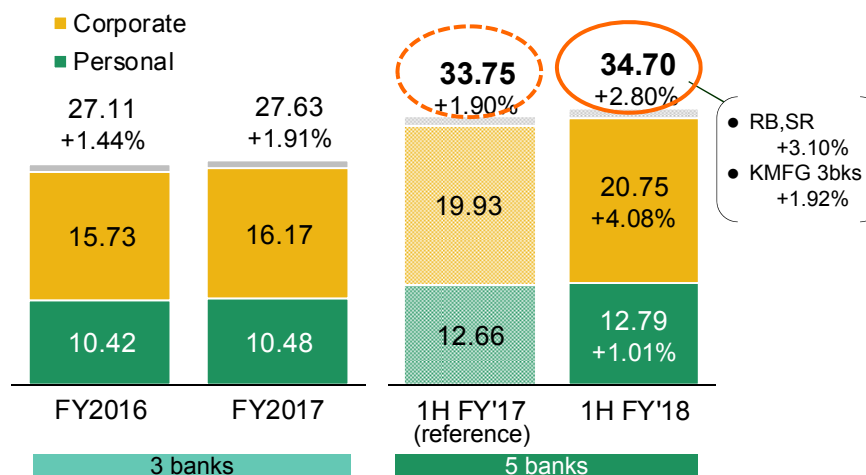
Total of Group Banks

## Average loan / deposit balance, rates and spread

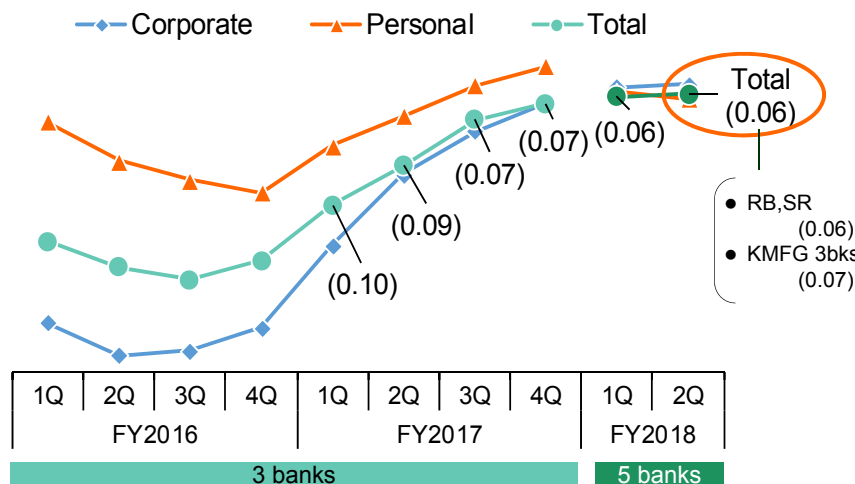
Avg. bal : Trillion Yen Income/Cost : Billion Yen		5 banks			
		1H		FY2018	
		Act.	Adjusted YoY	Revised plan	YoY [vs. '18/3]
Loans	Avg. Bal. (1)	34.70	+2.80%	34.79	+2.54% [+0.59%]
	Rate (2)	1.04%	(0.06)%	1.03%	(0.06)%
	Income (3)	182.0	(6.4)	360.0	(14.3)
Corporate Banking Business Unit *1	Avg. Bal. (4)	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

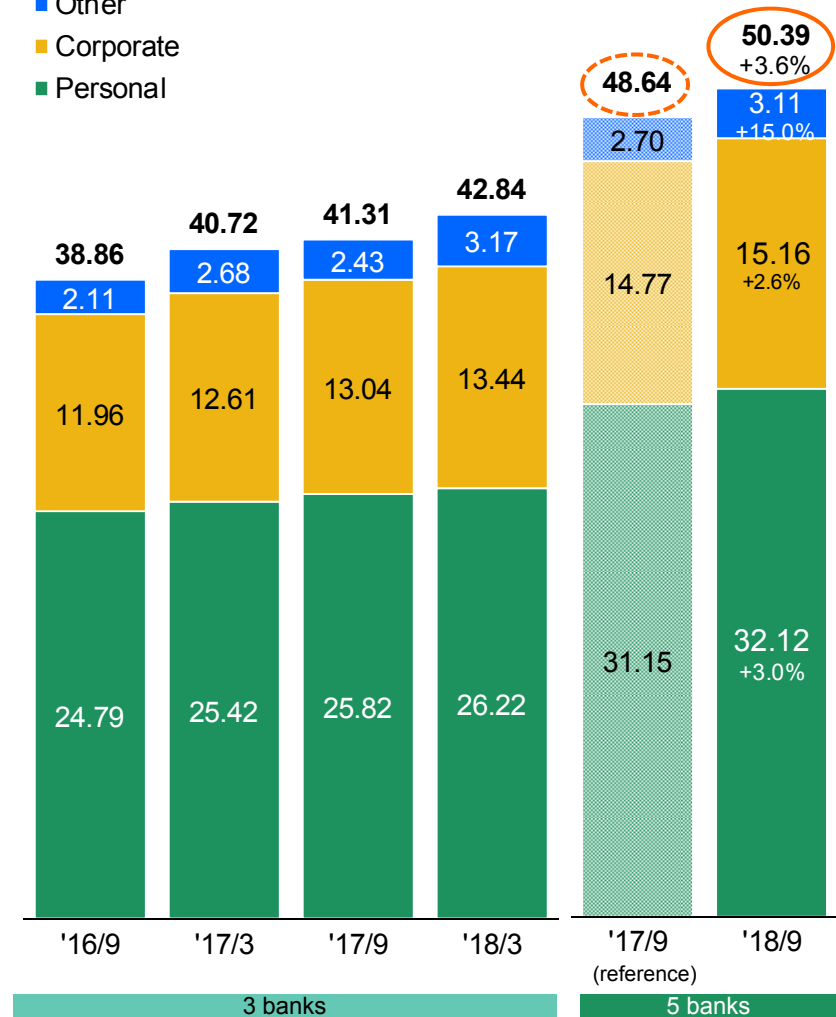
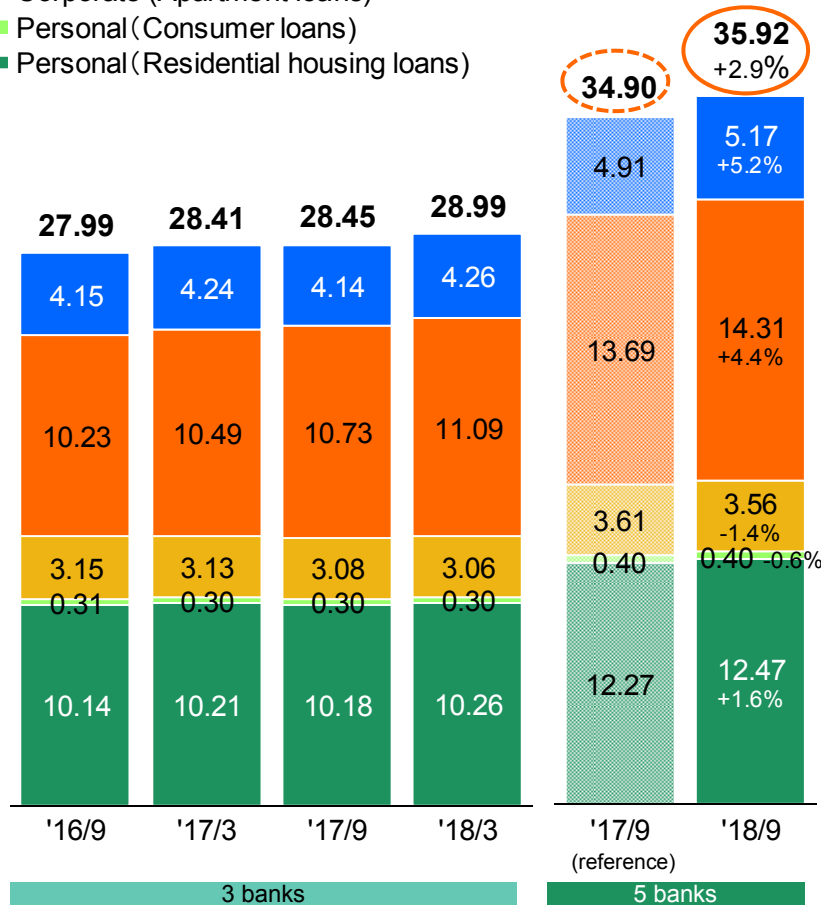
## Term-end loan balance

## 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)

- Other
- Corporate
- Personal



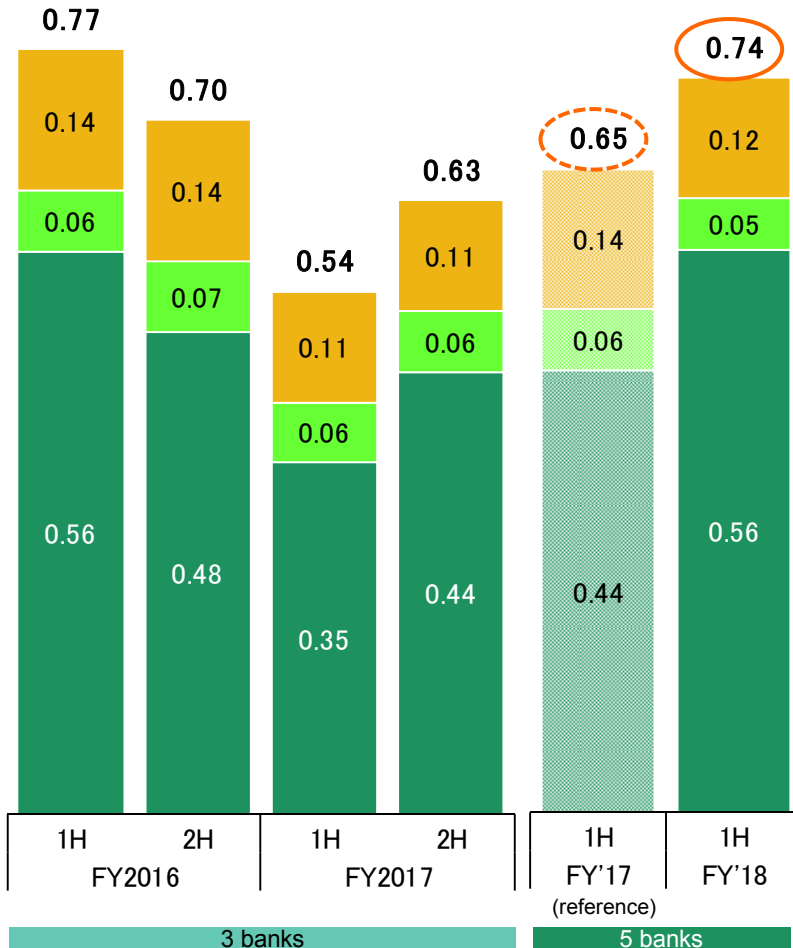
# Housing Loan Business

Total of Group Banks

## New loan origination

(JPY tn)

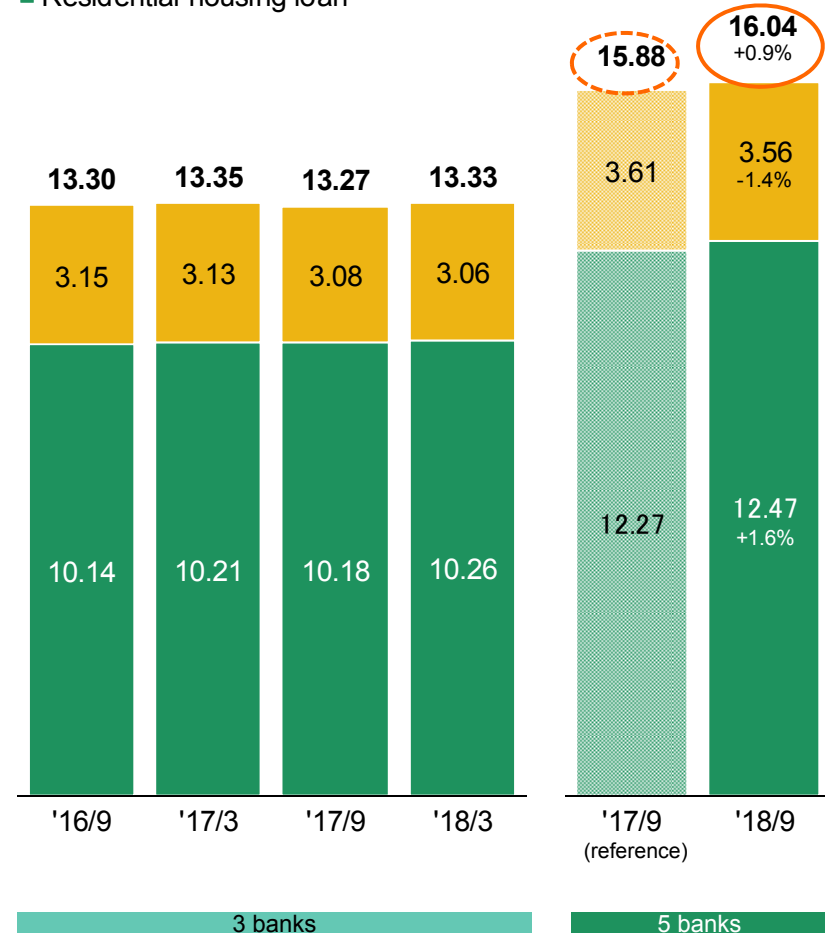
- Apartment loan
- Flat 35
- Residential housing loan



## Term-end loan balance

(JPY tn, % represents YoY change)

- Apartment loan
- Residential housing loan

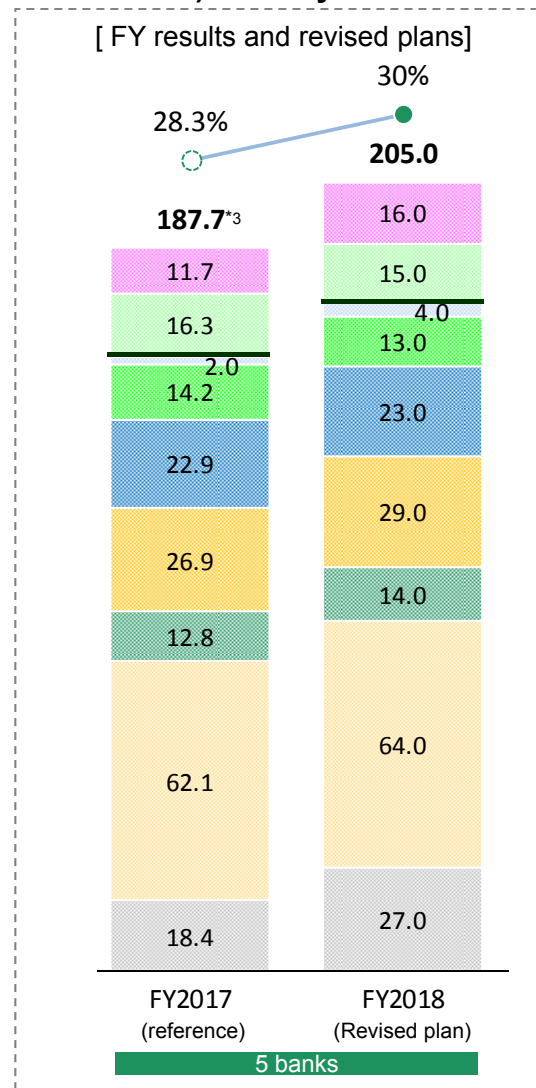
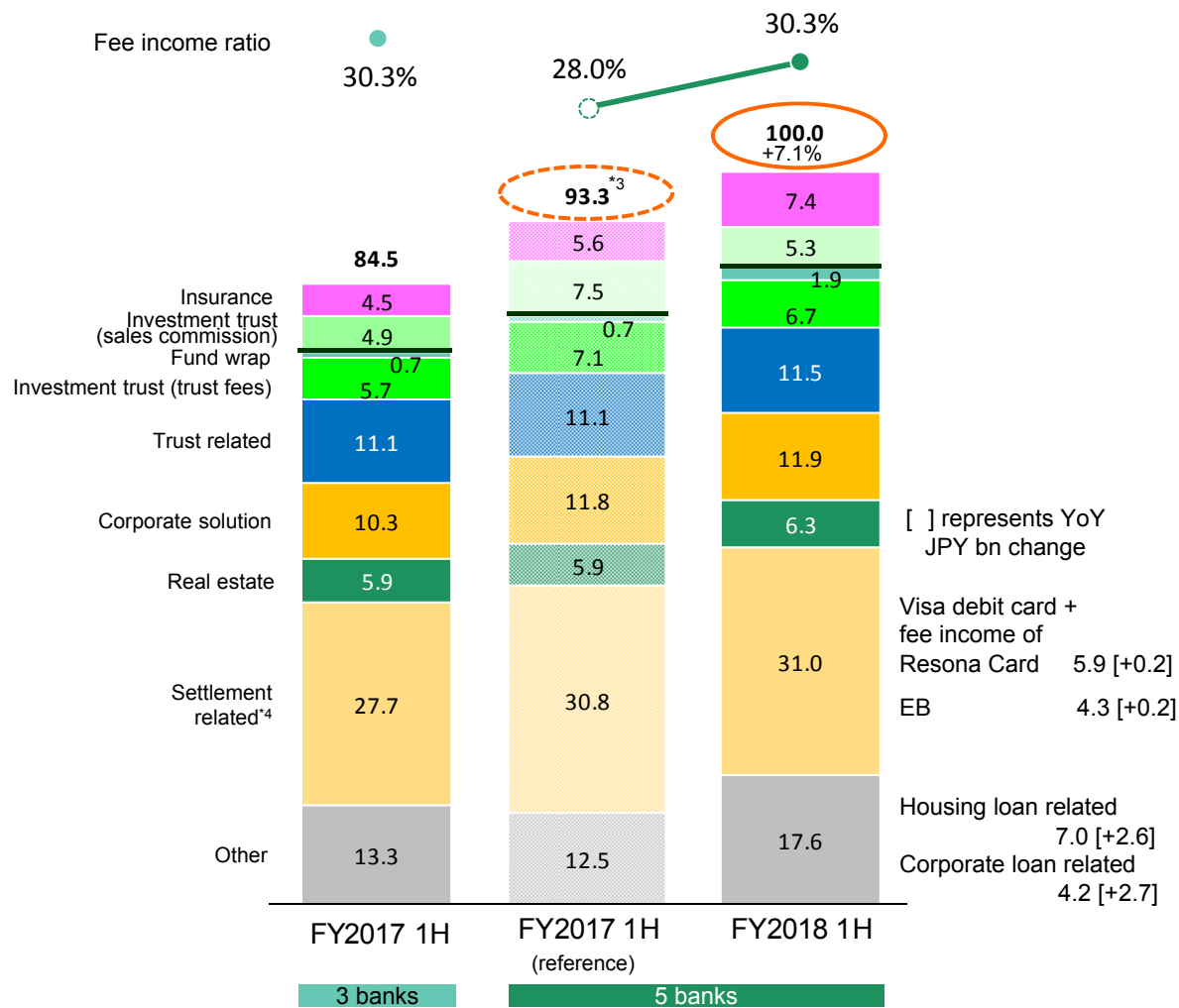




# Fee Income

- 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)



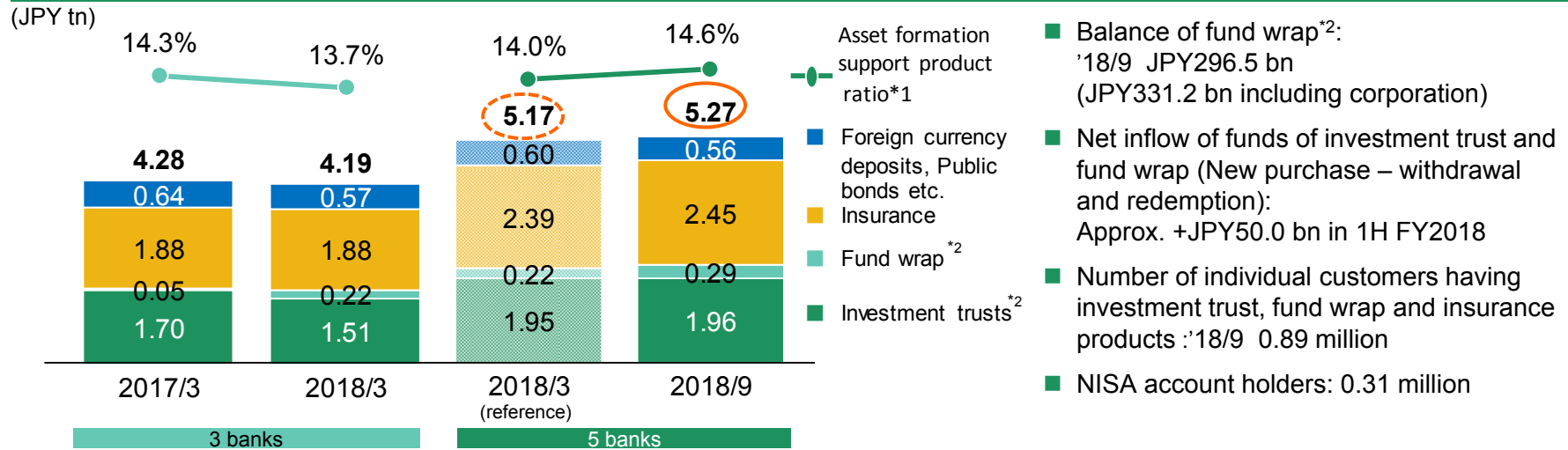
\*1. (Fees and commission income + trust fees) / Consolidated gross operating profit \*2. HD consolidated – KMFG consolidated

\*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

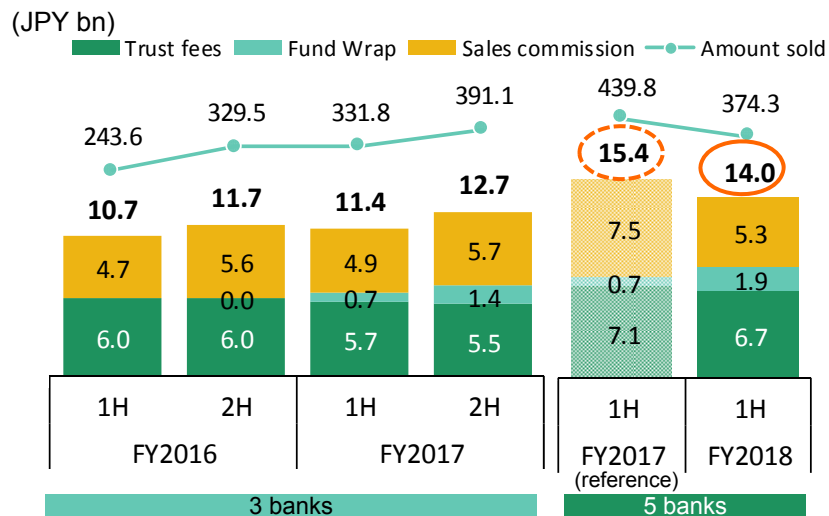
# Major Fee Businesses(1) (Asset Formation Support Business)

HD  
Consolidated

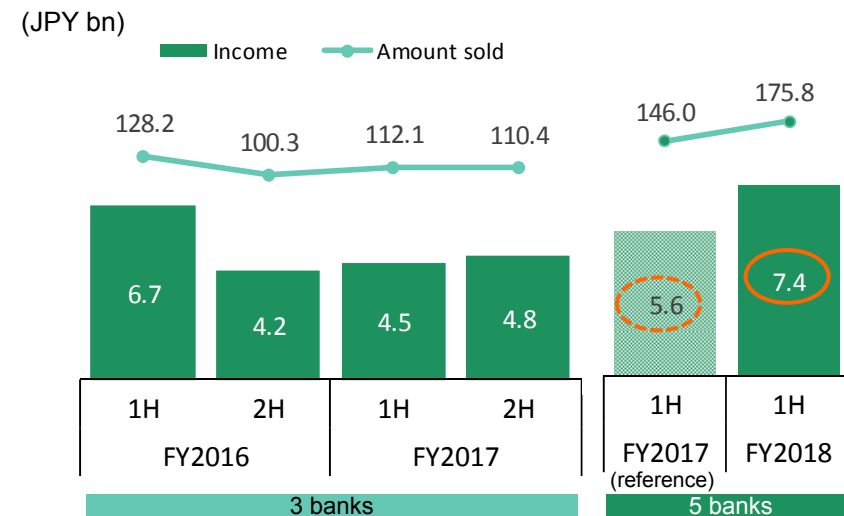
## Balance of asset formation support products sold to individuals



## 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

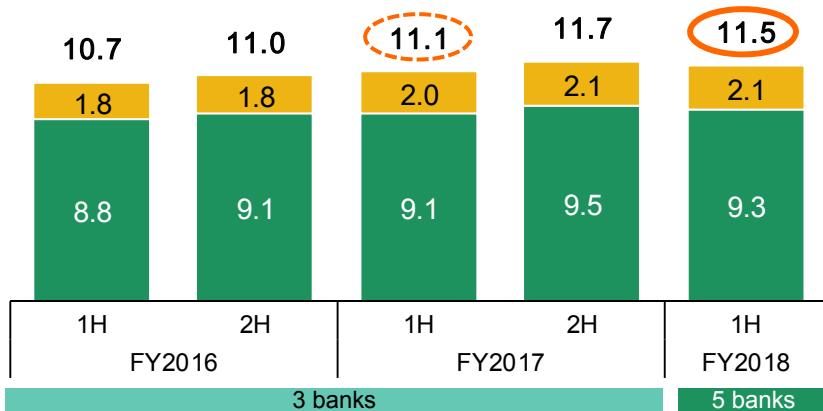
# Major Fee Businesses(2) (Trust, Corporate Solution, Real Estate Business)

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%)

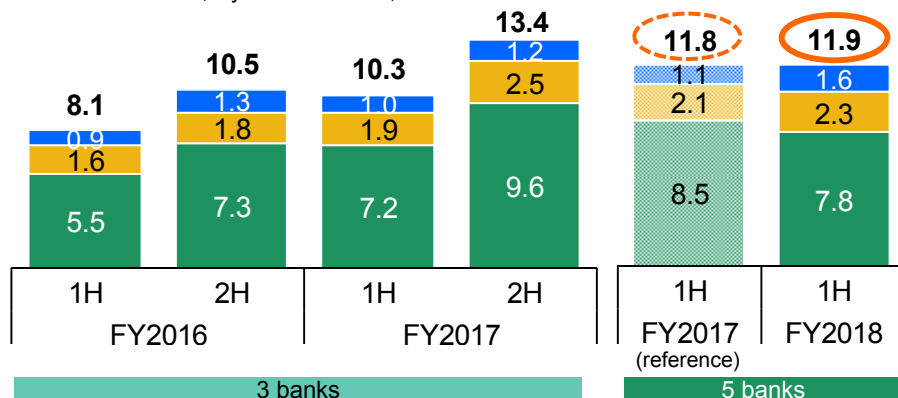
### Pension trust

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

## Corporate solutions business

(JPY bn)

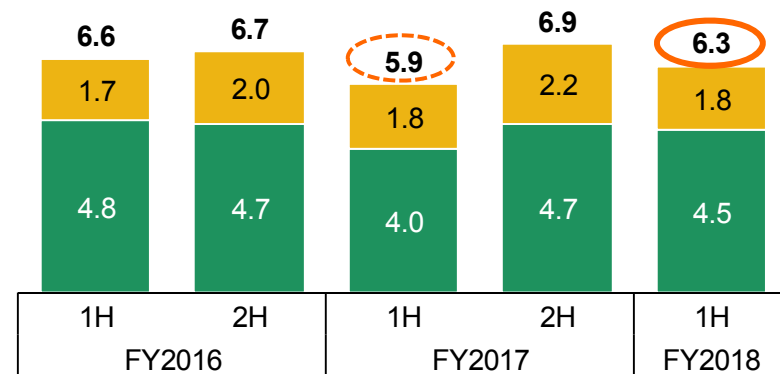
- M&A
- Private notes
- Commitment line, Syndicated loans, Covenants



## Real estate business\*1

(JPY bn)

- Consumer
- Corporate



\*1. Excluding gains from investments in real estate funds

# Credit Costs and NPL

## Credit costs

(JPY bn)	3 banks		5 banks			
	FY 2017	FY 2017 (reference)		FY 2018		
			1H Act.	Act.	1H Act.	Revised plan
<b>Net credit cost*<sup>1</sup></b> <b>(HD consolidated)</b>	(1)	14.7	7.3	10.1	5.1	(7.0)
<b>Net credit cost</b> <b>(Total of group banks)</b>	(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	
<b>Difference (1) - (2)</b>	(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)	
<b>&lt;Credit cost ratio&gt;</b> (bps)						
HD consolidated* <sup>1,2</sup>	(10)	5.1	4.1	2.8	2.8	(1.9)
Total of group banks* <sup>3</sup>	(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

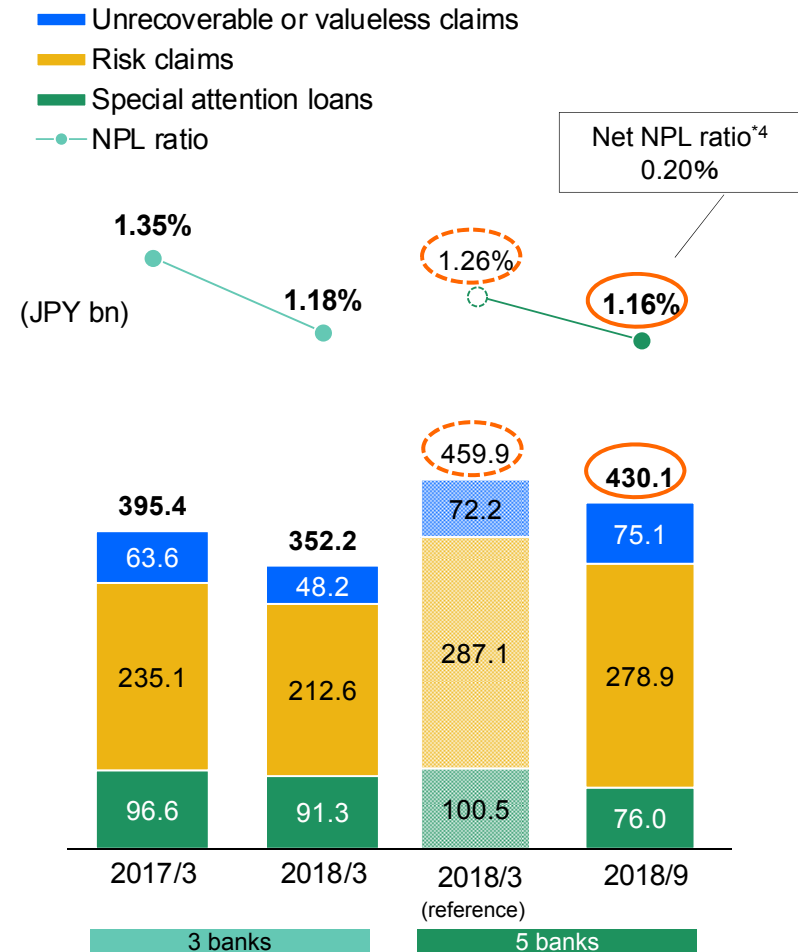
\*2. Credit cost / (Loans and bills discounted + acceptances and guarantees)  
(Simple average of the balances at the beginning and end of the term)

\*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

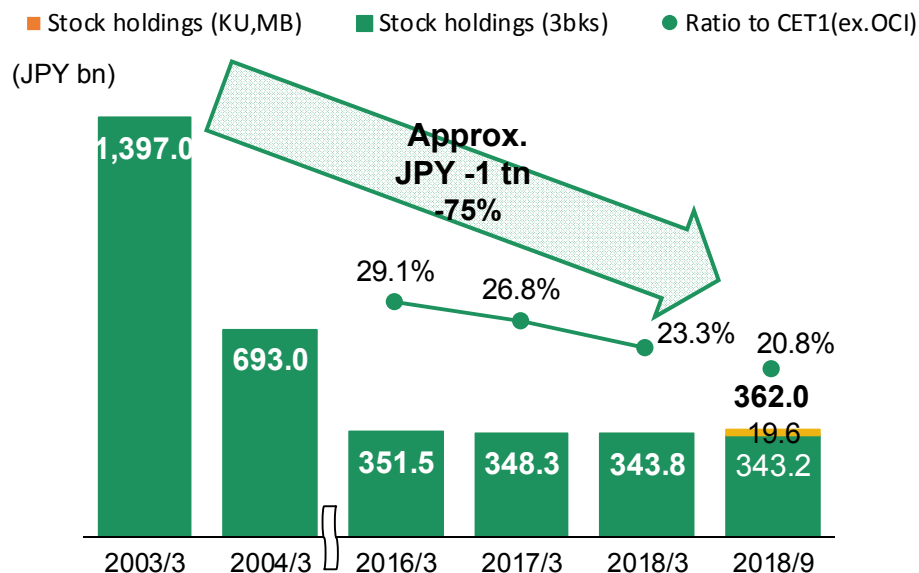
Total of Group Banks

## Securities portfolio\*1

(JPY bn)	3 banks		5 banks		Unrealized gain/(loss)
	2018/3	2018/3 (reference)	2018/3	2018/9	
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



\*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
<b>Capital adequacy ratio (1)</b>	<b>10.65%</b>	<b>10.17%</b>	<b>(0.48)%</b>
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
<b>Excluding net unrealized gains on available-for-sale securities (9)</b>	<b>9.50%</b>	<b>8.97%</b>	<b>(0.53)%</b>
Common Equity Tier1 capital ratio (10)	<b>12.58%</b>	<b>11.44%</b>	<b>(1.14)%</b>
Tier1 capital ratio (11)	<b>12.60%</b>	<b>11.54%</b>	<b>(1.06)%</b>
Total capital ratio (12)	<b>13.56%</b>	<b>12.34%</b>	<b>(1.22)%</b>
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)
<b>Capital adequacy ratio (24)</b>	<b>10.80%</b>	<b>12.94%</b>	<b>7.15%</b>
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)	5 banks total				Resona Bank				Saitama Resona Bank				KMFG (3 banks total)			
	1H Act.	Full-year target	Change from original target	YoY change	1H Act.	Full-year target	Change from original target	YoY change	1H Act.	Full-year target	Change from original target	YoY change	1H Act.	Full-year target	Change from original target	YoY change
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

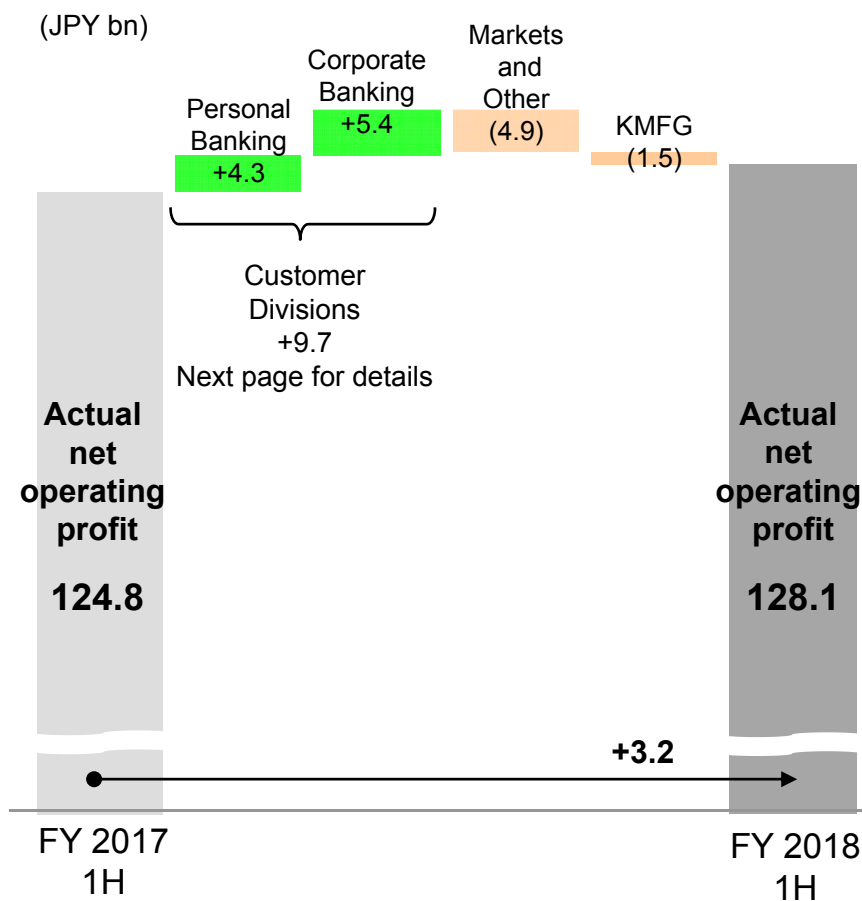
\*3. Net income attributable to non-controlling shareholders are not deducted from net income

# (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
<b>Customer Divisions</b>	Gross operating profit (1)	237.6	+11.9
	Operating expense (2)	(148.9)	(1.8)
	Actual net operating profit (3)	88.8	+9.7
<b>Personal Banking</b>	Gross operating profit (4)	107.6	+5.2
	Operating expense (5)	(76.9)	(0.9)
	Actual net operating profit (6)	30.6	+4.3
<b>Corporate Banking</b>	Gross operating profit (7)	130.0	+6.6
	Operating expense (8)	(71.9)	(0.9)
	Actual net operating profit (9)	58.1	+5.4
<b>Markets and Other</b>	Gross operating profit (10)	23.2	(7.7)
	Operating expense (11)	(3.7)	+0.8
	Actual net operating profit (12)	21.2	(4.9)
<b>KMFG</b>	Gross operating profit (13)	76.5	(1.6)
	Operating expense (14)	(58.4)	+0.1
	Actual net operating profit (15)	18.0	(1.5)
<b>Total</b>	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)

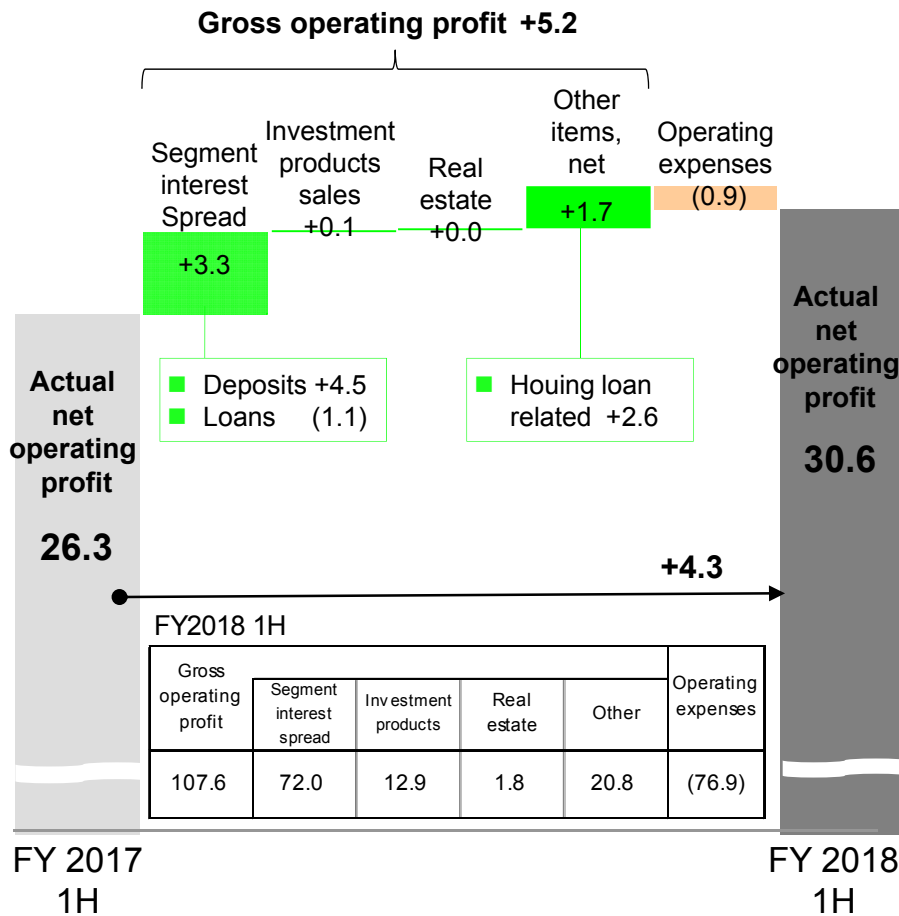
## Personal Banking Segment

## Corporate Banking Segment

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

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

(JPY bn)



(JPY bn)

