

Financial Highlights for Fiscal Year 2016



 **Resona Holdings**

May 12, 2017

Outline of Financial Results for FY2016

- **Net income attributable to owners of the parent :**
JPY161.4 bn
 - Down 22.3 bn, or -12.1%, YoY, or (8.6) bn below the target
 - Decline in actual net operating profit (13) : (56.8) bn YoY
 - Improvement in credit cost (15) : +43.3 bn YoY
- **Actual net operating profit : JPY218.2 bn**
 - Gross operating profit : 563.1 bn, down 56.4 bn, or (9.1)%, YoY
 - Decline in net interest income from loans and deposits (total of group banks) : (25.0) bn YoY
 - Loan-to-deposit spread decreased by -11bps YoY while the volume increased mainly due to increase in loans to SMEs and housing loans.
 - Net gains on bonds (including futures) : (25.1) bn YoY
 - Fees and commission income + Trust fees : (8.0) bn YoY
 - Decline in income from financial products sales was partly offset by increase in fees from corporate solutions and loan related fees.
 - Operating expenses : (344.9) bn, (0.4) bn YoY
- **Capital Management :**
Steps taken as planned at the beginning of the year
 - Repurchased and cancelled Class 6 Preferred Shares (75.0 bn), and increased common DPS by 2 yen.
- **Earnings target of net income attributable to owners of the parent for FY2017 : JPY150.0 bn**
- **Common DPS planned for FY2017 :**
Planning +1 yen DPS increase
 - From 19 yen to 20 yen per year
(10 yen to be paid as interim dividend)

	Resona HD consolidated (JPY bn)	FY2016			FY2017 Target	
		YoY change		vs. Target (Nov. 2016)		
			%			
Net income attributable to owners of the parent	(1)	161.4	(22.3)	(12.1)%	(8.6)	150.0
Gross operating profit	(2)	563.1	(56.4)	(9.1)%		568.5
Net interest income	(3)	377.9	(23.4)			
Nil from loans and deposits (total of group banks) ^{*1}	(4)	305.8	(25.0)			
Fee income	(5)	160.6	(8.0)			
Fee income ratio	(6)	28.5%	+1.2%			30.0%
Trust fees	(7)	17.9	(3.3)			
Fees and commission income	(8)	142.7	(4.7)			
Other operating income	(9)	24.5	(24.9)			
Net gains on bonds (including futures)	(10)	5.5	(25.1)			
Operating expenses (excluding group banks' non-recurring items)	(11)	(344.9)	(0.4)	(0.1)%		(346.0)
Cost income ratio (OHR)	(12)	61.2%	+5.6%			60.8%
Actual net operating profit^{*2}	(13)	218.2	(56.8)	(20.6)%		222.5
Net gains on stocks (including equity derivatives)	(14)	3.2	+4.9			
Credit related expenses, net	(15)	17.4	+43.3			
Other, net	(16)	(10.8)	(13.7)			
Income before income taxes	(17)	228.2	(22.3)	(8.9)%		
DPS (Yen per year)	(18)	19.0	+2.0	+11.7%		20.0
EPS (yen)	(19)	66.89	(8.84)			
BPS (yen)	(20)	786.94	+81.13			

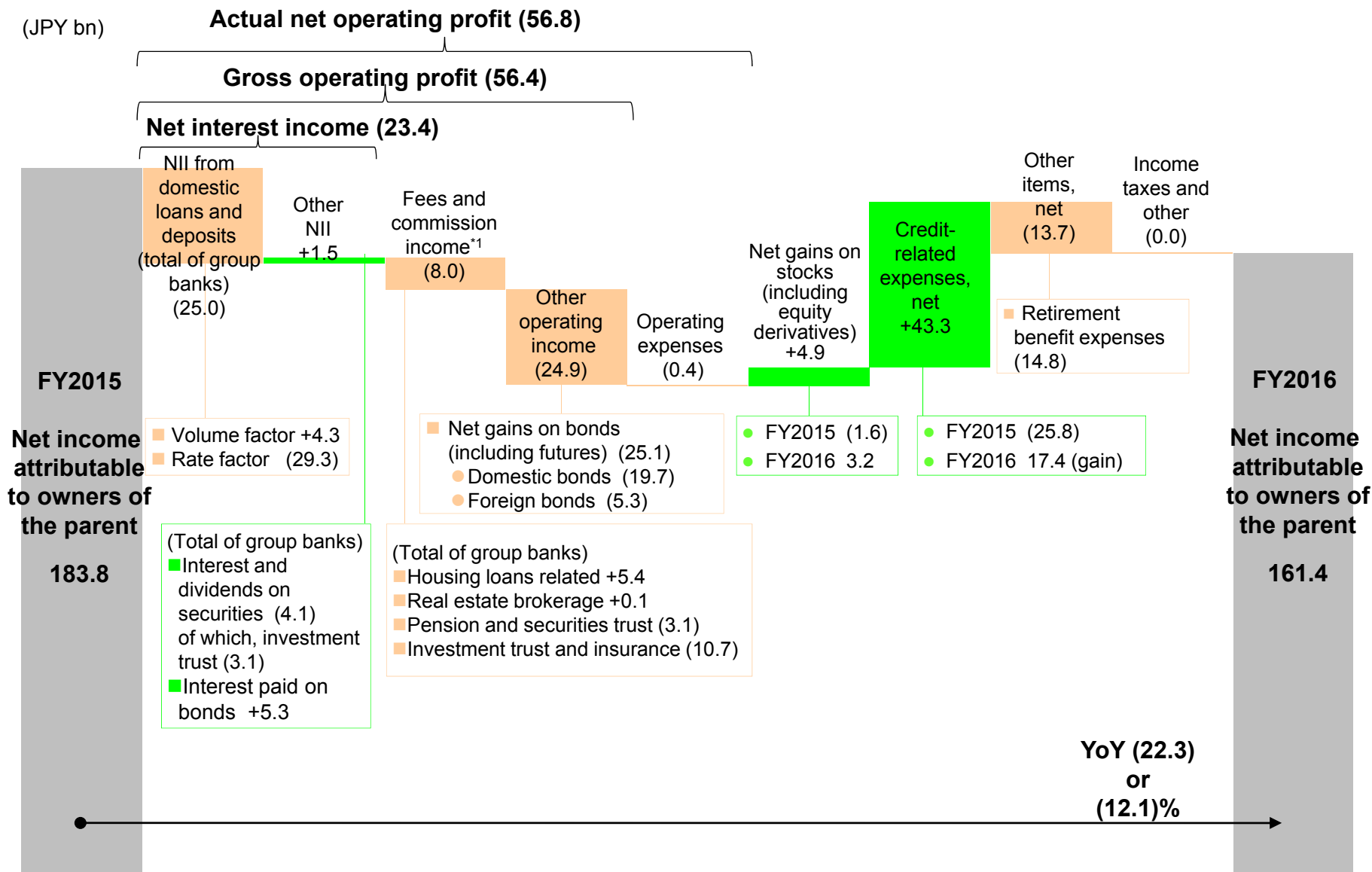
*1. Domestic banking account, deposits include NCDs. *2. Net operating profit before provision to general reserve for possible loan losses and disposal of problem loans in the trust account *3. Negative figures represent items that would reduce net income

Breakdown of Financial Results for FY2016

(JPY bn)	Resona Holdings (Consolidated)		Total of group banks (Non-consolidated)					Difference	
	(A)	YoY change	(B)	YoY change	Resona Bank	Saitama Resona Bank	Kinki Osaka Bank	(A)-(B)	YoY change
Gross operating profit (1)	563.1	(56.4)	517.7	(54.2)	352.2	122.1	43.3	45.4	(2.1)
Net interest income (2)	377.9	(23.4)	372.9	(22.5)	241.1	98.7	33.0	4.9	(0.8)
Nil from domestic loans and deposits (3)			305.8	(25.0)	192.9	83.9	28.8		
Trust fees (4)	17.9	(3.3)	17.9	(3.3)	17.9			(0.0)	+0.0
Fees and commission income (5)	142.7	(4.7)	103.2	(3.6)	74.3	21.2	7.7	39.4	(1.0)
Other operating income (6)	24.5	(24.9)	23.6	(24.6)	18.8	2.0	2.6	0.9	(0.2)
Net gains on bonds (including futures) (7)	5.5	(25.1)	5.5	(25.1)	3.0	0.0	2.3	-	-
Operating expenses (excluding group banks' non-recurring items) (8)	(344.9)	(0.4)	(326.7)	(0.3)	(214.2)	(74.8)	(37.6)	(18.2)	(0.0)
Actual net operating profit*¹ (9)	218.2	(56.8)	190.9	(54.6)	137.9	47.2	5.7	27.3	(2.1)
Net gains on stocks (including equity derivatives) (10)	3.2	+4.9	3.2	+5.1	(0.3)	2.6	0.9	0.0	(0.2)
Credit related expenses, net (11)	17.4	+43.3	18.2	+41.7	14.7	0.8	2.6	(0.7)	+1.5
Other gain/(loss), net (12)	(10.8)	(13.7)	(10.7)	(11.1)	(9.8)	(1.3)	0.4	(0.1)	(2.5)
Income before income taxes (13)	228.2	(22.3)	201.7	(19.0)	142.5	49.5	9.7	26.4	(3.3)
Income taxes and other (14)	(66.7)	(0.0)	(58.2)	(0.7)	(41.1)	(14.8)	(2.2)	(8.5)	+0.7
Net income (attributable to owners of the parent) (15)	161.4	(22.3)	143.5	(19.7)	101.3	34.7	7.5	17.9	(2.5)

*1. Net operating profit before provision to general reserve for possible loan losses and disposal of problem loans in the trust account

Factors for the Changes in Periodic Profits (YoY Comparison)



*1. Fees and commission income plus trust fees

Trend of Loans and Deposits

Total of Group Banks

Average loan / deposit balances, rates and spread

Avg. bal : Trillion Yen Income/Cost : Billion Yen			FY2016		FY2017	
			Act.	YoY	Plan	YoY
Average loan balance (Banking account) (1)			27.63	+1.39%		
Domestic acct.	Loans	Avg. Bal. (2)	27.11	+1.44%	27.43	+1.17%
		Rate (3)	1.14%	(0.13)%	1.06%	(0.08)%
		Income (4)	310.8	(31.8)	291.2	(19.6)
	Corporate Banking Business Unit *1,2	Avg. Bal. (5)	15.73	+1.10%	15.86	+0.82%
		Rate (6)	0.97%	(0.16)%	0.89%	(0.08)%
	Personal Banking Business Unit *1,3	Avg. Bal. (7)	10.42	+1.96%	10.60	+1.77%
		Rate (8)	1.43%	(0.09)%	1.35%	(0.08)%
	Deposits (Including NCDs)	Avg. Bal. (9)	39.66	+4.15%	39.37	(0.74)%
		Rate (10)	0.01%	(0.01)%	0.01%	(0.00)%
		Cost (11)	(5.0)	+6.8	(4.1)	+0.8
	Loan-to-deposit	Spread (12)	1.13%	(0.11)%	1.05%	(0.08)%
		Net interest income (13)	305.8	(25.0)	287.0	(18.7)

*1. Data compiled for a management and administration purpose

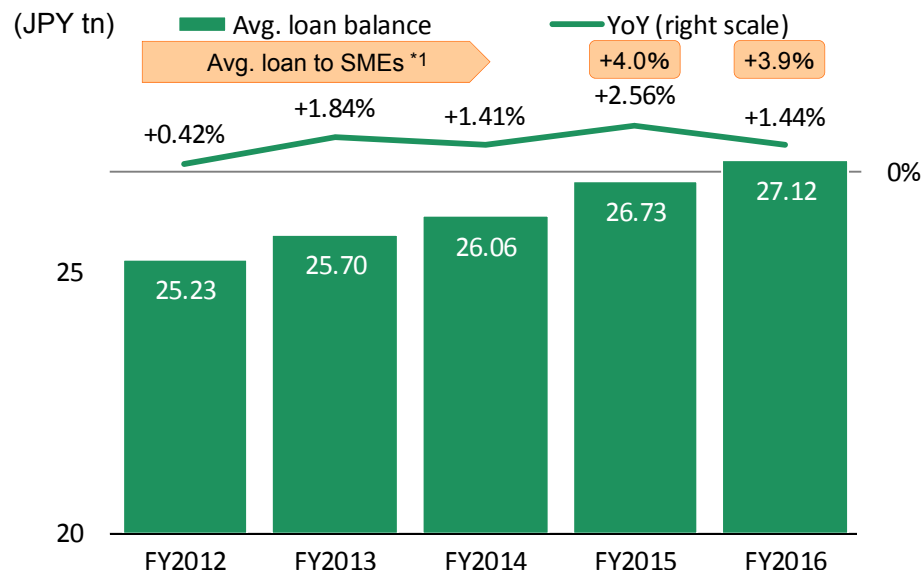
*2. Corporate Banking Business Unit :

Corporate loans (excluding loans to governments) + apartment loans

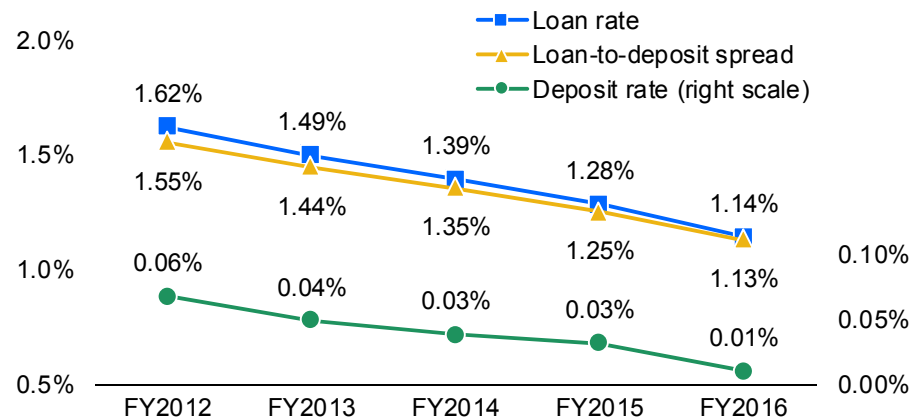
*3. Personal Banking Business Unit:

Residential housing loans + other consumer loans

Trend of average loan balance (Domestic account)



Loan and deposit rates and spread (Domestic Account)



Term-end Balance of Loans and Deposits

Total of Group Banks

Term-end loan balance

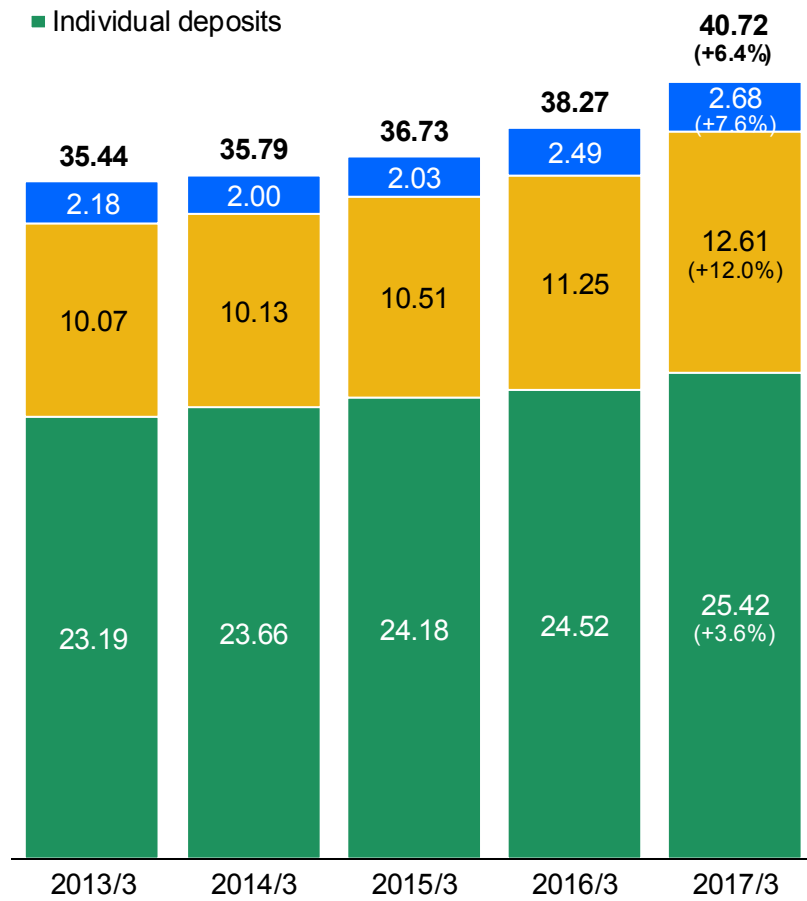
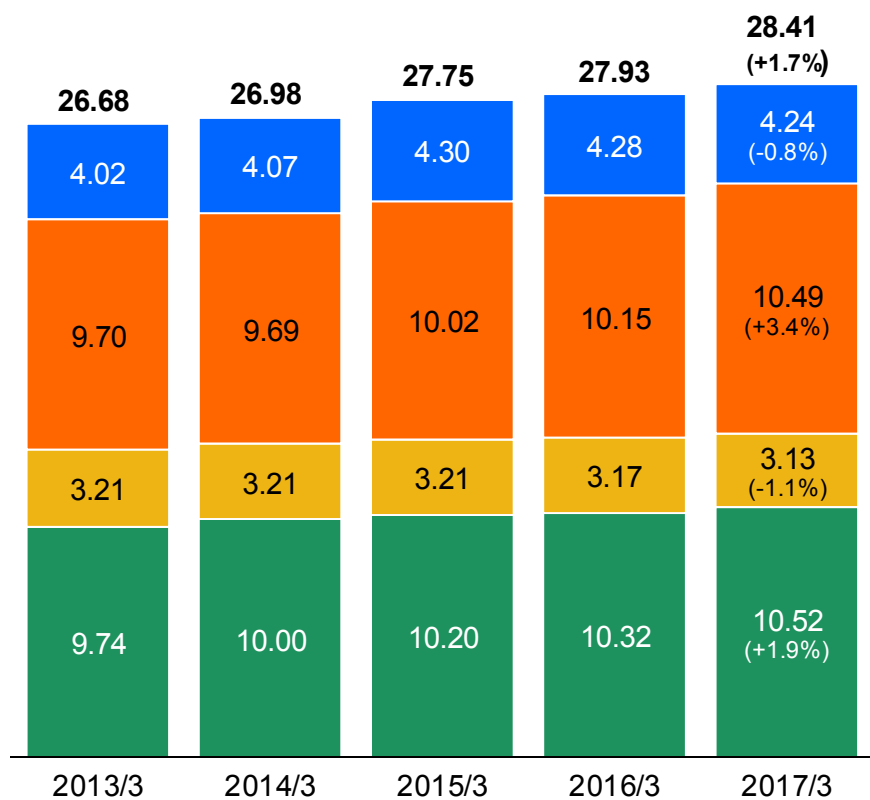
Term-end deposit balance

JPY tn,
% represents
YoY change

JPY tn,
% represents
YoY change

- Corporate (Large companies and other) *1
- Corporate (SMEs)
- Corporate (Apartment loans)
- Personal (Residential housing loans + Consumer loans)

- Other
- Corporate deposits
- Individual deposits



*1. Include the loan extended to RHD from RB (JPY0.19 tn as of 2013/3, JPY0.30 tn as of 2014/3 ~ 2016/3, JPY0.26 tn as of 2017/3 and thereafter)

Trend of Residential Housing Loan and Apartment Loan

Total of Group Banks

New loan origination

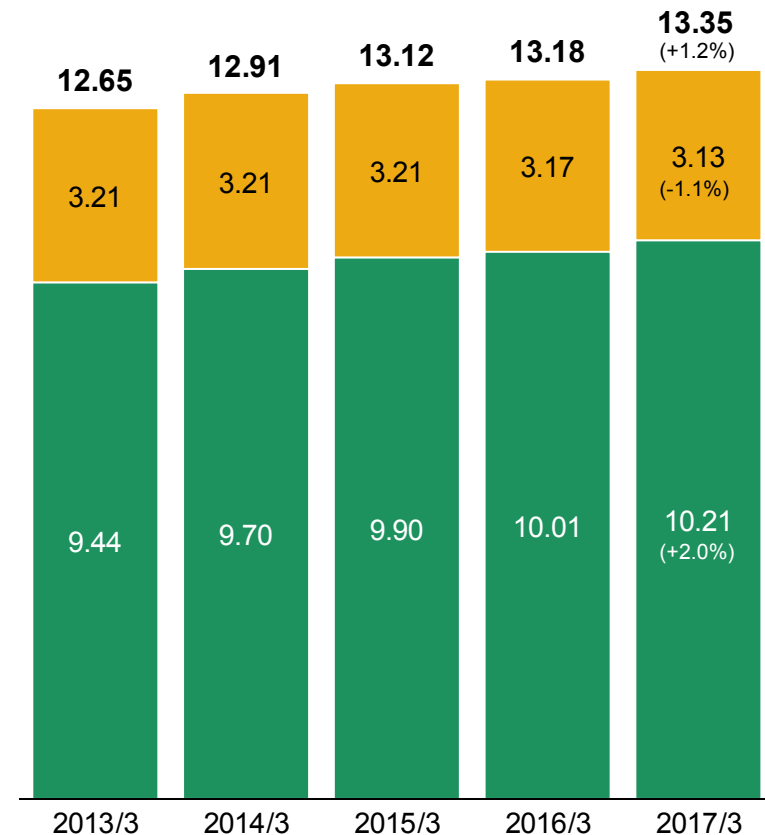
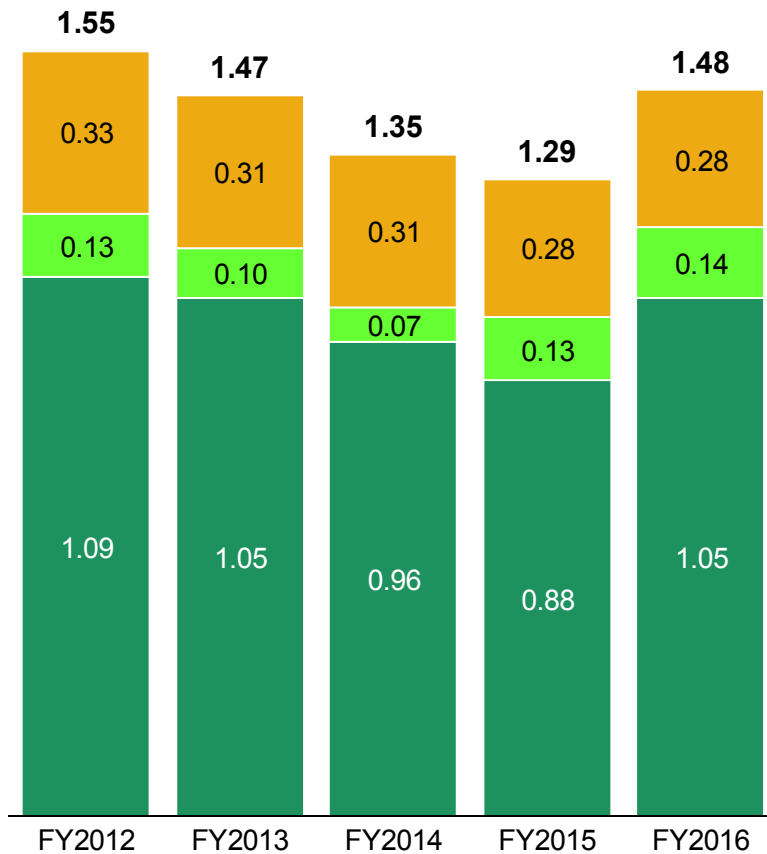
Term-end loan balance

(JPY tn)

JPY tn,
% represents
YoY change

- Apartment loan
- Flat 35
- Residential housing loan

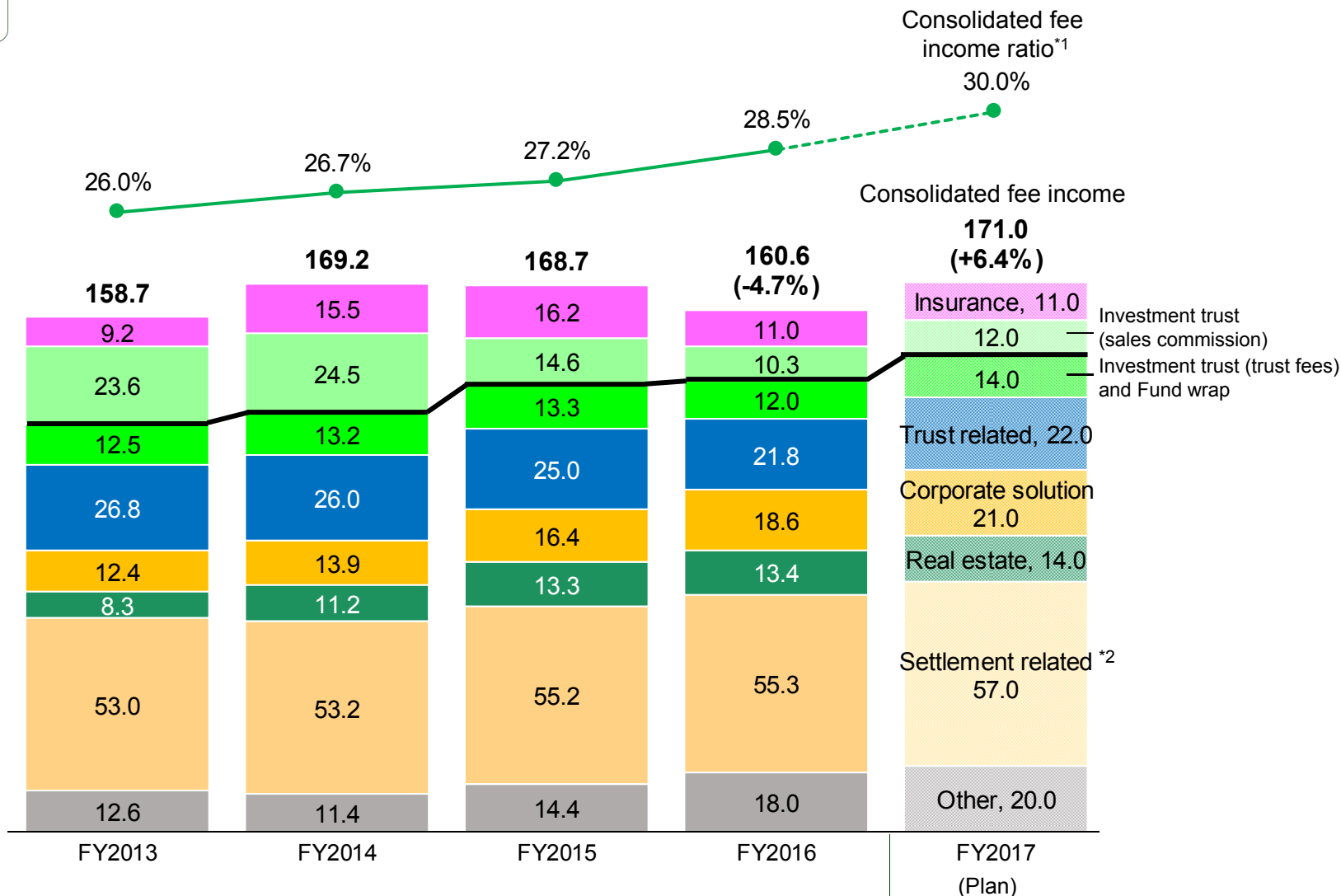
- Apartment loan
- Residential housing loan



Trend of Fee Income

Consolidated fee income ratio at 28.5% for FY2016

JPY bn,
% represents
YoY change



*1. (Fees and commission income + trust fees)/Consolidated gross operating profit

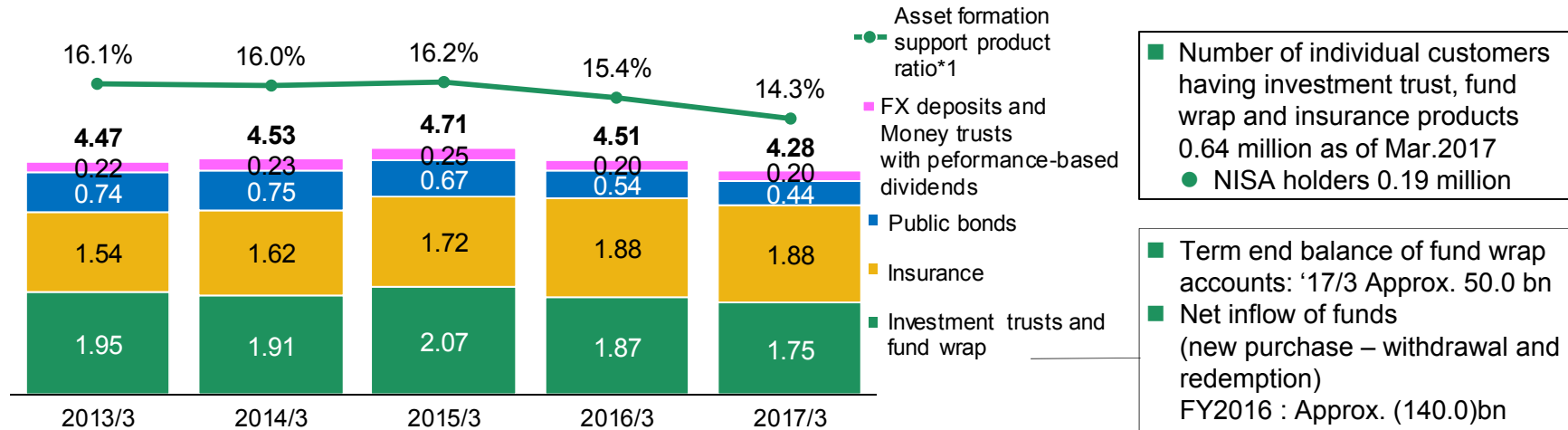
*2. Fees and commission from domestic exchange, credit transfer, EB, Visa debit and fee income from Resona Kessal Service and Resona Card

Asset Formation Support Business

Total of Group Banks

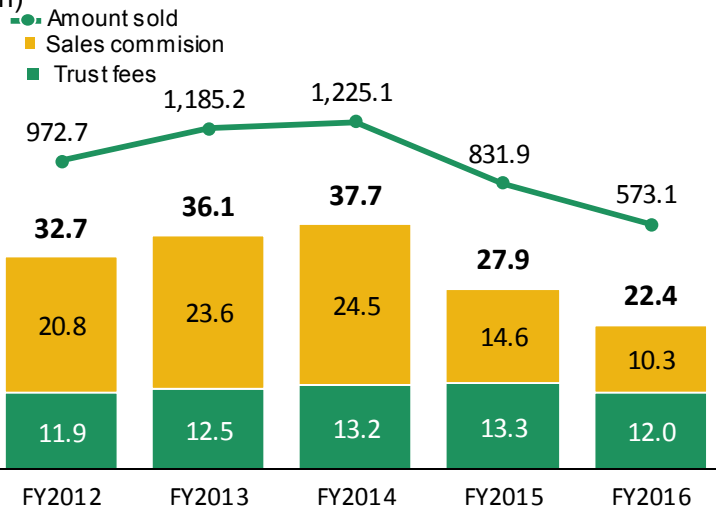
Balance of asset formation support products sold to individuals

(JPY tn)



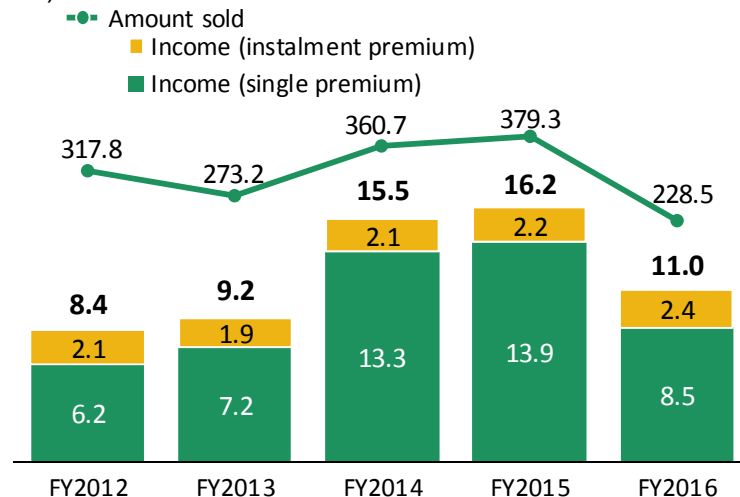
Investment trust and fund wrap

(JPY bn)



Insurance

(JPY bn)

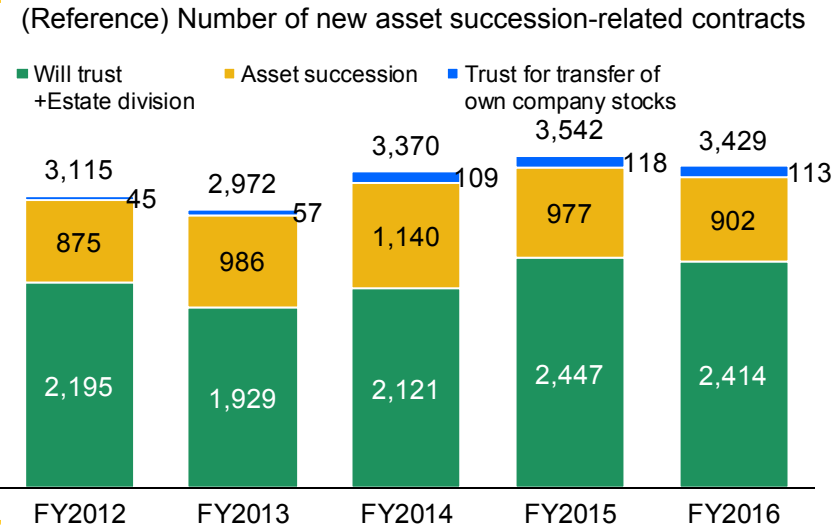
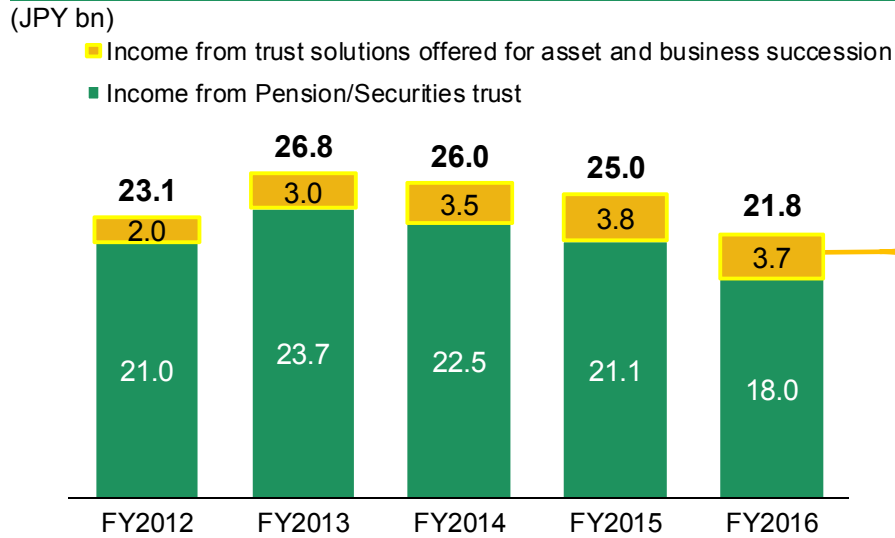


*1. Asset formation support product ratio = balance of asset formation support products sold to individuals / (balance of asset formation support products sold to individuals and yen deposits held by individuals)
 *2. Reported figures are compiled for a business administration purpose

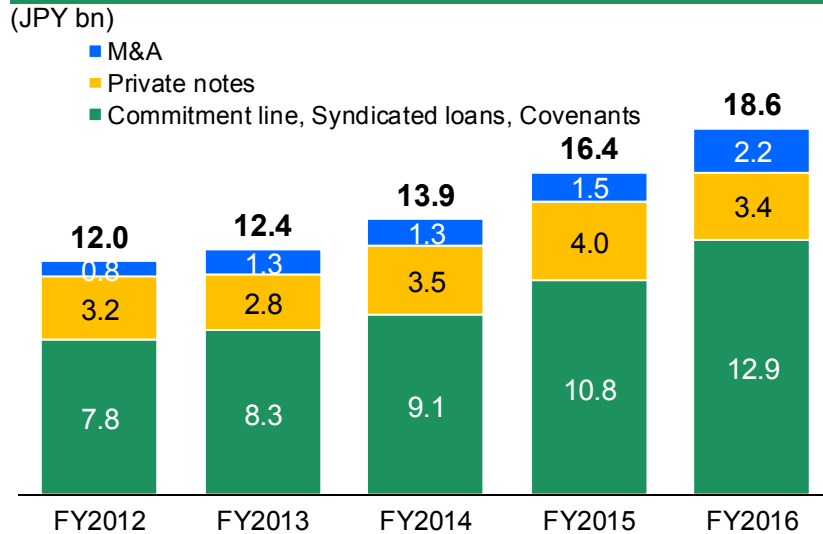
Major Fee Businesses

Total of Group Banks

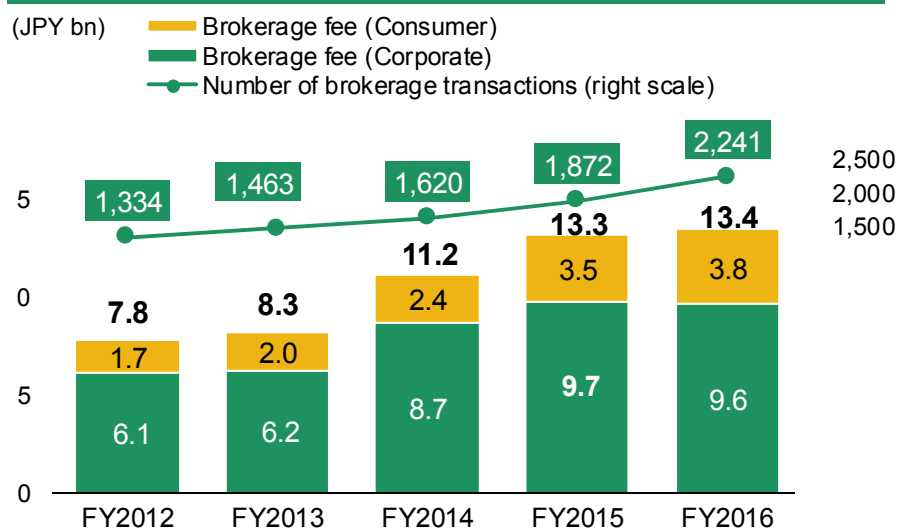
Trust-related business



Corporate solutions business



Real estate business*1



*1. Excluding gains from investments in real estate funds

Credit Costs and NPL

Trend of credit costs

(JPY bn)	FY2014	FY2015	FY2016	FY2017 Plan
Net credit cost (RHD consolidated) (1)	22.3	(25.8)	17.4	(13.5)

(JPY bn)	FY2014	FY2015	FY2016	FY2017 Plan
Net credit cost (Total of group banks) (2)	24.3	(23.4)	18.2	(11.0)
General reserve (3)	23.5	(0.0)	9.8	
Specific reserve and other items (4)	0.7	(23.4)	8.4	
New bankruptcy, downward migration (5)	(29.5)	(43.9)	(19.9)	
Collection/upward migration (6)	30.3	20.4	28.3	

(JPY bn)	FY2014	FY2015	FY2016	FY2017 Plan
Difference (1) - (2) (7)	(1.9)	(2.3)	(0.7)	(2.5)
HL guarantee subsidiaries (8)	1.1	2.6	2.0	
Resona Card (9)	(1.6)	(1.8)	(2.1)	

<Credit cost ratio>		(bps)			
RHD consolidated*1 (10)		8.1	(9.2)	6.1	
Total of group banks*2 (11)		8.6	(8.2)	6.3	

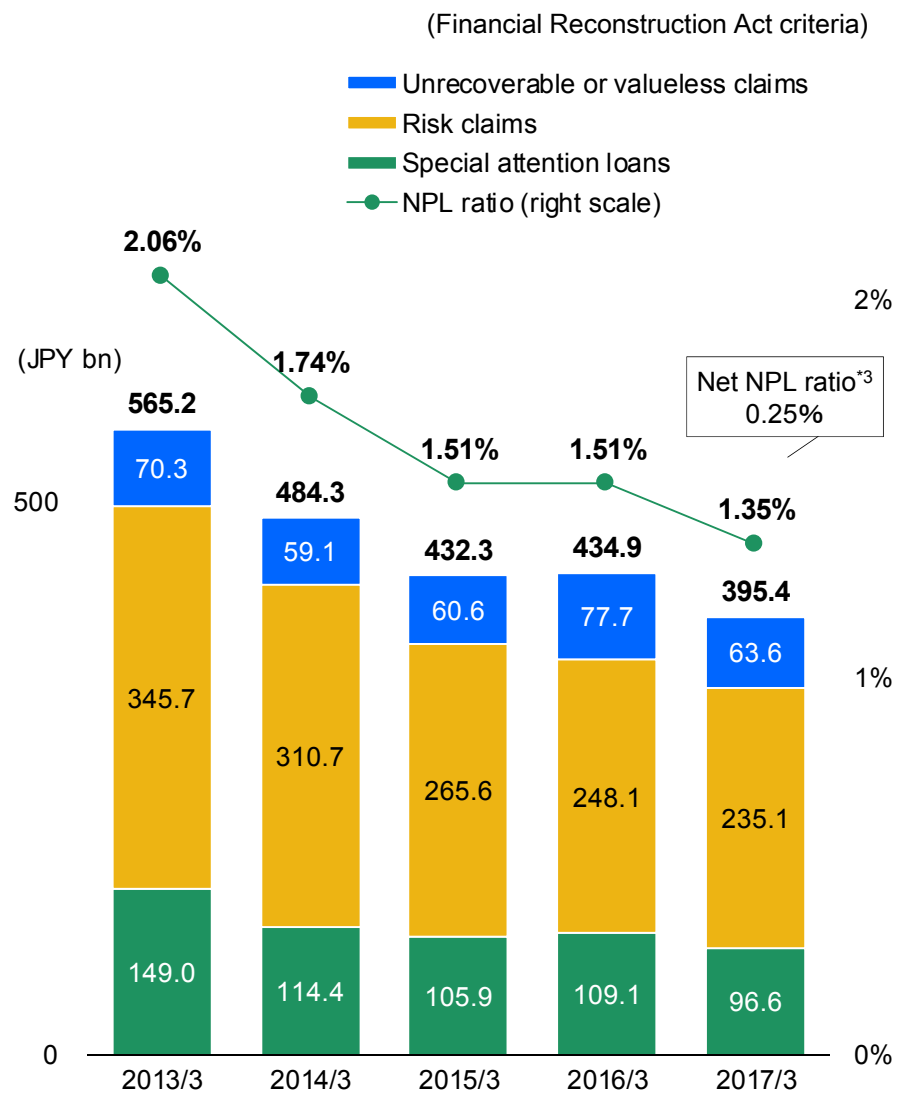
(Note) Positive figures represent reversal gains

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

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

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

Trend of NPL balance and ratio (Total of Group Banks)



Securities Portfolio

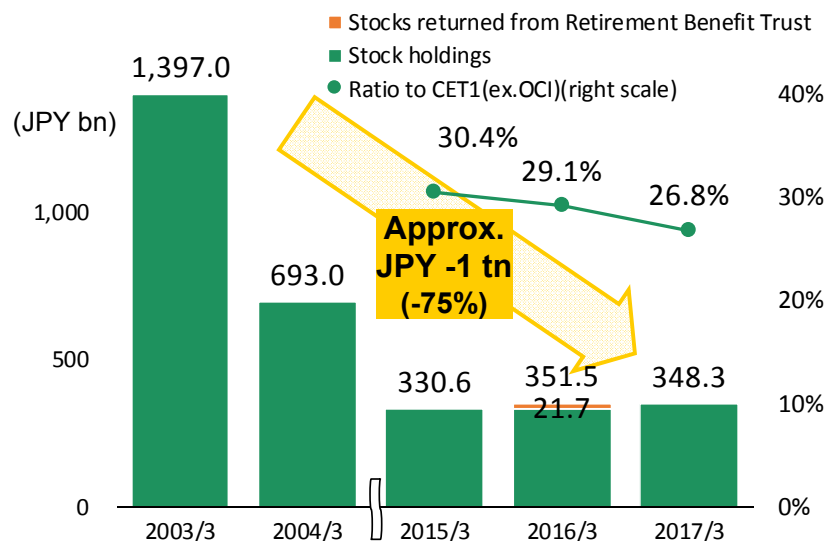
Total of Group Banks

Securities Portfolio

(JPY bn)	2015/3	2016/3	2017/3	Unrealized gain/(loss)
Available-for-sale securities ^{*1} (1)	3,827.6	2,459.7	2,403.3	555.4
Stocks (2)	330.6	351.5	348.3	563.2
Bonds (3)	3,186.9	1,681.9	1,431.8	(2.6)
JGBs (4)	2,151.1	760.2	544.1	(5.4)
Average duration (years) (5)	3.3	3.1	7.0	-
Basis point value (BPV) (6)	(0.72)	(0.24)	(0.38)	-
Local government bonds and corporate bonds (7)	1,035.8	921.6	887.6	2.8
Other (8)	310.0	426.3	623.1	(5.2)
Foreign securities (9)	143.0	239.8	258.6	(6.5)
Net unrealized gain (10)	573.1	460.1	555.4	
Bonds held to maturity ^{*2} (11)	2,435.7	2,383.5	2,277.7	67.4
JGBs (12)	1,962.0	1,879.8	1,771.1	54.5
Net unrealized gain (13)	72.6	93.6	67.4	

Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 6,200 yen
- Decrease in listed stocks in FY2016 (acquisition cost): JPY3.1 bn, Net gain on sale: JPY4.9 bn
- Policy for holding policy-oriented stocks
 - After the injection of public funds, Resona reduced the balance of stockholdings in order to minimize the price fluctuation risk.
 - Resona 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%^{*1} of the CET1 capital^{*3} in the medium term.
- Plan to reduce JPY35.0 bn in 5years from FY2016.



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

Capital Adequacy Ratio

**RHD
Consolidated**

- CAR (Domestic std.) and CET1 ratio* (International std.) as of Mar. 31, 2017 were 11.69% and 8.59%, respectively, maintaining sound capital adequacy level

* Excluding unrealized gain on available for sale securities

Domestic standard

(JPY bn)	2016/3	2017/3	Change
Capital adequacy ratio (1)	13.53%	11.69%	(1.84)%

Total capital (2)	1,969.2	1,746.8	(222.4)
Core Capital: instruments and reserves (3)	1,997.6	1,775.9	(221.7)
Stockholders' equity (4)	1,249.7	1,361.5	+111.8
Non-cumulative perpetual preferred stock subject to transitional arrangement (5)	175.0	100.0	(75.0)
Subordinated loans and bonds subject to transitional arrangement (6)	510.8	281.9	(228.9)
Core Capital: regulatory adjustments (7)	28.4	29.1	+0.6

Risk weighted assets (8)	14,552.5	14,930.8	+378.2
Credit risk weighted assets (9)	12,954.9	13,342.7	+387.7
Amount equivalent to market risk / 8% (10)	155.3	83.1	(72.1)
Amount equivalent to operational risk / 8% (11)	1,061.6	1,049.7	(11.8)
Credit risk weighted assets adjustments (12)	380.6	455.1	+74.5

■ Factors for the change in FY2016

- Net income attributable to owners of the parent (+JPY161.4 bn)
- Dividends to be distributed (-JPY49.2 bn)
- Repurchase and cancel Class 6 preferred stock (-JPY75.7 bn)
- Redemption of subordinated loans and bonds and other (-JPY228.9 bn)

(Reference) International standard

(JPY bn)	2016/3	2017/3	Change
Common Equity Tier 1 capital ratio (13)	9.52%	10.74%	+1.22%
Excluding net unrealized gains on available-for-sale securities (14)	8.13%	8.59%	+0.46%
Tier 1 capital ratio (15)	10.69%	11.40%	+0.71%
Total capital ratio (16)	14.10%	13.81%	(0.29)%

Common Equity Tier 1 capital (17)	1,426.2	1,653.8	+227.6
Instruments and reserves (18)	1,477.6	1,721.4	+243.7
Stockholders' equity (19)	1,249.7	1,361.5	+111.8
Net unrealized gains on available-for-sale securities (20)	208.4	331.8	+123.3
Regulatory adjustments (21)	51.4	67.6	+16.1
Other Tier 1 capital (22)	174.5	101.2	(73.2)
Tier1 capital (23)	1,600.7	1,755.0	+154.3
Tier2 capital (24)	511.1	369.8	(141.2)
Total capital (Tier1+Tier2) (25)	2,111.8	2,124.9	+13.0

Risk weighted assets (26)	14,968.3	15,386.1	+417.8
Credit risk weighted assets (27)	13,523.9	14,036.9	+513.0
Amount equivalent to market risk / 8% (28)	155.3	83.1	(72.1)
Amount equivalent to operational risk / 8% (29)	1,061.6	1,049.7	(11.8)
Credit risk weighted assets adjustments (30)	227.3	216.1	(11.2)

■ (Reference) Group banks

Domestic standard (JPY bn)	Resona (Consolidated)	Saitama Resona (Non-consolidated)	Kinki Osaka (Consolidated)
Capital adequacy ratio (31)	11.03%	11.58%	11.51%
Total capital (32)	1,201.3	333.0	154.6
Risk weighted assets (33)	10,890.7	2,875.7	1,342.3

Earnings Target and Dividend Forecast for FY2017

RHD Consolidated
Total of Group Banks

RHD consolidated

(JPY bn)	1st Half target	Full-year target	YoY change
Net (interim) income attributable to owners of the parent (1)	73.0	150.0	(11.4)
Difference (1)-(11) (2)	9.0	19.0	+1.1

Common DPS

	DPS	YoY change
Common stock (annual) (3)	20.0 yen	+1.0 yen
of which, interim dividend (4)	10.0 yen	+0.5 yen

Total of group banks / each group bank (non-consolidated)

(JPY bn)	Total of group banks			Resona Bank			Saitama Resona Bank			Kinki Osaka Bank		
	1st Half target	Full year target	YoY change	1st Half target	Full year target	YoY change	1st Half target	Full year target	YoY change	1st Half target	Full year target	YoY change
Gross operating profit (5)	260.5	521.5	+3.8	177.0	357.5	+5.3	61.0	120.0	(2.1)	22.0	44.0	+0.7
Operating expenses (6)	(164.5)	(325.5)	+1.2	(108.5)	(214.5)	(0.3)	(37.5)	(74.0)	+0.8	(18.5)	(37.0)	+0.6
Actual net operating profit (7)	96.0	196.0	+5.1	68.5	143.0	+5.1	23.5	46.0	(1.2)	3.5	7.0	+1.3
Net gains on stocks (including equity derivatives) (8)	3.5	11.0	+7.8	2.5	10.0	+10.3	-	0.5	(2.1)	0.5	0.5	(0.4)
Credit related expenses (9)	(4.5)	(11.0)	(29.2)	(3.5)	(7.0)	(21.7)	-	(2.5)	(3.3)	(0.5)	(1.5)	(4.1)
Income before income taxes (10)	91.0	184.5	(17.2)	65.5	140.0	(2.5)	23.0	41.0	(8.5)	2.5	4.0	(5.7)
Net (interim) income (11)	64.0	131.0	(12.5)	46.0	100.0	(1.3)	16.0	28.0	(6.7)	2.0	3.0	(4.5)

Direction of Capital Management

Seek optimal balance among 1) higher capital adequacy, 2) investment for future growth and 3) enlargement of shareholder return

CAR target

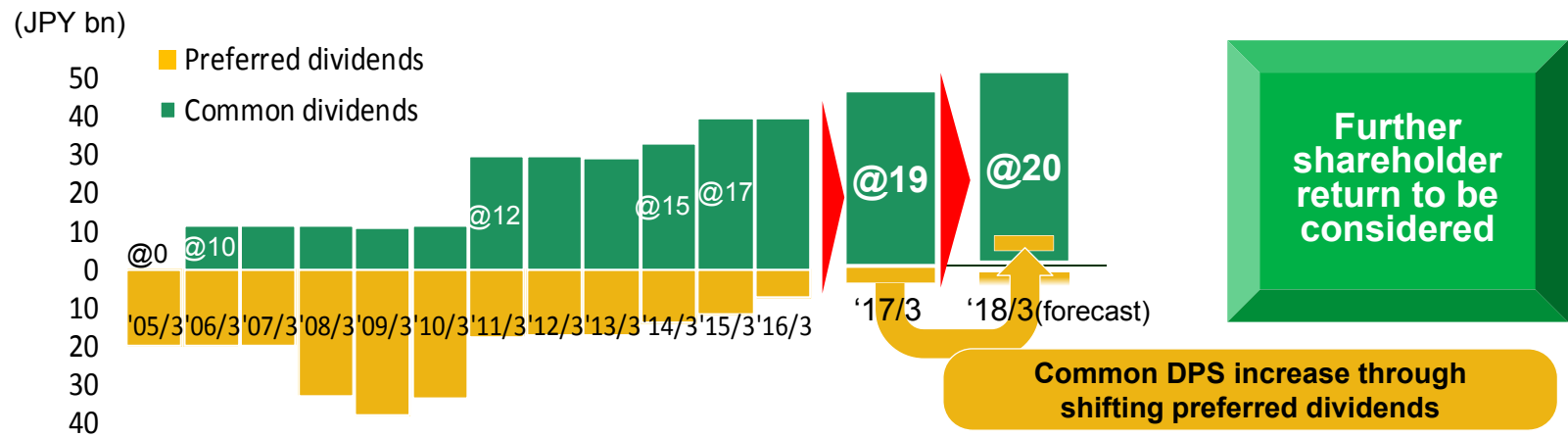
- Secure sufficient capital adequacy under the Japanese Domestic Std.
- Aim to achieve around 9% CET1 ratio*1,2 under the International Std.
: Mar. 31, 2017 8.59%

ROE target

- Maintain ROE*1,3 above 10%
: FY2016 11.67%

Shareholder return policy

- Common DPS planned for FY2017: 20 yen per year, +1 yen YoY (of which, interim 10 yen, +0.5 yen YoY)
 - Intend to repurchase and cancel Class 5 PS (total issue amount JPY100 bn) in FY2017, subject to a regulatory approval
- Consider further enlargement of shareholder return while keeping the level of common DPS after the above increase as “stable” dividends

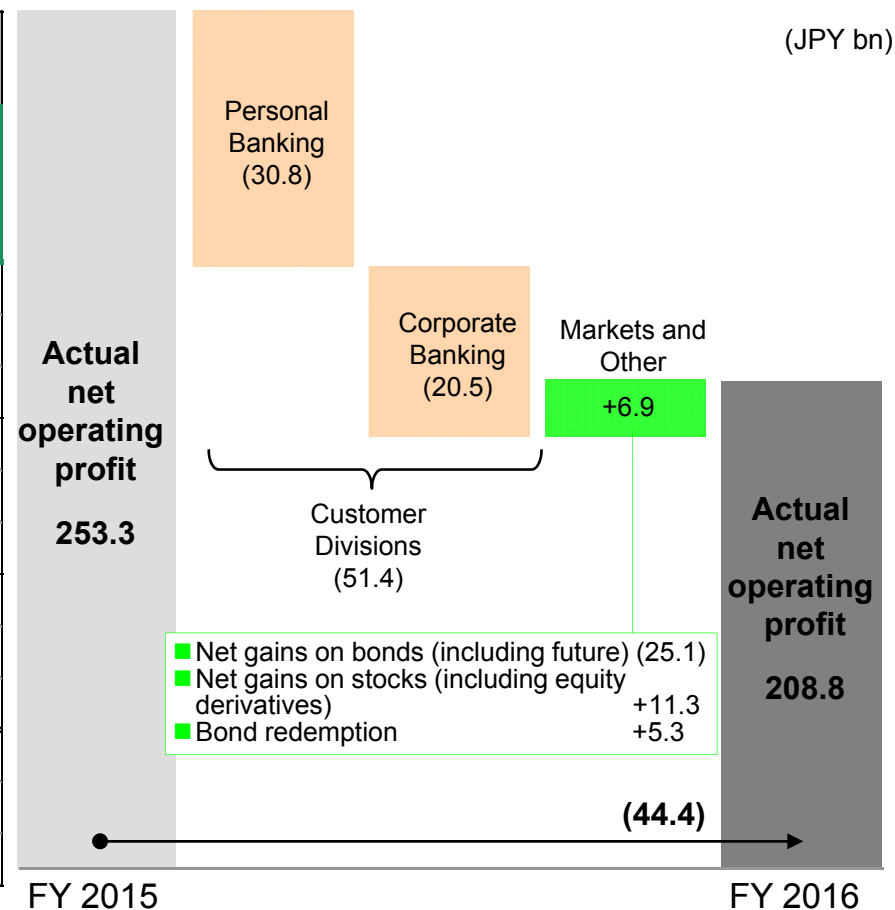


*1. Reflect the impacts of integrating regional banks in the Kansai region on which related parties reached basic agreement on March 3, 2017
 *2. Exclude unrealized gain on available-for-sale securities, net of tax effect
 *3. (Net income – preferred dividends) / (Total shareholders equity – balance of outstanding preferred shares)

(Reference) Outline of Financial Results of each Segment (1)

Actual net operating profit decreased by JPY44.4 bn YoY due to slowdown of customer divisions

(JPY bn)		FY2016	YoY Change
Customer Divisions	Gross operating profit (1)	465.7	(52.3)
	Operating expense (2)	(317.5)	+0.8
	Actual net operating profit (3)	148.2	(51.4)
Personal Banking	Gross operating profit (4)	210.6	(31.5)
	Operating expense (5)	(167.1)	+0.7
	Actual net operating profit (6)	43.5	(30.8)
Corporate Banking	Gross operating profit (7)	255.1	(20.7)
	Operating expense (8)	(150.3)	+0.1
	Actual net operating profit (9)	104.7	(20.5)
Markets and Other	Gross operating profit (10)	73.0	+8.4
	Operating expense (11)	(12.4)	(1.4)
	Actual net operating profit (12)	60.5	+6.9
Total	Gross operating profit (13)	538.8	(43.8)
	Operating expense (14)	(329.9)	(0.5)
	Actual net operating profit (15)	208.8	(44.4)



Definition of management accounting

1. Numbers reported above refer to 3 Resona Group banks and 3 loan guarantee subsidiaries.
2. Gross operating profit of "Markets" segment includes a part of net gains/losses on stocks.
3. "Other" segment refers to the divisions in charge of management and business administration.

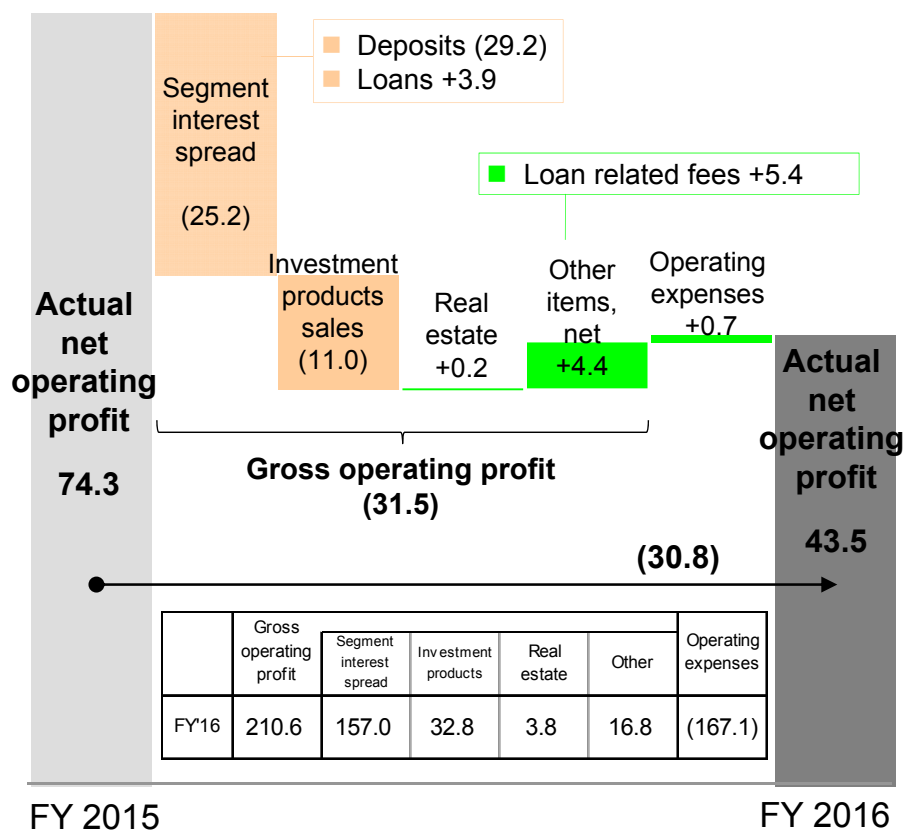
(Reference) Outline of Financial Results of each Segment (2)

Consumer Banking

- Actual net operating profit : down JPY30.8 bn YoY
 - Segment interest spreads decreased due to decline of interest rates.
 - Income from investment products sales decreased partly due to the market conditions.

【 Comparison of actual net operating profit 】

(JPY bn)

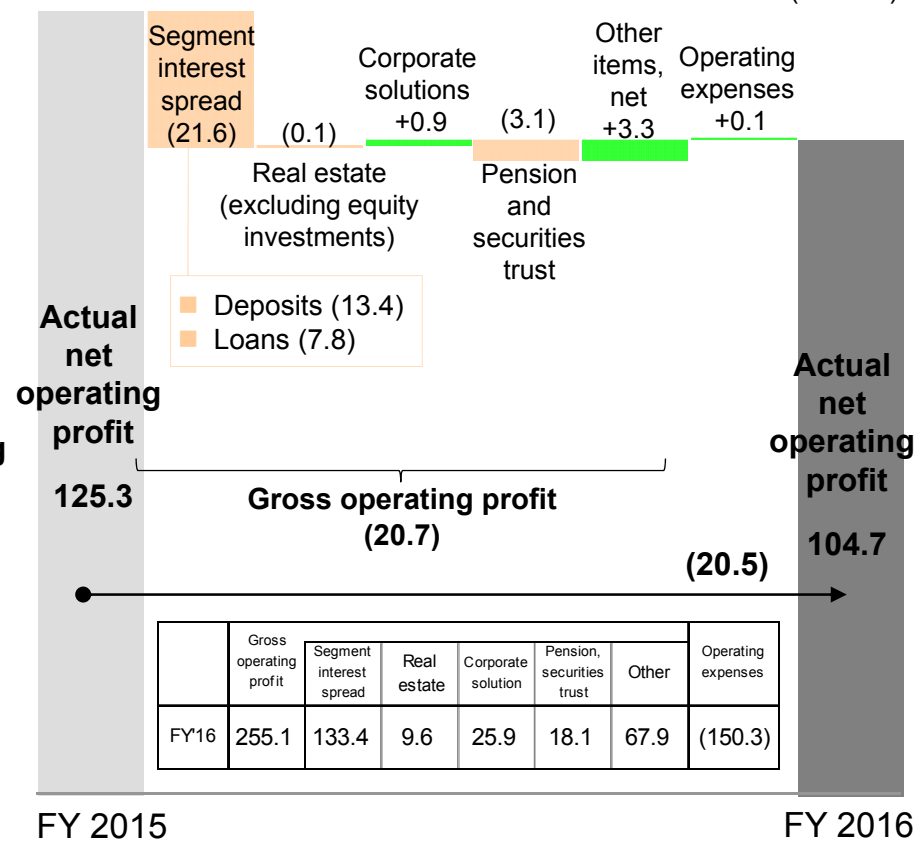


Corporate Banking

- Actual net operating profit : down JPY20.5 bn YoY
 - Segment interest spreads decreased due to decline of interest rates.

【 Comparison of actual net operating profit 】

(JPY bn)



(Reference) Basic Agreement Concerning a Business Integration between The Minato Bank, Ltd., Kansai Urban Banking Corporation and The Kinki Osaka Bank, Ltd.

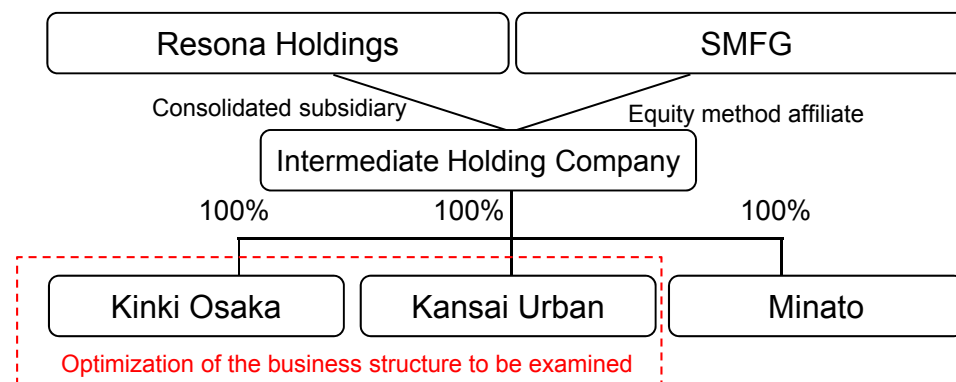
Basic Policies of the Integrated Group

- To create a new retail financial services model that is in step with the future of the Kansai region and beyond the reach of existing regional banks, while trying to further contribute to the Kansai region's customers and local communities
- To improve the productivity and enhance the capital foundation of the Integrated Group through the Business Integration
- To develop a new corporate culture

Structure of the Business Integration

- To integrate Minato, Kansai Urban and Kinki Osaka through a holding company structure whereby these banks will become wholly-owned subsidiaries of the intermediate holding company to be incorporated under the umbrella of Resona Holdings

【Image Chart of the Integrated Group】



Timetable

(Scheduled)

By around the end of September 2017	Execution of the Definitive Agreement
By around the end of November 2017	Extraordinary Meeting of Shareholders for the Approval of the Business Integration
Around April 2018	Delisting date from Tokyo Stock Exchange (Minato and Kansai Urban)
Around April 2018	Completion date of the Business Integration
Around April 2018	Listing date of the Holding Company

The forward-looking statements contained in this presentation 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 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.

Link Together Shape Future *Next Action* **RESONA GROUP**

