

# Aiming at Becoming No.1 Retail Bank



 **Resona Holdings**

**February 2016**

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## Resona Group at a Glance

## Outline of Business Results for 1-3Q of FY2015 and Updates on Major Businesses

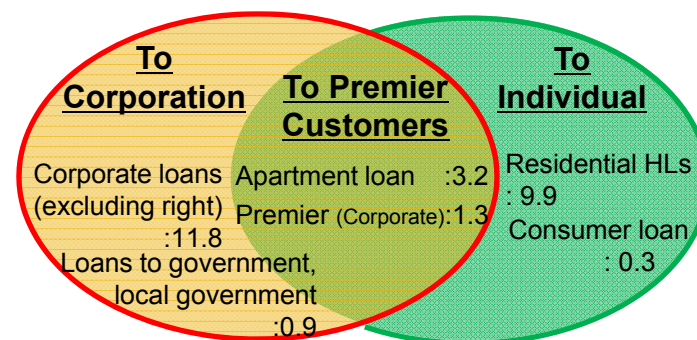
## Efforts to Build Solid Foundation for Sustainable Growth

## Full Repayment of Capital Funds and Direction of Capital Management

## Reference Material

1. In some pages of this material, names of Resona Group companies are shown in the following abbreviated forms: RHD: Resona Holdings, RB: Resona Bank, SR: Saitama Resona Bank, KO: Kinki Osaka Bank
2. Negative figures represent items that would reduce net income
3. Categorization of loans outstanding defined for a business administration purpose is shown in the right diagram

Total loans outstanding (Term-end balance): JPY27.5 tn\*1



— Corporate Banking Business Unit — Consumer Banking Business Unit

\*1.Domestic account, Data compiled for a business administration purpose

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## Macro Economic Trend

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## **Resona Group at a Glance**

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and Updates on Major Businesses**

**Efforts to Build Solid Foundation for Sustainable Growth**

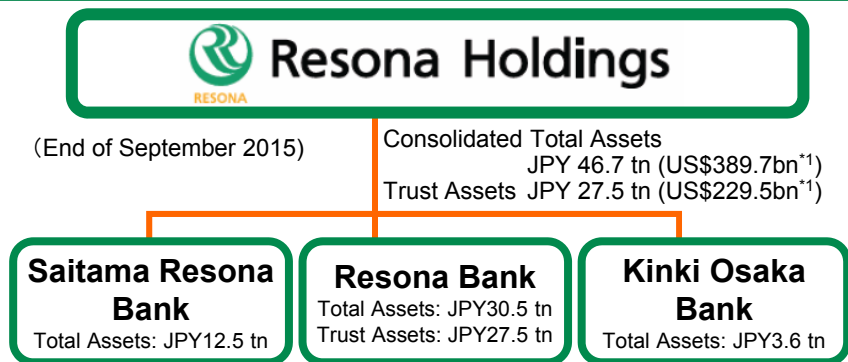
**Full Repayment of Public Funds and  
Direction of Capital Management**

**Reference Material**

# Resona Group at a Glance

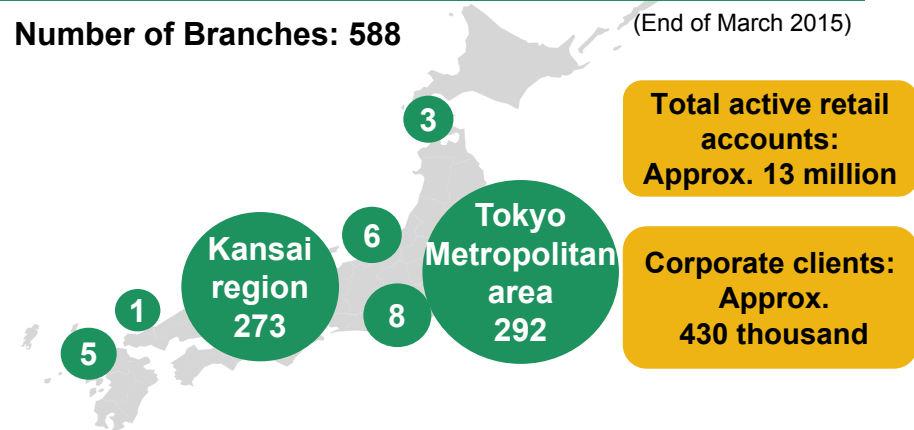
- Resona focuses management resources on Tokyo and Kansai metropolitan areas and retail banking business
- Resona Group is the largest retail-focused bank with full-line trust capabilities in Japan with a well-established customer base comprising approx. 13 million retail accounts and approx. 430 thousand corporate clients

## Corporate Structure

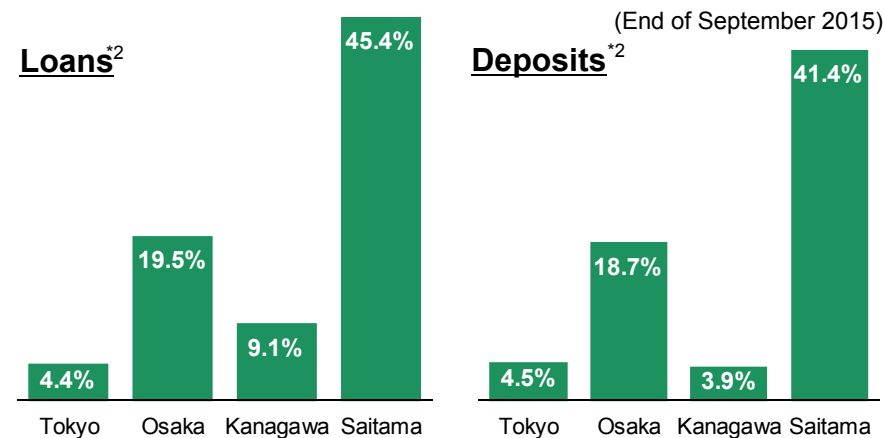


The largest retail-focused bank with full-line trust capabilities in Japan

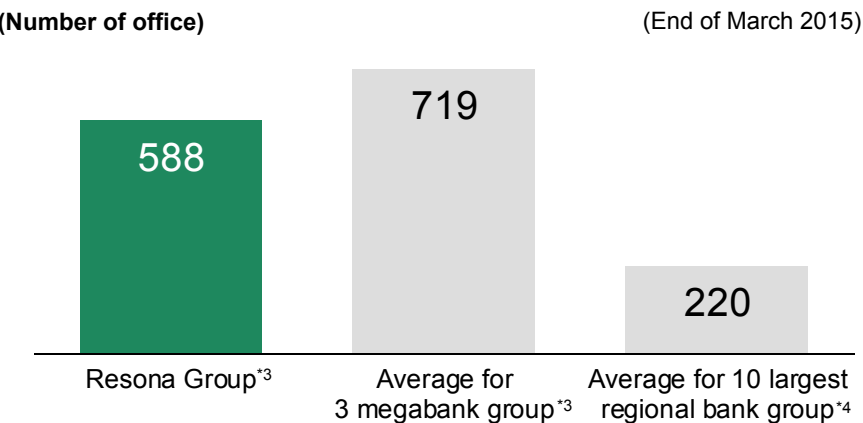
## Franchise Value



## Market Share



## Number of Manned Branch Office

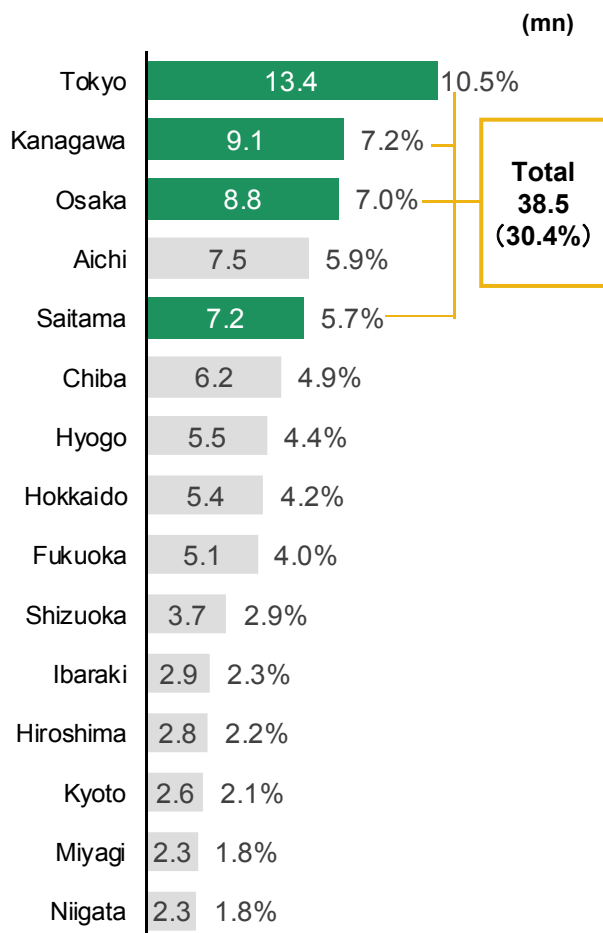


\*1. 1USD=JPY119.95 \*2. Total of group banks, market share based on deposits, and loans and bills discounted by prefecture (domestically licensed banks from BOJ)  
 \*3. FY2014 Financial Statements, Resona Group: total of group banks, Megabank groups: BTMU+ MUTB, Mizuho BK+ Mizuho Trust, SMBC  
 \*4. 10 largest regional bank groups by consolidated assets (Fukuoka FG, Yokohama, Chiba, Hokuho FG, Shizuoka, Yamaguchi FG, Jyo, Nishinippon City, 77 Bank, Kyoto: FY2014 Financial Statements)

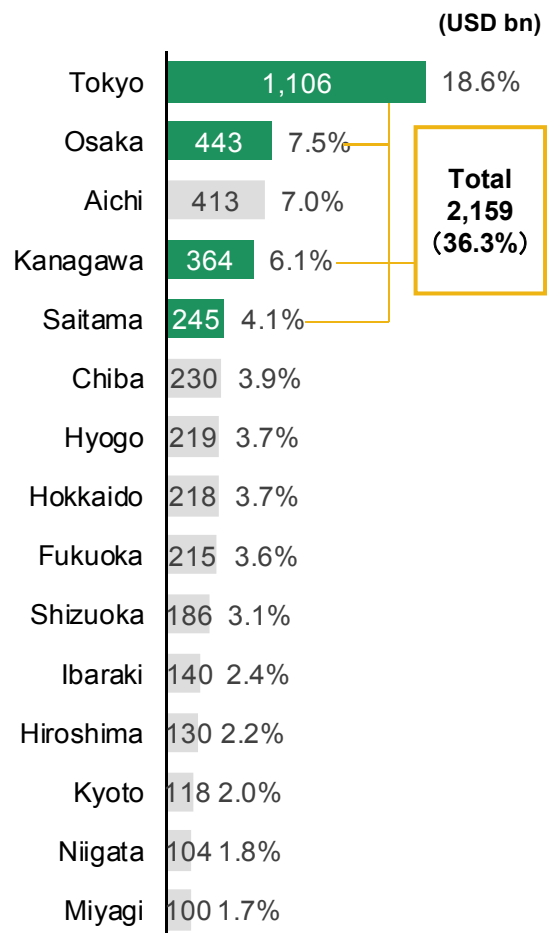
# Population and Economic Scale of Resona's Primary Operating Base

- Prefectures where Resona's franchise is concentrated account for more than 30% of Japan's population and GDP
- Such prefectures are comparable to some countries in terms of GDP

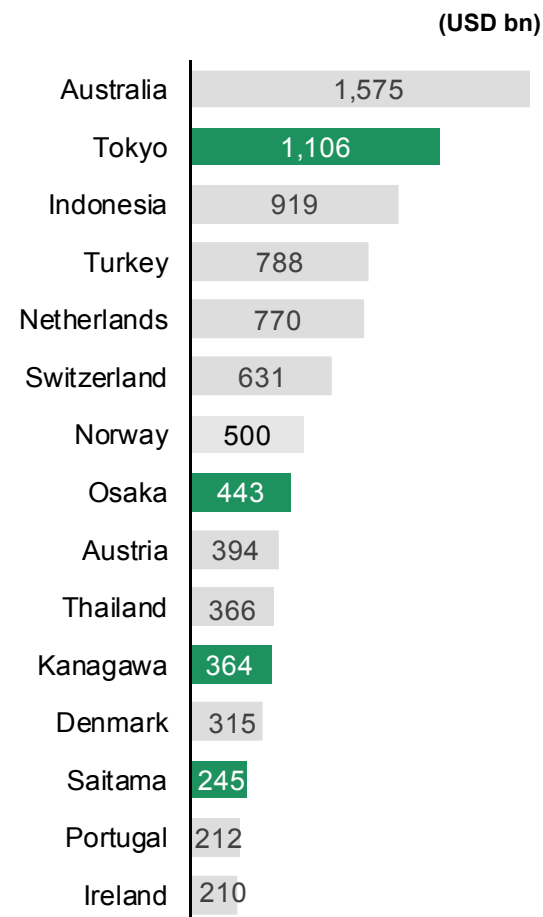
## Prefecture Population\*1



## Prefecture GDP\*2



## Prefectural GDP in USD Compared With Other Nation's GDP\*2



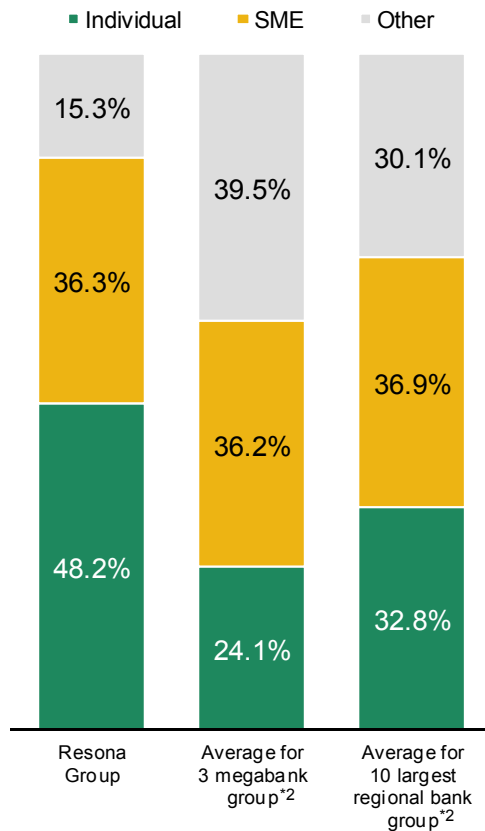
\*1. Source: Ministry of Internal Affairs and Communications, Population estimates (As of October 1st, 2014)

\*2. Source: Cabinet Office, Government of Japan, Gross Prefecture Product FY2011 "Global comparison of gross prefecture product in dollar"

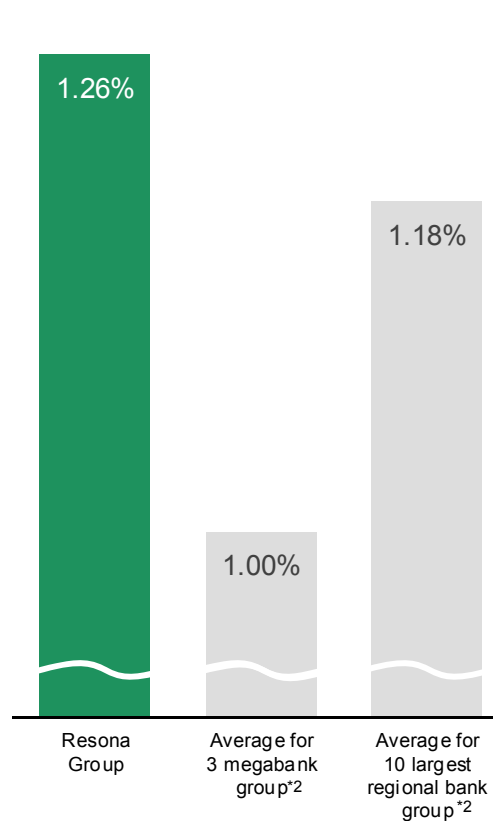
# Loan Portfolio, Interest Margin and Cost to Income Ratio

- Loans provided to SMEs and individuals account for over 80% of total loans. Interest margins are higher relative to peers
- Through operational reforms and efficient management, Resona mitigated the high-cost structure inherent in retail banking

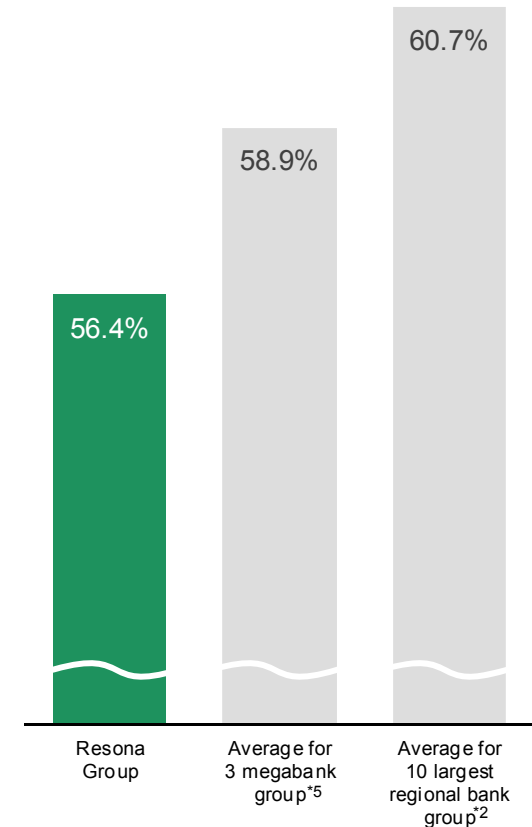
## Loan Portfolio Composition\*1



## Interest Margin\*3



## Cost to Income Ratio\*4



\*1. As of September 2015, total of group banks

\*2. Megabank groups: BTMU+ MUTB, Mizuho BK+ Mizuho Trust, SMBC

10 largest regional bank groups: 10 largest regional bank groups by consolidated assets (Fukuoka FG, Yokohama, Chiba, Hokuoku FG, Shizuoka, Yamaguchi FG, Joyo, Nishinippon City, 77 Bank, Kyoto: 1HFY2015 Financial Statements)

\*3. Difference between (a) average loan yield and (b) average cost of deposits for 1H FY2015, total of group banks

\*4. Consolidated cost to income ratio = operating expenses / gross operating profit (for 1H FY2015)

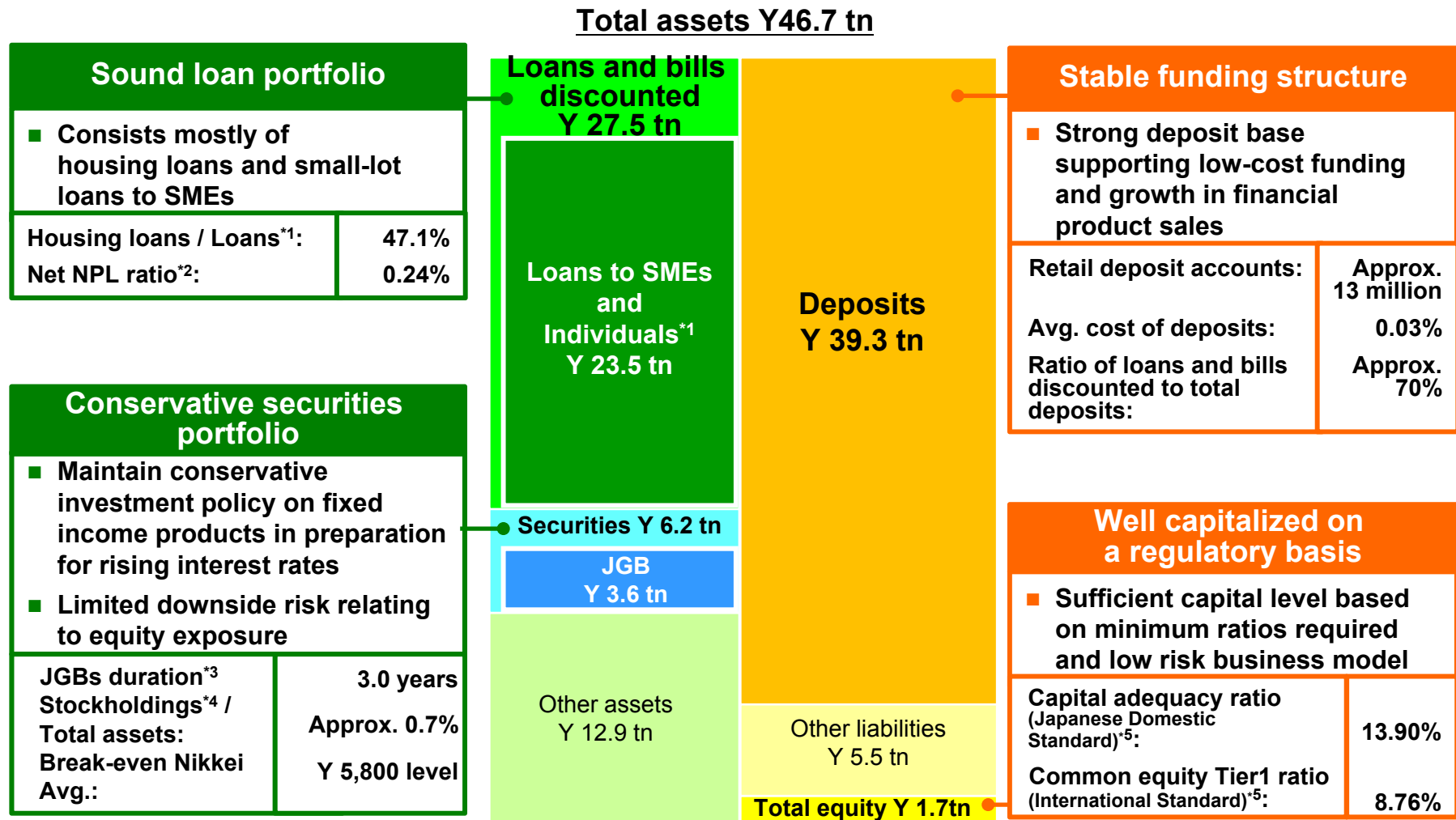
\*5. MUFG, SMFG, Mizuho FG



# Sound Balance Sheet

- Sound assets backed by very stable deposit funding

## Resona's consolidated balance sheet (as of September 30, 2015)



\*1. Total of group banks (including trust account)      \*2. NPL ratio net of collateral / guarantees and loan loss reserves (Total of group banks)

\*3. JGBs in available-for-sale securities (Total of group banks)      \*4. At cost

\*5. Basel 3, Common equity Tier1 ratio is for a reference purpose only

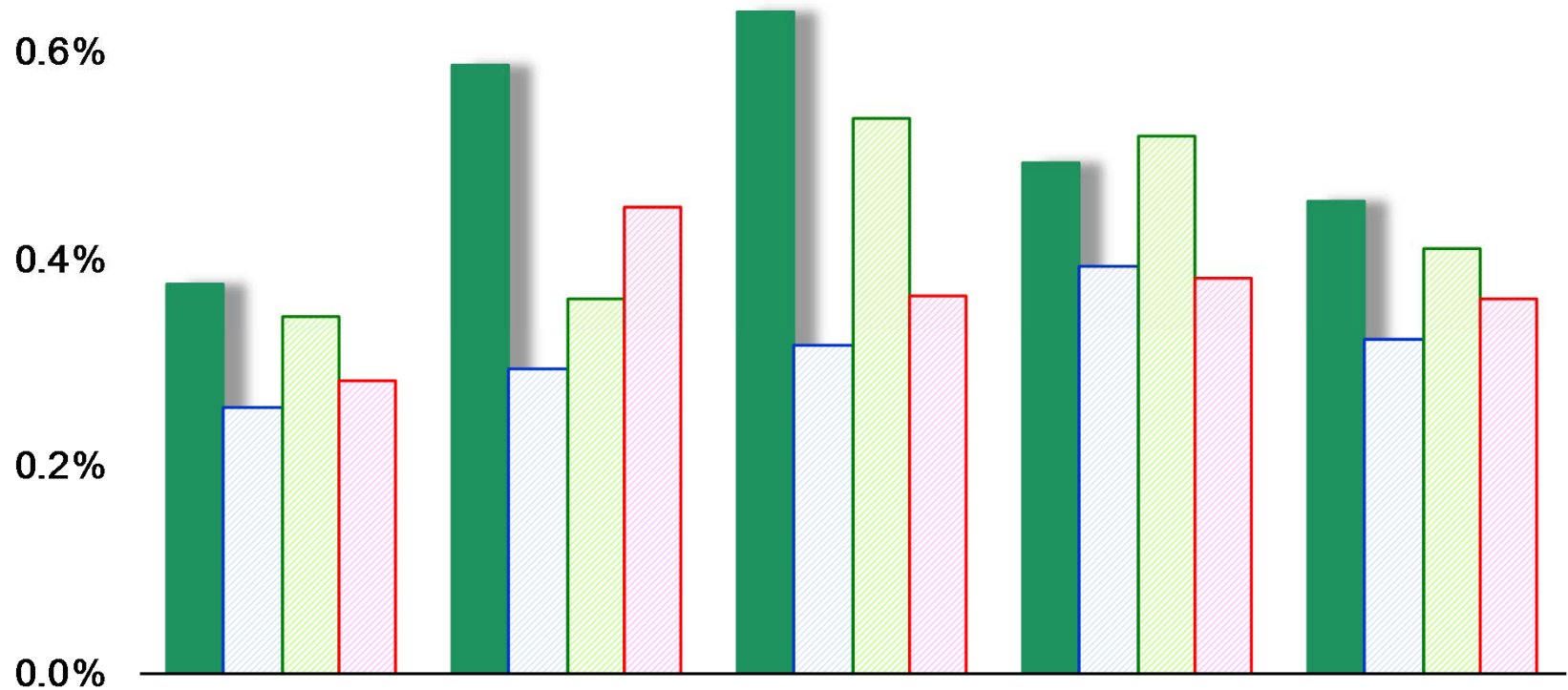


# Stable Earnings Trend and High Profitability

- Resona has consistently generated stable profits supported by our sound balance sheet

## Historical Consolidated ROA\*1

■ Resona HD    □ Mizuho FG    □ SMFG    □ MUFG



Resona HD  
Net Income  
Attributable  
to Owners  
of the Parent

Fiscal Year	Resona HD Net Income (bn)
FY2010	Y160.0 bn
FY2011	Y253.6 bn
FY2012	Y275.1 bn
FY2013	Y220.6 bn
FY2014	Y211.4 bn

\*1. Source: Company disclosure

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**Efforts to Build Solid Foundation for Sustainable Growth**

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**Reference Material**

# Outline of Financial Results for the 1-3Q (9 Months) Period of FY2015

## ■ Posted Y130.1 bn of net income attributable to owners of the parent (RHD consolidated)

- Declined by Y61.1 bn, or 31.9%, YoY,  
Progress rate against the full year guidance: 74.3%

[Major factors for the YoY change (total of group banks)]

- Decrease in net gains on stocks (including equity derivatives): Y21.2 bn
- Increase in credit-related expense due to 1) decreased gain from reversal of loan loss reserves and 2) provisioning of loan loss reserve on a conservative basis in 2Q: Y45.7 bn => Booked a reversal gain of Y5.6 bn in the 3Q (3M Period)
- Absence of a gain posted in the previous year from a reversal of reserve for contingent loss on land trust: Y10.9 bn

## ■ Gross operating profit (total of group banks) declined by Y18.1 bn, or 4.1%, YoY

- Net interest income from loans and deposits decreased by Y13.8 bn, YoY  
Loan balance grew stronger than expected while a spread contracted further
- Average loan balance increased by approx. Y780 bn, or +2.9%, YoY
- Loan-to-deposit spread (domestic operation): 1.25%, down 0.10%, YoY
- Fees and commission income increased by Y2.8 bn, or +3.7%, YoY, maintaining a steady growth
- Net gains on bonds (including futures) recovered on a quarterly basis (1Q: 7.7 bn => 2Q: -0.6 bn => 3Q: 11.5bn)

## ■ Actual net operating profit (total of group banks) decreased by Y10.0 bn, or 5.3%

- Operating expenses continued to be controlled stringently

## ■ Maintained soundness in financial position

- NPL ratio (total of group banks): 1.55%
- Net unrealized gain on available-for-sale securities (total of group banks): Y564.6bn

Resona Holdings (Consolidated)		FY2015				FY2015 Forecast (released in Nov. 2015)
		1-3Q	YoY change		Progress rate	
(Y bn)						
<b>Net income attributable to owners of the parent</b>	(1)	<b>130.1</b>	<b>(61.1)</b>	<b>(31.9)%</b>	<b>74.3%</b>	<b>175.0</b>
Difference (1)-(20)	(2)	14.8	(1.1)			18.0
EPS (yen)	(3)	54.17	(33.26)			71.92
BPS (yen)	(4)	717.08	56.62			
Total of group banks (Non-consolidated)		FY2015				FY2015 Forecast (released in Nov. 2015)
		1-3Q	YoY change		Progress rate	
(Y bn)						
<b>Gross operating profit</b>	(5)	<b>418.7</b>	<b>(18.1)</b>	<b>(4.1)%</b>	<b>72.0%</b>	<b>581.0</b>
Net interest income	(6)	295.4	(18.3)			
Income from loans and deposits <sup>*1</sup>	(7)	249.6	(13.8)			
Trust fees	(8)	16.2	(0.7)			
Fees and commission income	(9)	77.1	+2.8			
Other operating income	(10)	29.9	(1.8)			
Net gains on bonds (including futures)	(11)	18.6	(2.1)			
Operating expenses	(12)	(243.2)	+8.0	+3.2%	72.6%	(335.0)
Cost income ratio (OHR)	(13)	58.0%	+0.5%			
<b>Actual net operating profit<sup>*2</sup></b>	(14)	<b>175.5</b>	<b>(10.0)</b>	<b>(5.3)%</b>	<b>71.3%</b>	<b>246.0</b>
Net gains on stocks (including equity derivatives)	(15)	(0.8)	(21.2)			
Credit related expenses, net	(16)	(14.8)	(45.7)			(33.0)
Other gain, net	(17)	2.4	(7.5)			
<b>Income before income taxes</b>	(18)	<b>162.2</b>	<b>(84.5)</b>	<b>(34.2)%</b>	<b>72.7%</b>	<b>223.0</b>
Income taxes and other	(19)	(46.8)	+24.5			
<b>Net income</b>	(20)	<b>115.3</b>	<b>(59.9)</b>	<b>(34.2)%</b>	<b>73.4%</b>	<b>157.0</b>

\*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

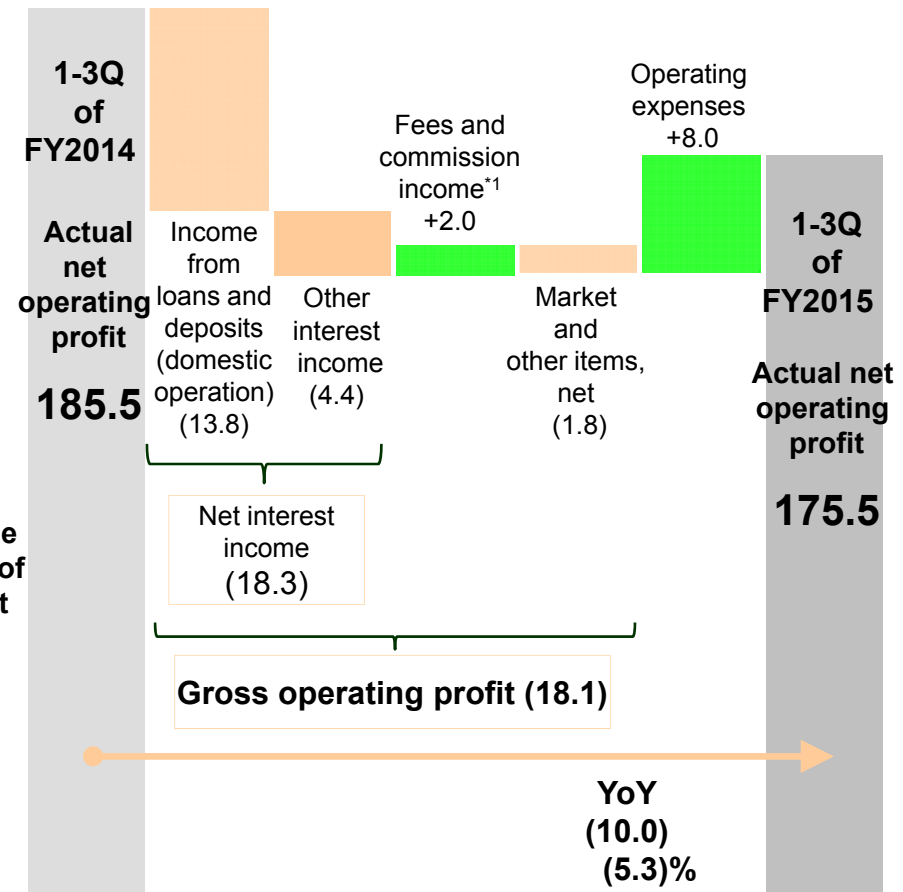
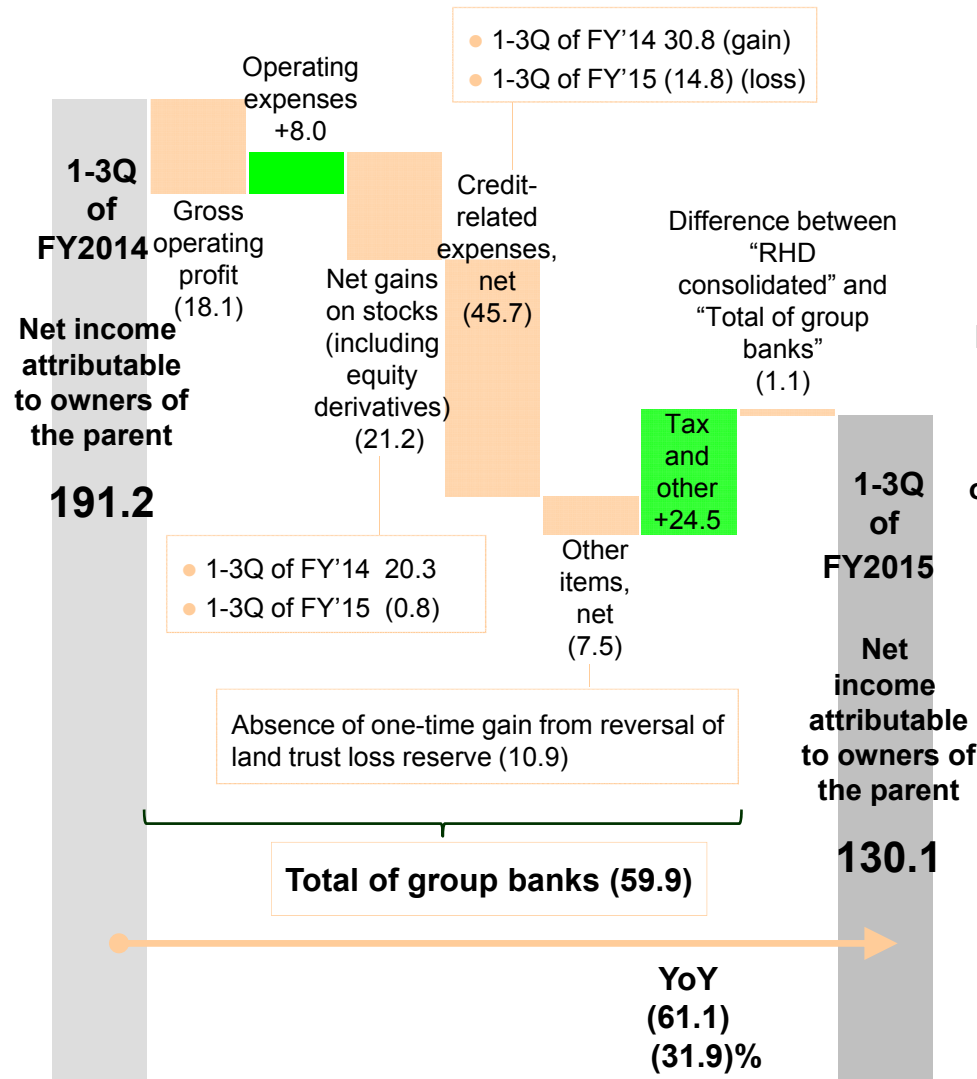
# Factors for the Changes in Periodic Profits (YoY Comparison)

**Net income attributable to owners of the parent (RHD Consolidated)**

**Actual net operating profit (Total of Group Banks)**

(Y bn)

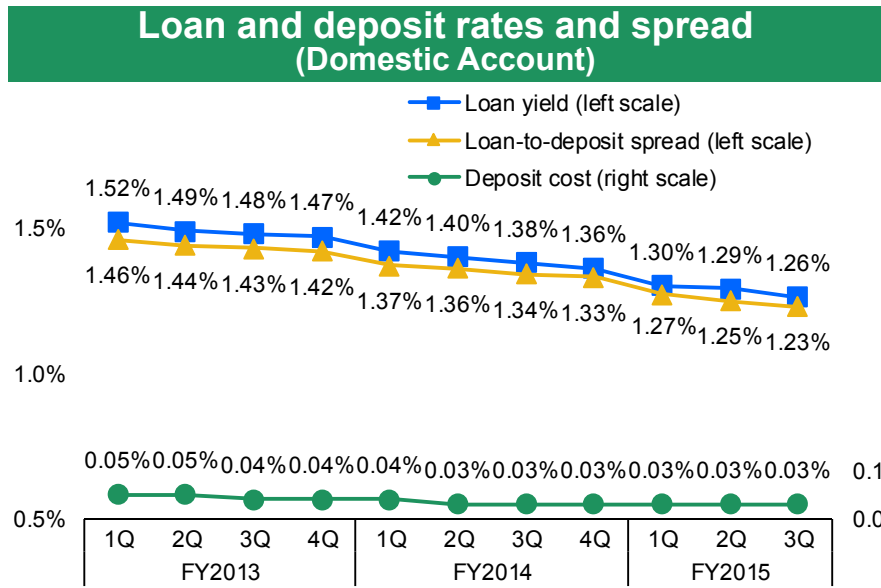
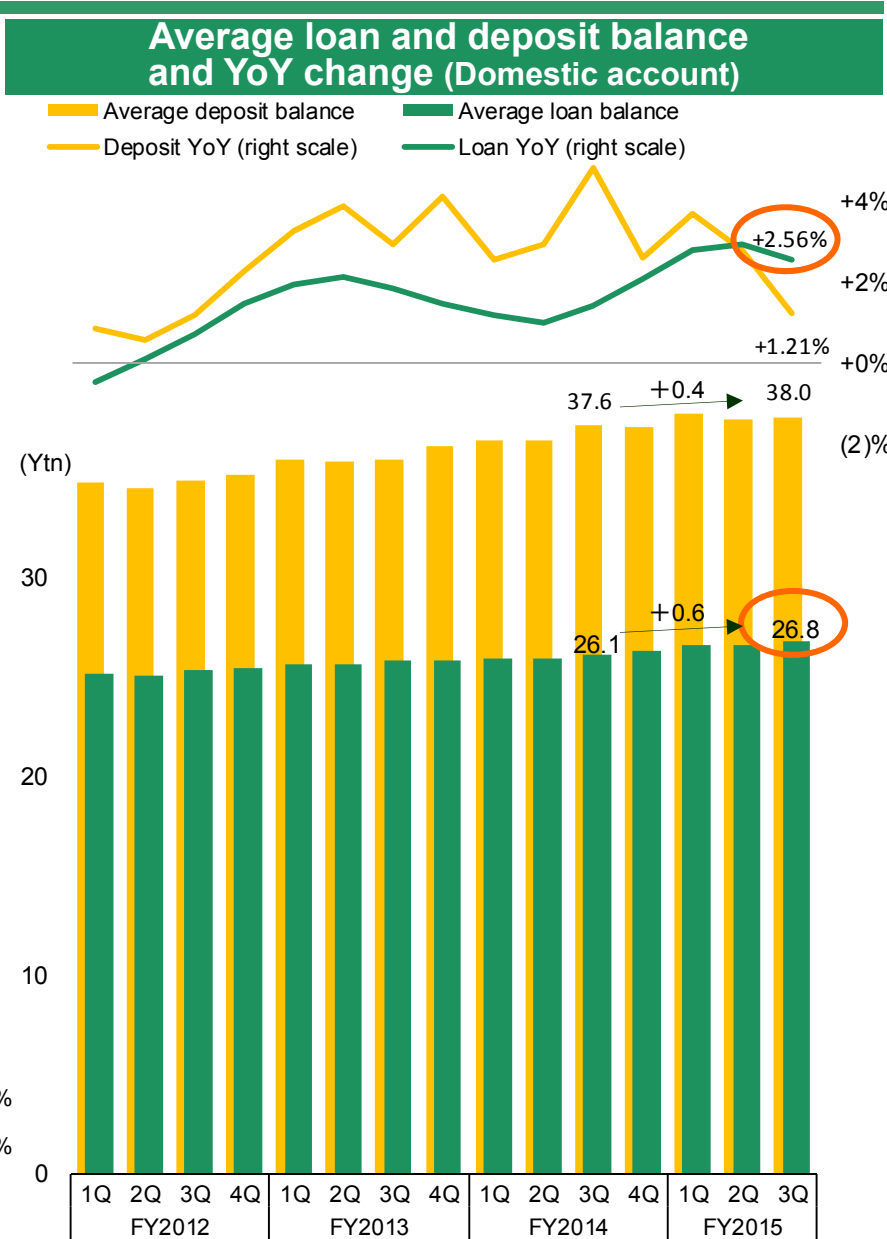
(Y bn)



\*1. Fees and commission income plus trust fees

# Trend of Loan and Deposit (Total of Group Banks)

Average loan and deposit balance and spread						
(Y tn)		1-3Q		FY2015		
		(Act)	YoY change	(Plan) <sup>*4</sup>	YoY change	
Average loan balance (Banking account) (1)		27.20	+2.98%			
Domestic acct. <sup>*1</sup>	Loans	Average balance (2)	26.69	+2.75%	26.71	+2.49%
		Yield (3)	1.28%	(0.11)%	1.29%	(0.09)%
	Corporate Banking Business Unit <sup>*2</sup>	Average balance (4)	15.52	+3.36%	15.54	+2.98%
		Yield (5)	1.15%	(0.13)%	1.15%	(0.11)%
	Personal Banking Business Unit <sup>*3</sup>	Average balance (6)	10.21	+1.79%	10.23	+1.77%
		Yield (7)	1.53%	(0.07)%	1.54%	(0.06)%
	Deposits (Including NCDs)	Average balance (8)	38.02	+2.55%	37.78	+1.65%
		Cost (9)	0.03%	(0.00)%	0.03%	(0.00)%
	Loan-to-deposit spread (10)		1.25%	(0.10)%	1.26%	(0.09)%

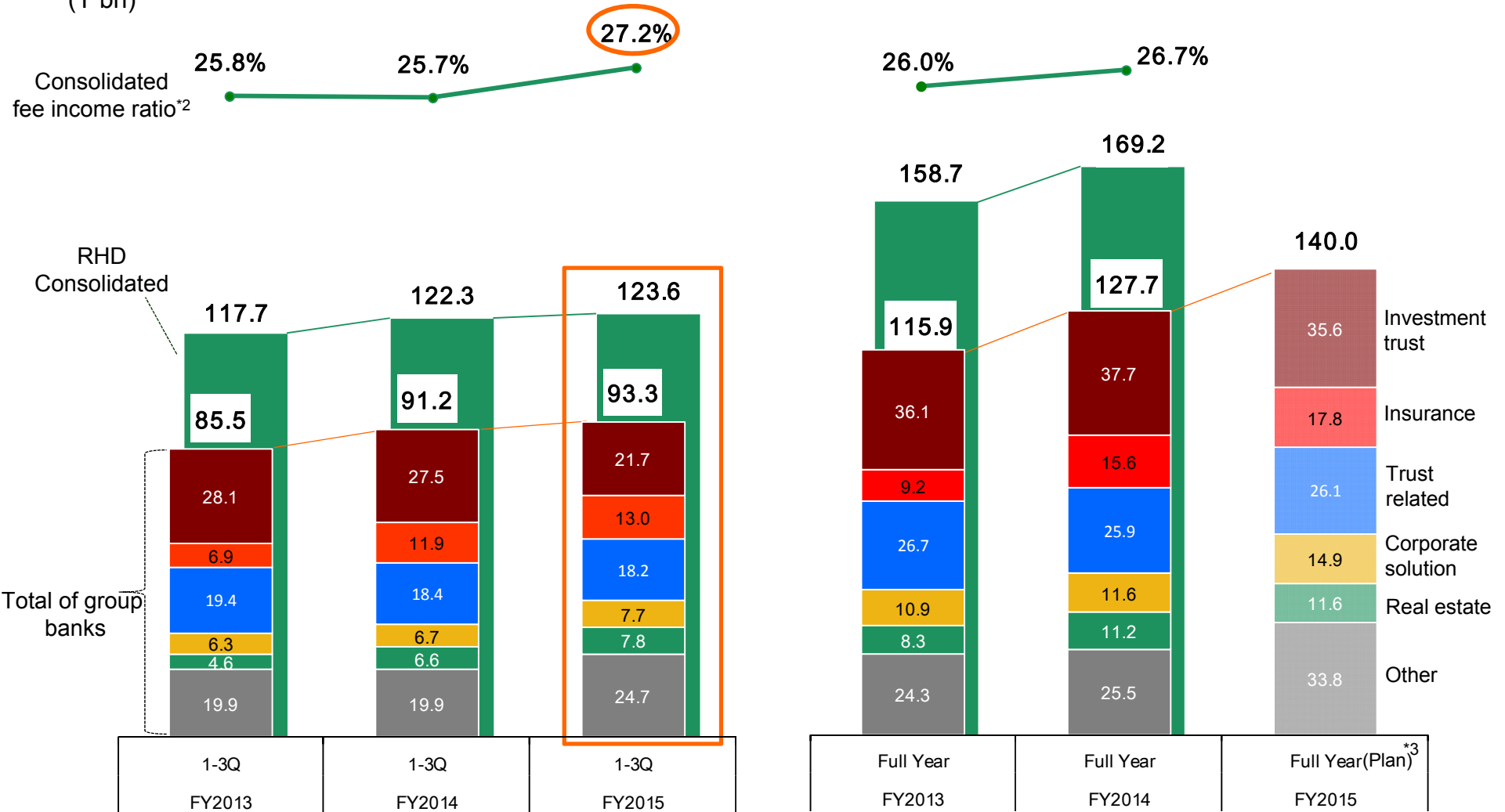


\*1. Data compiled for a management and administration purpose  
 \*2. Corporate Banking Business Unit : corporate loans(excluding loans to governments) + apartment loans  
 \*3. Personal Banking Business Unit: residential housing loans + consumer loans  
 \*4. Plan for the full year formulated by the Company in November 2015

# Trend of Fee Income

Fee income\*1 on the steady rise with the consolidated fee income ratio at 27.2% for 1-3Q of FY2015

(Y bn)



\*1. Fees and commission income plus trust fees

\*2. Fee income ratio = Fee income / Gross operating profit

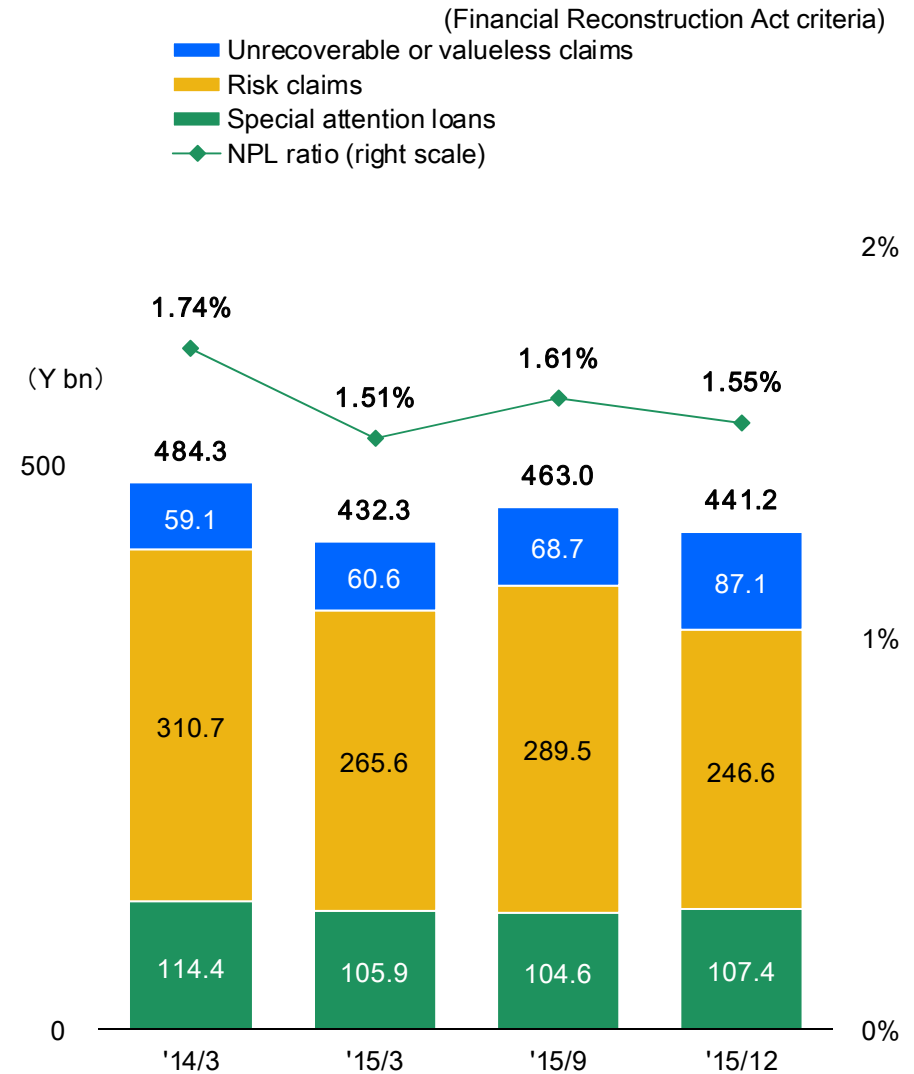
\*3. Plan for the full year formulated by the Company in November 2015

# Credit Costs and NPL

## Trend of credit costs

(Y bn)	FY2013	FY2014		FY2015			Plan*1
		1-3Q (9Ms)		1H (6Ms)	3Q (3Ms)	1-3Q (9Ms)	
<b>Net credit cost (Total of group banks (A))</b> (1)	27.1	30.8	24.3	(20.5)	5.6	(14.8)	(33.0)
General reserve (2)	28.4	25.0	23.5	(2.2)	2.0	(0.1)	
Specific reserve and other items (3)	(1.3)	5.7	0.7	(18.2)	3.6	(14.6)	
New bankruptcy, downward migration (4)	(36.8)	(18.1)	(29.5)	(32.2)	(2.6)	(34.8)	
Collection/ upward migration (5)	35.4	23.8	30.3	13.9	6.2	20.1	
<b>Difference (B) - (A)</b> (6)	(0.6)	3.0	(1.9)	(0.6)	(1.5)	(2.1)	(1.5)
of which, HL guarantees subsidiaries (7)	1.4	4.9	1.1	0.3	2.3	2.6	
of which, Resona Card (8)	(1.4)	(1.3)	(1.6)	(1.1)	(0.3)	(1.4)	
<b>Net credit cost (RHD consolidated (B))</b> (9)	26.4	33.9	22.3	(21.2)	4.1	(17.0)	(34.5)

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



\*1. Plan for the full year formulated by the Company in November 2015  
 \*2. Positive figures represent reversal gains



# Securities Portfolio (Total of Group Banks)

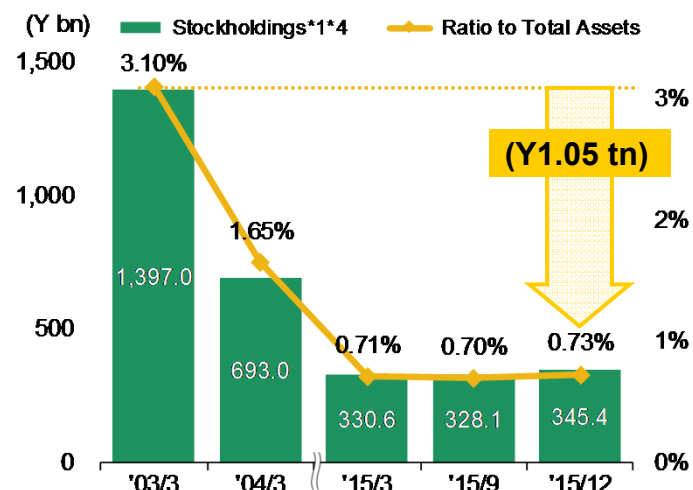
## Securities Portfolio

(Y bn)		Mar.'15	Sep.'15	Dec.'15	Unrealized gain/(loss)
Available-for-sale securities *1	(1)	3,827.6	3,286.5	3,298.0	564.6
Stocks	(2)	330.6	328.1	345.4	559.8
Bonds	(3)	3,186.9	2,544.7	2,196.8	9.6
JGBs	(4)	2,151.1	1,646.2	1,291.2	2.7
Average duration (years) <sup>*2</sup>	(5)	3.3	3.0	3.6	-
Basis Point Value (BPV)	(6)	(0.72)	(0.50)	(0.48)	-
Local government and corporate bonds	(7)	1,035.8	898.5	905.5	6.8
Other	(8)	310.0	413.5	755.8	(4.8)
Foreign securities	(9)	143.0	213.1	435.5	(6.2)
Net unrealized gain	(10)	573.1	498.5	564.6	

Bonds held to maturity *3	(11)	2,435.7	2,456.9	2,375.6	73.0
JGBs	(12)	1,962.0	1,961.8	1,881.7	57.6
Net unrealized gain	(13)	72.6	72.8	73.0	

## Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 6,000 yen
- Listed stocks sold in 1-3Q period of FY2015: Y5.6 bn (acquisition cost basis), Net gain on sale: Y6.0 bn
- Consistently reduced the balance of stock holdings including those held in the Retirement Benefit Trust (RBT) thus far.  
=> Returned all stocks in the RBT to a banking book (totaling Y21.7 bn)  
Balance of stocks held in the RBT:  
Mar. 31, 2008 Y308.3 bn (peak in fair value) => Dec. 31, 2015 Zero
- 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 pursue appropriate returns for the risks taken as ever according to the following policies

1. Won't hold policy-oriented stocks not in line with financial strength
2. Aim at establishing a medium- and long-term, stable business relationship through mutual sustained improvements of corporate values
3. Determine whether or not to hold policy-oriented stocks after having examined risks and returns, including the realizability of medium- and long-term business prospects

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

\*2. Assuming the duration of floating-rate JGBs as zero

\*3. Balance sheet amount basis. The presented figures include marketable securities only

\*4. Available-for- sales securities

# Capital Adequacy Ratio (Consolidated)

## Domestic Standard

- Capital adequacy ratio as of December 31, 2015  
: 13.88%

( Y bn )	Sep. 30 2015	Dec. 31 2015	Change
<b>Capital adequacy ratio</b> (1)	<b>13.90%</b>	<b>13.88%</b>	<b>(0.02%)</b>
<b>Total capital</b> (2)	<b>1,999.7</b>	<b>2,023.4</b>	<b>+23.7</b>
Core Capital: instruments and reserves (3)	2,023.6	2,040.1	+16.4
Capital and surplus (4)	1,176.4	1,221.1	+44.6
of which, net income (5)	85.7	130.1	+21.2
of which: earnings to be distributed (6)	(23.4)	-	+23.4
Treasury stock (7)	(2.2)	(2.0)	+0.1
Non-cumulative perpetual preferred stock subject to transitional arrangement (8)	175.0	175.0	-
Subordinated loans and bonds subject to transitional arrangement (9)	570.2	553.1	(17.0)
Eligible provisions (10)	68.6	66.7	(1.9)
Other (11)	35.5	26.2	(9.3)
Core Capital: regulatory adjustments (12)	23.9	16.6	(7.2)
<b>Risk weighted assets</b> (13)	<b>14,383.2</b>	<b>14,571.5</b>	<b>+188.3</b>
Credit risk weighted assets (14)	12,920.7	13,015.7	+95.0
Amount equivalent to market risk / 8% (15)	106.8	217.4	+110.6
Amount equivalent to operational risk / 8% (16)	1,075.6	1,075.6	-
Credit risk weighted assets adjustments (17)	279.9	262.6	(17.3)

## (Reference) International Standard

- Common Equity Tier 1 capital ratio as of Dec. 31, 2015  
(Excluding net unrealized gains on available-for-sale securities)  
: 7.98%

( Y bn )	Sep. 30 2015	Dec. 31 2015	Change
<b>Common Equity Tier 1 capital ratio</b> (1)	<b>8.76%</b>	<b>9.08%</b>	<b>+0.32%</b>
Excluding net unrealized gains on available-for-sale securities (2)	7.77%	7.98%	+0.21%
<b>Tier 1 capital ratio</b> (3)	<b>9.93%</b>	<b>10.21%</b>	<b>+0.28%</b>
<b>Total capital ratio</b> (4)	<b>14.24%</b>	<b>14.57%</b>	<b>+0.33%</b>
<b>Common Equity Tier 1 capital</b> (5)	<b>1,308.3</b>	<b>1,372.1</b>	<b>+63.7</b>
Instruments and reserves (6)	1,344.6	1,403.9	+59.3
Capital and surplus (7)	1,176.4	1,221.1	+44.6
of which, net income (8)	85.7	130.1	+21.2
of which: earnings to be distributed (9)	(23.4)	-	+23.4
Treasury stock (10)	(2.2)	(2.0)	+0.1
Accumulated other comprehensive income (11)	159.2	177.6	+18.3
of which, net unrealized gains on available-for-sale securities (12)	147.9	166.2	+18.2
Other (13)	11.1	7.2	(3.8)
Regulatory adjustments (14)	36.2	31.8	(4.3)
Other Tier 1 capital (15)	174.0	171.7	(2.3)
<b>Tier1 capital</b> (16)	<b>1,482.4</b>	<b>1,543.8</b>	<b>+61.3</b>
<b>Tier2 capital</b> (17)	<b>643.5</b>	<b>658.4</b>	<b>+14.9</b>
<b>Total capital(Tier1+Tier2)</b> (18)	<b>2,126.0</b>	<b>2,202.3</b>	<b>+76.2</b>
<b>Risk weighted assets</b> (19)	<b>14,928.2</b>	<b>15,106.8</b>	<b>+178.5</b>
Credit risk weighted assets (20)	13,556.5	13,711.3	+154.7
Amount equivalent to market risk / 8% (21)	106.8	217.4	+110.6
Amount equivalent to operational risk / 8% (22)	1,075.6	1,075.6	-
Credit risk weighted assets adjustments (23)	189.2	102.3	(86.8)

# Earnings Forecasts for FY2015 (Released in November 2015)

## RHD Consolidated

( Ybn )	1H FY'15 (Actual)	Full year forecasts	Change from original forecast	Change from previous year
Ordinary profit (1)	121.8	250.0	(4.0)	(83.3)
Net (interim) income attributable to shares of the parent (2)	85.7	175.0	-	(36.4)
Difference (2)-(1) (3)	9.9	18.0	+3.0	+3.0

## Dividend Forecast

		Forecast for per share dividend
Common stock (12)		17 yen
of which, interim dividend (13)		8.5 yen
Preferred stock (14)		As pre-determined

## Total of Group Banks

( Y bn )	Total of group banks				Resona Bank				Saitama Resona Bank				Kinki Osaka Bank			
	1H FY'15 Acrual	Full year forecasts	Change from original forecast	Change from previous year	1H FY'15 Acrual	Full year forecasts	Change from original forecast	Change from previous year	1H FY'15 Acrual	Full year forecasts	Change from original forecast	Change from previous year	1H FY'15 Acrual	Full year forecasts	Change from original forecast	Change from previous year
Gross operating profit (4)	283.4	581.0	-	+0.5	186.1	392.0	-	+1.0	71.6	137.0	-	+0.7	25.6	52.0	-	(1.0)
Operating expenses (5)	(161.9)	(335.0)	-	+0.3	(106.1)	(219.5)	-	+0.3	(37.2)	(76.0)	-	+0.8	(18.5)	(39.5)	-	(0.9)
Actual net operating profit (6)	121.5	246.0	-	+0.9	79.9	172.5	-	+1.4	34.4	61.0	-	+1.5	7.1	12.5	-	(1.9)
Net gains on stocks (7)	(1.5)	8.0	(2.0)	(36.5)	(3.4)	5.5	(4.0)	(37.4)	1.7	2.0	+2.0	+1.4	0.1	0.5	-	(0.4)
Credit related expenses (8)	(20.5)	(33.0)	(15.0)	(57.3)	(23.0)	(30.5)	(21.5)	(55.3)	0.2	(3.0)	+3.0	(0.8)	2.2	0.5	+3.5	(1.2)
Ordinary profit (9)	106.0	224.5	(8.5)	(75.8)	60.4	154.5	(17.5)	(74.6)	35.8	58.0	+4.5	+1.4	9.8	12.0	+4.5	(2.5)
Income before income taxes (10)	105.5	223.0	(8.5)	(70.2)	60.0	153.5	(17.5)	(70.8)	35.7	57.5	+4.5	+1.3	9.7	12.0	+4.5	(0.6)
Net (interim) income (11)	75.7	157.0	(3.0)	(39.4)	43.4	109.0	(10.5)	(40.9)	24.3	38.5	+3.0	+3.3	8.0	9.5	+4.5	(1.7)

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**Resona Group at a Glance**

**Outline of Business Results for 1-3Q FY2015  
and Updates on Major Businesses**

**Efforts to Build Solid Foundation for Sustainable Growth**

**Full Repayment of Public Funds and  
Direction of Capital Management**

**Reference Material**

# Resona's Management Strategy

## Become "No.1 Retail Bank"

**Cultivating strategic business areas even further**

**Build good-quality loan assets  
Strengthen fee income**

**Corporate**

Solutions for business growth, turnaround and succession

**Consumer**

Total life solutions

Solid presence in the two largest urban areas  
Trust and real estate-related capabilities  
Customer base comprised of 13 million retail clients

**Challenge to Create New Profit Opportunities**

**Omni-channel strategy**  
Expected increase in net business profits: + JPY29 bn (FY2019, on a single year basis)

(FY2019)  
Active retail customers: + 2 million  
Sales representatives + 1,000

**Marketing reform**  
Gather and analyze customer information to make a timely proposal

**Channel reform**  
Anytime and anywhere  
Integrating the web and real channels

**Sales reform**  
New financial services company

**Shared Open Platforms**  
+ JPY7 bn of net business profits to be earned by Resona Asset Management (FY2020, on a single year basis)

**Establishment of RAM**  
(FY2020)  
AUM amounting to JPY1.3 tn

Providing diverse customers with AM services  
Leveraging on the rapidly growing investment trust market in Japan

**Business alliances**

Supports for SMEs to commence business in Asia

# Cultivating Strategic Business Areas Even Further: Corporate Banking Dept. (1)

## Efforts to increase good-quality loan assets

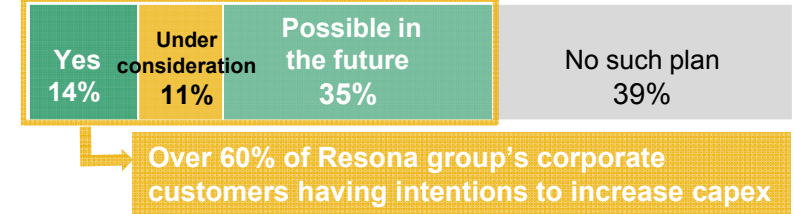
- #1. Capture capex-related loan demand
- #2. Capture loan demand from growth sectors

- #3. Promote loans to Premier customers
- #4. Strengthen efforts to participate in PPPs

### #1. Capture Capex-related loan demand

■ Shifting from planning to actual implementation stages

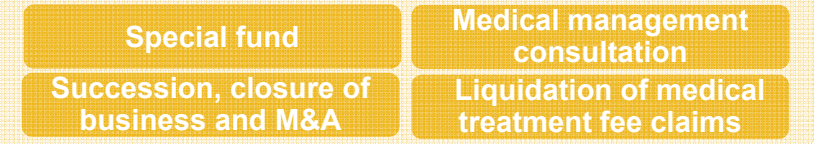
[Does your company have a plan for Capex?\*1]



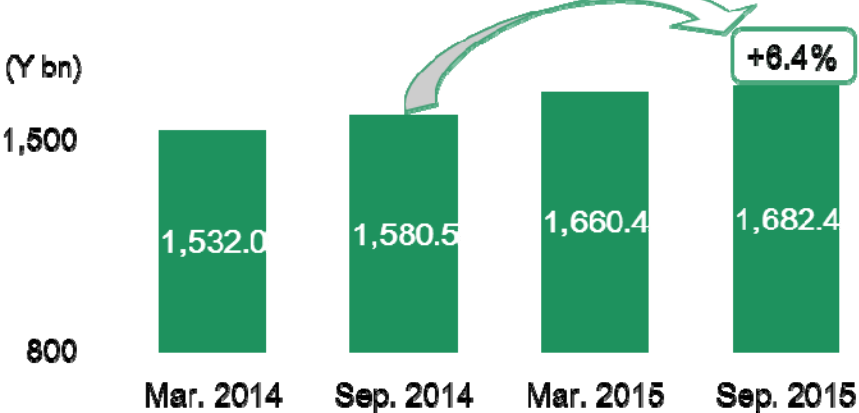
### #2. Capture loan demand from growth sectors

■ To be No.1 bank supporting the healthcare industry

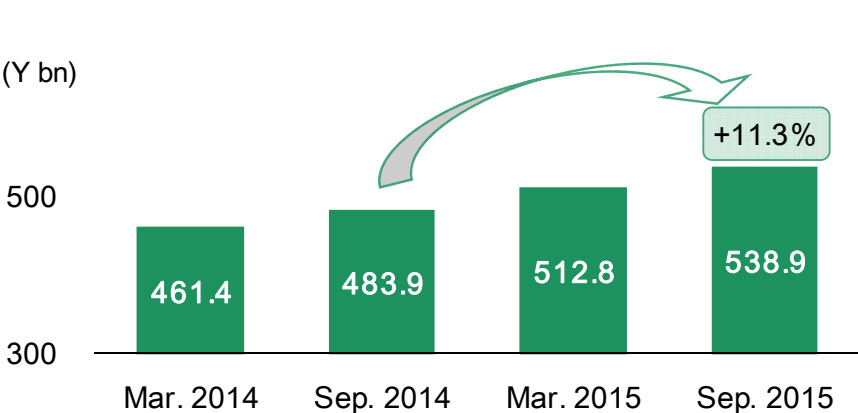
- Top-class customer base of hospitals, nursing and personal care facilities in Tokyo, Saitama and Osaka
- Professional teams can offer diverse solutions



[Term-end bal. of capex-related loans] (Total of group banks)  
(Excluding loans to real estate sector, municipalities and non-residents in Japan )



[Term-end bal. of loans to healthcare industry] (Total of group banks)



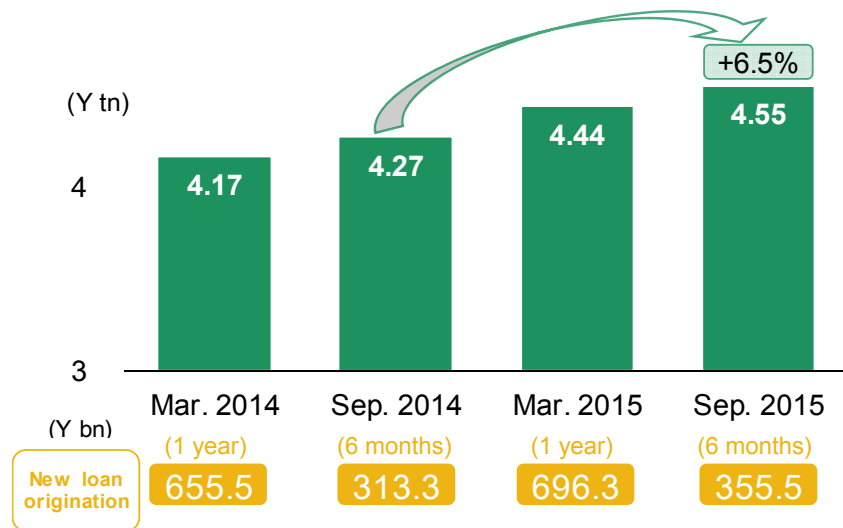
\*1. Questionnaire survey which RB, SR and KO conducted to its corporate customers from Feb 2015 to April 2015. (Approximately 30 thousands customers responded.)



# Cultivating Strategic Business Areas Even Further: Corporate Banking Dept. (2)

## #3. Promote loans to "Premier" customers

- Loan balance on the steady rise through offering of solutions for asset and business succession  
[Term-end bal. of loans to "Premier" customers]



- Provide "Premier" customers with as many solutions as possible by strengthening promotional structure

<b>Trust Office</b>	<ul style="list-style-type: none"> <li>• Assign expert consultants</li> <li>• 2 offices (present) =&gt; about 30 offices (by Sep. 2018)</li> </ul>
<b>Increase professional staffs</b>	<ul style="list-style-type: none"> <li>• Financial Planner (1st grade) 1,000 staffs (current) =&gt; + 300 staffs (by Sep. 2018)</li> </ul>

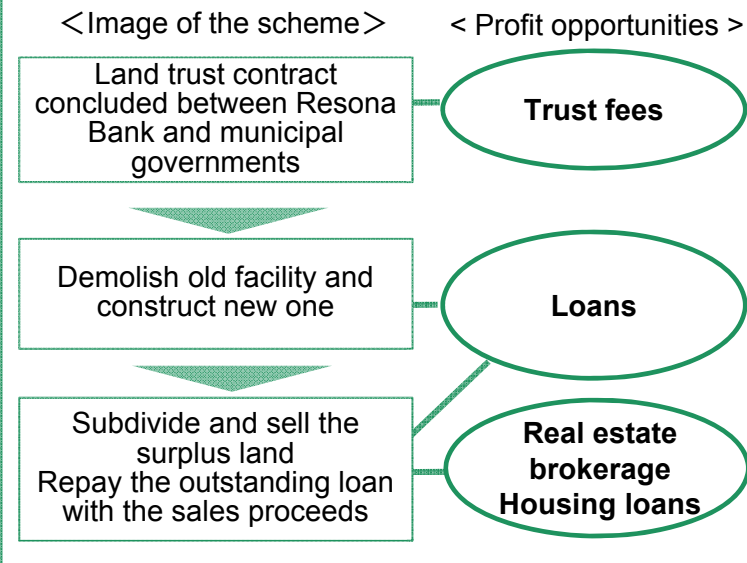
<b>Aging of SME owners</b>	Needs for asset and business succession to expand
<b>Revision to inheritance tax system</b>	Heirs required to pay inheritance tax to increase significantly

## #4. Strengthen efforts to participate in PPPs (Public Private Partnerships)

- Exert the Group's comprehensive capabilities for regional revitalization
  - Resona Group banks serve as designated financial institutions for 98 municipalities #1 among major banks
  - Contribute to social infrastructure development, fully leveraging on the Group's trust and real estate functions

[Example] Land trust (disposition and construction type)

- Resona provided a land trust-based solution for a project to renew the sewage treatment facility jointly managed by *Musashimurayama* city and other municipalities.
- Resona successfully responded to the needs of the municipal government to renew the old facility while curtailing the fiscal burden.





# Cultivating Strategic Business Areas Even Further: Consumer Banking Dept. (1)

## Residential housing loan business

### Unparalleled customer convenience

**Opening on holidays** Started in 2003 and expanded thereafter  
71 LPs open on holidays at present

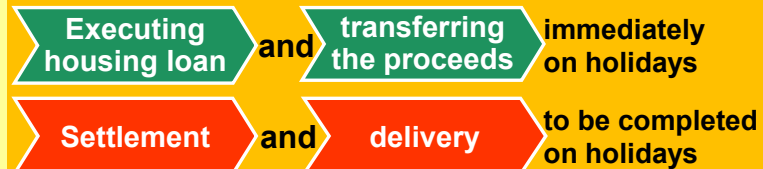
**New HL system** Started introduction in October 2014

- Application: One-writing system & OCR images
- Screening: Reduced time (strengthened EDI)
- Contract: Utilize a display.  
Paper documents and time required to be reduced to 1/10 and 1/2, respectively.

**Screening on holidays** Started in June 2015  
(1st among Japanese major banks)

- Screening: Certain branches have already started  
Screening on holidays to expand further

**Execution on holidays** **Start in the 2nd half of FY2015**  
(1st among Japanese banks)



- Account transfers among Resona Group banks only.

### Efforts to capture as many loan applications as possible

**HLs for existing homes**

- Screening speed can be a competitive edge
  - Promote business with loan screening and execution on holidays

**Flat 35**

- Accelerated screening process with a new system in place
  - Flat 35 loans originated in 1H FY2015: JPY62.2 bn (Up 84% YoY)

### Efforts to sustain and improve profitability

#### ■ Promote cross-selling when originating new HLs

**“Danshin Kakumei”**

- Group life insurance with wider coverage / + 0.3% additional interest rate applicable
- Promote high value-added HL products

**Fire insurance**

- 40 thousands new HLs originated in a year
  - More attractive product features / simplified purchase procedure

**Protection-oriented insurance**

- Opening on holidays and more efficient application / screening process allow for time to propose insurance products relevant to customer’s lifestyle.
  - Sold insurance products to 4.2% of the new HL customers (+ 0.4% YoY)

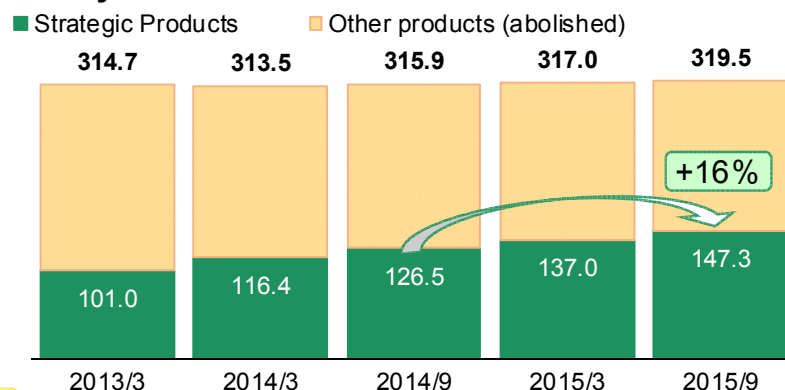
#### ■ Risk-pricing

- Competitive pricing for borrowers with good credit attributes
- Appropriate credit spread chargeable for middle risk applicants

# Cultivating Strategic Business Areas Even Further: Consumer Banking Dept. (2)

## Consumer loan business

- Balance of strategic products increased by 16% from a year earlier



Average loan yield

2013/3	2014/3	2014/9	2015/3	2015/9
6.08%	6.27%	6.42%	6.48%	6.58%

### Strengthened promotion

- Web ads on search engines, comparison sites, etc.
- Ads on ATM screen, "My Gate" (IB page) and DMs

### Strengthened product features

- Fewer documents required at time of loan application
- Credit limits reviewed flexibly based on actual usage

### Strengthened channel and process

- Speedier screening process
- Call at an appropriate timing to facilitate signing of contracts

- Start executing loans on holidays in 2H FY2015 to further enhance customer convenience

\*1. Total of Consumer and Corporate Banking Departments

## Settlement solutions

### 1H FY2015

- Greatly enhanced convenience of settlement services

- Extended the operating time of ATMs and installed new ATMs at convenient locations such as within terminal stations
- Intra-group banks 24H RTGS account transfers for individuals (April 2015)

[Usage scenes (C to C)]

Internet auction

House rent payment

Regular remittances

Clearing of bill at dinner party

- Intra-group banks account transfers handled by "My Gate" in the 1H of FY2015 increased by 3% YoY

- Reviewed a fee table applicable to settlement services in April 2015 to reflect the enhanced convenience

- Fees from settlement services in 1H FY2015\*1: JPY 23.3bn (+10.0% YoY)

### 2H of FY2015

- Intra-group banks 365 days RTGS account transfers for corporates (October 2015)

- Usage scenes will be extended to "B to C" and "B to B"

["B to C" usage scenes]

#### Shopping on the Internet

- Can receive payments at night and on holidays  
⇒ Ship the purchased items on the same day

#### Car sale / purchase

- Settlement and delivery on holidays

# Cultivating Strategic Business Areas Even Further: Cross-selling Culture

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

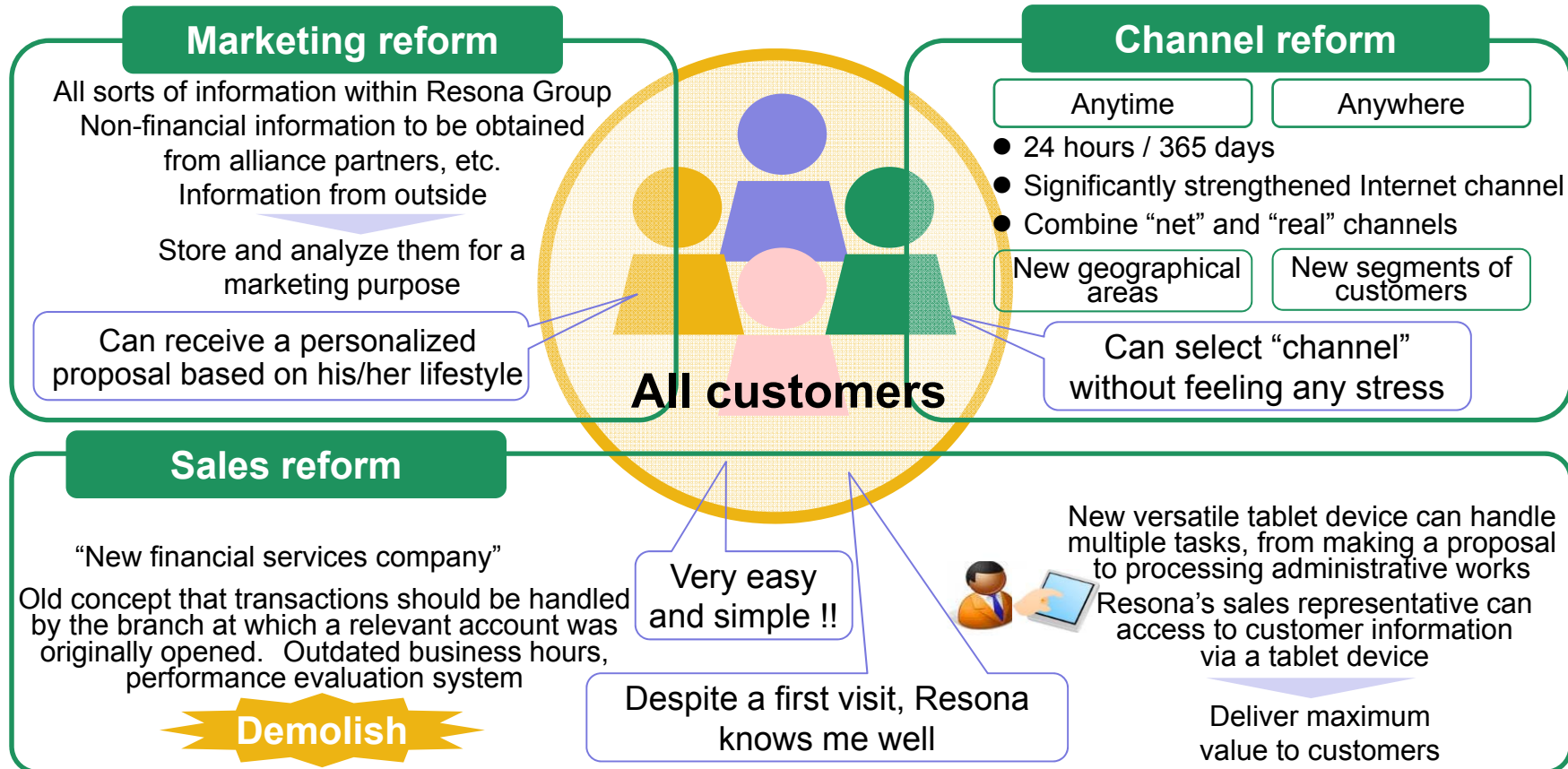
Customer segments based on the depth of transactions with Resona Group banks	Number of Customers (thousands)			Top-line Income Per Customer *	Avg. # of Products Cross-sold
	2010/9	2015/9	Change		
<b>Premier</b> AUM or Apartment loan exceeding JPY50 million (1)	46.2	54.3	+ 8.1	90.4	6.30
<b>Housing Loan</b> With housing loan for own home (2)	526.5	561.2	+ 34.7	20.6	4.55
<b>Asset Management</b> AUM exceeding JPY10 million (3)	655.6	714.8	+ 59.2	7.3	4.38
<b>Potential I</b> AUM exceeding JPY5 million (4)	778.5	795.5	+ 17.0	2.7	3.44
<b>Potential II</b> AUM below JPY 5 million/ 3 or more products sold (5)	4,366.8	4,764.9	+ 398.0	* 1	3.80
<b>Resona Loyal Customers (RLCs)</b> (6)	6,373.6	6,890.5	+ 517.0	4.1	3.90
<b>Potential III</b> AUM below JPY 5 million/ 2 or fewer products sold (7)	6,525.7	5,844.6	(681.1)	0.2	1.61

**Increase life-time profits by upgrading customer segments and by increasing the number of products cross-sold**

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

# Challenge to Create New Profit Opportunities: Omni-channel Strategy (1)

○Departure from conventional ways of doing business   ○Providing customers with new values   ○Retail No.1 Bank



<b>Envisaged goals to be attained in FY2019</b>	<b>Active retail customers:</b>	<b>+ 2 million</b>	<b>Sales representatives: (Clerical staffs)</b>	<b>+ 1,000 (1,000)</b>	<b>Net business profits increase (FY2019 on a single year basis)</b>
	<b>Resona Loyal Customers (RLCs):</b>	<b>+ 0.8 million (5 years cumulative)</b>	<b>Tablet device</b>	<b>For every branch staff + 15,000</b>	
					<b>+ JPY 29 bn</b>

# Challenge to Create New Profit Opportunities: Omni-channel Strategy (2)

## Provide customers with overwhelming convenience

### Overcome constraints of “time” for banking transactions (Anytime)

- Business hours extended to 17:00 (Oct. 2003~)
- 24H manned telephone banking services (May 2005~)
- **24H RTGS account transfers within Resona Group banks**
  - Individual customers (Apr. 2015~)
  - Corporate customers (Oct. 2015~)
- **Open 365 days / till 19:00 on weekdays**
  - 7 Days Plaza *Toyosu* (Nov. 15, 2015~)  
Opened as a model for new consulting-focused “anytime” outlet
  - Plan to add 1 more 7 Days Plazas in FY2015 (in total 11 offices)
- **Promoting HLs on holidays**
  - LPs open on holidays (Oct. 2003~)  
71 LPs open on holidays (As of Mar. 2015)
  - HL screening on holidays (June 2015~)
  - Execution of housing loans on holidays (Planned in FY2015)



### Overcome constraints of “space” for banking transactions (Anywhere)

- **Expand the net channel**
  - Strengthened Internet banking functions (“My Gate”) (Apr. 2014~)
  - Chat function added to Resona web (July 2015~)
  - Web Settlement Portal Site (Nov. 2015~)
  - Point Mall (Nov. 2015~)
  - Branch on the Internet (Planned in FY2015)
- **Mutual open-up of OTC services within Resona Group banks**
  - Various notifications relating to ordinary deposits (Sep. 2015~)
  - Ordinary deposits transactions (Nov. 2015~)  
(Common passbook for Resona group banks)
- **Consulting-based sales activities utilizing tablets**
  - Remote supports by FPs (June 2015~)
  - For each sales rep (Planned in FY2015)



### Products and Services

*Abandon existing framework and common sense*

Anytime

Anywhere

Upgraded backbone mainframe system ( Jan. 2015 )



# Seven Days Plaza *Toyosu* Opened on November 15, 2015

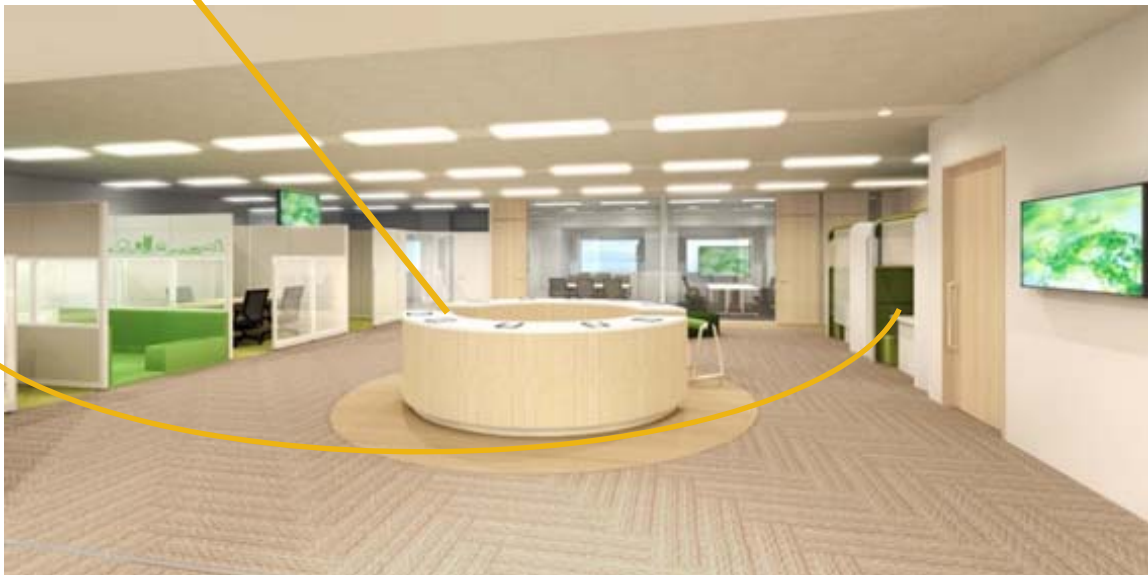
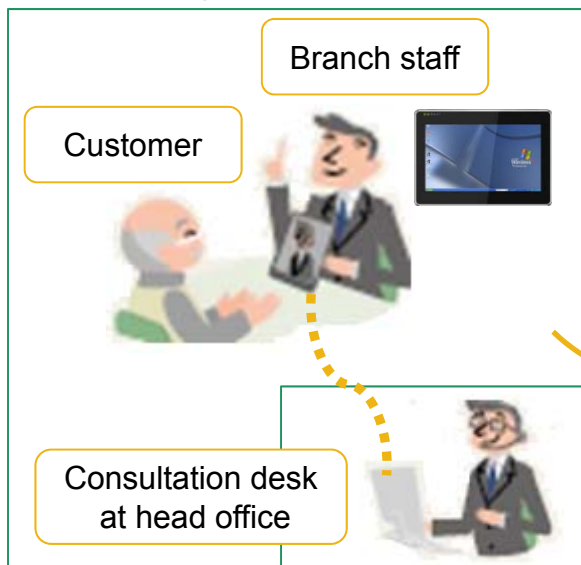
## Best products and services at anytime and via any channels

- Open 365 days till 7 pm
- New functions to enhance conveniences
  - New account can be opened without a seal 1<sup>st</sup> among Japanese major banks
  - Keyless rental safe from 7:00 to 22:00\*1
  - Barcode reader can handle tax and utility bill payments instantaneously
  - Customer can fill out the forms via a tablet device at reception desk  
=> Reduce waiting time / Paperless
- Focus on consultation services
  - Specialists at the head office can give professional advice via video phone system

## Experimental outlet embodying Resona's "omni-channel" concept

### Envisaged goals

- **Universal OTC services at all Resona Group banks' branches**
  - Same quality services at any Resona Group banks' branches
- **New tablet device can handle multiple tasks, from making a proposal to processing administrative works**
  - All staffs work as sales representatives, abandoning distinction between "front" and "back" offices
- **Open a number of new consulting focused outlets in customers' living areas**



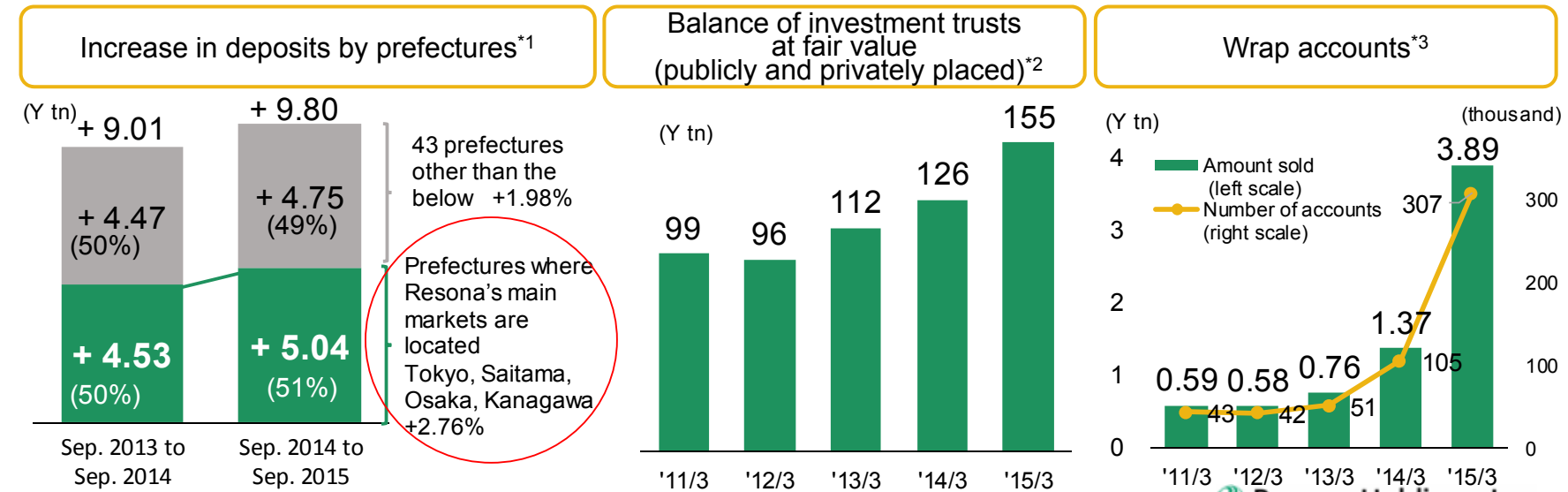
\*1. From 8:00 to 22:00 on Saturdays, Sundays and national holidays

# Challenge to Create New Profit Opportunities: Establishment of Resona Asset Management

Resona Group can 1) structure products, 2) distribute them and 3) provide securities trust service for AMs

<p><b>First-class AM service provider in Japan</b></p> <ul style="list-style-type: none"> <li>■ Approx. JPY20 tn of AUM</li> <li>■ Well-established AM know-how as a trust bank</li> </ul>	<p><b>FY2015 1st Half</b> (Aug.) Established RAM (Sep.) RAM commenced operation</p>	<p><b>FY2016 (Planned)</b></p> <ul style="list-style-type: none"> <li>• “Fund wraps”</li> <li>• Investment trust funds which use the same AM approach as the ones adopted by “Power of Trust”</li> </ul>	<p><b>FY2020</b></p> <p><b>Net business profits</b> <b>+ JPY7 bn</b></p>
<p><b>First-class distributor of investment products</b></p> <ul style="list-style-type: none"> <li>■ In FY2014, sold JPY1.22 tn of investment trusts</li> </ul>	<p><b>2nd Half (Planned)</b></p> <ul style="list-style-type: none"> <li>• Wrap-type investment trust funds</li> <li>• Private offering funds for corporates and financial institutions</li> </ul>	<p><b>FY2017(Planned)</b></p> <ul style="list-style-type: none"> <li>• Funds for DC pension schemes</li> <li>• Explore distribution channel other than Resona Group banks</li> </ul>	<p><b>AUM</b> <b>JPY1.3 tn</b></p>

## Market with high growth potential



\*1. Based on the BOJ statistics \*2. The Investment Trusts Association, Japan \*3. Japan Investment Advisors Association



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**Resona Group at a Glance**

**Outline of Business Results for 1-3Q of FY2015  
and Updates on Major Businesses**

**Efforts to Build Solid Foundation for Sustainable Growth**

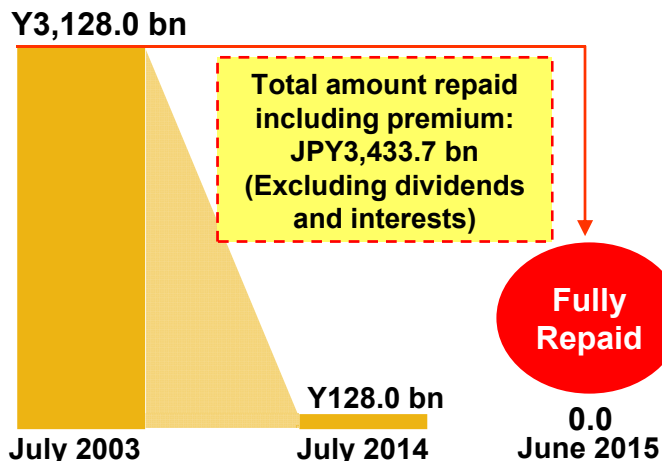
**Full Repayment of Public Funds and  
Direction of Capital Management**

**Reference Material**

# Direction of Capital Management

## Capital actions taken in the 1st half of FY2015

- Full repayment of public funds (June 2015)



- Repurchased and cancelled Class 4 Preferred Shares totaling JPY63.0 bn (July 2015)

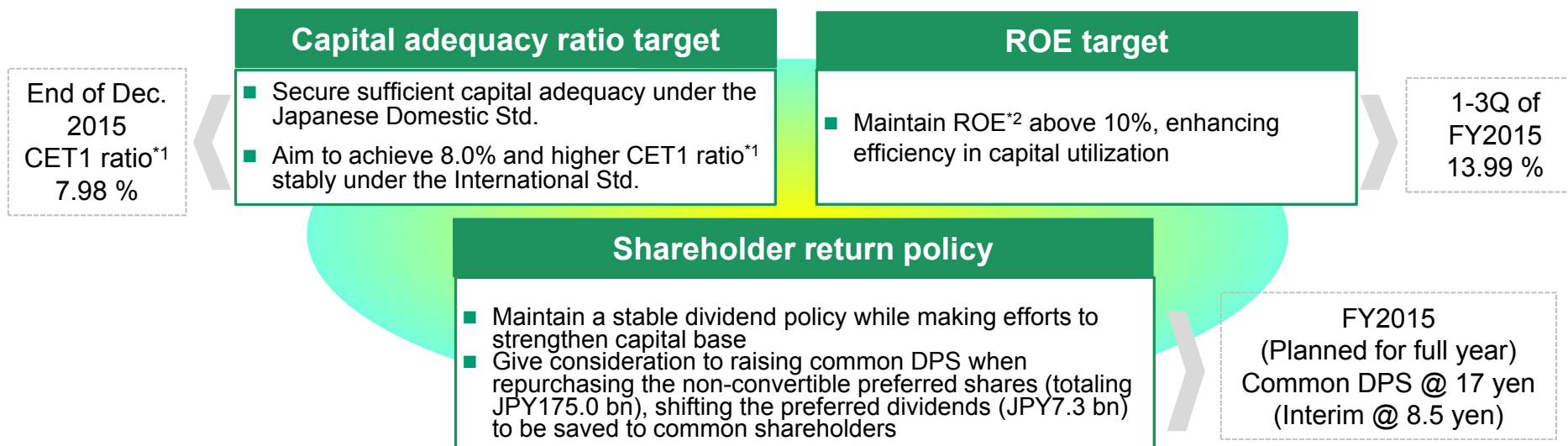
(Repurchased at JPY63.8 bn including accrued dividend)

- Together with the reissuance of treasury shares implemented in March 2015, completed *de facto* “Capital Exchange”

- Repurchased Preferred Securities (July 2015)

- Repurchased Preferred Securities issued by RPGS (Cayman) Ltd. USD1,150 million (7.191%)

## Direction of Capital Management



\*1. Exclude unrealized gain on available-for-sale securities, net of tax effect (phase-in / phase-out rule basis)  
 \*2. (Net income – Preferred dividends) / (Total shareholders equity – balance of outstanding preferred shares)

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## **Resona Group at a Glance**

## **Outline of Business Results for 1-3Q of FY2015 and Updates on Major Businesses**

## **Efforts to Build Solid Foundation for Sustainable Growth**

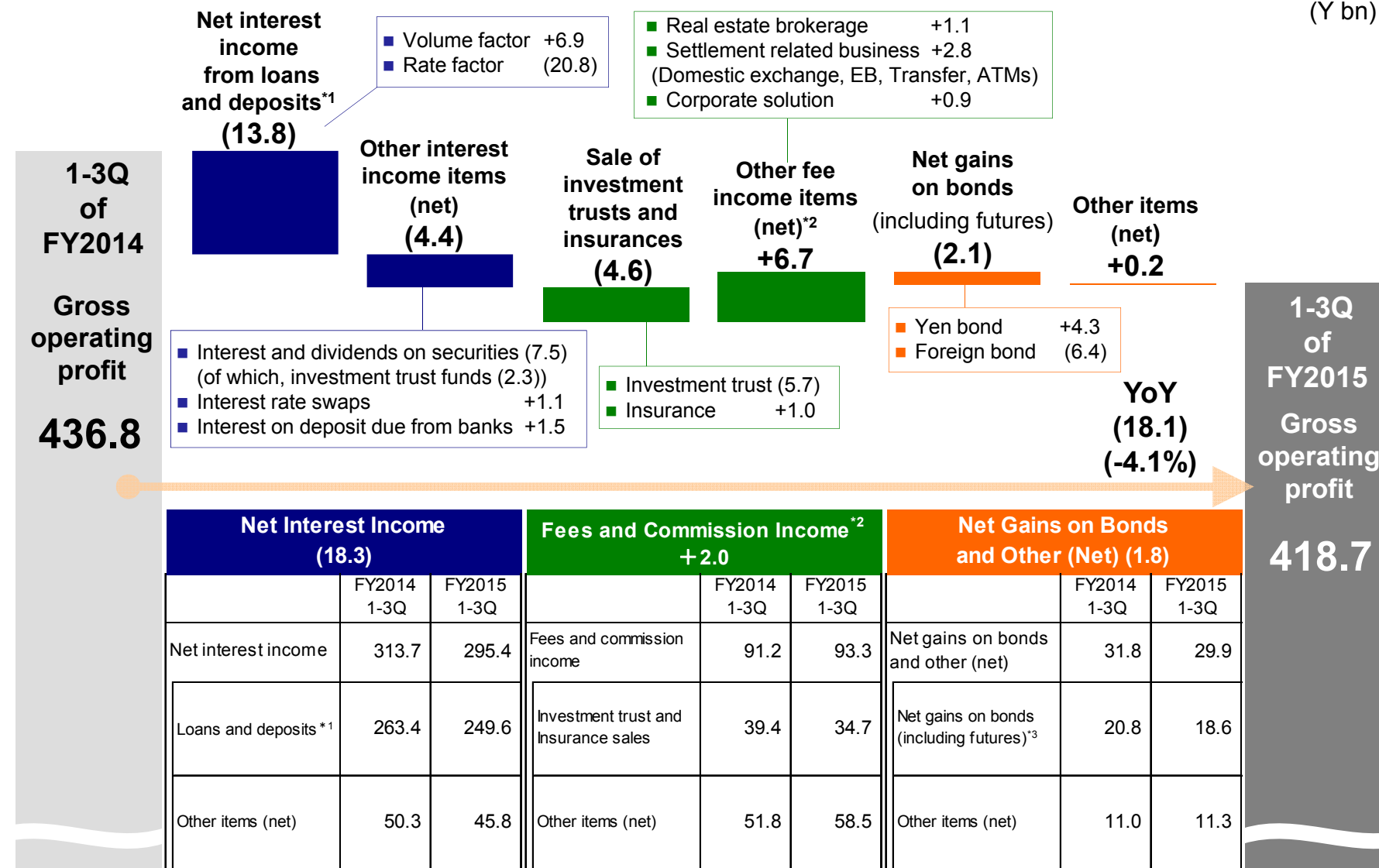
## **Full Repayment of Public Funds and Direction of Capital Management**

## **Reference Material**

# Gross Operating Profit for the 1-3Q Period of FY2015 Compared with the 1-3Q Period of FY2014 (Total of Group Banks)

Gross operating profit decreased by ¥18.1 bn, or 4.1%, YoY

(Y bn)



\*1. Domestic banking account, deposits include NCDs.

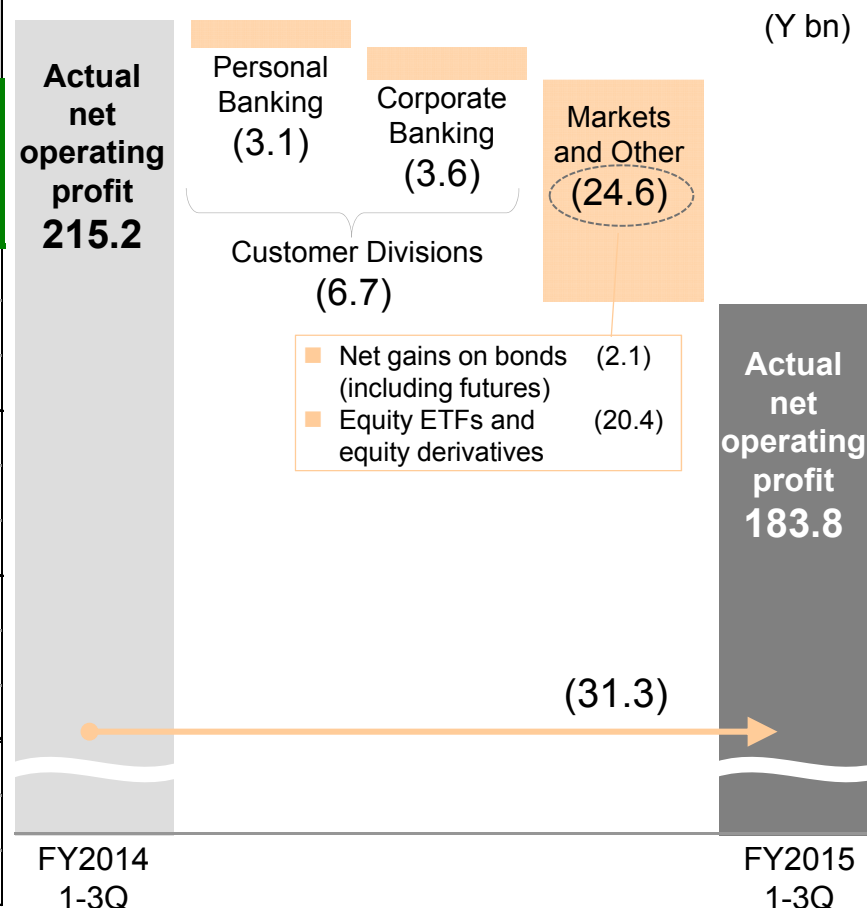
\*2. Fees and commission income plus trust fees

\*3. Net gains /(losses) on bonds and bond-related derivative transactions

# Results by Business Segments for the 1-3Q Period of FY2015 (1)

Actual net operating profit decreased by Y31.3 bn, primarily due to slowdown of market division

(Y bn)		FY2015 1-3Q	YoY Change
<b>Customer Divisions</b>	(1) Gross operating profit	386.5	(15.4)
	(2) Operating expense	(238.3)	8.6
	(3) Actual net operating profit	148.2	(6.7)
<b>Personal Banking</b>	(4) Gross operating profit	184.5	(8.0)
	(5) Operating expense	(126.5)	4.9
	(6) Actual net operating profit	58.0	(3.1)
<b>Corporate Banking</b>	(7) Gross operating profit	201.9	(7.3)
	(8) Operating expense	(111.8)	3.6
	(9) Actual net operating profit	90.1	(3.6)
<b>Markets and Other</b>	(10) Gross operating profit	42.8	(24.0)
	(11) Operating expense	(7.1)	(0.5)
	(12) Actual net operating profit	35.6	(24.6)
<b>Total</b>	(13) Gross operating profit	429.4	(39.5)
	(14) Operating expense	(245.5)	8.1
	(15) Actual net operating profit	183.8	(31.3)



## 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 on stocks.
3. "Other" segment refers to the divisions in charge of management and business administration.

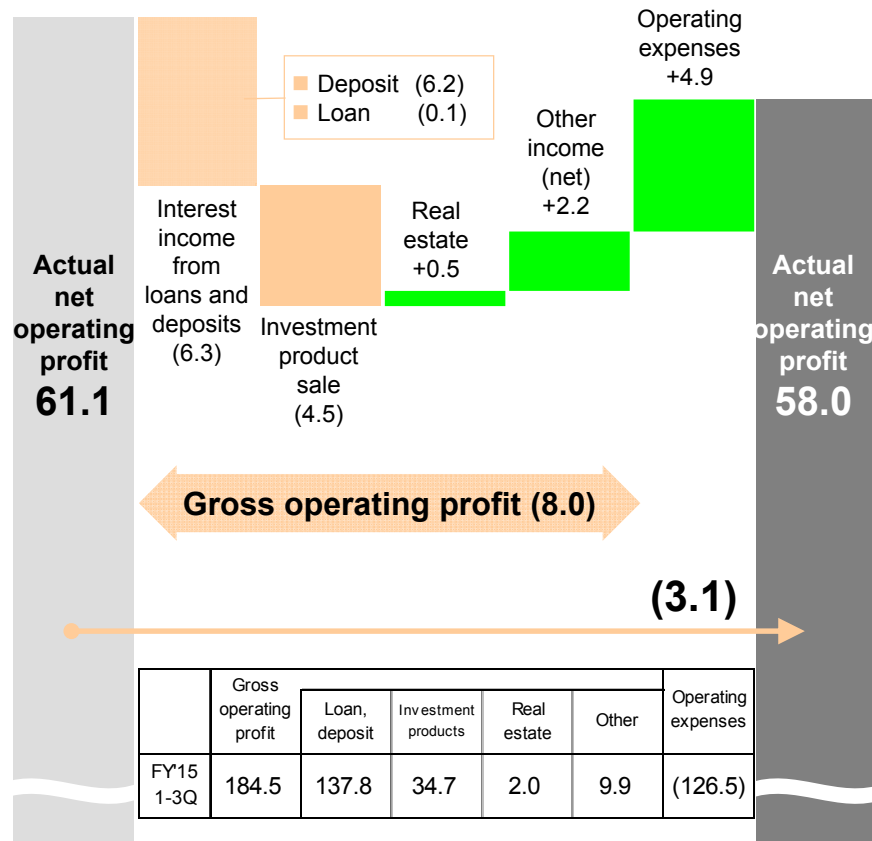


# Results by Business Segments for the 1-3Q Period of FY2015 (2)

## Personal Banking Segment

- Actual net operating profit decreased by Y3.1 bn
  - Decline in net interest income from loans and deposits, and income from investment product sale was partially covered by an increase in fee income from real estate brokerage and settlement related business and by a reduction in operating expense

[Comparison of actual net operating profit] (Y bn)



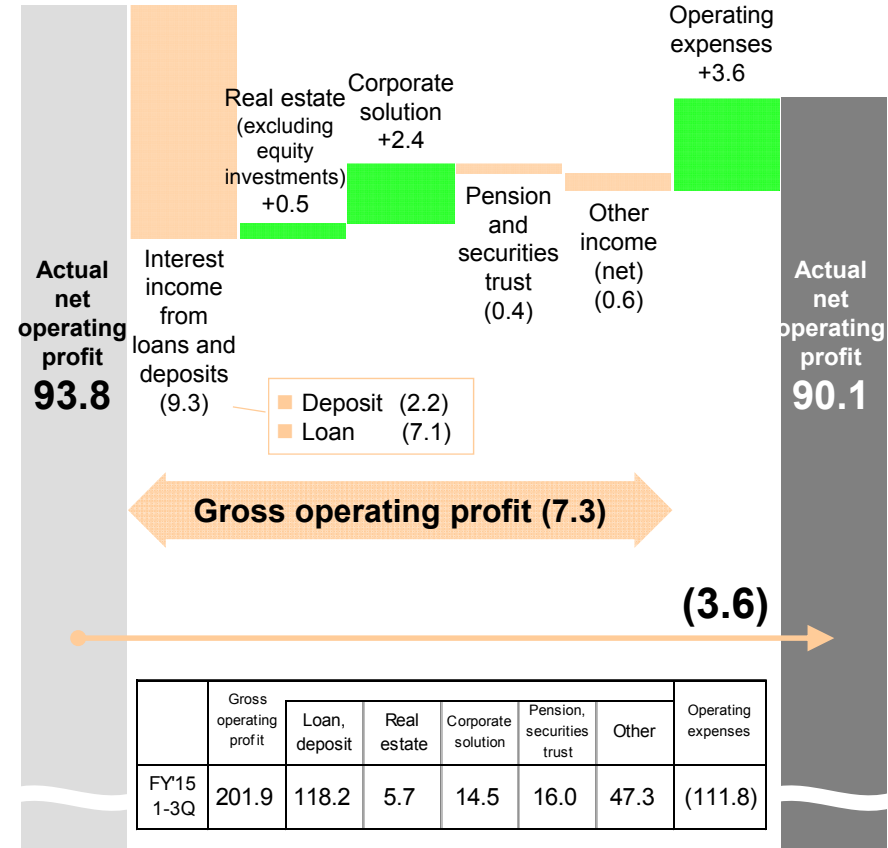
FY2014  
1-3Q

FY2015  
1-3Q

## Corporate Banking Segment

- Actual net operating profit decreased by Y3.6 bn
  - Decline in net interest income from loans and deposits was partially covered by an increase in fee income from real estate brokerage and corporate solution business and by a reduction in operating expense

[Comparison of actual net operating profit] (Y bn)

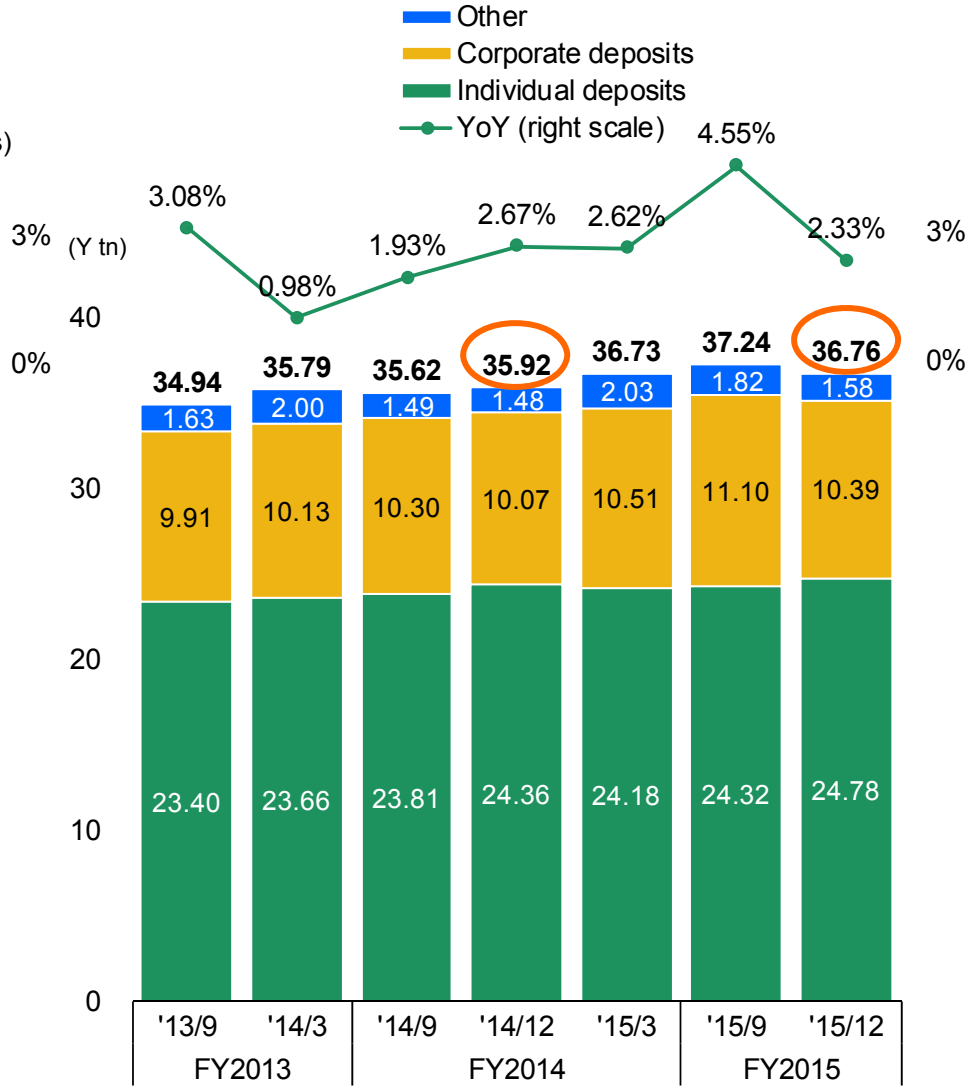
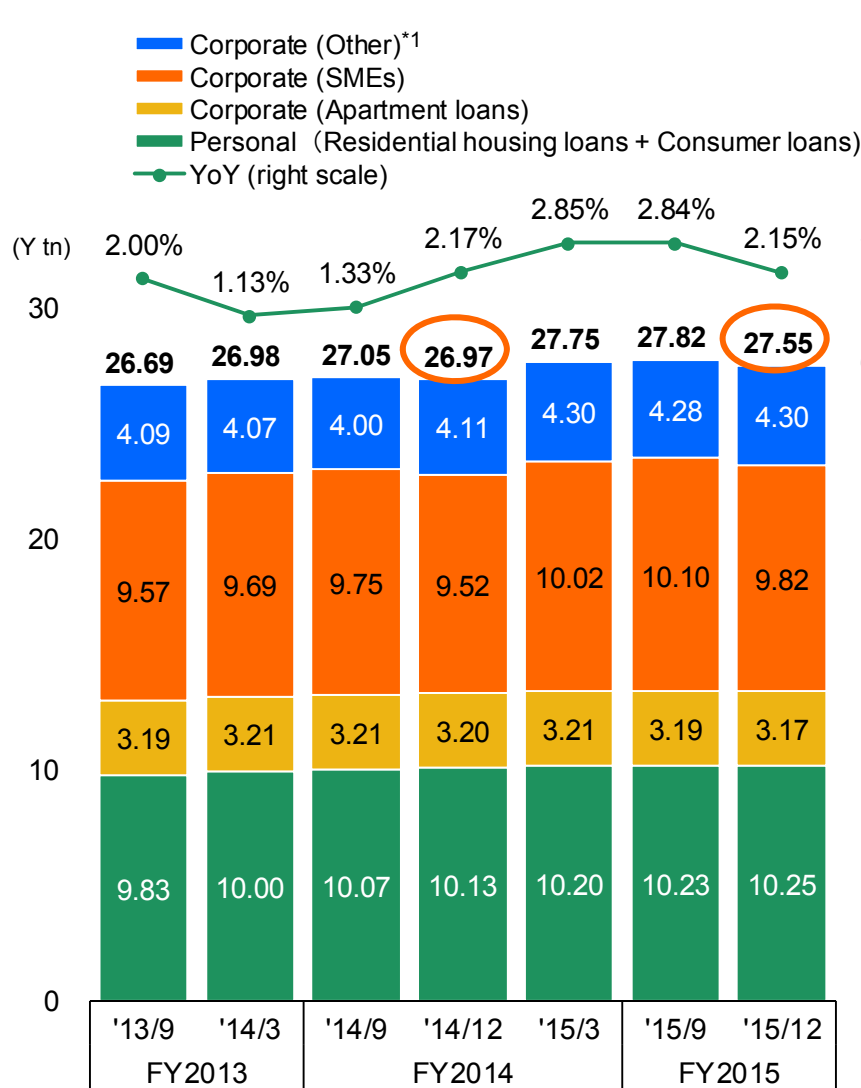


FY2014  
1-3Q

FY2015  
1-3Q

# Term-end Balance of Loan and Deposit (Total of Group Banks)

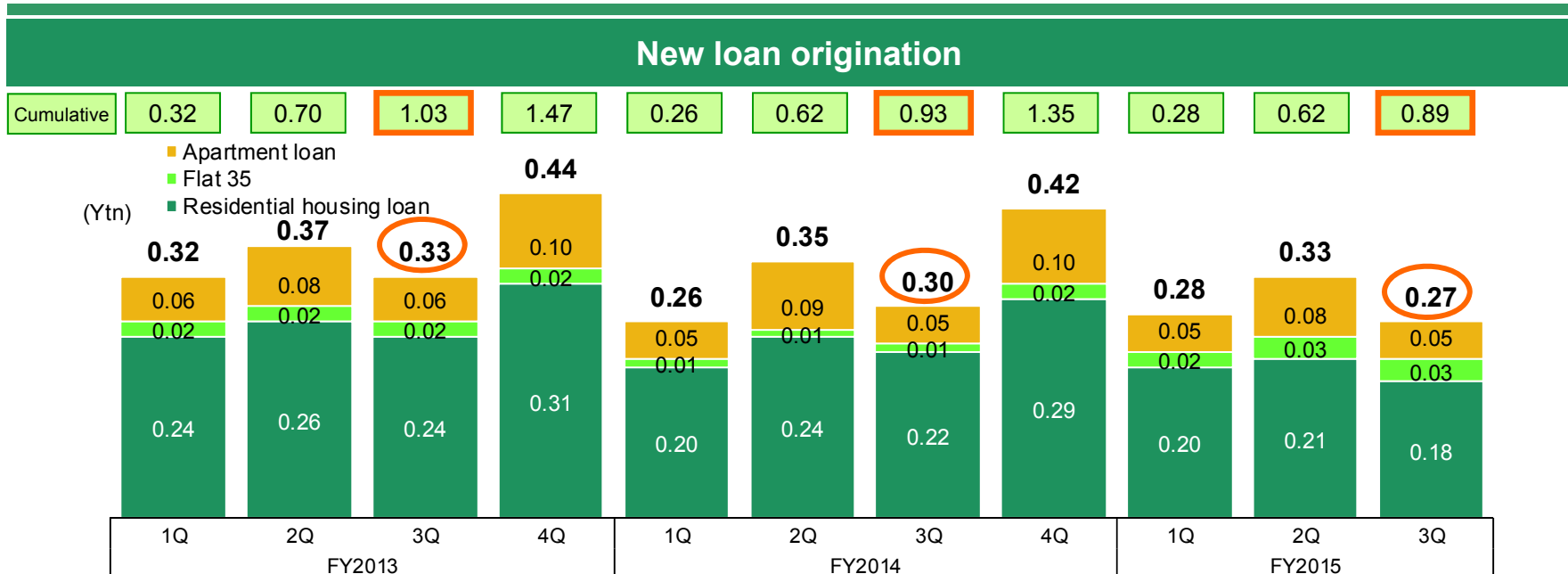
Term-end loan balance
Term-end deposit balance



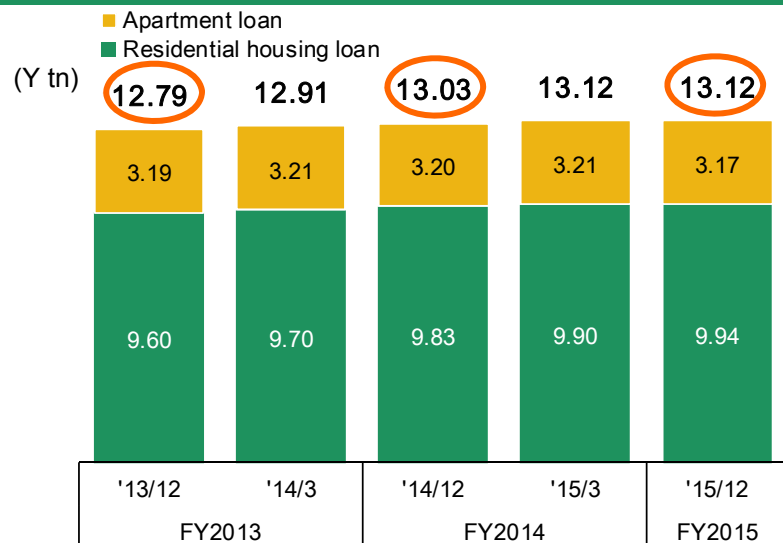
\*1. Include the loan extended to RHD from RB (Y0.30tn)



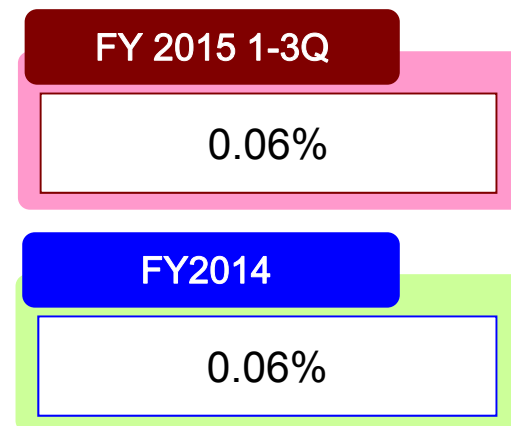
# Trend of Residential Housing Loan and Apartment Loan (Total of Group Banks)



### Term-end loan balance



### Net loss ratio\*1 remains low

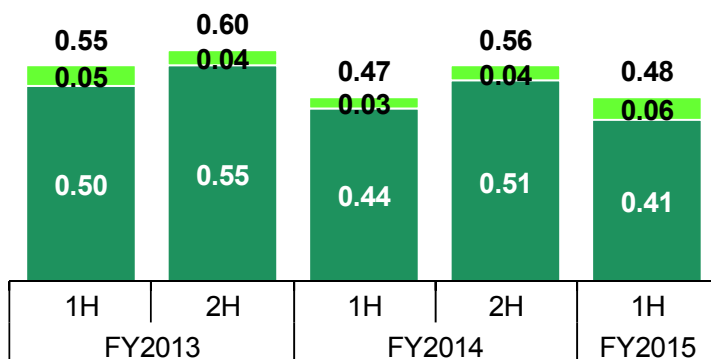


\*1. Ratio of subrogation by HL guarantee subsidiaries x (1 - recovery rate after subrogation)

# Trend of Residential Housing Loans (Total of Group Banks)

## New loan origination

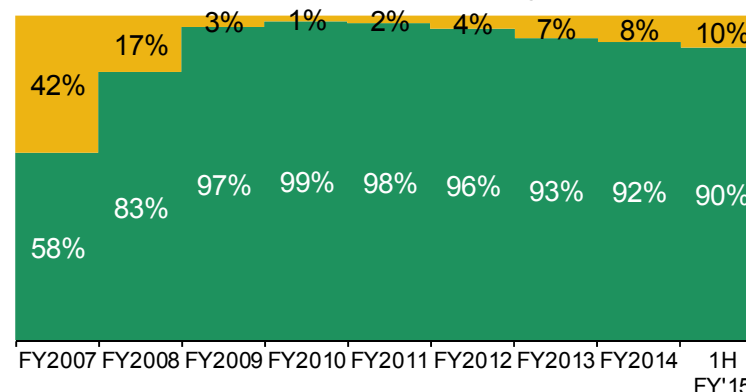
(Y tn) ■ Flat 35 ■ Residential housing loan



## Composition of newly originated residential housing loans by interest rate type

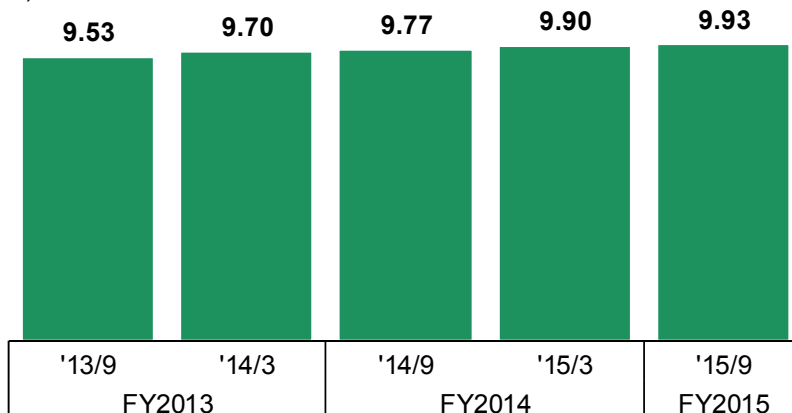
■ Approx. 90% of the newly originated loans are variable rate type

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



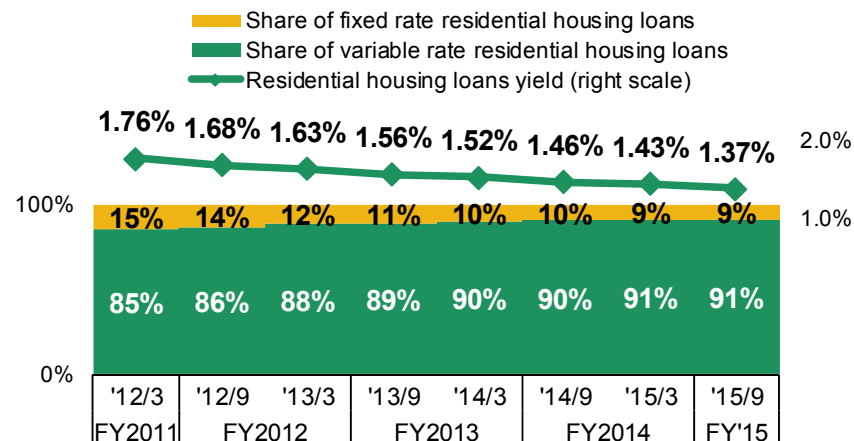
## Term-end loan balance

(Y tn) ■ Residential housing loan



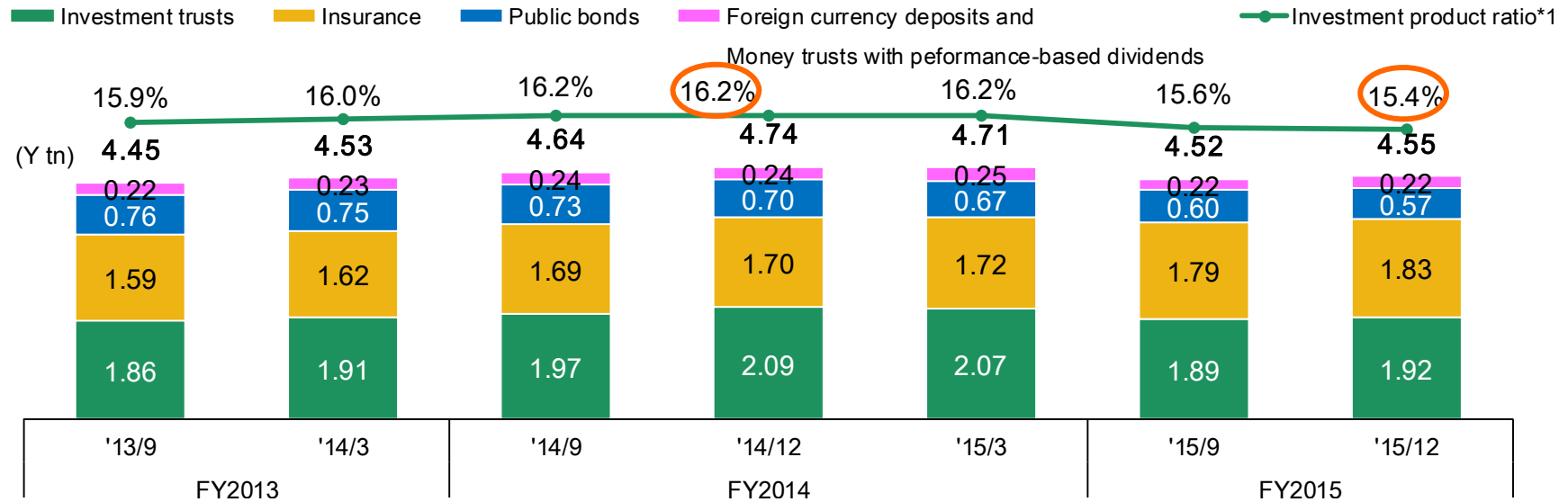
## Loan yield on a stock basis and composition by interest rate type

■ Increase in variable rate residential housing loans  
⇒ Bigger room for income upside when policy rate rises

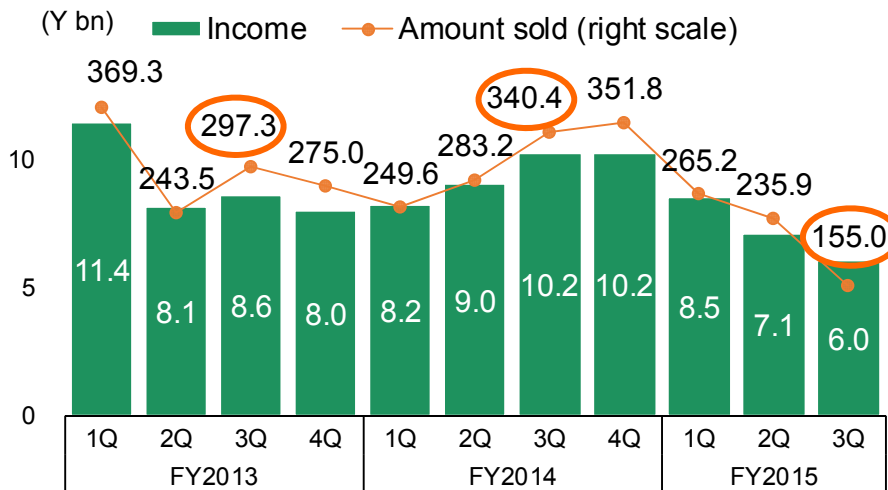


# Investment Products Sale Business (Total of Group Banks)

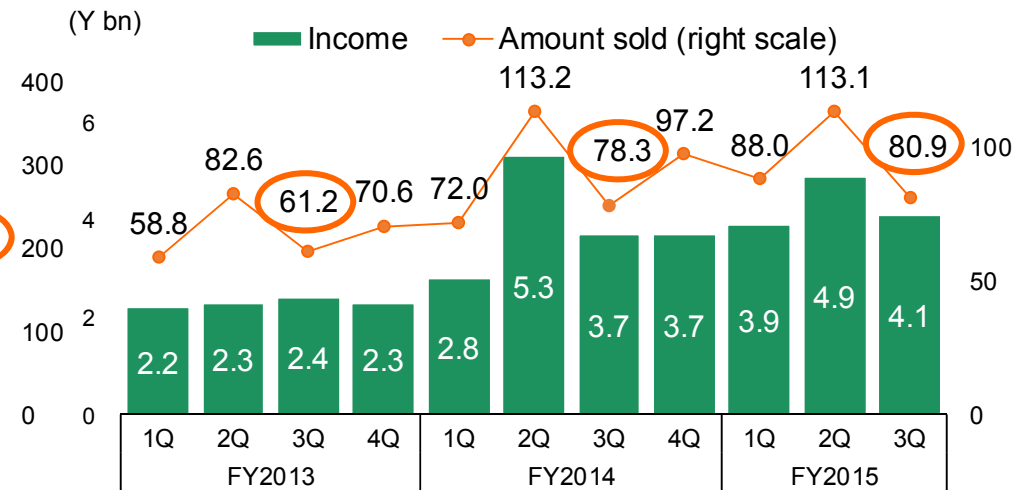
## Balance of investment products sold to individuals



### Investment trust



### Insurance



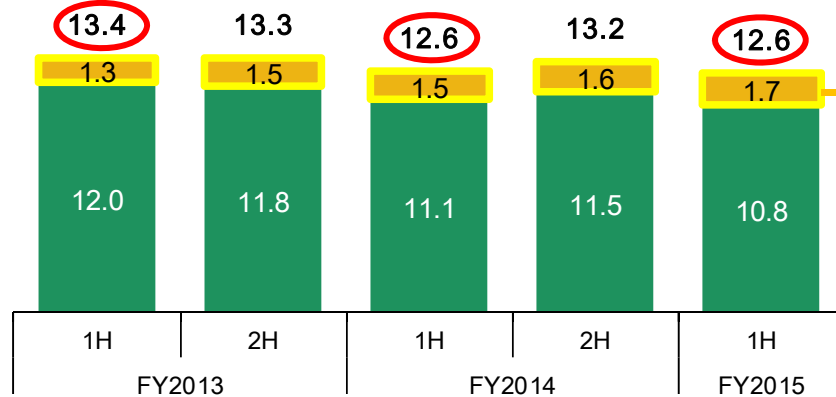
\*1. Investment product ratio = balance of investment products sold to individuals / balance of investment products sold to individuals and yen deposits held by individuals

# Major Fee Businesses (Total of Group Banks)

## Trust-related business (Pension/securities, asset and business succession)

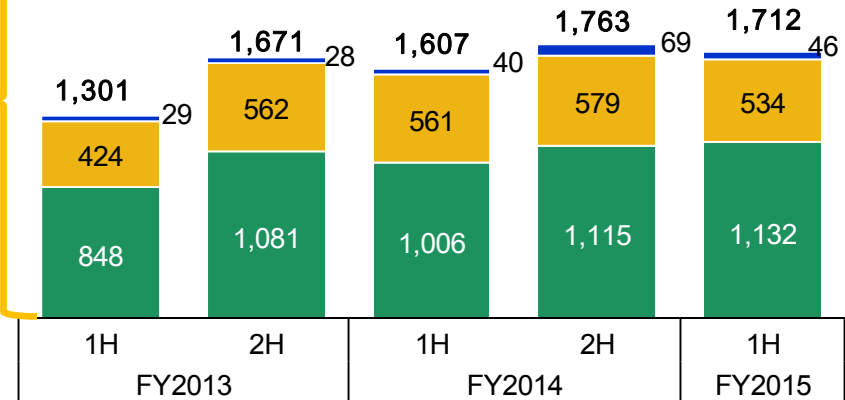
(Y bn)

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



(Reference) Number of new asset succession-related contracts

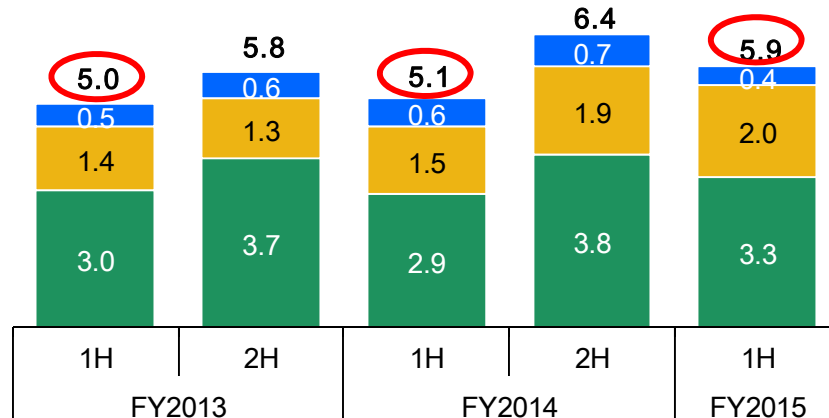
- Will trust + Estate division
- Asset succession
- Trust for transfer of own company stocks



## Corporate solution

(Y bn)

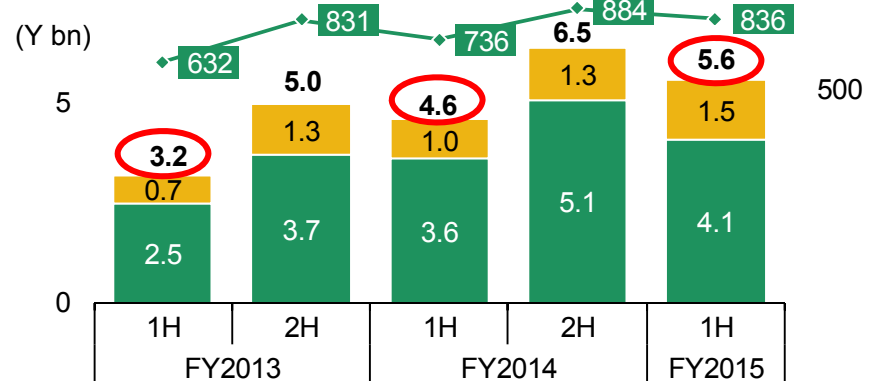
- M&A
- Private notes
- Commitment line, Syndicated loans



## Real estate business\*1

(Y bn)

- Brokerage fee (Consumer)
- Brokerage fee (Corporate)
- Number of brokerage transactions (right scale)



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

# Business Results by Major Group Business Segments

- “RAROC” and “RVA”<sup>\*1</sup> as management indicators to measure profitability to allocated capital

## Management Accounting by Major Group Business Lines (1H FY2015)

(Y 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 <sup>*1</sup> (Actual)	RAROC (Actual)	OHR		YoY Change		YoY Change		Gross operating profit	Operating expense		YoY Change		
Customer Divisions (1)	37.9	16.1%	60.0%	8.7%	84.9	(46.5)	105.5	(0.5)	264.3	(5.2)	(158.7)	+4.5	(20.5)	(45.9)
Personal Banking (2)	29.3	27.7%	65.7%	11.1%	43.4	(2.3)	43.8	+0.3	127.8	(2.5)	(84.0)	+2.9	(0.4)	(2.6)
Corporate Banking (3)	8.5	11.2%	54.7%	8.0%	41.5	(44.2)	61.7	(0.9)	136.4	(2.6)	(74.7)	+1.6	(20.1)	(43.2)
Markets (4)	20.4	40.8%	15.3%	11.5%	26.1	(8.1)	26.1	(8.1)	30.9	(7.4)	(4.7)	(0.6)	-	-
Total <sup>*2</sup> (5)	18.1	10.7%	55.7%	14.4%	109.2	(53.6)	129.8	(7.6)	293.3	(11.6)	(163.4)	+3.9	(20.5)	(45.9)

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

\*2. Total of 3 group banks on a non-consolidated basis plus profit and loss of loan guarantee subsidiaries

## Outline of Financial Results for 1H of FY2015

(Y bn)	Resona Holdings (Consolidated)		Difference		Total of group banks (Non-consolidated)		Resona Bank		Saitama Resona Bank		Kinki Osaka Bank		
	( A )	YoY change	(A)-(B)	YoY change	( B )	YoY change		YoY change		YoY change		YoY change	
<b>Gross operating profit</b>	<b>(1)</b>	<b>307.6</b>	<b>(2.7)</b>	<b>24.2</b>	<b>(0.8)</b>	<b>283.4</b>	<b>(1.9)</b>	<b>186.1</b>	<b>(5.3)</b>	<b>71.6</b>	<b>+3.5</b>	<b>25.6</b>	<b>(0.0)</b>
Net interest income	(2)	203.2	(6.9)	3.4	(0.4)	199.7	(6.4)	127.5	(2.9)	53.5	(2.8)	18.7	(0.7)
Income from loans and deposits	(3)					167.0	(8.9)	105.1	(5.1)	45.3	(2.9)	16.4	(0.8)
Trust fees	(4)	11.0	(0.1)	(0.0)	+0.0	11.0	(0.1)	11.0	(0.1)	-	-	-	-
Fees and commission income	(5)	77.1	+4.6	20.1	(0.4)	56.9	+5.0	40.8	+4.0	11.2	+1.0	4.8	(0.1)
Other operating income	(6)	16.2	(0.1)	0.5	+0.0	15.6	(0.2)	6.7	(6.3)	6.8	+5.2	2.0	+0.8
Net gain/(loss) on bonds (including futures)	(7)	7.0	(2.3)	-	-	7.0	(2.3)	(1.1)	(8.2)	6.3	+5.0	1.9	+0.8
Operating expenses (including non-recurring items)	(8)	(173.6)	+3.9	(9.0)	(0.1)	(164.5)	+4.1	(106.8)	+2.5	(38.2)	+1.2	(19.4)	+0.2
Operating expenses	(9)					(161.9)	+3.9	(106.1)	+2.8	(37.2)	+0.9	(18.5)	+0.2
Actual net operating profit	(10)					121.5	+2.0	79.9	(2.5)	34.4	+4.4	7.1	+0.1
Net gain/(loss) on stocks	(11)	(1.3)	(24.8)	0.1	+0.0	(1.5)	(24.9)	(3.4)	(26.9)	1.7	+1.8	0.1	+0.1
Credit related expenses, net	(12)	(21.2)	(45.1)	(0.6)	(1.4)	(20.5)	(43.6)	(23.0)	(44.2)	0.2	(0.0)	2.2	+0.6
Other gain, net	(13)	9.8	+3.9	1.0	(0.0)	8.7	+3.9	7.2	+3.5	0.3	(0.6)	1.1	+1.1
<b>Income before income taxes</b>	<b>(14)</b>	<b>121.3</b>	<b>(64.8)</b>	<b>15.7</b>	<b>(2.3)</b>	<b>105.5</b>	<b>(62.4)</b>	<b>60.0</b>	<b>(70.3)</b>	<b>35.7</b>	<b>+5.8</b>	<b>9.7</b>	<b>+2.1</b>
Income taxes and other	(15)	(35.6)	+17.8	(5.8)	+1.8	(29.8)	+15.9	(16.6)	+17.5	(11.4)	(1.0)	(1.7)	(0.5)
<b>Net interim income (attributable to owners of the parent)</b>	<b>(16)</b>	<b>85.7</b>	<b>(47.0)</b>	<b>9.9</b>	<b>(0.5)</b>	<b>75.7</b>	<b>(46.4)</b>	<b>43.4</b>	<b>(52.8)</b>	<b>24.3</b>	<b>+4.7</b>	<b>8.0</b>	<b>+1.6</b>



# Consolidated Subsidiaries and Affiliated Companies

## Consolidated domestic subsidiaries (excluding subsidiary banks)

(Y bn)

Name	Line of business	Capital contribution ratio	Net income		(Ref) FY2014 Net income
			1H FY2015	YoY change	
Resona Guarantee Co., Ltd. (1)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	7.4	(1.9)	13.5
Daiwa Guarantee Co., Ltd. (2)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	0.3	+0.0	0.6
Kinki Osaka Shinyo Hosho Co., Ltd. (3)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	0.9	+0.0	1.2
Resona Card Co., Ltd. (4)	Credit card Credit guarantee	Resona Holdings 77.6% Credit Saison 22.4%	0.8	+0.0	1.9
Resona Kessai Service Co., Ltd. (5)	Factoring	Resona Holdings 100%	0.3	+0.0	0.5
Resona Research Institute Co., Ltd. (6)	Business consulting service	Resona Holdings 100%	0.0	+0.0	0.0
Resona Capital Co., Ltd. (7)	Venture capital	Resona Holdings 100%	0.1	+0.0	0.1
Resona Business Service Co., Ltd. (8)	Back office work Employment agency	Resona Holdings 100%	0.0	+0.0	0.0
Resona Asset Management Co., Ltd. (9)	Investment Trust Management	Resona Holdings 100% (Established in August 2015)	(0.0)		
Total			10.2	(1.7)	18.0

## Major consolidated overseas subsidiaries

Name	Line of business	Capital contribution ratio	Net income		(Ref) FY2014 Net income
			1H FY2015	YoY change	
P.T. Bank Resona Perdania (10)	Banking business (Indonesia)	Resona Group 43.4% (Effective control approach)	1.0	(0.0)	1.9
P.T. Resona Indonesia Finance (11)	Leasing business (Indonesia)	Resona Group 100%	0.0	+0.0	0.1
Total			1.0	(0.0)	2.0

## Affiliated company accounted for by the equity method

Name	Line of business	Capital contribution ratio	Net income		(Ref) FY2014 Net income
			1H FY2015	YoY change	
Japan Trustee Services Bank, Ltd. (12)	Banking and Trust	Resona Group 33.3% Sumitomo Mitsui Trust HD 66.6%	0.3	+0.1	0.4

1. Fiscal year end of the two overseas subsidiaries is December 31. RHD's consolidated business results for the 1st half reflects the 1st half results of these subsidiaries which ended on June 30. Similarly, RHD's consolidated full year results reflect the accounts of these subsidiaries settled on December 31.

# PL Summary / Consolidated and Non-Consolidated Difference

## PL Summary for 1H of FY2015

(Y bn )

Resona Holdings (Consolidated)		FY2015 1H	YoY change
Gross operating profit	(1)	307.6	(2.7)
Difference (1)-(9)	(2)	24.2	(0.8)
Operating expenses (including non-recurring items)	(3)	(173.6)	+3.9
Credit related expenses, net	(4)	(21.2)	(45.1)
Difference (4)-(13)	(5)	(0.6)	(1.4)
Income before income taxes	(6)	121.3	(64.8)
Net interim income attributable to owners of the parent	(7)	85.7	(47.0)
Difference (7)-(17)	(8)	9.9	(0.5)

Total of group banks (Non-consolidated)		FY2015 1H	YoY change
Gross operating profit	(9)	283.4	(1.9)
Operating expenses	(10)	(161.9)	+3.9
Actual net operating profit	(11)	121.5	+2.0
Net gain on stocks (including equity derivatives)	(12)	2.1	(12.0)
Credit related expenses, net	(13)	(20.5)	(43.6)
Other gains/(losses), net	(14)	2.4	(8.7)
Income before income taxes	(15)	105.5	(62.4)
Income taxes and other	(16)	(29.8)	+15.9
Net interim income	(17)	75.7	(46.4)

## Consolidated / Non-consolidated difference (in approximate figures)

(Y bn )

(2)Gross operating profit		FY2015 1H	YoY change
Guarantee subsidiaries		13.2	(0.5)
Resona Card		7.7	(0.0)
Resona Kessai Service		1.3	+0.0
P.T. Bank Resona Perdania		2.5	+0.1

(5)Credit related expenses, net		FY2015 1H	YoY change
Guarantee subsidiaries		0.3	(2.2)
Resona Card		(1.1)	+0.0
P.T. Bank Resona Perdania		(0.2)	(0.1)

(8)Net income *1		FY2015 1H	YoY change
Guarantee subsidiaries		8.7	(1.9)
Resona Card		0.6	+0.0
Resona Kessai Service		0.3	+0.0
P.T. Bank Resona Perdania		0.4	(0.0)
Consolidation adjustment and other		(0.2)	+1.3

\*1. Excluding net income attributable to non-controlling interests

## Capital Adequacy Ratio (Subsidiary Banks)

Japanese Domestic Standard (Y bn)	Resona Bank (Consolidated) [Basel 3 A-IRB]			Saitama Resona Bank (Non-consolidated) [Basel 3 A-IRB]			Kinki Osaka Bank (Consolidated) [Basel 3 F-IRB]		
	Mar. 31, 2015	Sep. 30, 2015	Change	Mar. 31, 2015	Sep. 30, 2015	Change	Mar. 31, 2015	Sep. 30, 2015	Change
Capital adequacy ratio	13.58%	<b>14.09%</b>	+0.51%	14.26%	<b>16.08%</b>	+1.82%	10.93%	<b>11.40%</b>	+0.47%
Total qualifying capital	1,465.0	<b>1,488.7</b>	+23.7	414.0	<b>440.7</b>	+26.6	148.0	<b>152.9</b>	+4.8
Core Capital: instruments and reserves	1,485.5	<b>1,506.9</b>	+21.3	427.6	<b>451.0</b>	+23.3	148.2	<b>153.0</b>	+4.7
Core Capital: regulatory adjustments	20.5	<b>18.1</b>	(2.3)	13.5	<b>10.2</b>	(3.2)	0.1	<b>0.1</b>	(0.0)
Risk weighted assets	10,786.1	<b>10,559.5</b>	(226.6)	2,902.4	<b>2,739.2</b>	(163.1)	1,354.1	<b>1,341.0</b>	(13.0)
Credit risk weighted assets	9,857.5	<b>9,417.7</b>	(439.8)	2,572.0	<b>2,305.9</b>	(266.1)	1,262.9	<b>1,250.3</b>	(12.6)
Amount equivalent to market risk / 8%	119.2	<b>80.3</b>	(38.9)	10.3	<b>26.1</b>	+15.8	0.2	<b>0.1</b>	(0.0)
Amount equivalent to operational risk /8%	709.5	<b>713.6</b>	+4.0	240.1	<b>238.0</b>	(2.1)	90.9	<b>90.5</b>	(0.3)
Credit risk weighted assets floor adjustments	99.7	<b>347.8</b>	+248.0	79.8	<b>169.0</b>	+89.2	-	<b>-</b>	-

# Advanced Corporate Governance

## Separated “management oversight” and “execution of operation”


- The first Japanese bank which adopted the three committees-based corporate governance model in 2003.
- Majority of the board members are independent outside directors who possess wide range of knowledge and can contribute diverse opinions.

### Board of Directors of Resona HD


6  
Outside  
Directors




**Emi Osono**  
Member, Nominating Committee  
Professor of Hitotsubashi University Graduate  
School of International Corporate Strategy




**Mitsudo Urano**  
Chairperson, Compensation Committee  
Senior Advisor of Nichirei Corporation  
(Former Representative Director and Chairperson  
of Nichirei Corporation)




**Toshio Arima**  
Chairperson, Nominating Committee  
Member, Compensation Committee  
Chairperson of the Board, Global Compact Japan  
Network  
(Former President and Representative Director  
of Fuji Xerox Co., Ltd)



**Tadamitsu Matsui**  
Member, Nominating Committee  
Member, Compensation Committee  
Representative Director and President of MATSUI  
office corporation  
(Former Representative Director and Chairperson  
of Ryohin Keikaku Co.,Ltd.)



**Yoko Sanuki**  
Chairperson, Audit Committee  
Attorney-at-law (Representative of NS Law Office)



**Hidehiko Sato**  
Member, Audit Committee  
Attorney-at-law (Hibiki Law Office)  
(Former National Police Agency Commissioner)

4  
Internal  
Directors



**Kazuhiro Higashi**  
Director, President and  
Representative Executive  
Officer



**Yuji Furukawa**  
Director and Representative  
Executive Officer  
Human Resources Division



**Tetsuya Kan**  
Director and Representative  
Executive Officer  
Group Strategy Division,  
Purchasing Strategy Division



**Kaoru Isono**  
Member, Audit Committee

Glass-walled executive room



# Sophistication in ALM Interest Rate Risk Management: (Introduction of Internal Model to Measure Core Liquidity Deposits)

## Reassess the value of liquidity deposits

*Internal model to measure core liquidity deposits  
⇒ Grasp more properly how much liquidity deposits  
can be regarded as low-cost and stable funding  
over the long term*

Combined total assets: Y46.6 tn  
(As of Sep. 30, 2015)

Loans and bills discounted Y27.7 tn (59%)	Domestic liquidity deposits Y24.1 tn ( 51%)  <b>Core liquidity deposits (x%)</b>
Securities Y6.2 tn (13%)	Domestic time and other deposits Y10.5 tn (22%)
Cash Y10.2 tn (21%)	Other Y10.2 tn (21%)
Other Y2.3 tn (5%)	Net assets Y1.8 tn(3%)

***More sophisticated  
ALM interest rate risk management***

## Methods to measure core liquidity deposits

### Before implementation of internal model < Standardized method >

(FSA's bank supervision guideline)

- Introduced the idea of core liquidity deposits in FY2007
- Balance: the smallest of the following
  1. Lowest balance for the past 5 years
  2. Current balance less maximum annual outflow observed in the past 5 years
  3. Current balance x 50%
- Maturity allocated evenly over 5 years (2.5 years on average)

### Internal model

- RB and SR adopted in Apr.2010, KO in Oct.2010
- Rationally modeled depositors' behaviors to grasp how much can be regarded as core liquidity deposits
- Maturity allocated evenly over 10 years (5 years on average)
- Longer maturity applicable to core liquidity deposits (from 2.5 years to 5.0 years on average) enables the banks to take longer-term interest rate risk

# Securities Portfolio (Total of Group Banks)

## Maturity ladder of securities held (securities with contractual maturities, nominal amount basis)

(Y bn)		End of Sep. 2015						End of Mar. 2015							
		One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years	Total	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years	Total
	<b>Bonds held to maturity (1)</b>	<b>181.8</b>	<b>384.8</b>	<b>1,022.4</b>	<b>314.8</b>	<b>550.0</b>	<b>3.0</b>	<b>2,457.0</b>	<b>130.0</b>	<b>417.2</b>	<b>567.6</b>	<b>768.2</b>	<b>550.0</b>	<b>3.0</b>	<b>2,436.2</b>
	JGBs (2)	127.0	285.8	932.2	214.5	400.0	3.0	1,962.5	82.0	323.3	486.3	667.9	400.0	3.0	1,962.5
	Floating-rate JGBs (3)	47.0	197.8	300.2	5.0	-	-	550.0	2.0	236.3	166.3	145.4	-	-	550.0
	Japanese local government bonds (4)	50.2	91.7	86.2	100.0	150.0	-	478.2	43.8	87.4	77.6	100.0	150.0	-	458.9
	Japanese corporate bonds (5)	4.5	7.2	4.0	0.3	-	-	16.2	4.2	6.4	3.7	0.3	-	-	14.8
	<b>Available-for-sale securities (6)</b>	<b>1,001.4</b>	<b>704.7</b>	<b>423.4</b>	<b>94.7</b>	<b>445.7</b>	<b>170.9</b>	<b>2,841.0</b>	<b>940.7</b>	<b>863.4</b>	<b>777.2</b>	<b>284.2</b>	<b>433.4</b>	<b>84.5</b>	<b>3,383.6</b>
	Bonds (7)	974.3	684.1	406.6	59.7	336.6	72.7	2,534.3	917.6	851.3	753.6	238.9	377.7	23.1	3,162.5
	JGBs (8)	840.0	352.0	117.0	10.0	269.5	50.0	1,638.5	690.2	532.0	413.0	185.0	310.0	-	2,130.2
	Floating-rate JGBs (9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Japanese local government bonds (10)	8.4	17.9	47.9	5.2	16.8	-	96.5	7.9	29.3	79.7	17.3	18.7	-	153.1
	Japanese corporate bonds (11)	125.8	314.2	241.6	44.4	50.2	22.7	799.3	219.4	289.9	260.9	36.6	48.9	23.1	879.1
	Other (12)	27.0	20.5	16.7	35.0	109.1	98.2	306.7	23.1	12.1	23.5	45.2	55.7	61.3	221.1

## Unrealized gains/(losses)\*1

[September 30, 2015] (Y bn)		B/S Amount	Change from Sep. '14	Unrealized gains/(losses)	Change from Sep. '14
Bonds held to maturity (1)		<b>2,456.9</b>	+21.1	<b>72.8</b>	+0.2
Available-for-sale securities (2)		<b>3,785.0</b>	(615.7)	<b>498.5</b>	(74.6)
Stocks (3)		<b>826.5</b>	(43.5)	<b>498.3</b>	(41.1)
Bonds (4)		<b>2,552.9</b>	(646.9)	<b>8.1</b>	(4.7)
Other (5)		<b>405.5</b>	+74.7	<b>(8.0)</b>	(28.7)

## Trend of market and other indicators

[Duration and Basis Point Value of JGBs ( Available-for-sale securities )]

		2013/3	2014/3	2015/3	2015/9
Duration (year) (1)		2.7	3.1	3.3	<b>3.0</b>
BPV ( Ybn) (2)		(1.59)	(1.41)	(0.72)	<b>(0.50)</b>
10-year JGB yield (3)		0.560%	0.640%	0.395%	<b>0.345%</b>

[Break-even Nikkei Average Points]

		2013/3	2014/3	2015/3	2015/9
Nikkei Average Points (Yen) (4)		5,900	6,500	5,500	<b>5,800</b>
BV of stock sold outright (Ybn) (5)		7.2	5.4	3.2	<b>1.8</b>

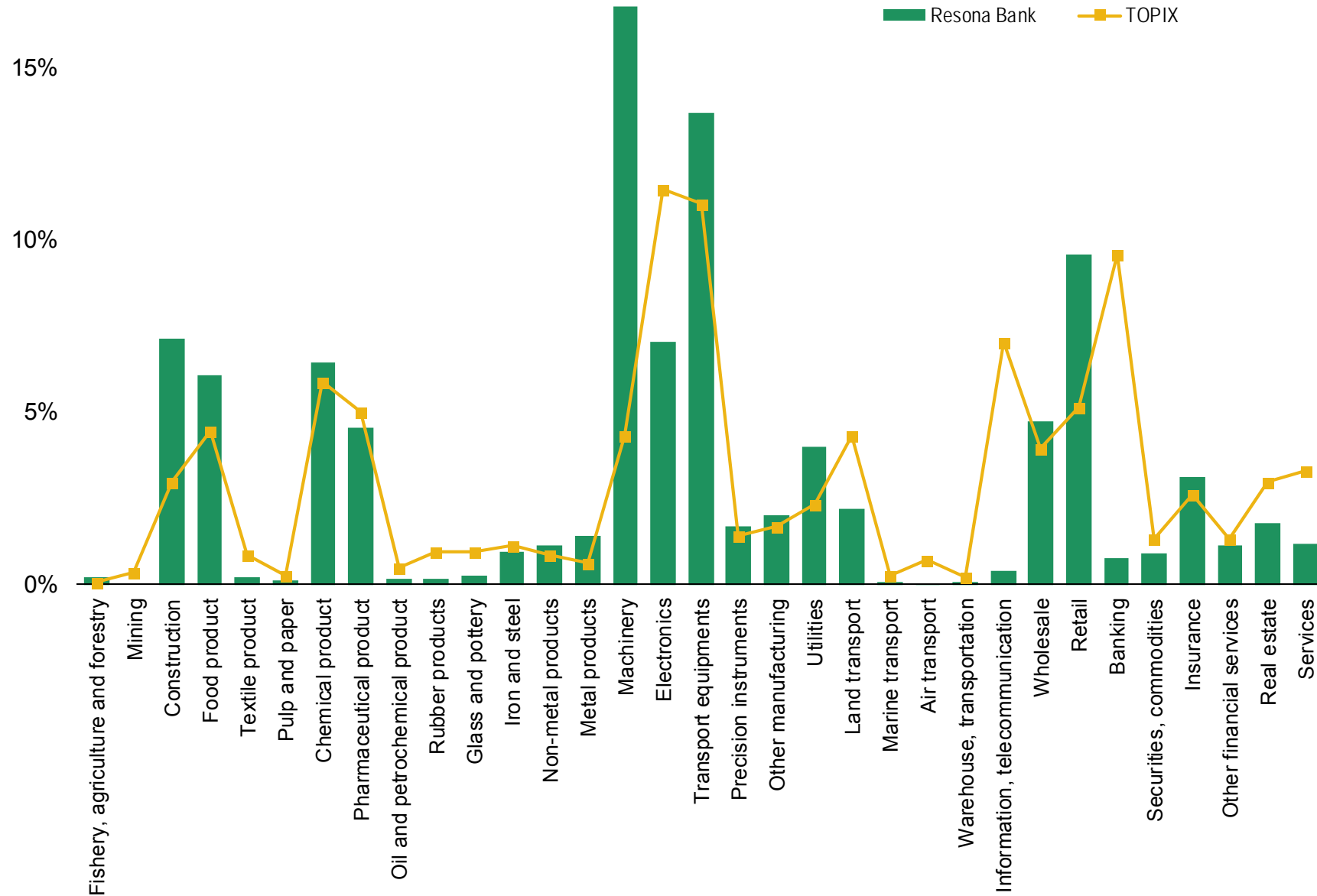
[Net gains/(losses) on bonds and stocks]

(Y bn)		FY2012	FY2013	FY2014	1H FY2015
Net gains/(losses) on bonds (6)		30.5	7.2	24.3	<b>14.3</b>
Net gains/(losses) on stocks (7)		(7.7)	22.3	44.5	<b>(1.5)</b>

\*1. The figures reported above include securities, negotiable certificates of deposit(NCDs) included in "cash and due from banks" and a portion of "monetary claims bought."  
The presented figures only include marketable securities.



# Stocks Held by Industry (End of September 2015, RB)



(Balance sheet amount)

# Maturity Ladder of Loan and Deposit (Total of Group Banks, Domestic Operation)

## Loans and Bills Discounted

[End of March 2015]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(1)	1.5%	1.2%	4.4%	7.4%	14.5%
Prime rate-based	(2)	53.4%	0.2%	0.0%	0.0%	53.6%
Market rate-based	(3)	24.0%	1.4%	2.7%	3.9%	31.9%
<b>Total</b>	<b>(4)</b>	<b>78.9%</b>	<b>2.7%</b>	7.2%	11.3%	100.0%

Loans maturing  
within 1 year

81.6%

[End of September 2015]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(5)	1.5%	1.2%	4.4%	7.3%	14.4%
Prime rate-based	(6)	52.9%	0.1%	0.0%	0.0%	53.0%
Market rate-based	(7)	24.4%	1.3%	2.6%	4.2%	32.5%
<b>Total</b>	<b>(8)</b>	<b>78.8%</b>	<b>2.6%</b>	7.0%	11.6%	100.0%

Loans maturing  
within 1 year

81.4%

[Change in 1H FY2015]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(9)	(0.0)%	+0.1%	(0.0)%	(0.0)%	(0.0)%
Prime rate-based	(10)	(0.5)%	(0.1)%	(0.0)%	(0.0)%	(0.6)%
Market rate-based	(11)	+0.4%	(0.0)%	(0.1)%	+0.3%	+0.6%
<b>Total</b>	<b>(12)</b>	<b>(0.1)%</b>	<b>(0.1)%</b>	(0.2)%	+0.3%	-

Loans maturing  
within 1 year

(0.1)%

## Deposits

[End of March 2015]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
<b>Liquid deposits</b>	<b>(1)</b>	<b>41.7%</b>	<b>1.5%</b>	<b>5.9%</b>	<b>20.5%</b>	<b>69.6%</b>
Time deposits	(2)	14.3%	8.5%	6.0%	1.6%	30.4%
<b>Total</b>	<b>(3)</b>	<b>56.0%</b>	<b>10.0%</b>	<b>11.9%</b>	<b>22.1%</b>	<b>100.0%</b>

[End of September 2015]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
<b>Liquid deposits</b>	<b>(4)</b>	<b>42.1%</b>	<b>1.5%</b>	<b>6.0%</b>	<b>20.9%</b>	<b>70.5%</b>
Time deposits	(5)	13.5%	8.5%	6.3%	1.3%	29.5%
<b>Total</b>	<b>(6)</b>	<b>55.5%</b>	<b>10.0%</b>	<b>12.3%</b>	<b>22.2%</b>	<b>100.0%</b>

[Change in 1H FY2015]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
<b>Liquid deposits</b>	<b>(7)</b>	<b>+0.3%</b>	<b>+0.0%</b>	<b>+0.1%</b>	<b>+0.4%</b>	<b>+0.9%</b>
Time deposits	(8)	(0.8)%	(0.0)%	+0.3%	(0.3)%	(0.9)%
<b>Total</b>	<b>(9)</b>	<b>(0.4)%</b>	<b>(0.0)%</b>	<b>+0.4%</b>	<b>+0.1%</b>	<b>-</b>

\*1. Data compiled for a management and administration purpose

## Swap Positions by Remaining Periods (RHD Consolidated)

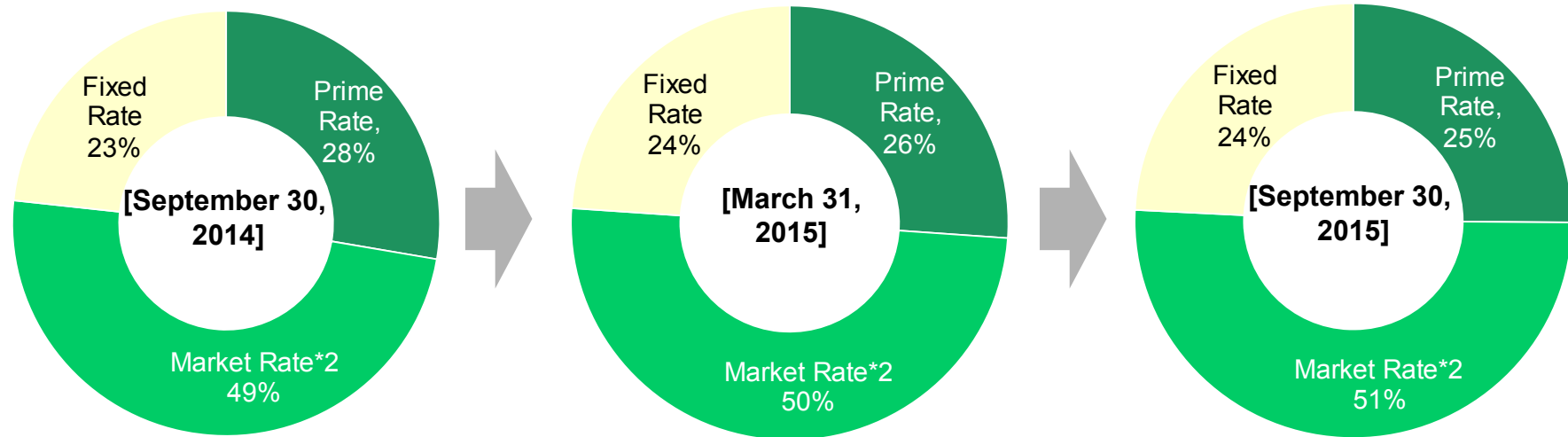
- Notional amounts of interest rate swaps (deferred hedge accounting applicable) by remaining period

(Y bn)

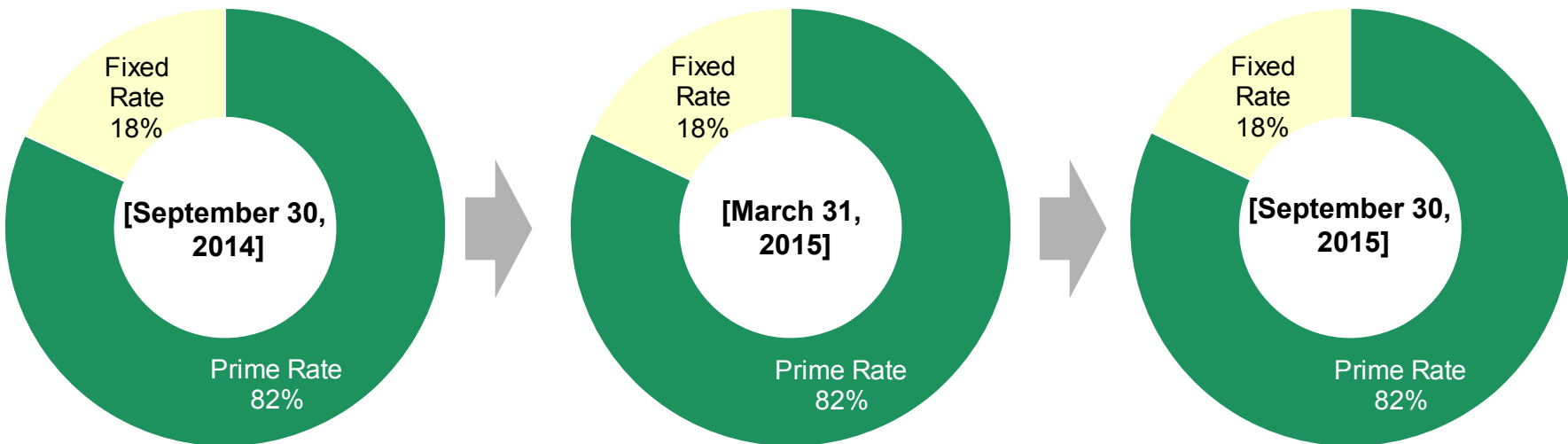
		Sep. 30, 2015				Mar. 31, 2015			
		Within 1 year	1 to 5 years	Over 5 years	Total	Within 1 year	1 to 5 years	Over 5 years	Total
Receive fixed rate/ Pay floating rate	(1)	95.0	1,165.0	970.0	2,230.0	335.7	1,085.0	1,040.0	2,460.7
Receive floating rate/ Pay fixed rate	(2)	75.0	559.2	1.2	635.4	15.2	634.9	1.2	651.4
Net position to receive fixed rate	(3)	20.0	605.7	968.7	1,594.5	320.4	450.0	1,038.7	1,809.2

# Composition of Loan Portfolio by Base Rates (Total of Group Banks)

## Loans to corporations\*1



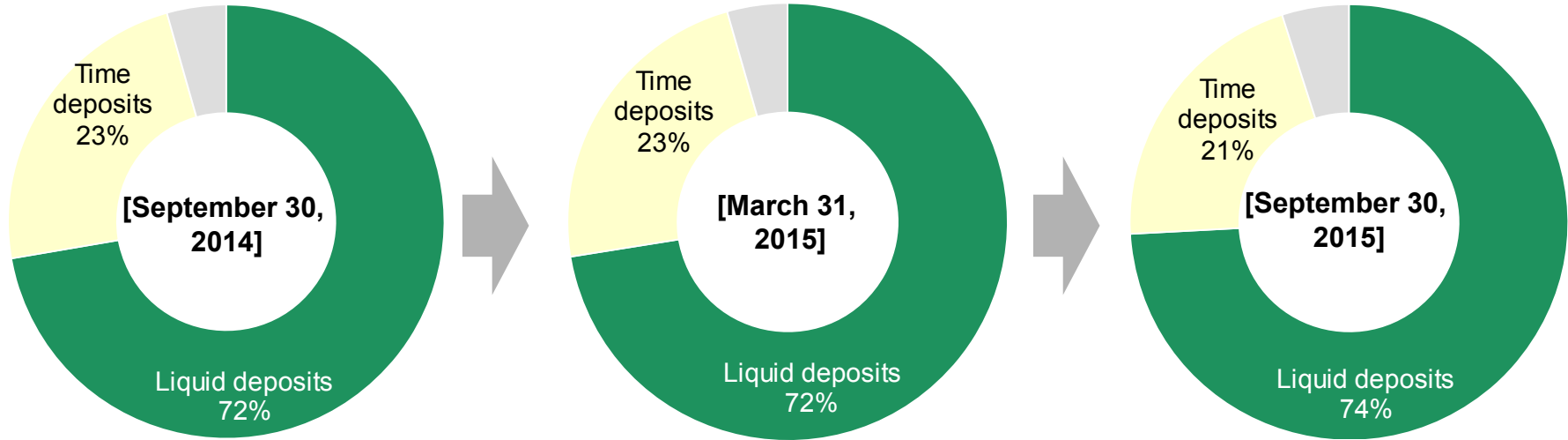
## Loans to individuals\*1



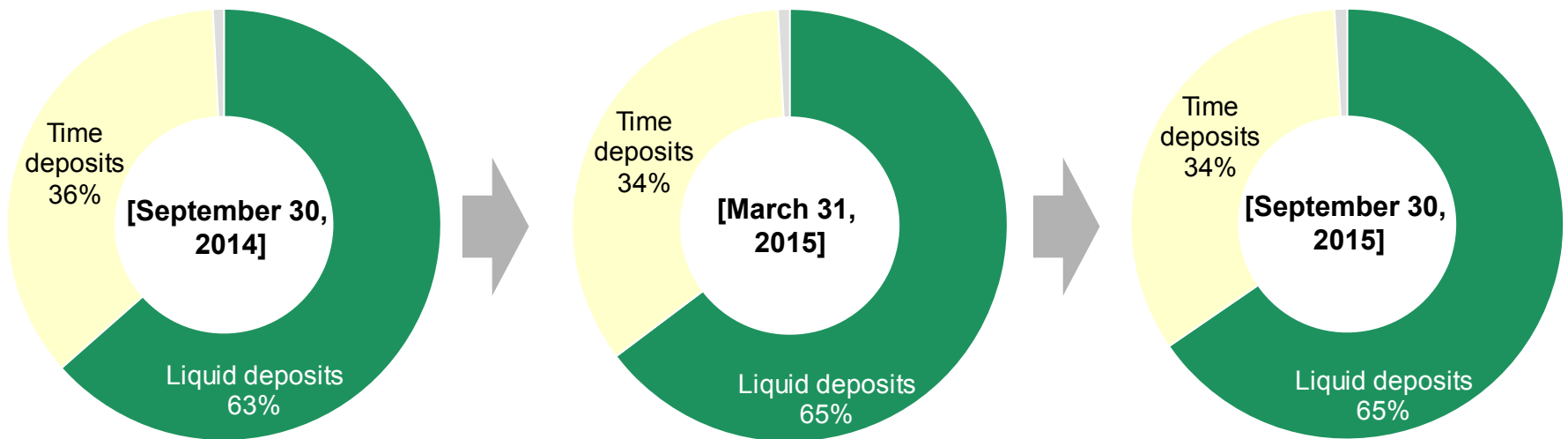
\*1. Portfolio composition is computed based on the numbers compiled for administration purposes  
 \*2. Market rate-linked loans include the fixed-rate(spread) loans maturing in less than one year

# Composition of Deposits by Types (Total of Group Banks)

## Corporate Deposits



## Individual Deposits



## Migrations of Borrowers (RB, 1H of FY2015)

### ■ Exposure amount basis \*1

		End of September 2015									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Effectively Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of March 2015	Normal	98.2%	0.9%	0.0%	0.2%	0.1%	0.0%	0.6%	0.6%	0.0%	-	1.2%
	Other Watch	12.1%	81.8%	0.5%	1.8%	0.4%	0.1%	3.4%	3.4%	0.0%	12.1%	2.7%
	Special Attention	4.4%	3.0%	87.2%	3.5%	0.1%	0.0%	1.8%	1.8%	0.0%	7.5%	3.6%
	Doubtful	1.3%	6.9%	0.3%	82.4%	2.8%	1.8%	4.5%	4.5%	0.0%	8.5%	4.6%
	Effectively Bankrupt	0.1%	0.4%	0.0%	0.5%	66.9%	4.5%	27.5%	3.6%	23.9%	1.1%	4.5%
	Bankrupt	0.0%	0.1%	0.0%	1.8%	0.0%	76.3%	21.8%	1.2%	20.6%	1.9%	-

\*1. Above table shows how a borrower belonging to a particular borrower category as of the end of March 2015 migrated to a new category as of the end of September 2015  
 Percentage points are calculated based on exposure amounts as of the end of March 2015 (New loans extended, loans partially collected or written-off during the period are not taken into account)  
 "Other" as of the end of September 2015 refers to those exposures removed from the balance sheet due to collection, repayments, assignments or sale of claims



# Supports for SMEs Doing Business in Asia

## Footholds in Asia to Extend Supports to SMEs

### Overseas representative offices

- 5 offices
- Open new Rep. office in Ho Chi Minh City, Vietnam, in Mar. 2015



### Bank Resona Perdanía

- JV bank in Indonesia with over 50 years of local experience

### Regional coverage to offer local information

- Vietnam
  - Dispatched personnel to the Ho Chi Minh branch of Bangkok Bank (Japan desk)
- Thailand
  - Dispatched personnel to the Head Office of Bangkok Bank (Japan desk)
- Philippines
  - 3 party tie-up with PEZA\*1 and RCBC paved the way for one-stop consultation service
  - Dispatched personnel to RCBC (Japan desk)

\*1. PEZA: Philippine Economic Zone Authority

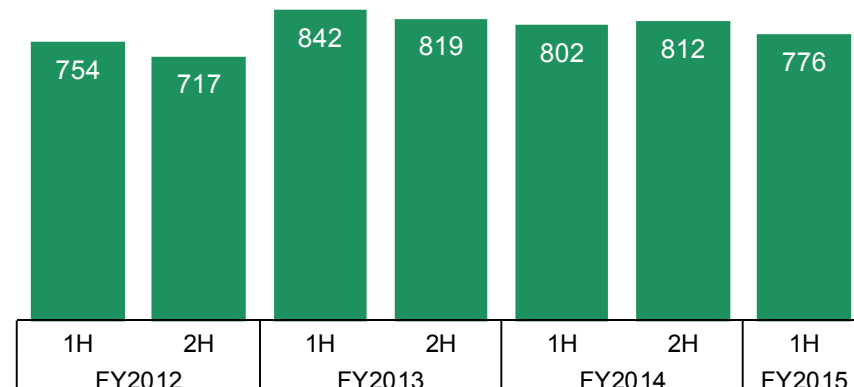
## Local Services Offered through Alliances

- Entered a business alliance with Myanma Apex Bank in Nov. 2014
- Alliance network comprising 13 partner banks covering 13 countries and region
- Services offered through large number of branches and local expertise

Major Alliance Partners in Asia			
China	Bank of East Asia	Malaysia	Public Bank
	Bank of China	Thailand	Bangkok Bank
	China Construction Bank	Vietnam	Bangkok Bank
	Industrial and Commercial Bank of China	India	State Bank of India
	Bank of Communications	Philippines	Rizal Commercial Banking Corp.(RCBC)
Hong Kong	Bank of East Asia		
Korea	KEB Hana Bank	Cambodia	Cambodian Public Bank
Taiwan	Mega International Commercial Bank	Laos	Public Bank
Singapore	Bank of East Asia	Myanmar	Myanma Apex Bank

## Consultations handled by Asian Business Promotion Center on a high level

■ Number of consultations handled by Asian Business Promotion Center



# Achievements in Cross-selling Efforts Measured with KPIs (YTD)

**Primary Index** ■ RLCs = Clients to whom the group have achieved cross-selling to some extent

(Number of customers in thousands)			Sep. 30, 2014	Sep. 30, 2015	Change
(1)	<b>Premier</b>	AUM or condominium loan exceeding JPY50 million	53.6	54.3	+0.7
(2)	<b>Housing Loan</b>	With housing loan for own home	554.5	561.2	+6.6
(3)	<b>Asset Management</b>	AUM exceeding JPY10 million	712.0	714.8	+2.8
(4)	<b>Potential I</b>	AUM exceeding JPY5 million	794.4	795.5	+1.1
(5)	<b>Potential II</b>	AUM below JPY 5 million/ with 3 or more products sold	4,729.3	4,764.9	+35.5
(6)	<b>Resona Loyal Customers (RLCs)</b>		<b>6,843.8</b>	<b>6,890.5</b>	<b>+46.8</b>
(7)	<b>Potential III</b>	AUM below JPY 5 million/ with 2 or less products sold	5,931.7	5,844.6	(87.1)
(8)	Total active customers		12,775.5	12,735.1	(40.4)

**Reference Indices** ■ Covering the RLCs, measure the following reference indices on a regular basis

**Lifetime Value (LTV)**

Change in Past 1 Year → **+46.3 bn**

- Under certain assumptions, try to measure the degree of incremental growth in top-line income brought about by new transactions captured through sales activities
- Top-line income to be generated over a next 10 year period

**Number of Products Sold**

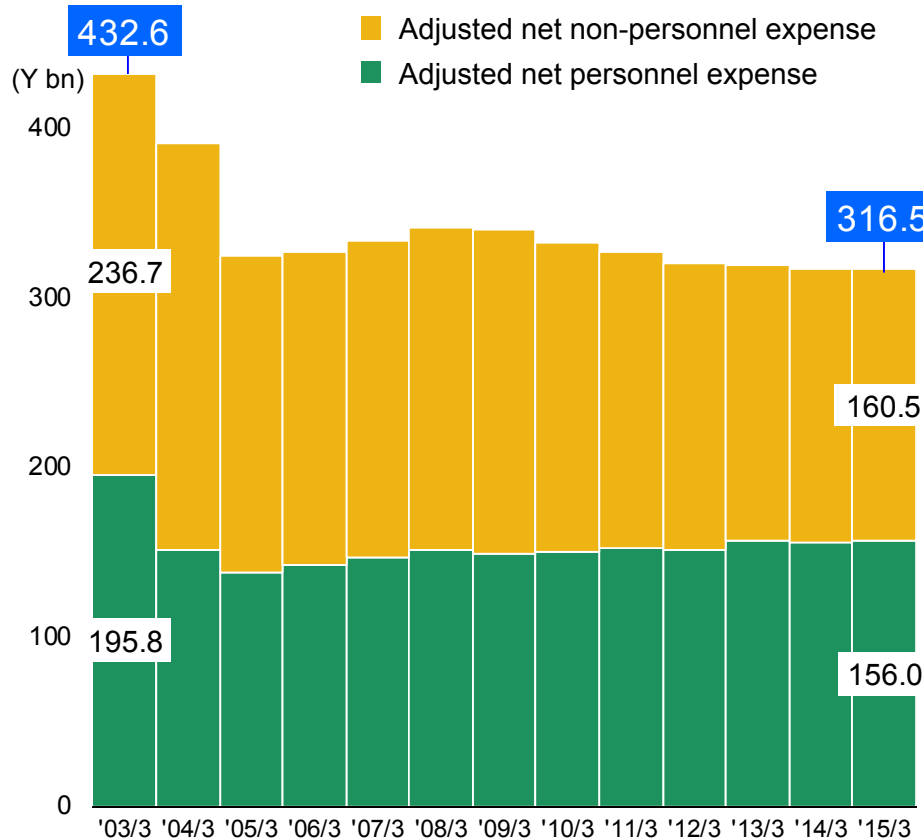
Sep. 30, 2015 → **3.90 Products**

- Indicator to show the degree of RLCs utilizing Resona Group banks as a main bank.
- Base items such as account transfers, outward and inward remittances, loan and credit card items, savings and investment items are covered.

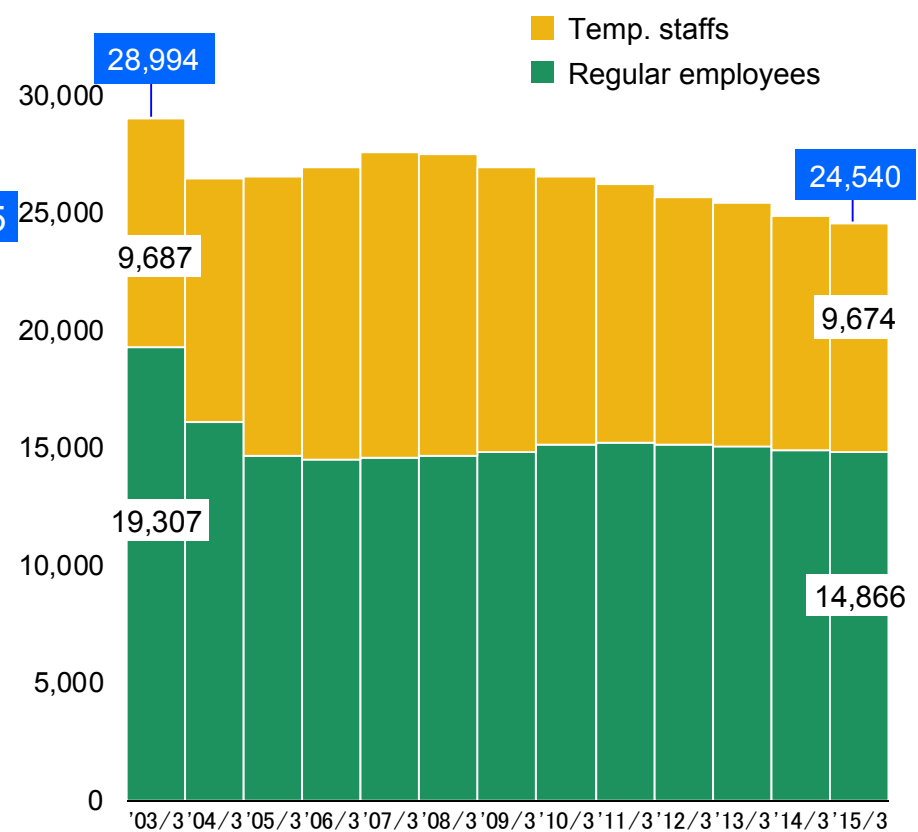
# Efficient Cost Structure: Personnel and Non-Personnel Expense (Total of Group Banks)

- Unavoidable increase in operating expenses including social insurance premium will be offset by continued efforts to reduce non-personnel expenses
- Strictly controlled personnel expenses including the cost associated with hiring temporary staffs

Adjusted net personnel and adjusted net non-personnel expenses\*1



Number and composition of employees by hiring status



\*1. Adjusted net personnel expenses: Personnel expenses including the cost associated with hiring temporary staffs and other related costs  
Adjusted net non-personnel expenses: Non-personnel expenses – Cost associated with hiring temporary staffs and other related costs

## List of Preferred Shares and Subordinated Bonds (As of Dec. 31, 2015)

Preferred Shares		Class 5 Preferred Shares	Class 6 Preferred Shares
Original issue date	(1)	8/28/2007	12/8/2009
Current number of shares	(2)	4,000,000 shares	3,000,000 shares
Issue price per share	(3)	JPY 25,000	JPY 25,000
Total issue amount remaining at present	(4)	JPY 100.0 Billion	JPY 75.0 Billion
Original total issue amount	(5)	JPY 100.0 Billion	JPY 75.0 Billion
Shareholder	(6)	Dai-ichi Life	Nippon Life Meiji Yasuda Life Daido Life
Preferred dividend	Dividend per share (Annual)	JPY 918.75	JPY 1,237.50
	Total amount of dividend (Annual)	JPY 3,675 Million	JPY 3,712 Million
	Yield (Annual)	3.675%	4.950%
Acquisition clause	(10)	Mandatory exchange not applicable Acquisition clause exercisable under certain conditions at the issuer's option after seven years after issue date	Mandatory exchange not applicable Acquisition clause exercisable under certain conditions at the issuer's option after seven years after issue date

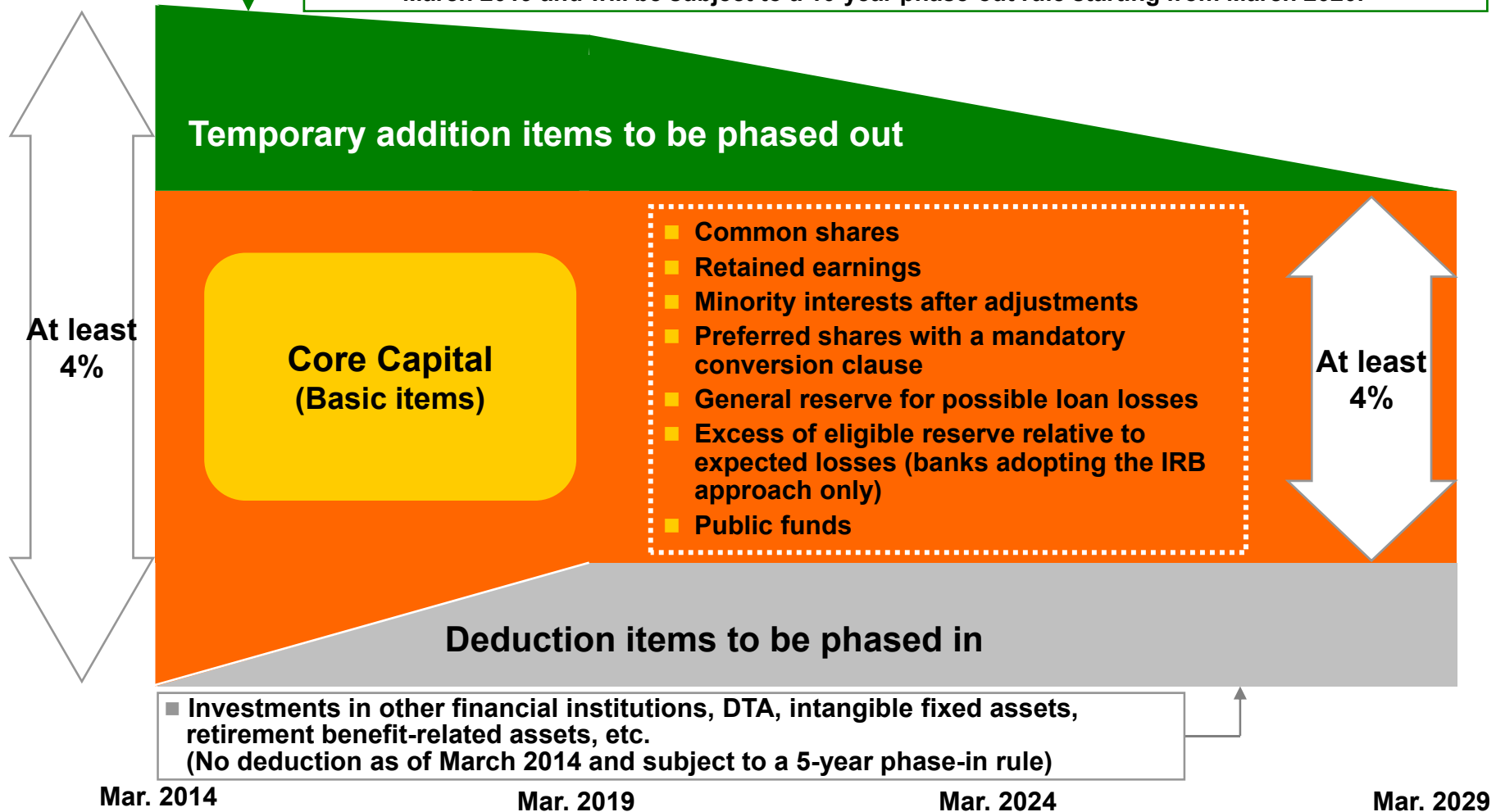
### Subordinated Bonds

Issuer	Amount outstanding	Issue date	Maturity	1st call date*	Coupon
Resona Bank	USD1,300 mn	September 15, 2005	Perpetual	April 15, 2016	5.85%
Resona Bank	JPY50.0 bn	July 17, 2009	June 20, 2019		2.766%
Resona Bank	JPY50.0 bn	March 4, 2010	March 4, 2020		2.084%
Resona Bank	JPY40.0 bn	September 28, 2010	September 28, 2020		1.606%
Resona Bank	JPY25.0 bn	June 1, 2011	June 1, 2021		1.878%
Resona Bank	JPY20.0 bn	December 22, 2011	December 22, 2026		2.442%
Resona Bank	JPY66.0 bn	February 22, 2012	April 21, 2022	April 21, 2017	1.47%
Resona Bank	JPY35.0 bn	March 14, 2012	March 15, 2022		1.78%
Resona Bank	JPY16.0 bn	March 14, 2012	March 15, 2027		2.464%
Resona Bank	JPY20.0 bn	June 21, 2012	June 21, 2022	June 21, 2017	1.32%
Saitama Resona Bank	JPY50.0 bn	October 19, 2011	October 19, 2021	October 19, 2016	1.45%
Saitama Resona Bank	JPY25.0 bn	July 27, 2012	July 27, 2022	July 27, 2017	1.24%

\*1. Subject to an approval of regulatory authority  
\*2. Floating rate is applicable after the 1st call date.

# Outline of Domestic Capital Regulation

- Subordinated debts, preferred securities and non-convertible preferred shares
  - Existing subordinated debts and preferred securities can be fully included in Core Capital as of the end of March 2014. These grandfathering items will be subject to a 10-year phase-out rule starting from March 2015.
  - The existing non-convertible preferred shares\*1 can be fully included in Core Capital until March 2019 and will be subject to a 10-year phase-out rule starting from March 2020.



\*1. Non-cumulative preferred stock other than the ones with a mandatory conversion feature

# Long Term Business Results

		(Y bn)	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	1HFY2015
PL	Consolidated	Gross operating profit	901.8	775.0	763.1	768.6	805.2	769.3	739.5	678.3	667.0	655.2	637.1	608.5	632.4	307.6
		Net interest income	599.1	561.2	542.3	549.8	563.7	555.3	547.0	499.4	484.0	463.9	443.0	430.0	425.9	203.2
		Fees and commission income	149.9	152.6	156.2	181.1	197.4	188.4	153.2	145.1	146.8	143.1	150.6	158.7	169.2	88.2
		Operating expenses	(597.6)	(510.0)	(382.0)	(384.0)	(384.6)	(385.9)	(384.4)	(387.5)	(369.4)	(360.9)	(361.6)	(348.4)	(357.7)	(173.6)
		Net gains/(losses) on stocks	(300.6)	57.6	91.0	58.5	72.7	(43.8)	(42.2)	0.6	(0.8)	2.3	(7.5)	22.6	44.5	(1.3)
		Credit related expenses	(552.1)	(1,418.3)	(41.5)	(6.9)	(69.7)	(58.4)	(181.4)	(114.6)	(61.5)	(13.8)	13.0	26.4	22.3	(21.2)
		Net income	(837.6)	(1,663.9)	365.5	383.2	664.8	302.8	123.9	132.2	160.0	253.6	275.1	220.6	211.4	85.7
BS	Total of 3 banks	Term end loan balance	29,545.1	26,475.3	25,702.1	26,406.1	26,566.7	26,163.8	26,608.9	26,306.1	26,177.9	26,050.4	26,682.1	26,986.0	27,755.5	27,821.4
		Loans to SMEs	23,540.1	21,237.1	21,079.7	21,966.2	22,441.5	22,287.9	22,218.6	22,320.8	22,166.3	22,235.8	22,659.5	22,912.6	23,454.9	23,538.2
		Housing Loans*1	8,527.6	9,373.8	10,170.9	10,864.2	11,419.7	11,563.8	11,701.0	12,042.9	12,145.4	12,250.3	12,651.9	12,918.3	13,125.0	13,127.2
		Residential Housing Loans	5,959.7	6,733.6	7,475.0	8,078.6	8,462.5	8,569.5	8,593.5	8,857.4	8,973.6	9,095.3	9,441.3	9,705.2	9,905.1	9,931.6
		NPL ratio	9.32%	6.74%	3.38%	2.55%	2.46%	2.19%	2.42%	2.42%	2.43%	2.32%	2.06%	1.74%	1.51%	1.61%
	Consolidated	Stocks (Acquisition amount basis)	1,319.0	630.1	399.6	400.9	390.4	385.5	356.7	344.5	351.8	342.5	337.2	331.9	330.9	328.4
	Unrealized gains/(losses) on available-for-sale securities	(25.8)	241.3	260.2	445.4	432.9	171.6	(32.5)	120.6	92.8	131.9	258.0	333.2	573.6	499.1	
Business*3	Total of 3 Banks	Investment Products sold	365.3	663.6	795.0	1,183.3	1,525.6	1,054.9	509.0	720.7	937.7	1,030.8	1,290.5	1,477.0	1,585.9	702.4
		Investment Trust	365.3	607.9	676.8	979.1	1,297.2	858.0	314.9	494.6	725.8	742.6	972.7	1,185.2	1,225.1	501.2
		Insurance	-	55.7	118.2	204.2	228.4	197.0	194.1	226.1	211.9	288.3	317.8	273.2	360.7	201.2
		Housing loan *1	-	1,758.8	1,852.9	1,853.4	1,662.0	1,394.3	1,222.4	1,435.4	1,341.1	1,301.8	1,559.5	1,478.6	1,352.9	621.5
		Residential Housing Loans	-	-	-	-	1,274.3	1,063.7	894.0	1,147.7	1,098.6	1,048.6	1,225.5	1,162.3	1,042.2	480.7
		Real estate business*2	6.0	8.5	9.3	12.0	15.0	14.5	7.2	6.3	6.6	7.7	7.8	8.3	11.2	5.6
Remaining Public Fund Balance		1,168.0	3,128.0	3,125.2	2,925.2	2,372.5	2,337.5	2,085.2	2,085.2	871.6	871.6	871.6	356.0	128.0	-	

- \*1. Includes apartment loans (Origination Includes Flat35)  
\*2. Excluding gains/(losses) from investments in real estate  
\*3. Data compiled for management and administration purposes



# MMP Earnings Plan and Status of Progress

(Y bn)

Total of Group Banks (Non-consolidated)	FY2014			FY2015			FY2016	FY2017
	Mid-term Plan	Actual	Difference	Mid-term Plan	Forecast	Difference	Mid-term Plan	Mid-term Plan
Gross operating profit	557.0	580.5	+23.5	564.0	581.0	+17.0	570.0	600.0
Net interest income	408.0	416.5	+8.5	414.0	-	-	415.5	437.0
Loan to deposit spread <sup>*1</sup>	1.36%	1.35%	(0.01)%	1.30%	1.26%	(0.04)%	1.25%	1.27%
Fees and commission plus trust fees	116.1	127.7	+11.6	123.3	-	-	127.8	139.6
Other income (net)	32.9	36.1	+3.2	26.7	-	-	26.7	23.4
Operating expense	(335.0)	(335.3)	(0.3)	(336.0)	(335.0)	+1.0	(337.0)	(338.0)
Actual net operating profit <sup>*2</sup>	222.0	245.1	+23.1	228.0	246.0	+18.0	233.0	262.0
Net gain on stocks	23.5	44.5	+21.0	9.0	8.0	(1.0)	10.5	9.0
Credit costs, net	10.0	24.3	+14.3	(18.5)	(33.0)	(14.5)	(19.0)	(20.5)
(Credit cost ratio) <sup>*3</sup>	(0.04)%	(0.08)%	(0.04)%	0.06%	0.11%	+0.05%	0.06%	0.07%
Income before income taxes	252.0	293.2	+41.2	217.0	223.0	+6.0	212.0	238.0
Net income	172.0	196.4	+24.4	145.0	157.0	+12.0	145.0	163.0
<b>Resona HD Net Income Attributable to Owners of the Parent</b>	190.0	211.4	+21.4	160.0	175.0	+15.0	160.0	175.0

Management indicators	FY2014	Mid-term Management Plan			
	Actual	FY2014	FY2015	FY2016	FY2017
ROE (HD Consolidated)	18.89%	Above 10%			
CET1 ratio <sup>*4</sup>	7.07%	8.0% and higher stably			
Cost income ratio (Total of group banks) <sup>*5</sup>	57.7%	60.1%	59.6%	59.1%	56.3%

Underlying assumptions	FY2014	Mid-term Management Plan			
	Actual <sup>*6</sup>	FY2014	FY2015	FY2016	FY2017
Overnight call rate (policy rate) %	0.015%	0.100%			0.300%
10 year JGB %	0.395%	0.500%	0.700%	0.850%	1.500%
Nikkei 225 ( yen)	19,206.99	17,500		19,500	20,500

\*1. Administrative accounting basis

\*2. Actual net operating profit: Net operating profit before provision to general reserve for possible loan losses and disposal of problem loans in the trust account

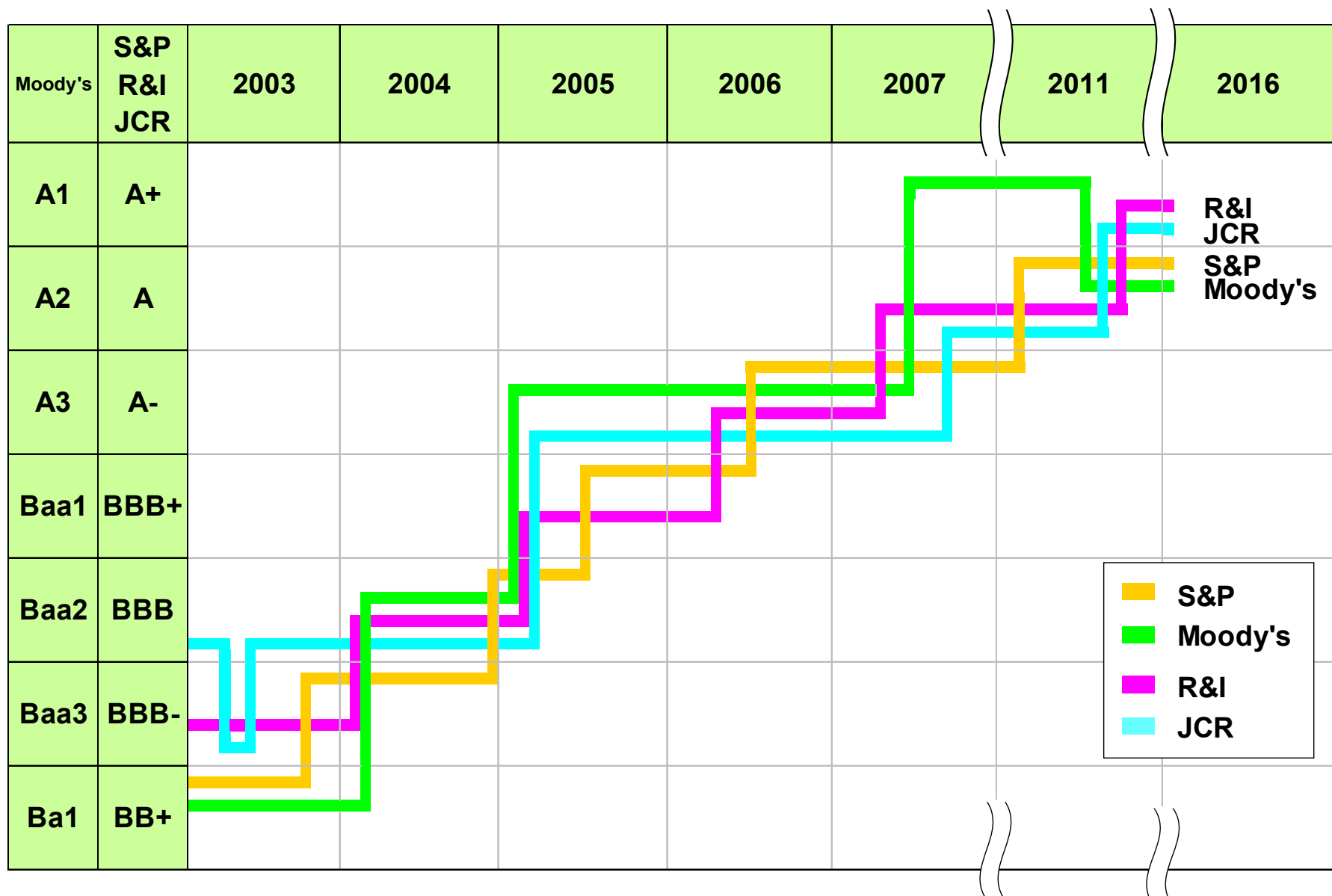
\*3. Credit costs, net / Total credits (simple average of the balance at the beginning and end of the term)

\*4. Excluding unrealized gain on available-for-sale securities (phase-in/phase-out rule basis)

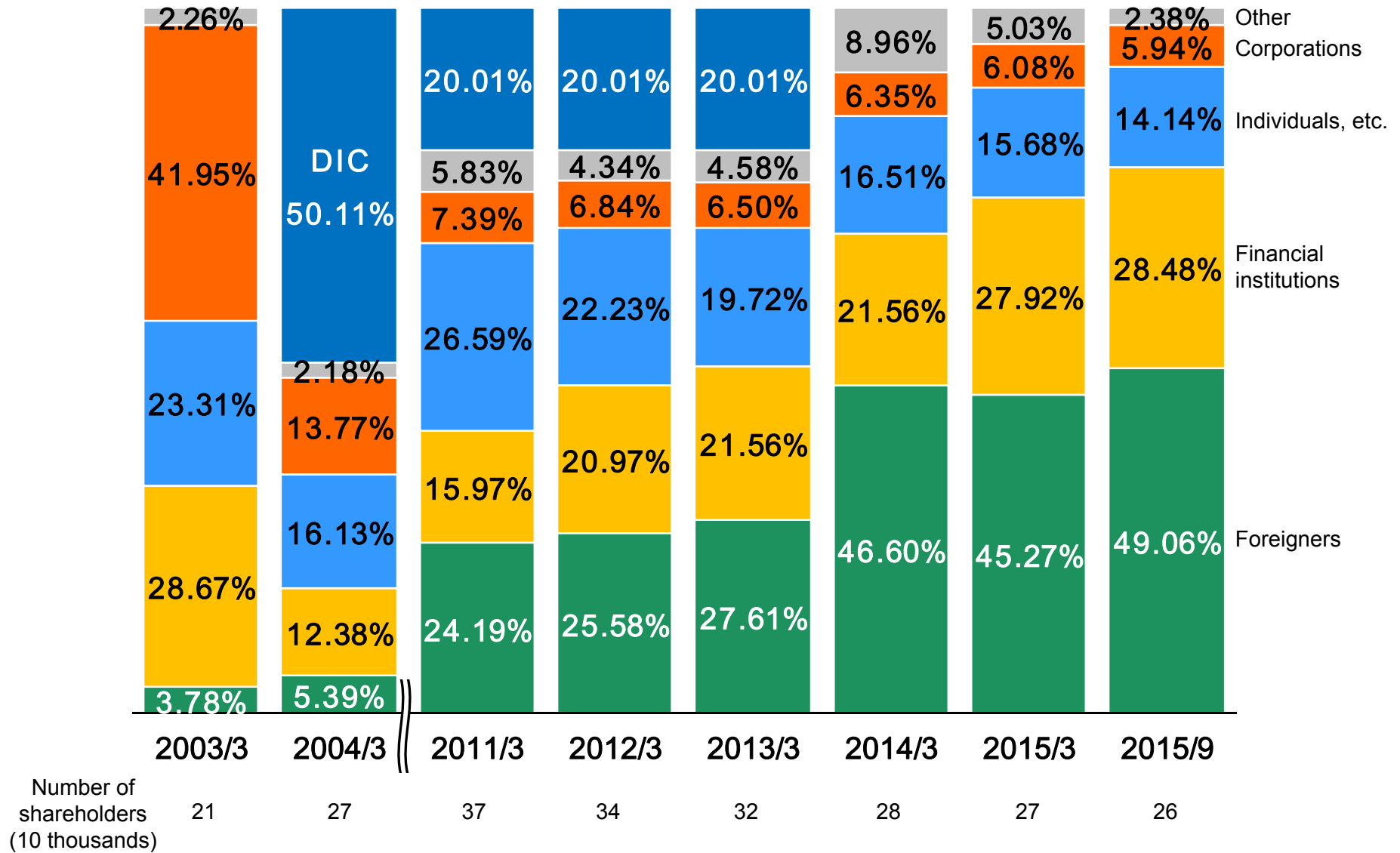
\*5. Operating expense / Gross operating profit (before NPL charge-off in the trust account)

\*6. As of the term-end.

# Trend of Long-term Senior Debt Rating of Resona Bank

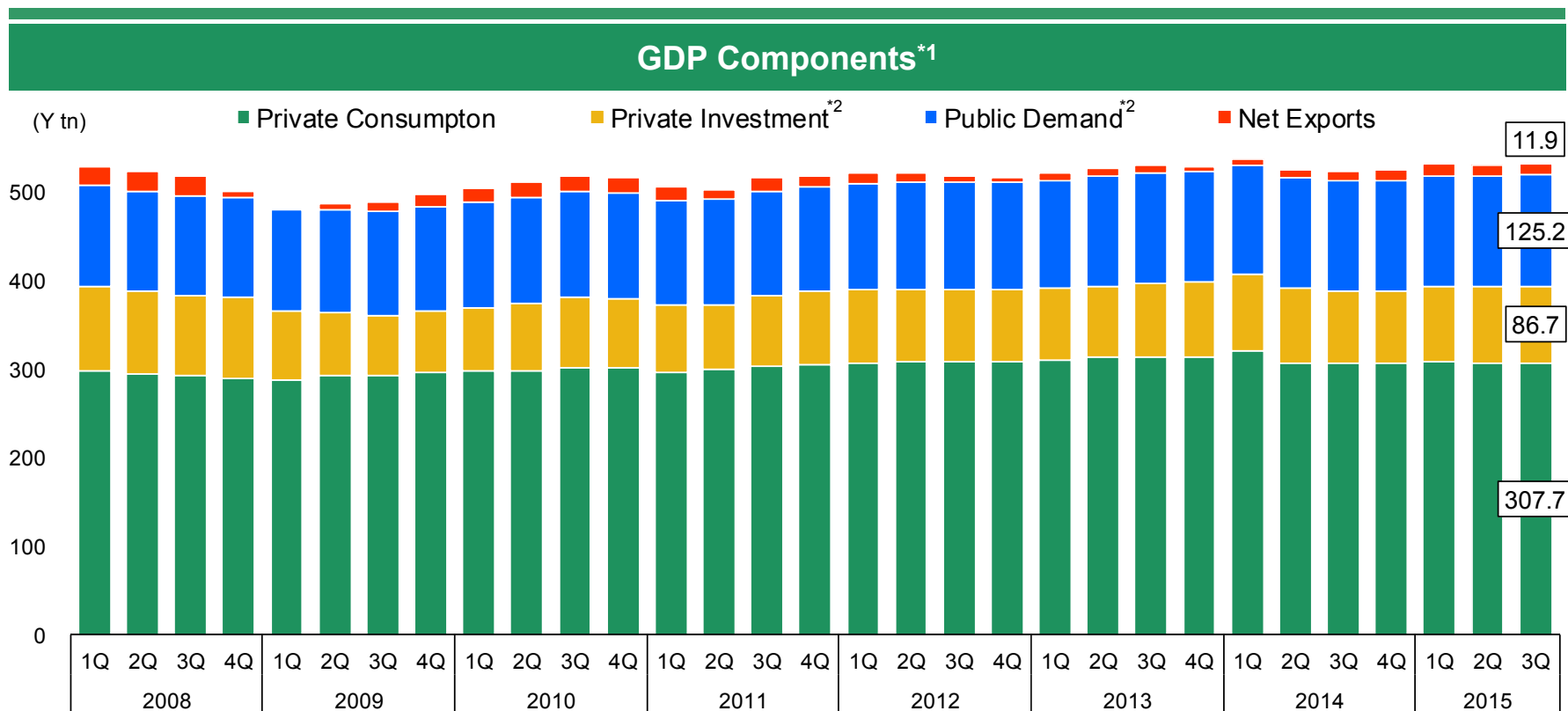


# Composition of Resona HD's Common Shareholders



**Macro Economic Trend**

# Actual and Forecast of Real GDP Growth Rate



[Real GDP Growth Rate] (figures of FY2015 are the forecasts of Resona bank)

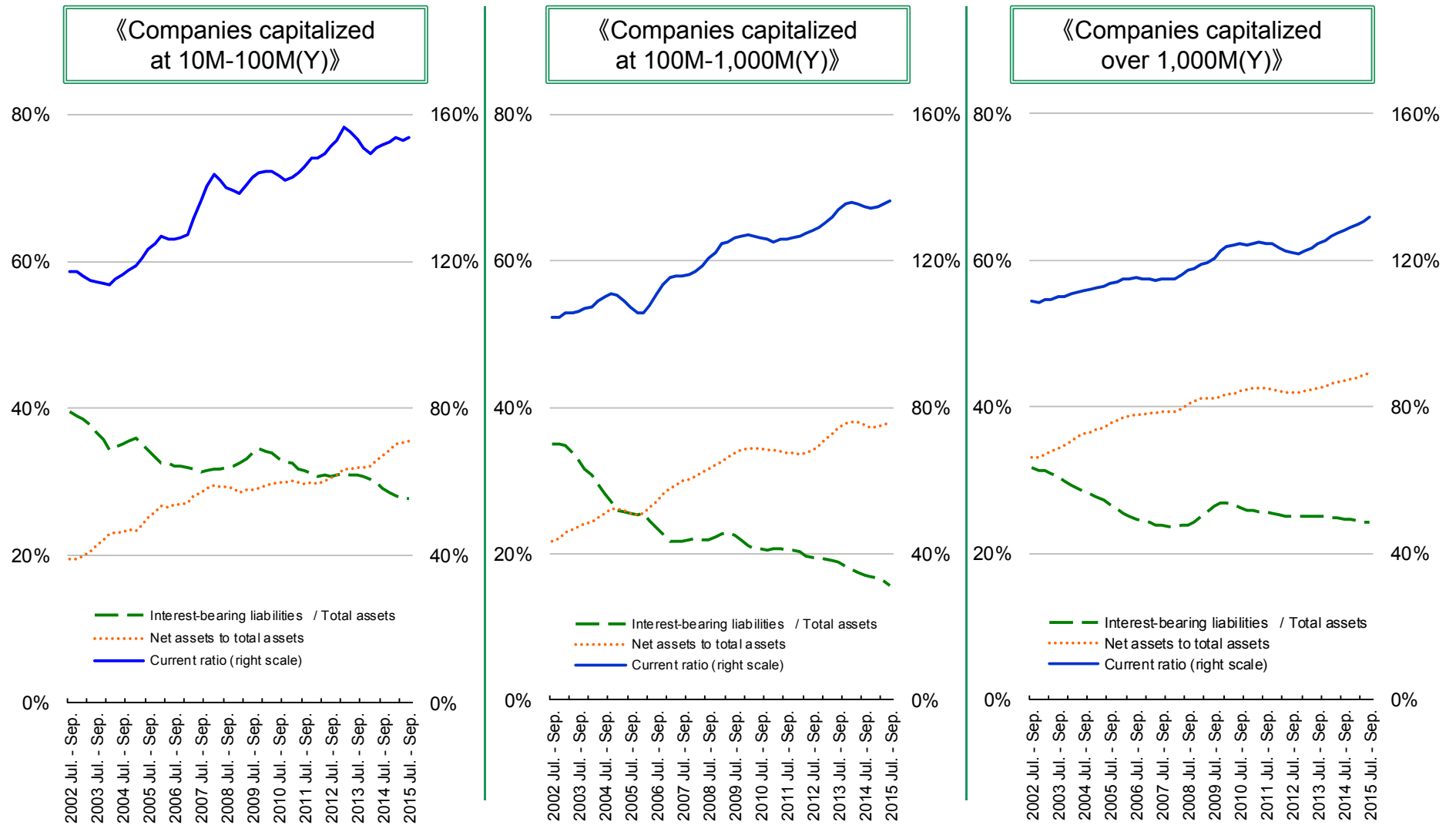
%	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
	Actual						Forecast
GDP	(2.0)	3.4	0.4	0.9	2.0	(1.0)	0.9
Consumption of Households	0.6	0.9	0.8	1.0	1.4	(1.8)	0.5
Private Non-Resi. Investment	(1.7)	0.5	0.6	0.1	0.4	0.0	0.4
Public Demand	1.0	0.1	0.1	0.3	0.8	(0.1)	0.1
Net Export	0.2	0.8	(1.0)	(0.8)	(0.5)	0.6	(0.1)

\*1. Source : Cabinet Office, Resona Bank. In real term : seasonally adjusted series

\*2. Private Investment: Private Residential Investment, Private Non-resi. Investment, Private Inventory  
Public Demand: Government Consumption, Public Investment, Public Inventory

# Overall Economy in Japan (1)

## Trends in Stability Ratios of Japanese Companies\*1

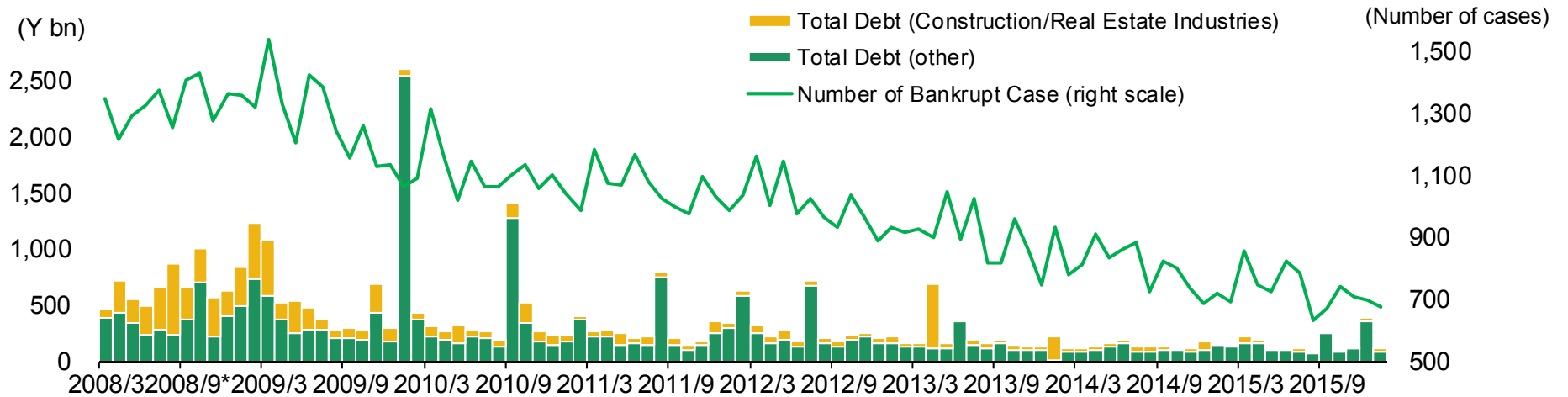


\*1. Source: Financial Statements Statistics of Corporation (4 quarters moving average)



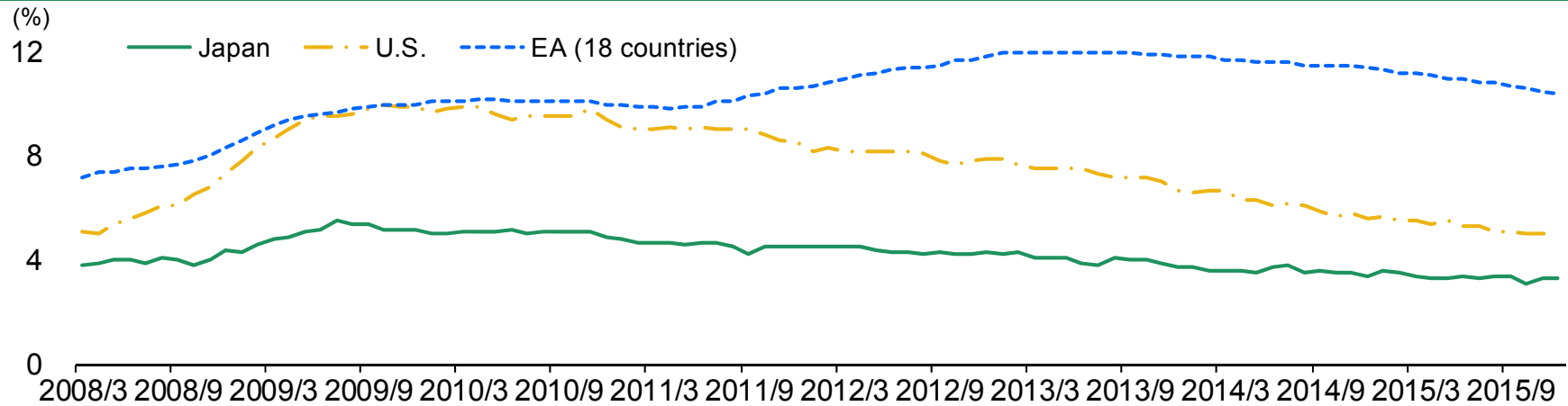
# Overall Economy in Japan (2)

## Enterprise Bankruptcy\*1



\* Excluding debts related to Lehman Brothers which failed in Sep. 2008 (Approx. ¥4,700 bn)

## Unemployment Rate\*2



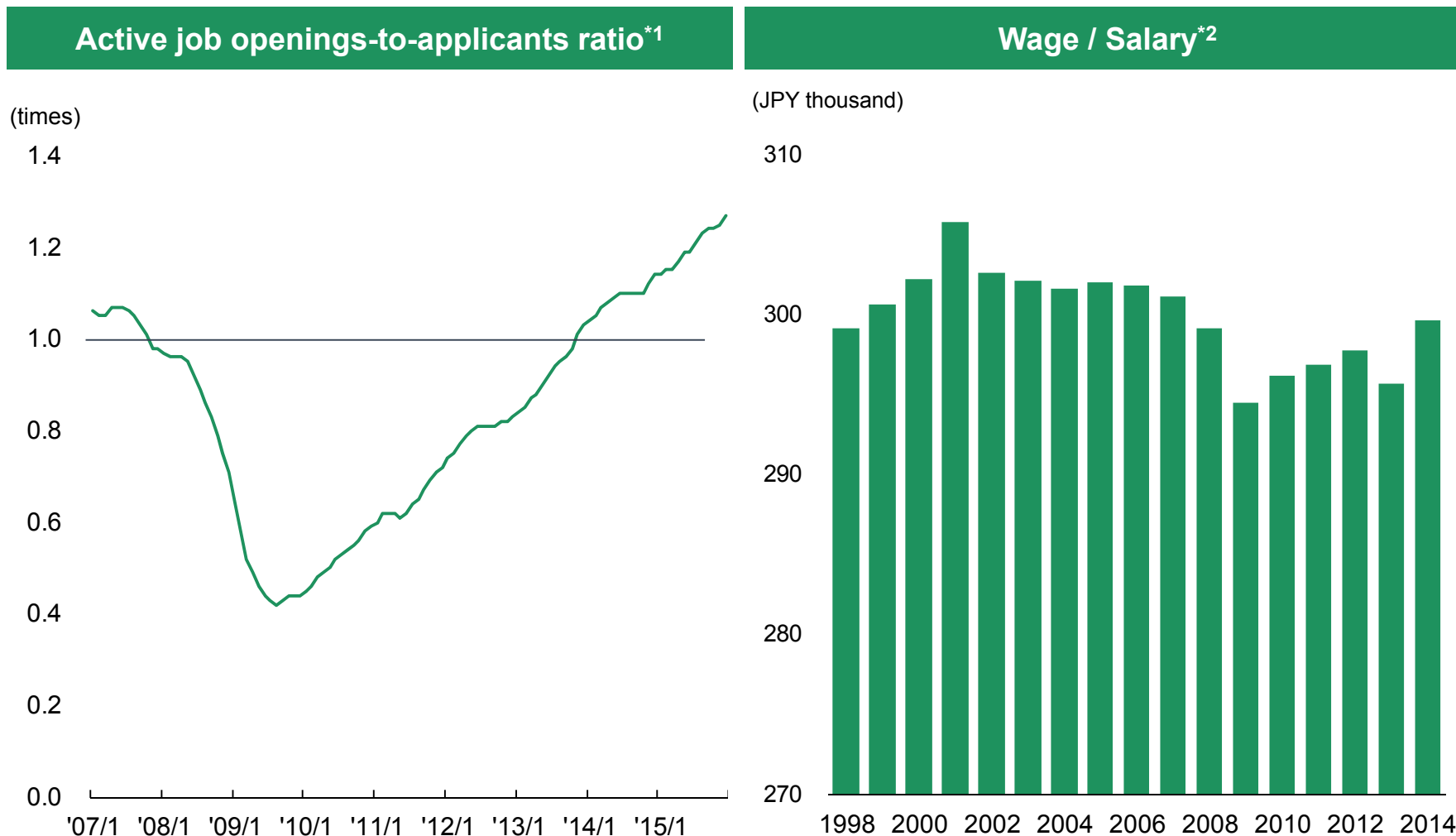
\* Excluding three prefectures of Japan (Iwate, Miyagi and Fukushima) from the result of March, 2011 to June, 2011

\*1. Source: Tokyo Shoko Research

\*2. Source : Statistics Japan, Bureau of Labor Statistics, Eurostat

# Employment

- The active job openings-to-applicants ratio has exceeded 1.0 for the first time since 2007
- The wage / salary level has been rising since 2009

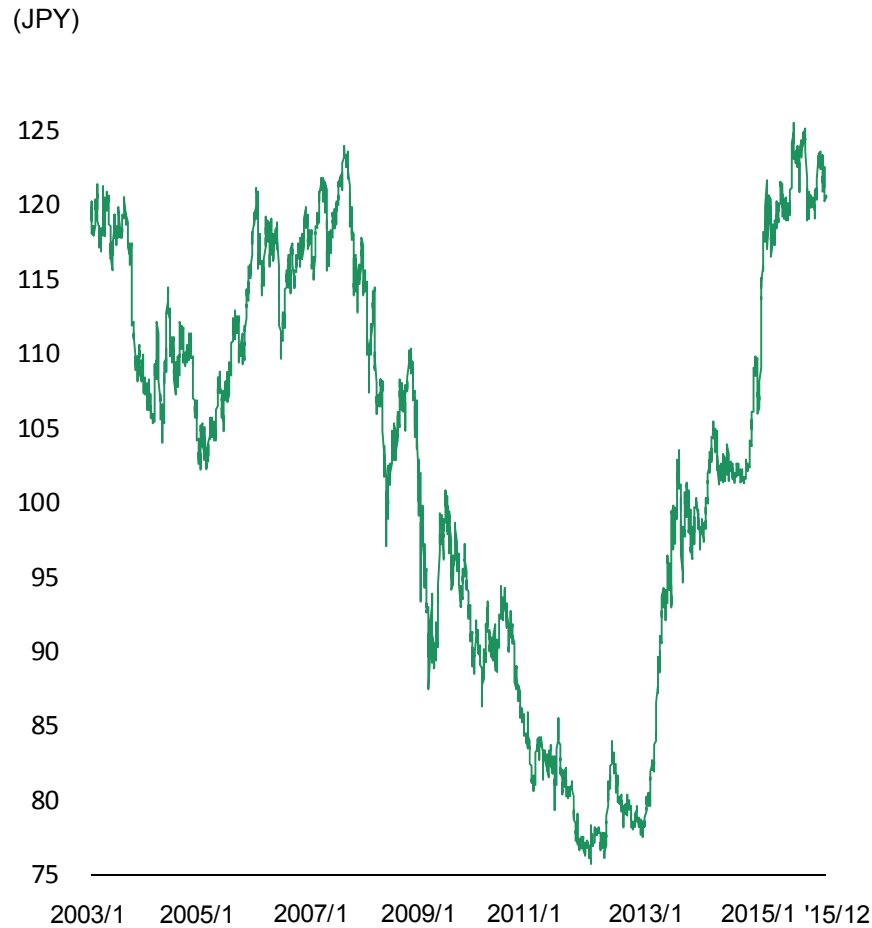


\*1. Source: Ministry of Health, Labour and Welfare / Employment Referrals for General Workers (Seasonally adjusted)  
 \*2. Source: Ministry of Health, Labour and Welfare / Basic Survey on Wage Structure

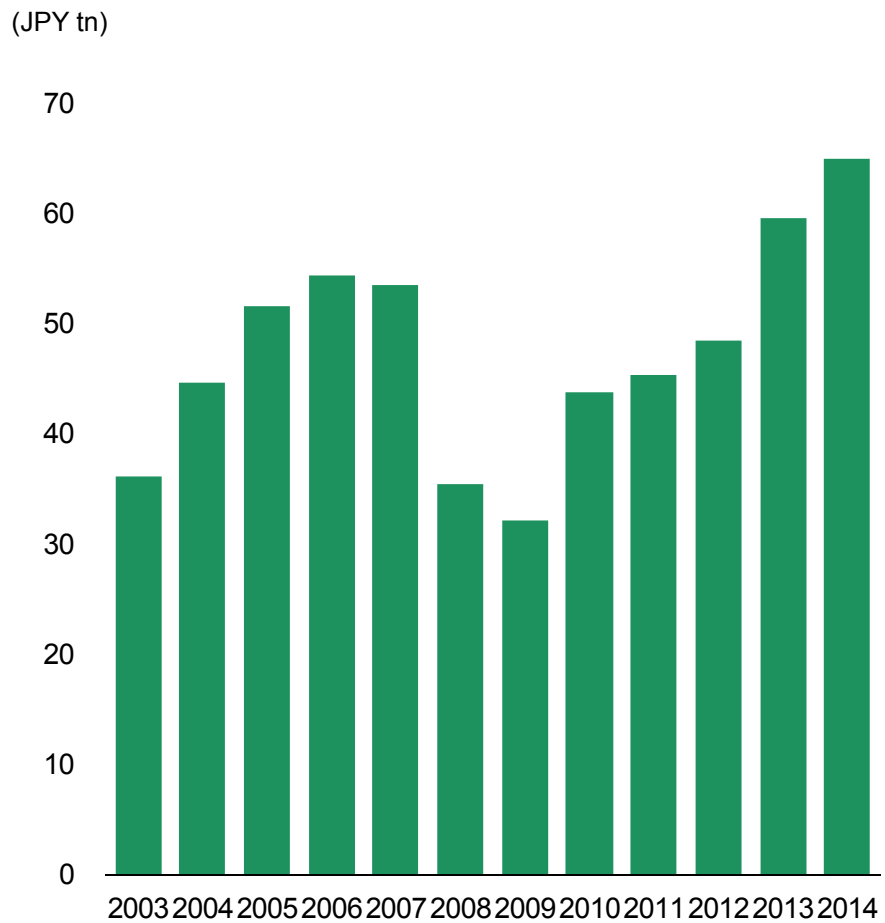
# Exchange Rate / Corporate Earnings

■ Yen has depreciated and Japanese corporate profits have topped the pre-financial crisis level

Exchange Rate(USD / JPY)\*1



Ordinary Profit for Japanese Corporations\*2



\*1. Source: Resona Bank

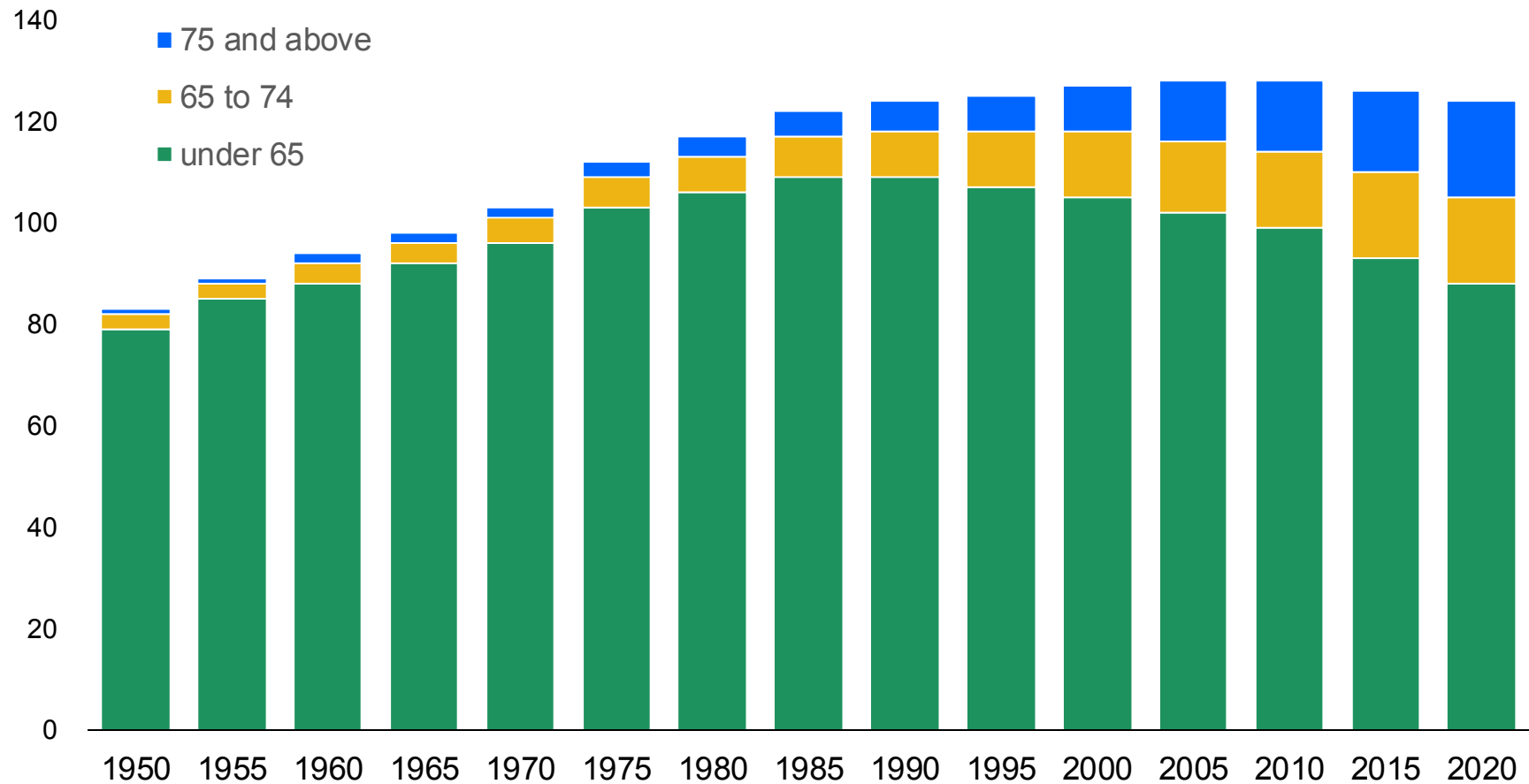
\*2. Source: Ministry of Finance / Financial Statements Statistics of Corporations by Industry

# Aging of Japan's Population (Population Trends by Age / Actuals and Estimates)\*1

■ Population aging is expected to accelerate

## Population Trends by Age Groups

(mn individuals)

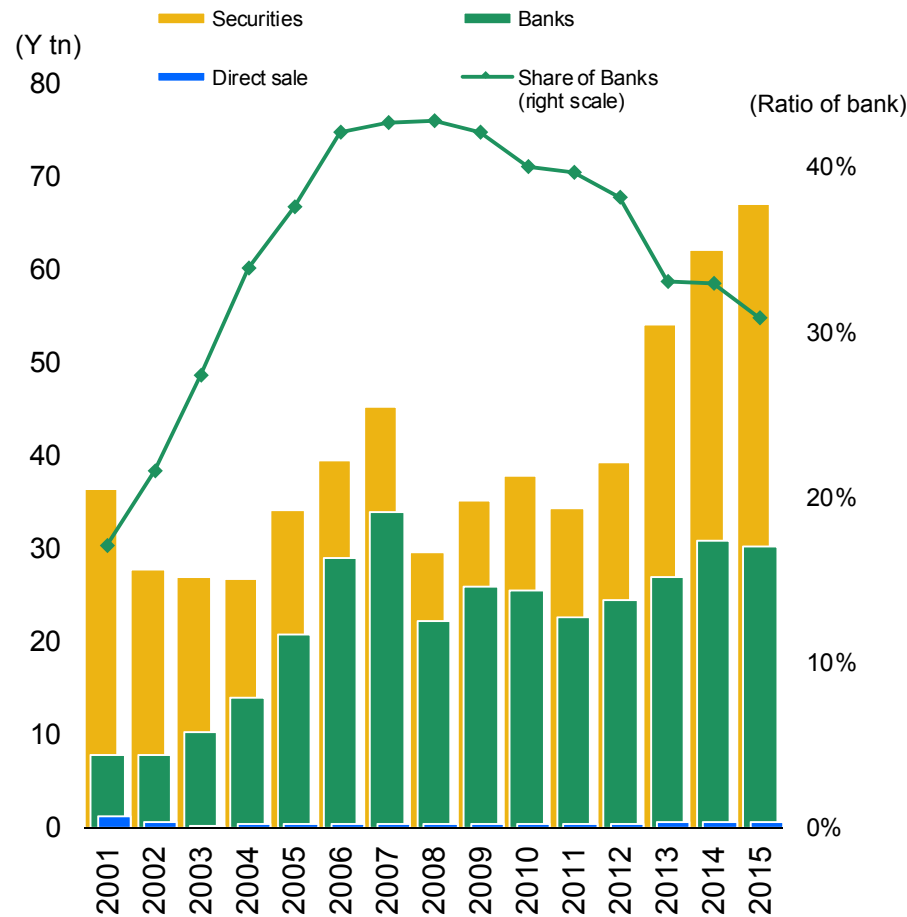


\*1. Source: National Institute of Population and Social Security Research

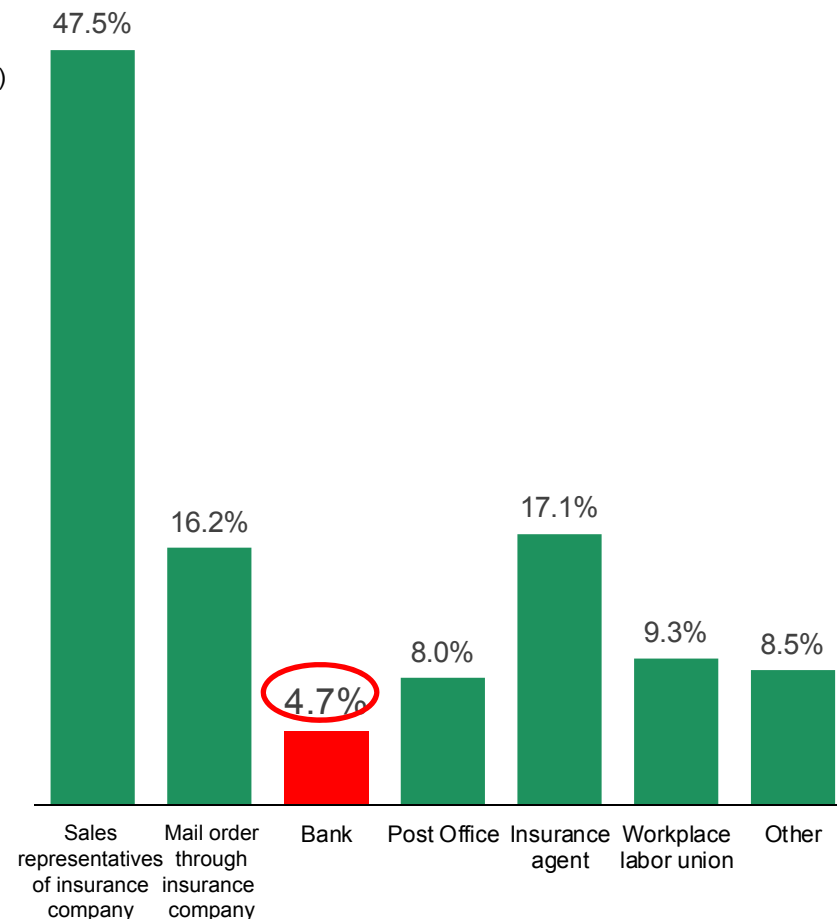
# Sales of Investment Trusts and Insurance

- Demand for investment products has been increasing, and the ratio sold by banks has surged due to deregulation
- As customers buying life insurance through banks are still limited, there is a sizeable room for future expansion

**Total Net Assets of Investment Trusts by Distribution Channel\*1**



**Ratio of Life Insurance Policy Holders by Distribution Channel in Last 5 years\*2**

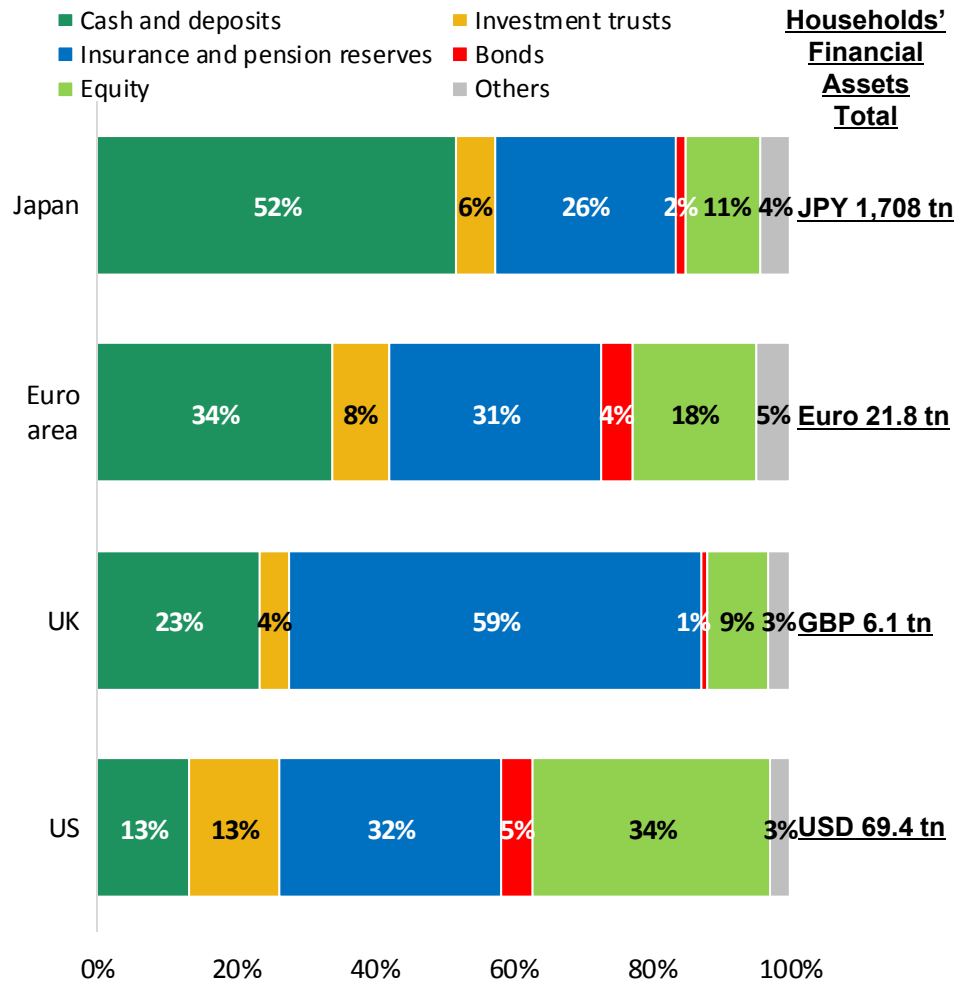


\*1. Source: The Investment Trusts Association, Japan  
 \*2. Source: Japanese Bankers Association

# Potential of Asset Management Business

## Breakdown of Households' Financial Assets\*1

Shift from “savings to investments” has finally begun to take place in Japan, too.



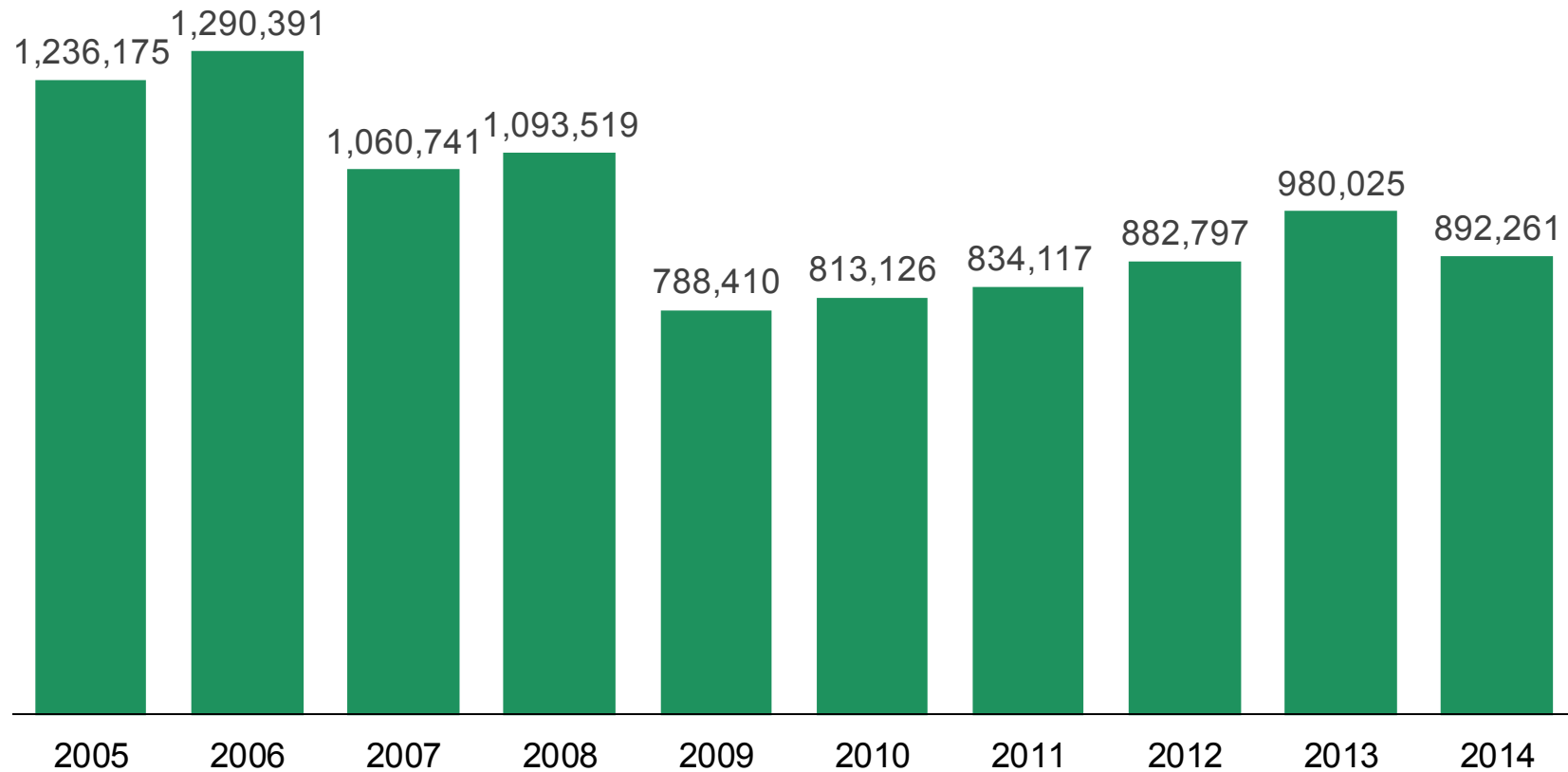
- Rising expectations of inflation
- NISA (Nippon Individual Savings Account)
  - Applicable from 2014 to 2023
  - For adults aged 20 and above, dividends and capital gains from investments in listed stocks and mutual funds up to JPY 1mn per annum, or JPY5mn in total for 5 years, to be exempted from taxation.
  - Exemption ceiling to be raised to JPY 1.2mn per annum from 2016
- Junior NISA
  - Applicable from 2016 to 2023 (Even after 2023, investments held in Junior NISA account won't be taxed until the holder reaching the age of 20)
  - For minors aged under 19, dividends and capital gains from investments in listed stocks and mutual funds up to JPY 0.8mn per annum, or up to JPY 4mn in total for 5 years, to be exempted from taxation.

\*1. As of March 2015, Source: Bank of Japan, “Flow of Funds”, ECB, “Euro area accounts”, Office for National Statistics, “United Kingdom Economic Accounts”, Federal Reserve Board “Flow of Funds Accounts”

# Housing Data

## New Housing Construction Starts\*1

(units)



\*1. Source: Ministry of Land, Infrastructure, Transport and Tourism



# Our Website Information

<http://www.resona-gr.co.jp/holdings/english/>

Materials for investors are available from here



**Official You Tube**  
(in Japanese language)  
<http://www.youtube.com/user/ResonaGroup>



**Official facebook account**  
(in Japanese language)  
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**Official Twitter account**  
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[http://twitter.com/resona\\_pr](http://twitter.com/resona_pr)

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*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.*

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