

# Aiming at Becoming No.1 Retail Bank



**Resona Holdings**

**February 2017**

# Contents

## Resona Group at a Glance

## Outline of Business Results for 1-3Q of FY2016 and Updates on Major Businesses

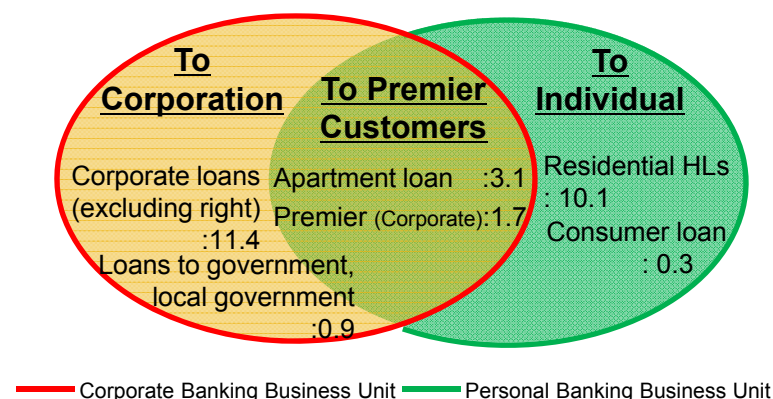
## Efforts to Build Solid Foundation for Sustainable Growth

## 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): JPY27.7 tn\*1



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

# Introductory Comments

1

## ■ Implications of the new monetary policy

- Views it positively since the BOJ showed certain consideration for banks' earnings
- However, the strengthened forward guidance implies a risk of prolonged low interest rate environment

2

## ■ 1-3Q results: Robust bottom line, achieved the guidance

- Impacts of the NIRP almost in line with what we have expected
- Despite an increase in expenses in strategic areas, operating expenses were maintained almost flat from previous year
- Credit cost declined significantly due to absence of one-time factor of last year and continued improvement in the quality of loan portfolio

3

## ■ Efforts to build solid foundation for sustainable growth

- Steadily implementing the "Omni-channel" strategy
- Formulate a new mid-term management plan which will start from next fiscal year
  - Need to 1) diversify income source and 2) enhance cost competitiveness even further, given a risk of prolonged low interest rate environment

4

## ■ Progress in capital policy

- Repurchase and cancel Class 6 Preferred Shares (totaling JPY 75 bn) on Dec. 8<sup>th</sup>.
- A planned step towards realizing a DPS increase (+2 yen YoY, 19 yen per annum) announced at the beginning of the year

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## **Resona Group at a Glance**

**Outline of Business Results for 1-3Q of FY2016  
and Updates on Major Businesses**

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

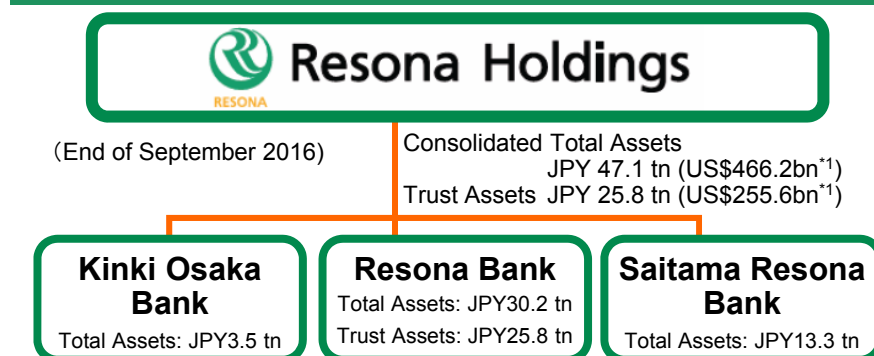
**Direction of Capital Management**

**Reference Material**

# Resona Group at a Glance

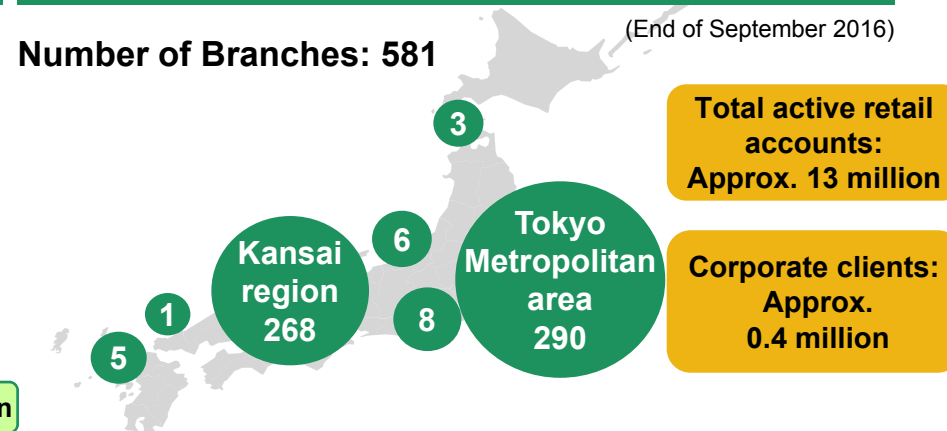
- Resona focuses management resources on Tokyo and Kansai metropolitan areas and retail banking business
- Resona Group is the largest retail-focused bank with full-line trust capabilities in Japan with a well-established customer base comprising approx. 13 million retail accounts and approx. 0.4 million corporate clients

## Corporate Structure

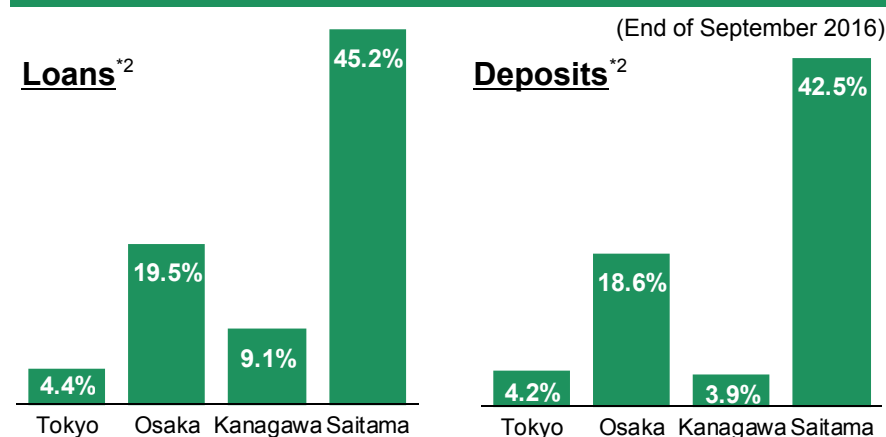


The largest retail-focused bank with full-line trust capabilities in Japan

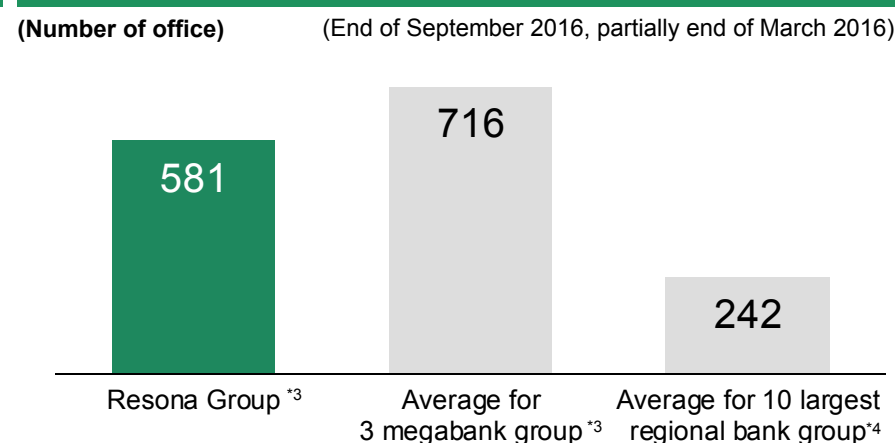
## Franchise Value



## Market Share



## Number of Manned Branch Office



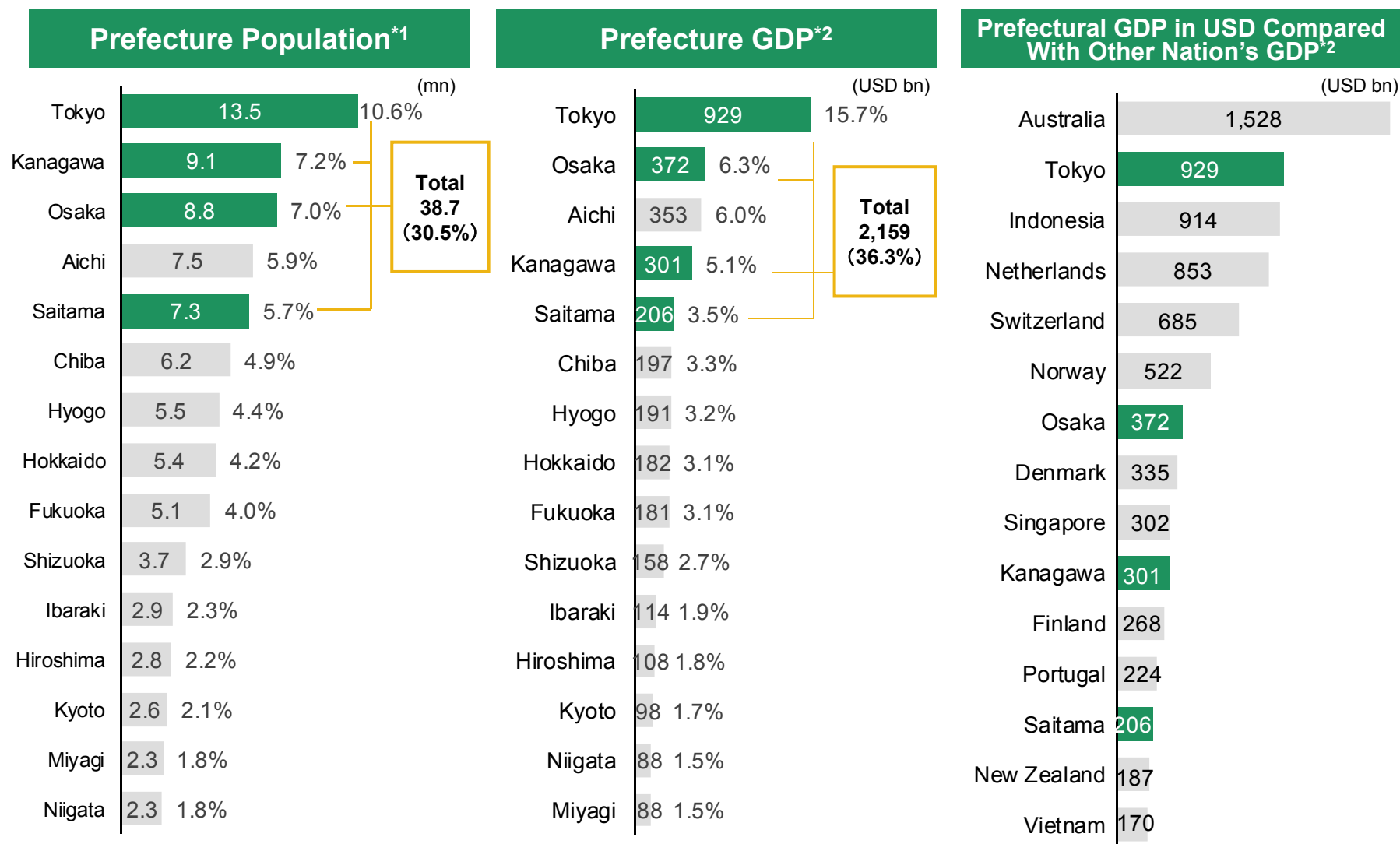
<sup>\*1</sup> 1USD=JPY101.03 <sup>\*2</sup> Total of group banks, market share based on deposits, and loans and bills discounted by prefecture (domestically licensed banks from BOJ)

<sup>\*3</sup> 1H FY2016 Financial Statements, Resona Group: total of group banks, Megabank groups: BTMU+ MUTB, Mizuho BK+ Mizuho Trust, SMBC

<sup>\*4</sup> 10 largest regional bank groups by consolidated assets (Concordia FG, Fukuoka FG, Chiba, Hokuho FG, Shizuoka, Yamaguchi FG, Nishinippon City, Kyushu FG, Joyo, Hokuyo : 1H FY2016 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



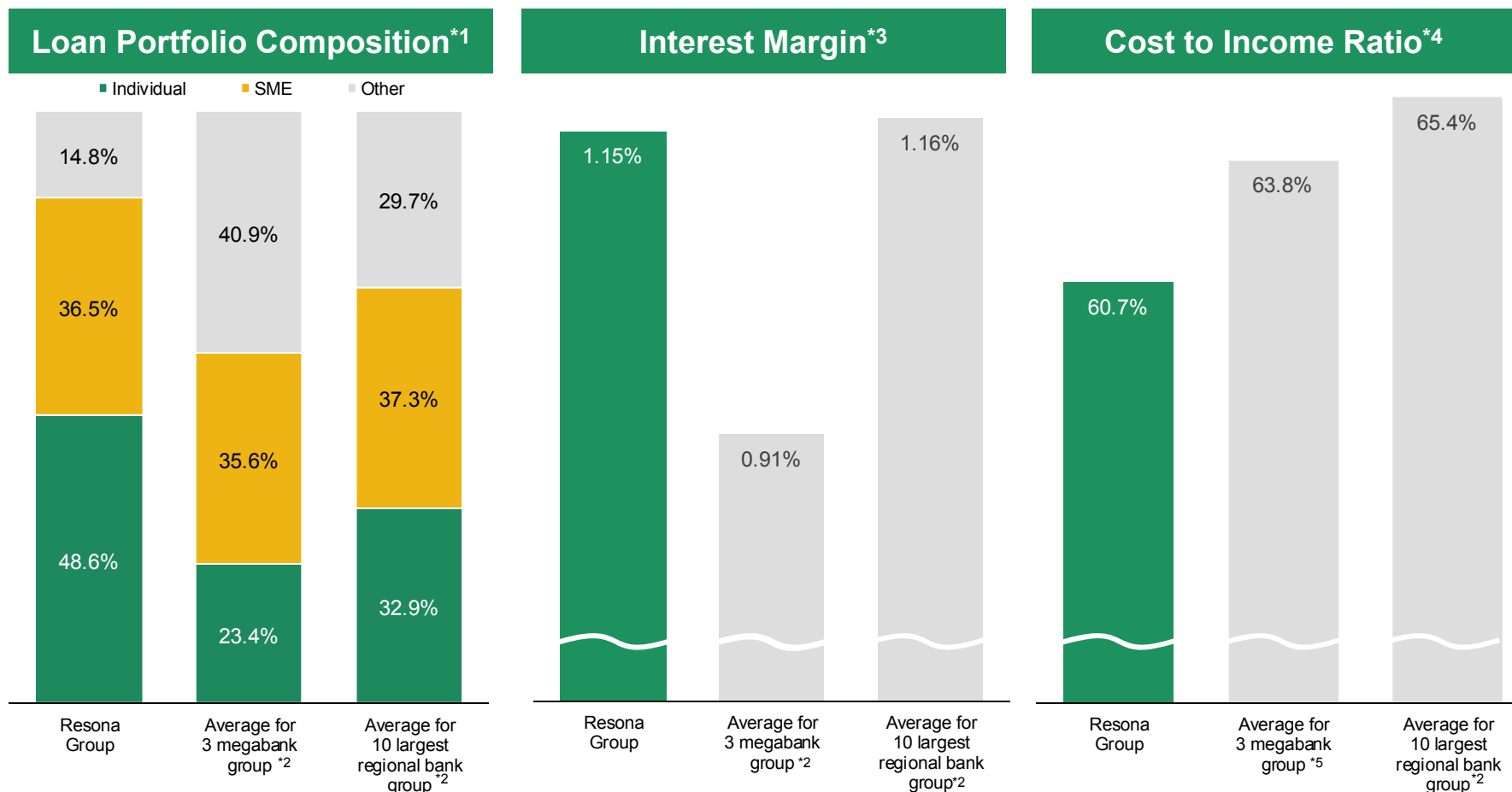
\*1. Source: National Population Census (As of October 1st, 2015)

\*2. Source: Cabinet Office, Government of Japan, Gross Prefecture Product FY2013 "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 mega bank group
- Through operational reforms and efficient management, Resona mitigated the high-cost structure inherent in retail banking



\*1. As of September 2016, 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 (Concordia FG, Fukuoka FG, Chiba, Hokuho FG, Shizuoka, Yamaguchi FG, Nishinippon City, Kyushu FG, Jyo, Hokuyo : 1H FY2016 Financial Statements)

\*3. Difference between (a) average loan yield and (b) average cost of deposits for 1H FY2016, total of group banks

\*4. Consolidated cost to income ratio = operating expenses / gross operating profit (for 1H FY2016)

\*5. MUFG, SMFG, Mizuho FG

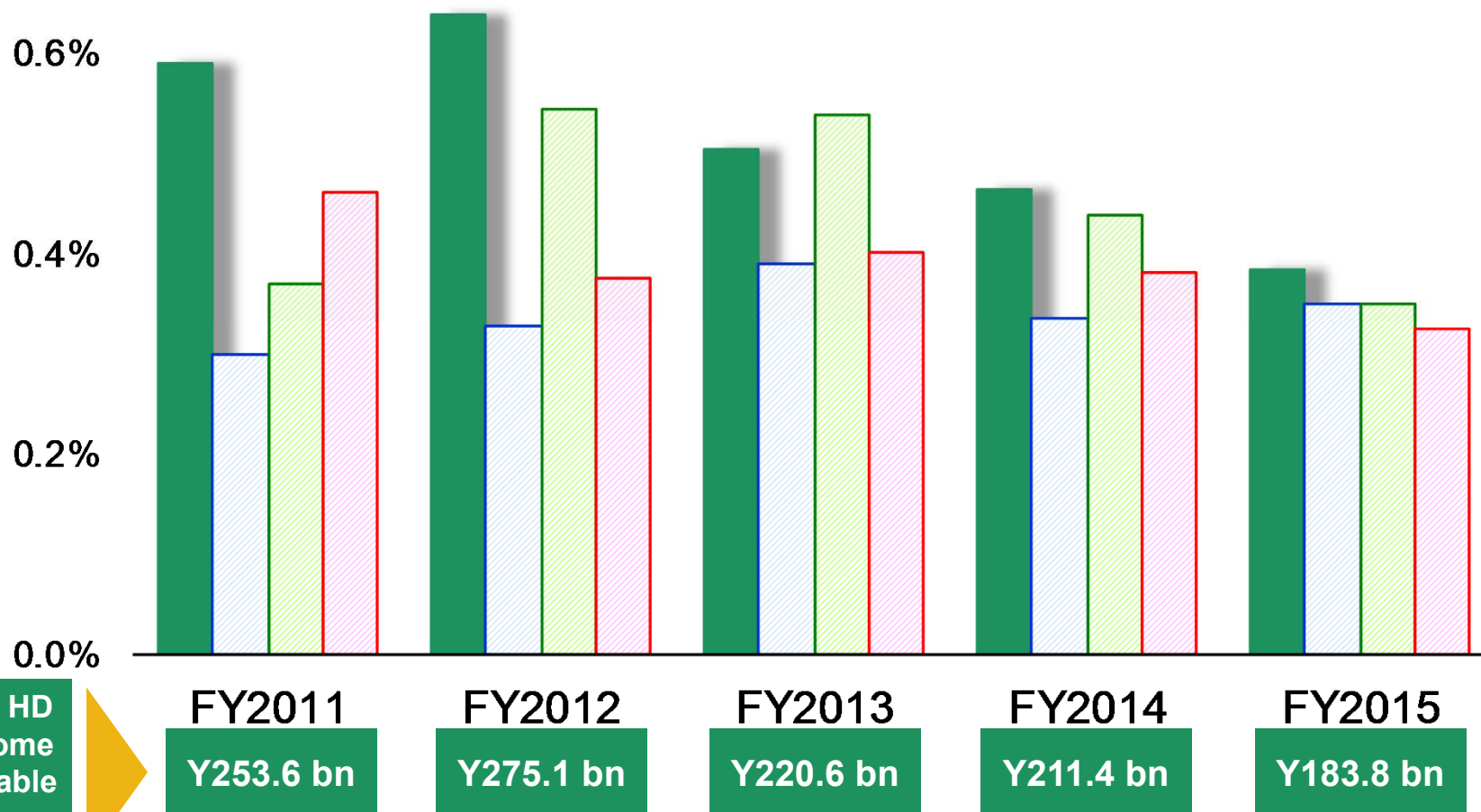


## Stable Earnings Trend and High Profitability

- 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

\*1. Source: Company disclosure

**Resona Group at a Glance**

**Outline of Business Results for 1-3Q of FY2016  
and Updates on Major Businesses**

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

**Direction of Capital Management**

**Reference Material**

# Outline of Financial Results for the 1-3Q (9 Months) Period of FY2016

## ■ Posted JPY129.8 bn of net income attributable to owners of the parent

- Down JPY0.3 bn, or (0.2)%, YoY,  
Progress rate against the full year guidance: 76.3%
  - Decline in actual net operating profit (10): (32.1) bn
  - Improvement in credit cost (12): +38.6 bn

## ■ Posted JPY165.6 bn of actual net operating profit

- Gross operating profit: JPY422.3 bn, Down JPY31.8 bn, or (7.0)%, YoY
  - Net interest income from domestic loans and deposits (total of group banks): (17.9) bn, YoY
    - Increased loans to SMEs and housing loans steadily as planned.
  - Fees and commission income + Trust fees: (6.3) bn YoY
    - Income from financial products sales declined, but fees from real estate brokerage and corporate solutions increased.
  - Net gains on bonds (including futures): (5.9) bn YoY
- Operating expenses: JPY(256.8) bn, (0.3)bn, or (0.1)% YoY

## ■ Maintained soundness in asset quality

- NPL ratio (total of group banks): 1.42%
- Net unrealized gain on available-for-sale securities (total of group banks): JPY518.8 bn

## ■ Capital Management :

### Steps taken as planned at the beginning of the year

- Repurchased and cancelled Class 6 Preferred Shares (JPY75.0 bn) on Dec. 8, 2016

Resona HD consolidated (JPY bn)	1-3Q of FY2016			
		YoY change		
			%	
<b>Gross operating profit</b>	(1)	<b>422.3</b>	<b>(31.8)</b>	<b>(7.0)%</b>
Net interest income	(2)	279.1	(20.5)	
Nil from loans and deposits (total of group banks)* <sup>1</sup>	(3)	231.6	(17.9)	
Trust fees	(4)	13.3	(2.8)	
Fees and commission income	(5)	103.9	(3.4)	
Other operating income	(6)	25.9	(4.9)	
Net gains on bonds (including futures)	(7)	12.6	(5.9)	
Operating expenses (excluding group banks' non-recurring items)	(8)	(256.8)	(0.3)	(0.1)%
Cost income ratio (OHR)	(9)	60.7%		
<b>Actual net operating profit</b> <sup>*2</sup>	(10)	<b>165.6</b>	<b>(32.1)</b>	<b>(16.2)%</b>
Net gains on stocks (including equity derivatives)	(11)	1.4	+ 2.1	
Credit related expenses, net	(12)	21.6	+ 38.6	
Other gain, net	(13)	(6.4)	(10.5)	
<b>Income before income taxes</b>	(14)	<b>182.4</b>	<b>(1.8)</b>	<b>(1.0)%</b>
Income taxes and other	(15)	(52.5)	+1.5	
<b>Net income (attributable to owners of the parent)</b>	(16)	<b>129.8</b>	<b>(0.3)</b>	<b>(0.2)%</b>
EPS (yen)	(17)	54.04	(0.13)	
BPS (yen)	(18)	759.50	+42.42	

\*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

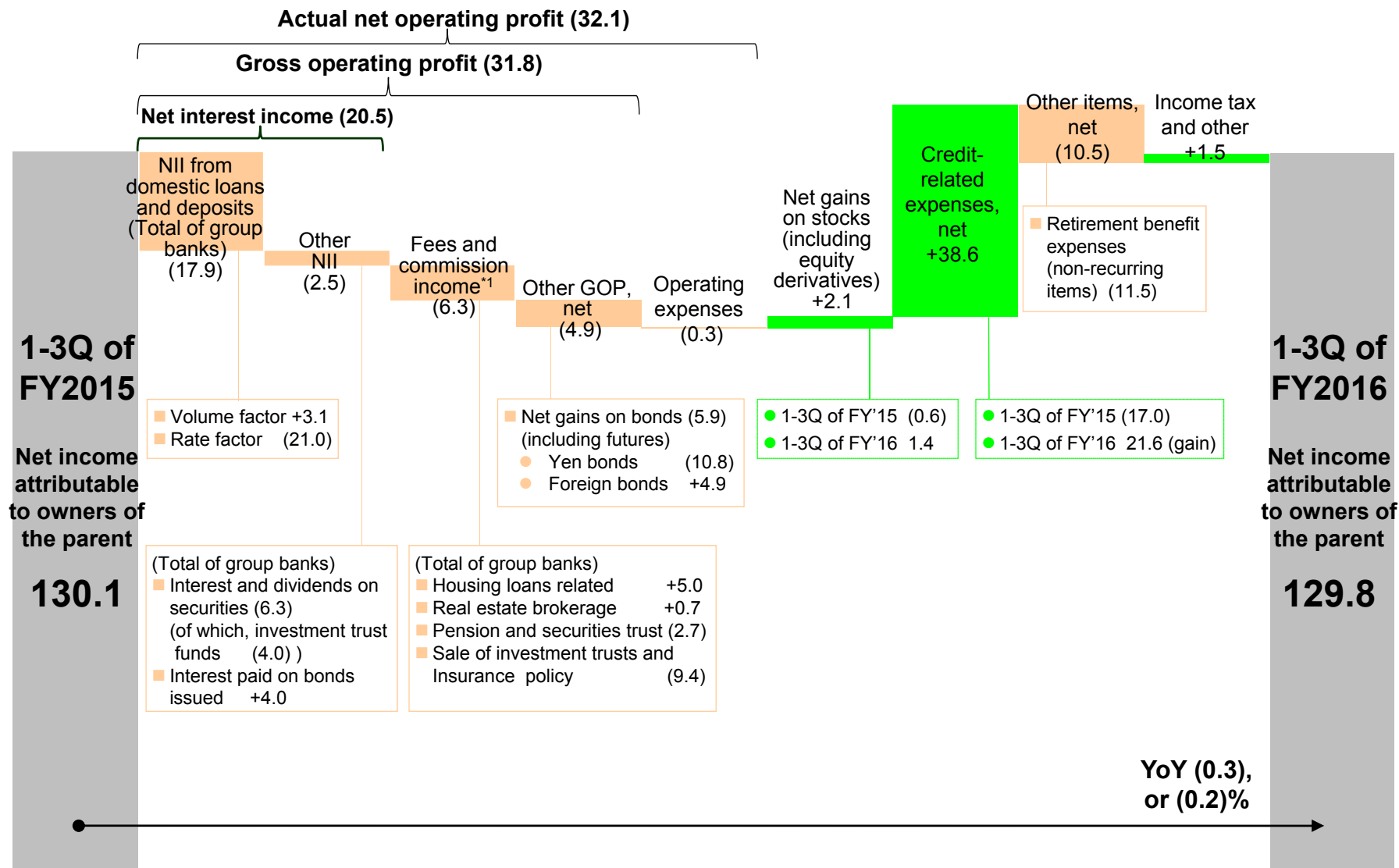
(JPY bn)	Resona Holdings (Consolidated) 1-3Q of FY2016		Total of group banks (Non-consolidated) 1-3Q of FY2016					Difference	
	(A)	YoY change	(B)	YoY change	Resona Bank	Saitama Resona Bank	Kinki Osaka Bank	(A)-(B)	YoY change
<b>Gross operating profit</b> (1)	<b>422.3</b>	<b>(31.8)</b>	<b>388.5</b>	<b>(30.1)</b>	264.6	92.2	31.6	<b>33.8</b>	<b>(1.6)</b>
Net interest income (2)	279.1	(20.5)	275.7	(19.7)	177.5	73.8	24.4	3.3	(0.8)
Nil from domestic loans and deposits (3)			231.6	(17.9)	146.1	63.4	22.0		
Trust fees (4)	13.3	(2.8)	13.3	(2.8)	13.3			(0.0)	+0.0
Fees and commission income (5)	103.9	(3.4)	74.1	(2.9)	52.8	15.8	5.5	29.7	(0.4)
Other operating income (6)	25.9	(4.9)	25.2	(4.6)	20.9	2.6	1.7	0.6	(0.3)
Net gains on bonds (including futures) (7)	12.6	(5.9)	12.6	(5.9)	9.8	1.3	1.4	-	-
Operating expenses (excluding group banks' non-recurring items) (8)	(256.8)	(0.3)	(243.2)	(0.0)	(159.4)	(55.8)	(28.0)	(13.5)	(0.3)
<b>Actual net operating profit*1</b> (9)	<b>165.6</b>	<b>(32.1)</b>	<b>145.3</b>	<b>(30.2)</b>	<b>105.2</b>	<b>36.4</b>	<b>3.6</b>	<b>20.3</b>	<b>(1.9)</b>
Net gains on stocks (including equity derivatives) (10)	1.4	+2.1	1.4	+2.3	(0.2)	0.8	0.9	0.0	(0.2)
Credit related expenses, net (11)	21.6	+38.6	18.4	+33.3	13.4	1.8	3.1	3.2	+5.3
Other gain/(loss), net (12)	(6.4)	(10.5)	(6.0)	(8.5)	(6.9)	(0.5)	1.3	(0.3)	(1.9)
<b>Income before income taxes</b> (13)	<b>182.4</b>	<b>(1.8)</b>	<b>159.1</b>	<b>(3.0)</b>	<b>111.4</b>	<b>38.6</b>	<b>9.0</b>	<b>23.2</b>	<b>+1.1</b>
Income taxes and other (14)	(52.5)	+1.5	(44.6)	+2.2	(31.0)	(11.3)	(2.1)	(7.9)	(0.7)
<b>Net income (attributable to owners of the parent)</b> (15)	<b>129.8</b>	<b>(0.3)</b>	<b>114.5</b>	<b>(0.7)</b>	<b>80.3</b>	<b>27.2</b>	<b>6.9</b>	<b>15.2</b>	<b>+0.4</b>

\*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)

RHD  
Consolidated

(JPY bn)



\*1. Fees and commission income plus trust fees

# Trend of Loan and Deposit

Total of  
Group Banks

## Average loan / deposit balance, rates and spread

〔 Avg. bal : Trillion Yen Income/Cost : Billion Yen 〕			1-3Q		FY2016	
			(Act)	YoY	(Plan) <sup>*4</sup>	YoY
Average loan balance (Banking account) (1)			27.56	+1.29%		
Domestic acct.	Loans	Avg. Bal. (2)	27.05	+1.36%	27.14	+1.52%
		Rate (3)	1.15%	(0.13)%	1.14%	(0.13)%
		Income (4)	235.6	(23.4)	311.4	(31.2)
	Corporate Banking Business Unit *1,2	Avg. Bal. (5)	15.69	+1.08%	15.76	+1.29%
		Rate (6)	0.99%	(0.16)%	0.98%	(0.16)%
	Personal Banking Business Unit *1,3	Avg. Bal. (7)	10.40	+1.80%	10.41	+1.93%
		Rate (8)	1.44%	(0.09)%	1.44%	(0.08)%
	Deposits (Including NCDs)	Avg. Bal. (9)	39.45	+3.63%	38.62	+1.43%
		Rate (10)	0.01%	(0.01)%	0.01%	(0.01)%
		Cost (11)	(3.9)	+5.5	(5.0)	+6.7
	Loan-to-deposit	Spread (12)	1.14%	+0.11%	1.13%	(0.11)%
		Net interest income (13)	231.6	(17.9)	306.4	(24.4)

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

\*2. Corporate Banking Business Unit :

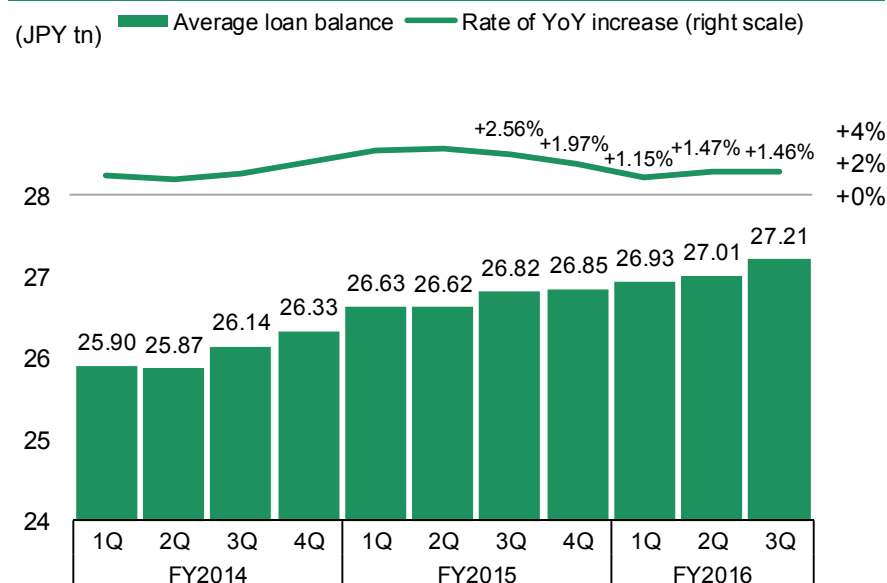
Corporate loans (excluding loans to governments) + apartment loans

\*3. Personal Banking Business Unit:

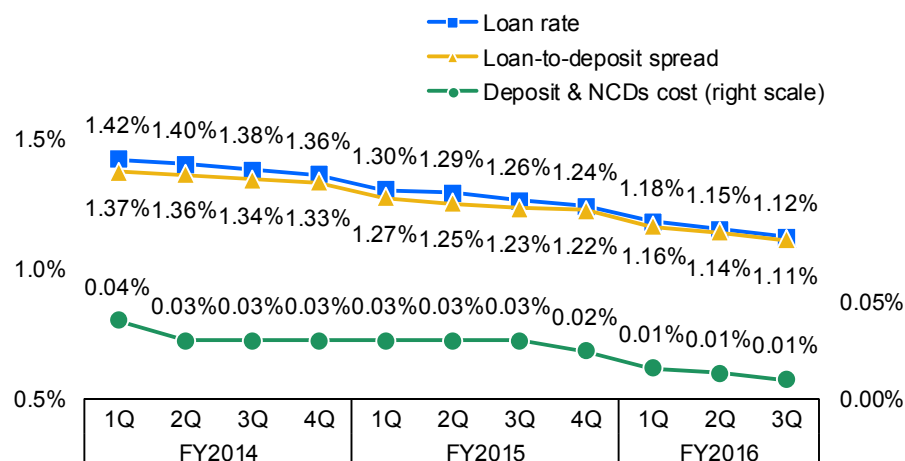
Residential housing loans + consumer loans

\*4. Plan for the full year formulated by the company in November 2016

## Trend of average loan balance (Domestic account)



## Loan and deposit rates and spread (Domestic account)





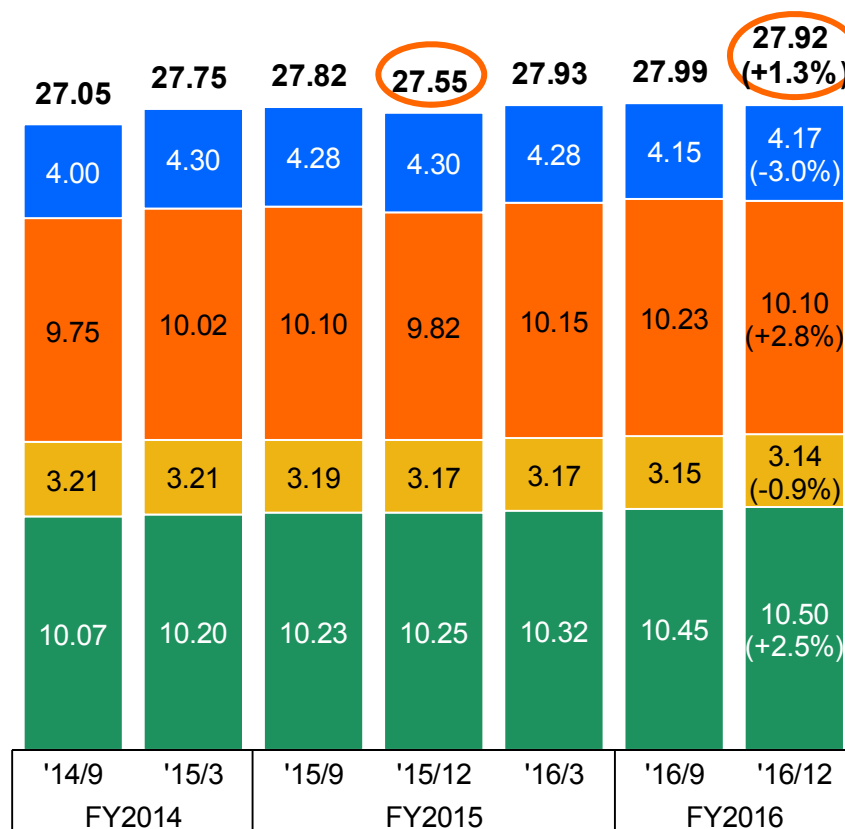
# Term-end Balance of Loan and Deposit

Total of  
Group Banks

## Term-end loan balance

JPY tn, % represents  
YoY change

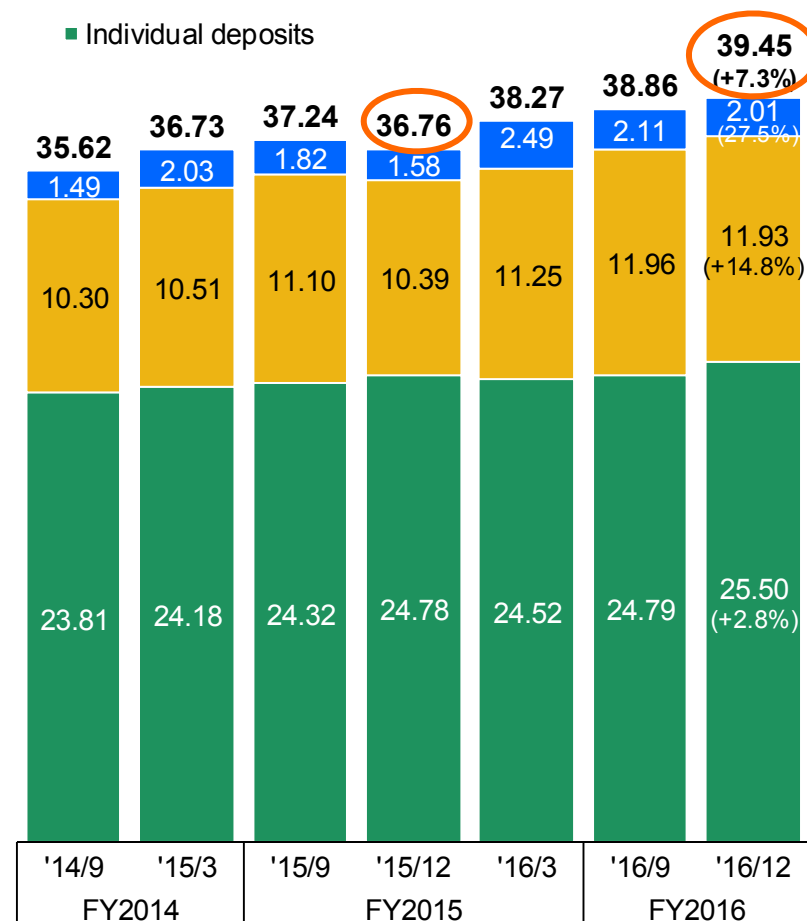
- Corporate (Large companies and other)\*1
- Corporate (SMEs)
- Corporate (Apartment loans)
- Personal (Residential housing loans + Consumer loans)



## Term-end deposit balance

JPY tn, % represents  
YoY change

- Other
- Corporate deposits
- Individual deposits

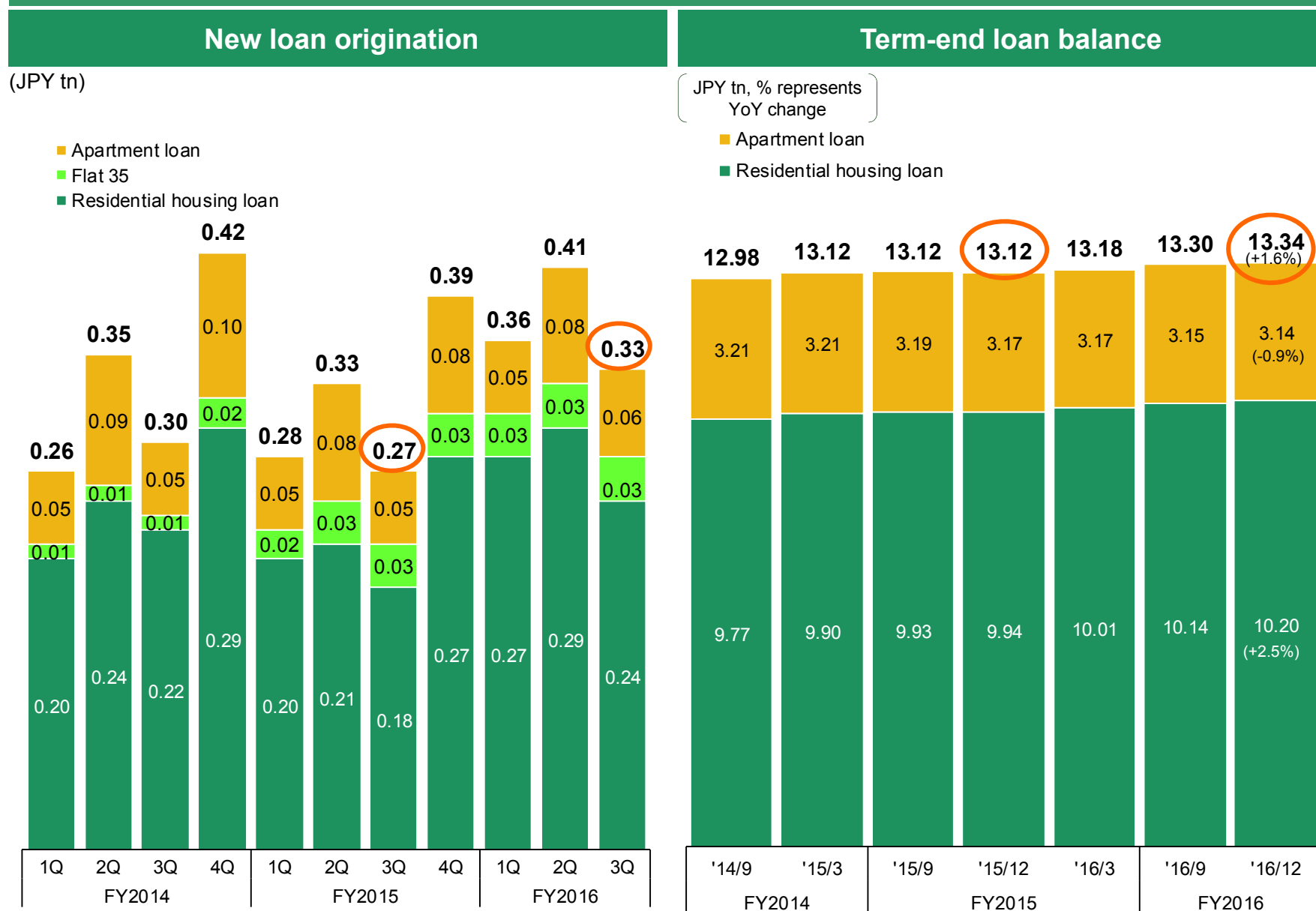


\*1. Include the loan extended to RHD from RB (JPY0.30tn from '14/9 to '16/9, and JPY0.26tn as of '16/12)



# Residential Housing Loan and Apartment Loan Business

Total of  
Group Banks



# Trend of Fee Income

RHD  
Consolidated

Consolidated fee income ratio at 27.7% for 1-3Q of FY2016

JPY bn, % represents  
YoY change



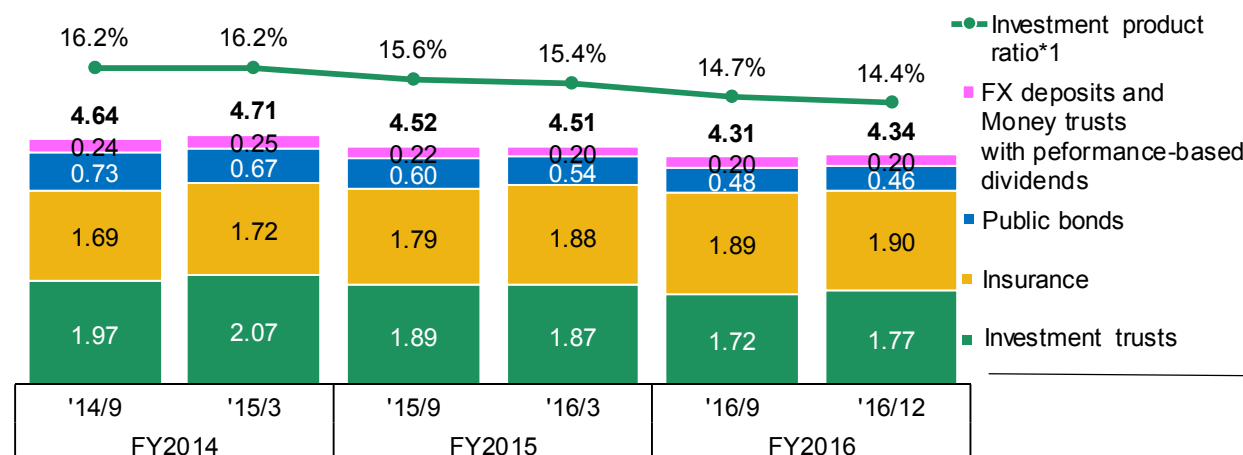
\*1. (Fees and commission income + trust fees) / Consolidated gross operating profit

# Asset Formation Support Business

Total of  
Group Banks

## Balance of investment products sold to individuals

(JPY tn)

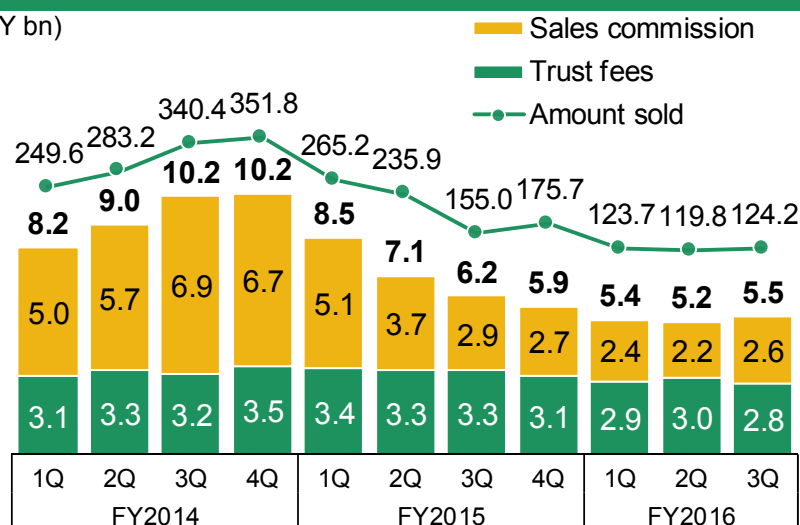


■ Number of individual customers having investment trust and insurance products  
0.64 million as of Dec. 2016  
● NISA holders 0.19 million

■ Change in balance of investment trusts during 3Q of FY2016  
● Net inflow of funds (new purchase – withdrawal and redemption) : -70.0 bn  
● Change in fair value : +120.0 bn

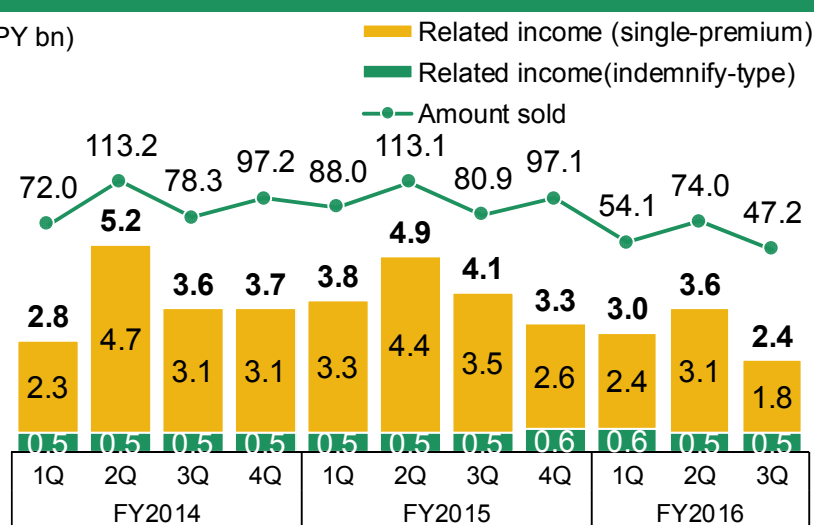
## Investment trust

(JPY bn)



## Insurance

(JPY bn)



\*1. Investment product ratio = balance of investment products sold to individuals / balance of investment products sold to individuals and yen deposits held by individuals \*2. Reported figures are compiled for a business administration purpose.

# Credit Costs and NPL

RHD Consolidated  
Total of Group Banks

## Trend of credit costs

(JPY bn)	FY2014	FY 2015		FY 2016	
		1-3Q (9Ms)		1-3Q (9Ms)	Plan
<b>Net credit cost (RHD consolidated (A))</b> (1)	22.3	(17.0)	(25.8)	21.6	(5.5)
<b>Net credit cost (Total of group banks (B))</b> (2)	24.3	(14.8)	(23.4)	18.4	(5.5)
General reserve (3)	23.5	(0.1)	(0.0)	8.9	
Specific reserve and other items (4)	0.7	(14.6)	(23.4)	9.5	
New bankruptcy, downward migration (5)	(29.5)	(34.8)	(43.9)	(13.3)	
Collection/ upward migration (6)	30.3	20.1	20.4	22.8	
<b>Difference (A) - (B)</b> (7)	(1.9)	(2.1)	(2.3)	3.2	-
of which, HL guarantee subsidiaries (8)	1.1	2.6	2.6	2.7	
of which, Resona Card (9)	(1.6)	(1.4)	(1.8)	(1.6)	
<Credit cost ratio> (bps)					
RHD consolidated* <sup>1</sup> (10)	8.1	(8.1)	(9.2)	10.2	(1.9)
Total of group banks* <sup>2</sup> (11)	8.6	(6.9)	(8.2)	8.5	(1.8)

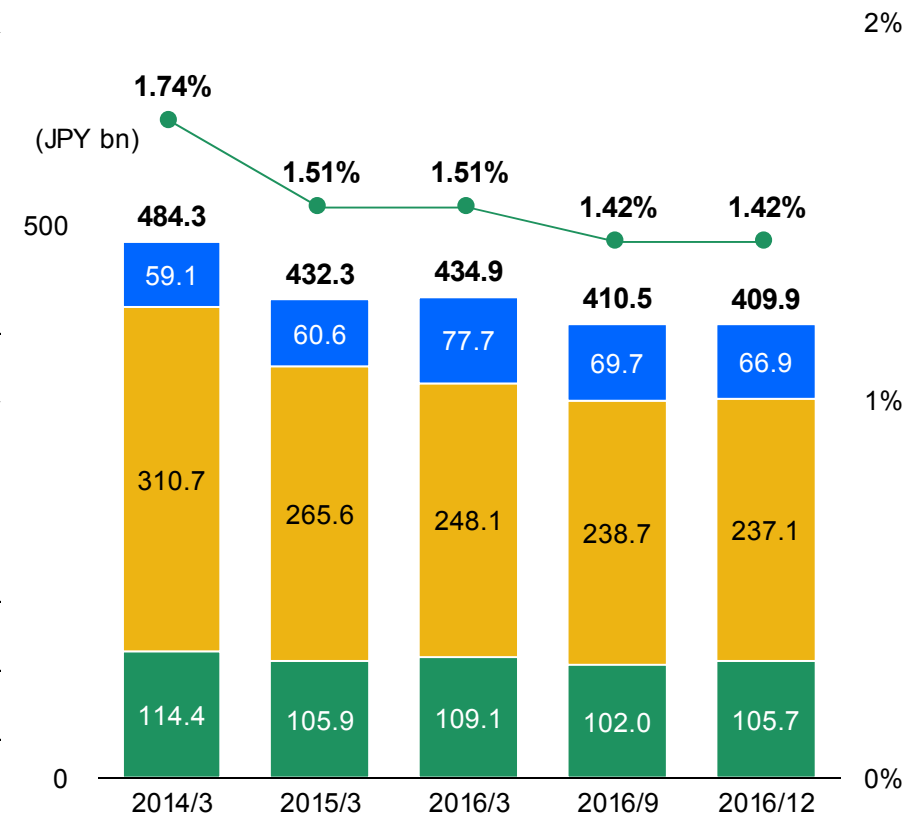
(Note) Positive figures represent reversal gains

- \*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)

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

(Financial Reconstruction Act criteria)

- Unrecoverable or valueless claims
- Risk claims
- Special attention loans
- NPL ratio (right scale)



# Securities Portfolio

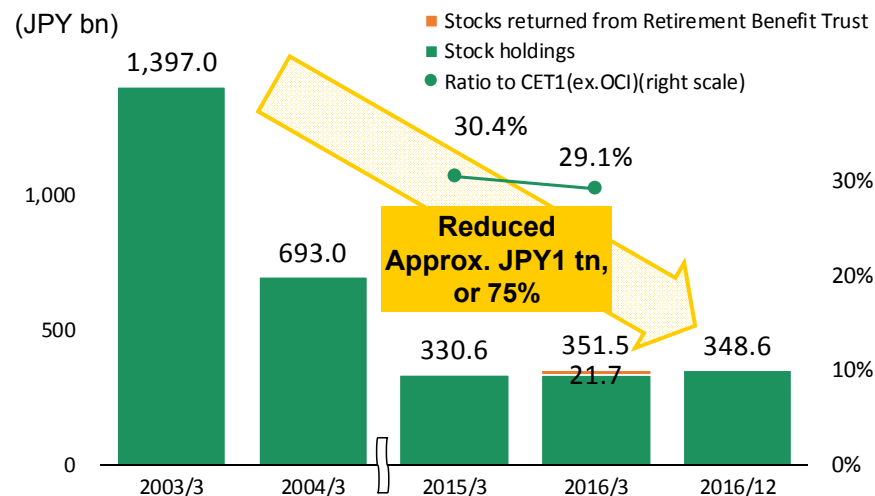
Total of  
Group Banks

## Securities Portfolio

(JPY bn)		2016/3	2016/9	2016/12	Unrealized gain/(loss)
Available-for-sale securities <sup>*1</sup>	(1)	2,459.7	2,408.0	2,596.2	518.8
Stocks	(2)	351.5	349.1	348.6	526.6
Bonds	(3)	1,681.9	1,530.1	1,622.9	(1.1)
JGBs	(4)	760.2	558.9	625.6	(5.6)
Average duration (years)	(5)	3.1	5.2	7.8	-
Basis point value (BPV)	(6)	(0.24)	(0.29)	(0.48)	-
Local government bonds and corporate bonds	(7)	921.6	971.1	997.3	4.4
Other	(8)	426.3	528.8	624.7	(6.5)
Foreign securities	(9)	239.8	303.6	319.5	(12.7)
Net unrealized gain	(10)	460.1	437.9	518.8	
Bonds held to maturity <sup>*2</sup>	(11)	2,383.5	2,322.1	2,289.5	72.1
JGBs	(12)	1,879.8	1,839.0	1,779.1	57.6
Net unrealized gain	(13)	93.6	89.9	72.1	

## Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 6,200 yen
- Listed stocks sold in 1-3Q of FY2016 (acquisition cost): JPY2.9 bn, Net gain on sale: JPY4.7 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%<sup>\*1</sup> of the CET1 capital<sup>\*3</sup> in the medium term.
    - Aims at reducing JPY35.0 bn in 5 years



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

\*2. Balance sheet amount basis. The presented figures include marketable securities only

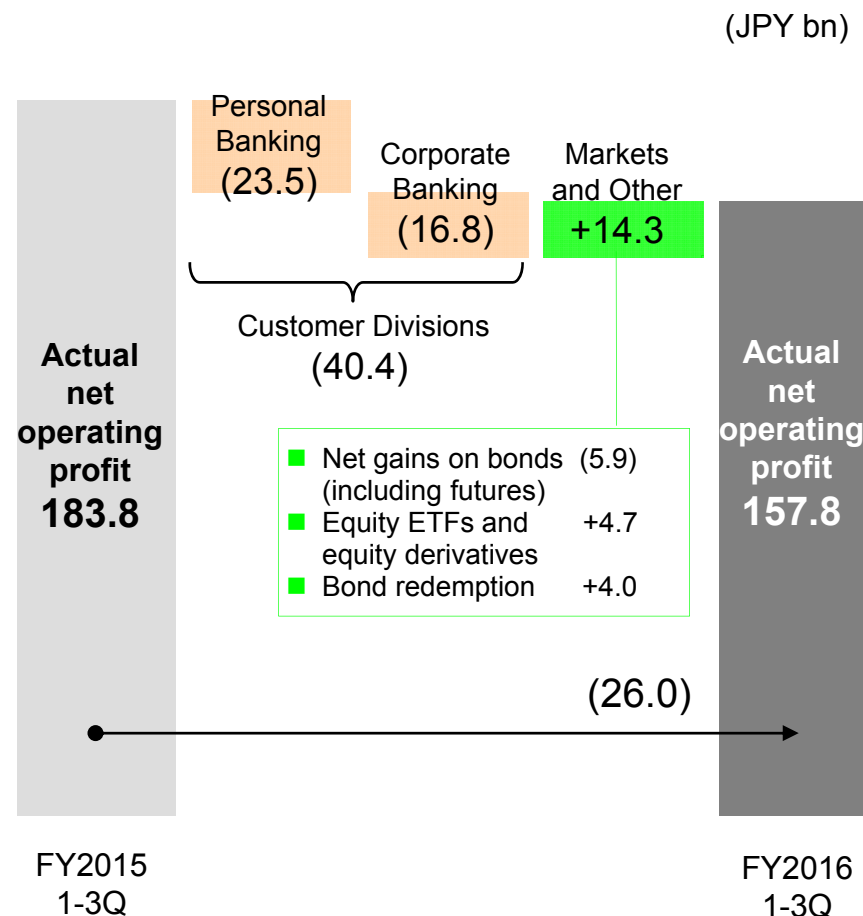
\*3. Excluding OCI (other comprehensive income)

# Results by Business Segments for the 1-3Q Period of FY2016 (1)

Total of Group Banks and HL Guarantee Subsidiaries

Actual net operating profit decreased by JPY26.0 bn, due to slowdown of customer divisions

(JPY bn)		FY2016 1-3Q	YoY Change
<b>Customer Divisions</b>	Gross operating profit (1)	345.3	(41.2)
	Operating expense (2)	(237.5)	0.8
	Actual net operating profit (3)	107.8	(40.4)
<b>Personal Banking</b>	Gross operating profit (4)	160.6	(23.8)
	Operating expense (5)	(126.2)	0.2
	Actual net operating profit (6)	34.4	(23.5)
<b>Corporate Banking</b>	Gross operating profit (7)	184.6	(17.3)
	Operating expense (8)	(111.2)	+0.5
	Actual net operating profit (9)	73.3	(16.8)
<b>Markets and Other</b>	Gross operating profit (10)	58.1	+15.3
	Operating expense (11)	(8.1)	(0.9)
	Actual net operating profit (12)	49.9	+14.3
<b>Total</b>	Gross operating profit (13)	403.5	(25.9)
	Operating expense (14)	(245.6)	(0.1)
	Actual net operating profit (15)	157.8	(26.0)



## 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.

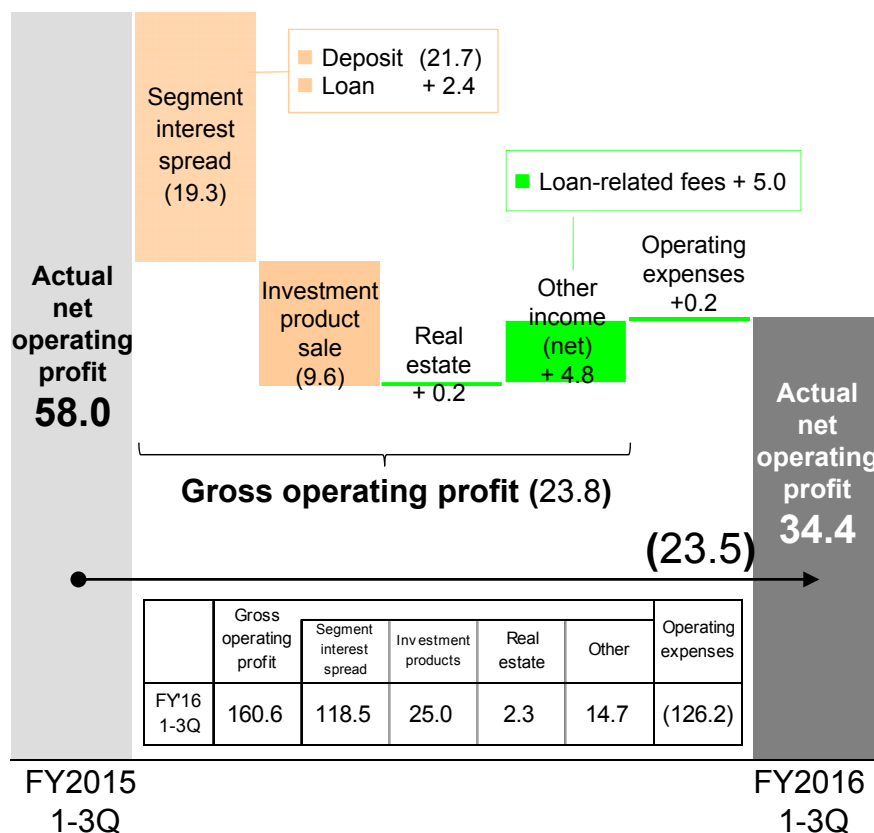
# Results by Business Segments for the 1-3Q Period of FY2016 (2)

Total of Group Banks and HL Guarantee Subsidiaries

## Personal Banking Segment

- Actual net operating profit decreased by JPY23.5 bn
  - Segment interest spread decreased due to decline of interest rates
  - Income from investment product sale decreased due to fluctuating market environment

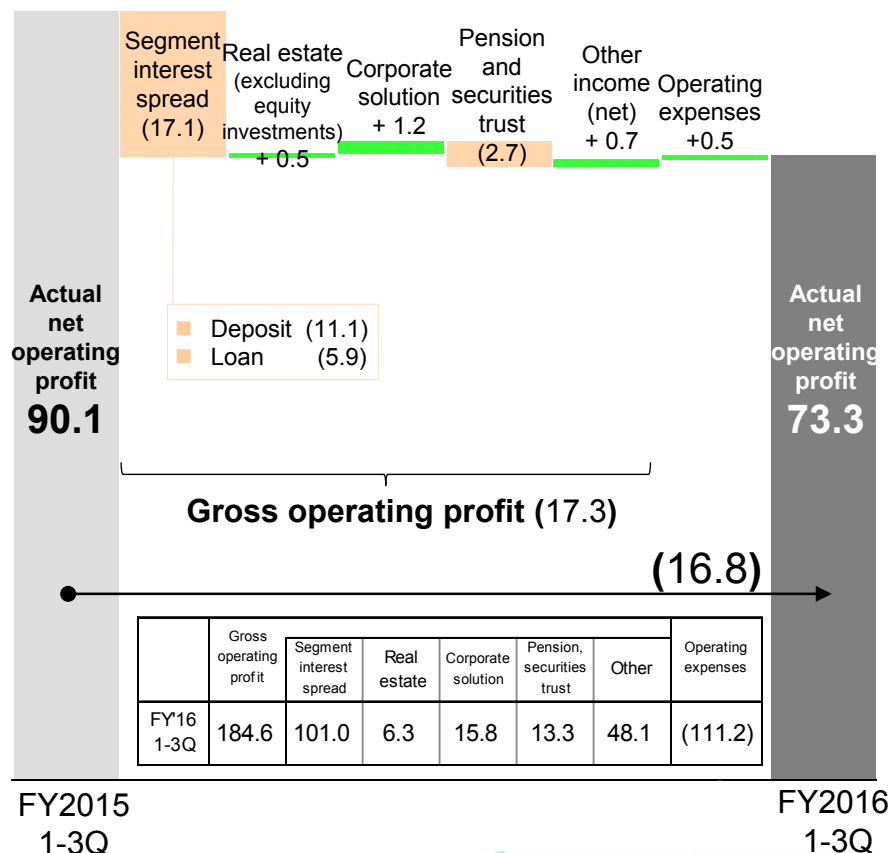
[Comparison of actual net operating profit] (JPY bn)



## Corporate Banking Segment

- Actual net operating profit decreased by JPY16.8 bn
  - Segment interest spread decreased due to decline of interest rates

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





# Capital Adequacy Ratio

**RHD**  
**Consolidated**

- CAR (Domestic std.) and CET1 ratio\* (International std.) as of Dec. 31 2016 were 12.23% and 8.88%, respectively, maintaining sound capital adequacy level

\* Excluding net unrealized gains on available-for-sale securities

## Domestic standard

( JPY bn )	2016/3	2016/12	Change
<b>Capital adequacy ratio (1)</b>	<b>13.53%</b>	<b>12.23%</b>	<b>(1.30)%</b>

<b>Total capital (2)</b>	<b>1,969.2</b>	<b>1,769.7</b>	<b>(199.4)</b>
Core Capital: instruments and reserves (3)	1,997.6	1,790.3	(207.3)
of which, stockholders' equity (4)	1,249.7	1,353.6	+103.9
of which, non-cumulative perpetual preferred stock subject to transitional arrangement (5)	175.0	100.0	(75.0)
of which, subordinated loans and bonds subject to transitional arrangement (6)	510.8	290.4	(220.4)
Core Capital: regulatory adjustments (7)	28.4	20.5	(7.8)

<b>Risk weighted assets (8)</b>	<b>14,552.5</b>	<b>14,459.7</b>	<b>(92.8)</b>
Credit risk weighted assets (9)	12,954.9	12,796.7	(158.2)
Amount equivalent to market risk / 8% (10)	155.3	134.7	(20.5)
Amount equivalent to operational risk / 8% (11)	1,061.6	1,053.2	(8.4)
Credit risk weighted assets adjustments (12)	380.6	474.9	+94.3

## (reference) International standard

( JPY bn )	2016/3	2016/12	Change
<b>Common Equity Tier 1 capital ratio (13)</b>	<b>9.52%</b>	<b>10.44%</b>	<b>+0.92%</b>
Excluding net unrealized gains on available-for-sale securities (14)	8.13%	8.88%	+0.75%
Tier 1 capital ratio (15)	<b>10.69%</b>	<b>11.11%</b>	<b>+0.42%</b>
Total capital ratio (16)	<b>14.10%</b>	<b>14.02%</b>	<b>(0.08)%</b>

<b>Common Equity Tier 1 capital (17)</b>	<b>1,426.2</b>	<b>1,557.3</b>	<b>+131.1</b>
Instruments and reserves (18)	1,477.6	1,605.6	+127.9
of which, stockholders' equity (19)	1,249.7	1,353.6	+103.9
of which, net unrealized gains on available-for-sale securities (20)	208.4	233.6	+25.1
Regulatory adjustments (21)	51.4	48.2	(3.2)
Other Tier 1 capital (22)	174.5	98.6	(75.8)
<b>Tier1 capital (23)</b>	<b>1,600.7</b>	<b>1,656.0</b>	<b>+55.3</b>
Tier2 capital (24)	511.1	433.9	(77.2)
<b>Total capital (Tier1+Tier2) (25)</b>	<b>2,111.8</b>	<b>2,089.9</b>	<b>(21.9)</b>

<b>Risk weighted assets (26)</b>	<b>14,968.3</b>	<b>14,904.7</b>	<b>(63.6)</b>
Credit risk weighted assets (27)	13,523.9	13,451.1	(72.8)
Amount equivalent to market risk / 8% (28)	155.3	134.7	(20.5)
Amount equivalent to operational risk / 8% (29)	1,061.6	1,053.2	(8.4)
Credit risk weighted assets adjustments (30)	227.3	265.5	+38.1

# Earnings Targets for FY2016 (Revised and Released in November 2016)

RHD Consolidated  
Total of Group Banks

RHD Consolidated					Common DPS			
( JPY bn )	1H FY'16 (Actual)	Revised full-year target	Change from original target	YoY change		DPS	Change from original forecast	Change from previous year
Net (interim) income attributable to owners of the parent (1)	96.9	170.0	+10.0	(13.8)	Common stock (annual) (3)	19.0 yen	No Change	+2.0 yen
Difference (1)-(11) (2)	9.5	16.5	+1.5	(3.9)	of which, interim dividend (4)	9.5 yen	No Change	+1.0 yen

## Total of Group Banks / each subsidiary bank (non-consolidated)

(JPY bn)	Total of group banks				Resona Bank				Saitama Resona Bank				Kinki Osaka Bank			
	1H FY'16 Actual	Full year target	Change from original target	YoY change	1H FY'16 Actual	Full year target	Change from original target	YoY change	1H FY'16 Actual	Full year target	Change from original target	YoY change	1H FY'16 Actual	Full year target	Change from original target	YoY change
Gross operating profit (5)	275.4	552.5	(4.5)	(19.5)	187.1	379.5	(0.5)	(4.0)	66.2	128.0	(1.0)	(9.4)	21.9	45.0	(3.0)	(6.0)
Operating expenses (6)	(163.3)	(328.5)	+3.0	(2.2)	(107.1)	(215.0)	+1.0	(1.0)	(37.4)	(75.5)	+0.5	(0.8)	(18.7)	(38.0)	+1.5	(0.5)
Actual net operating profit (7)	112.0	224.0	(1.5)	(21.6)	80.0	164.5	+0.5	(4.9)	28.8	52.5	(0.5)	(10.1)	3.2	7.0	(1.5)	(6.4)
Net gains on stocks (including equity derivatives) (8)	1.6	8.5	(1.0)	+10.3	1.1	6.0	(1.5)	+10.6	0.4	1.5	-	(0.6)	0.0	1.0	+0.5	+0.3
Credit related expenses (9)	8.6	(5.5)	+15.5	+17.9	5.9	(2.0)	+13.0	+22.8	0.3	(3.5)	+0.5	(1.9)	2.2	-	+2.0	(2.9)
Income before income taxes (10)	120.3	216.0	+11.5	(4.7)	83.4	160.5	+9.5	+16.5	30.1	47.5	+0.5	(13.2)	6.7	8.0	+1.5	(8.0)
Net (interim) income (11)	87.3	153.5	+8.5	(9.8)	60.8	114.0	+5.5	+13.2	21.3	33.0	+0.5	(7.2)	5.2	6.5	+2.0	(15.8)

**Resona Group at a Glance**

**Outline of Business Results for 1-3Q of FY2016  
and Updates on Major Businesses**

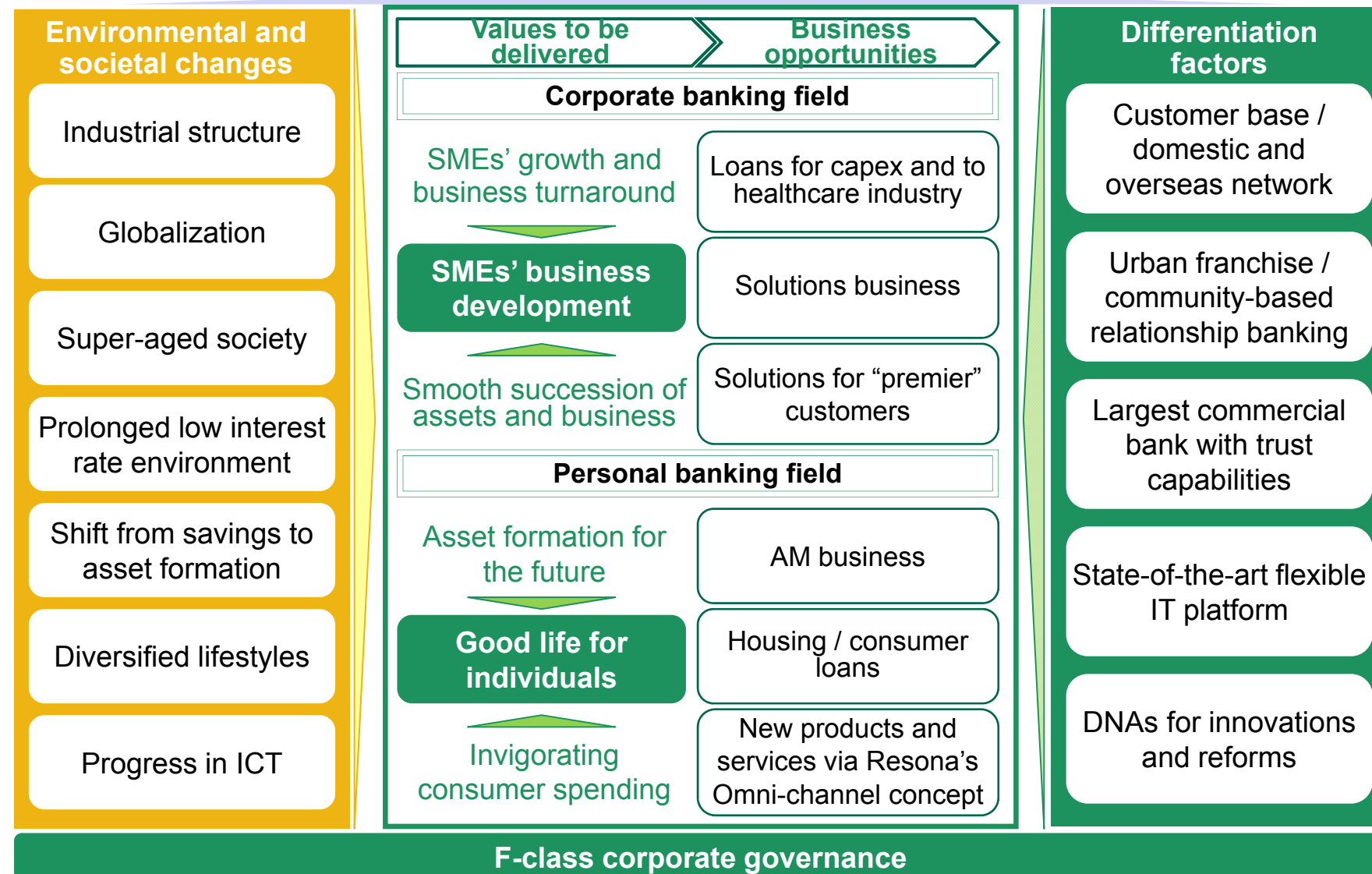
**Efforts to Build Solid Foundation for Sustainable Growth**

**Direction of Capital Management**

**Reference Material**

# Aiming at Becoming No.1 Retail Bank

Customers' joy and happiness are Resona's



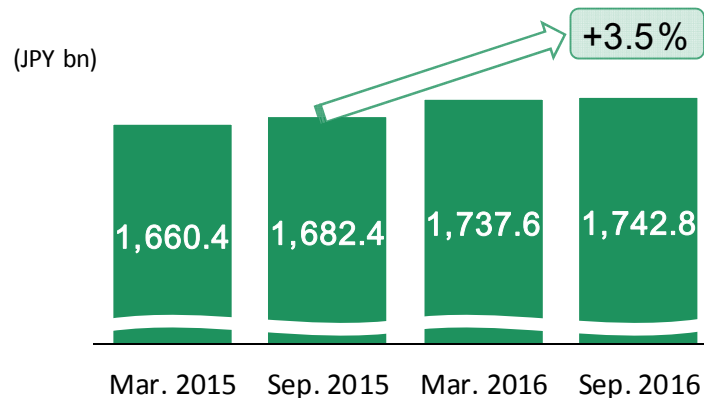
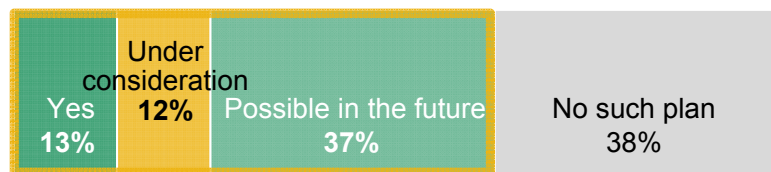
# Corporate Banking Dept. (1): Capex-related Loans / Loans to Healthcare Industry

Building up long-term loan assets by offering effective solutions

## Capex-related loans<sup>\*1, 2</sup>

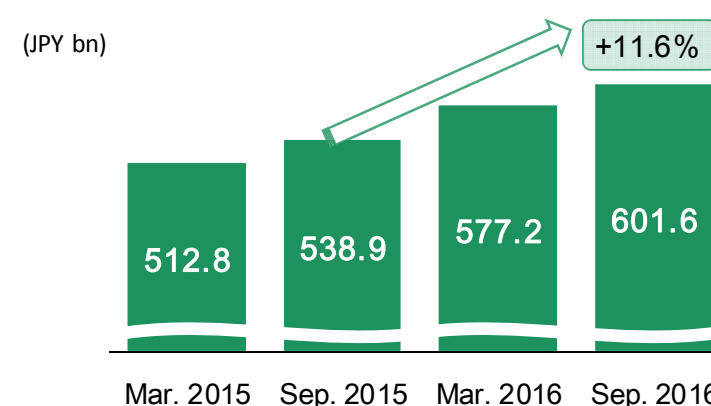
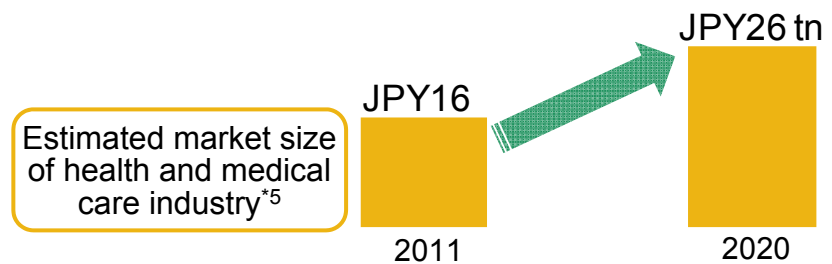
- 62% of the respondents intending to increase capex

[Does your company have a plan for Capex? <sup>\*4</sup>]



## Loans to healthcare industry<sup>\*2, 3</sup>

- Health and medical care market to grow 60%



Relatively high loan yield and coverage ratio

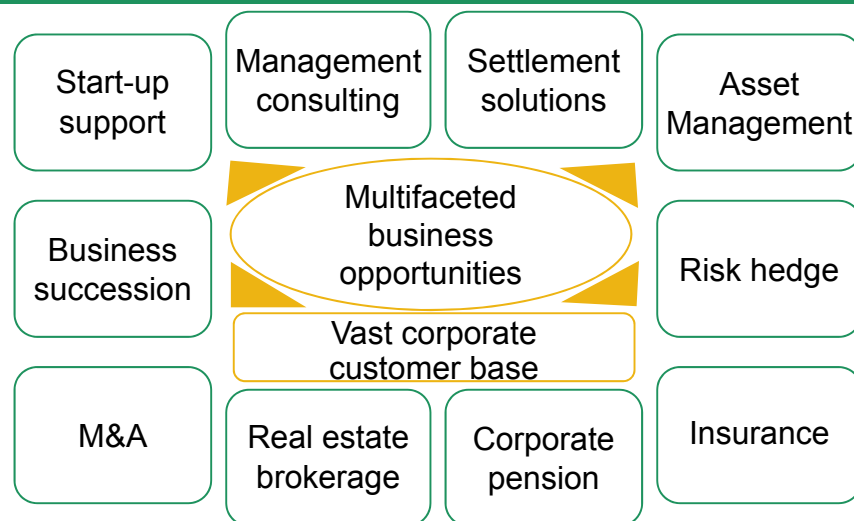
Various solutions including trust and real estate-related ones obtainable with a single visit at Resona's branch

Customer base of SMEs, hospitals, nursing care and welfare facilities in Tokyo, Saitama and Osaka

\*1. Excluding loans to individuals, non-residents, and real estate sector companies \*2. Total of group banks \*3. Loans to medical and nursing care institutions and welfare facilities \*4. Questionnaire survey which RB, SR and KO conducted to their corporate customers from Jan. 2016 to Feb. 2016 (30 thousands customers responded.) \*5. Japan Revitalization Strategy

## Corporate Banking Dept. (2): Solutions Business

### Solutions for SMEs to develop their business



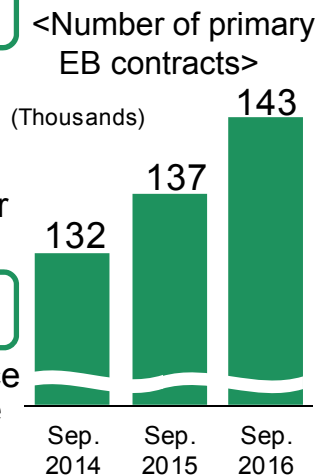
### Aiming at becoming No.1 settlement solution provider

24H RTGS account transfers within Resona group banks

- Promoting corporate EB services
  - Strengthened security feature
  - Promoting Resona PayResort => New settlement solutions for SMEs engaging in EC

Web-based Forex Service

- Enhanced customer convenience
- More staffs assigned to promote Forex business



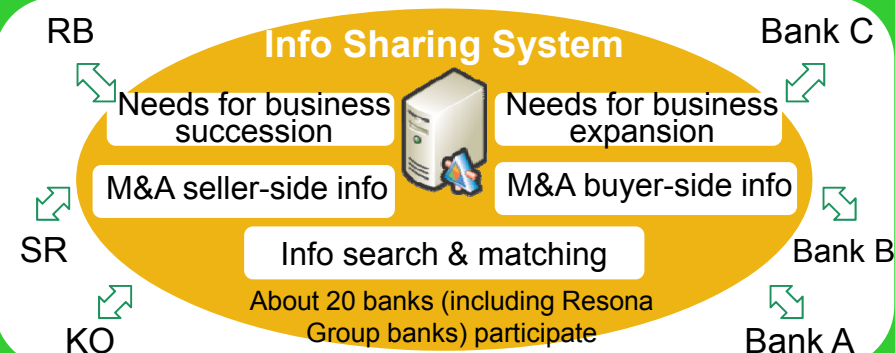
### Collaborations with regional banks

- Utilizing Resona's functions as an open platform
  - Solutions for business succession utilizing trust (Trust for transferring own company stock: Tied up with 7 regional banks)
  - Joint ATM administration (Small footprint ATMs capable of handling cards issued abroad)
  - Resona AM's asset management function

- Mutual customer referral
  - Business matching, collaborations in M&A field

- Proposed a new way of matching M&A information for the 1st time in Japan

#### M&A information platform



Members share know-how and exchange personnel

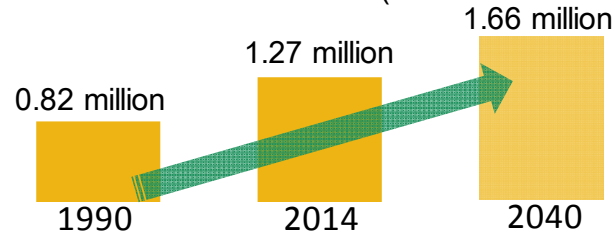


# Corporate Banking Dept. (3): PB Business

## Expanding succession market

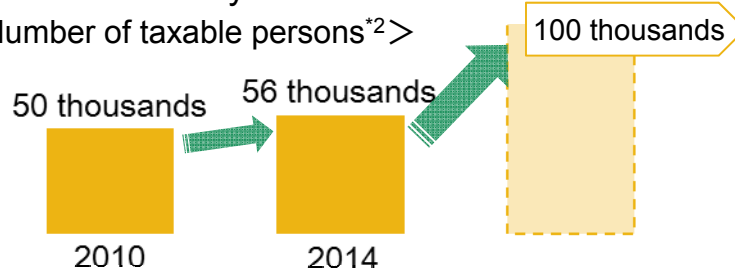
### ■ Succession market to grow till around 2040

<Number of inheritance cases (trend and forecast)\*1>



### ■ Taxable persons to increase significantly due to inheritance tax system revision

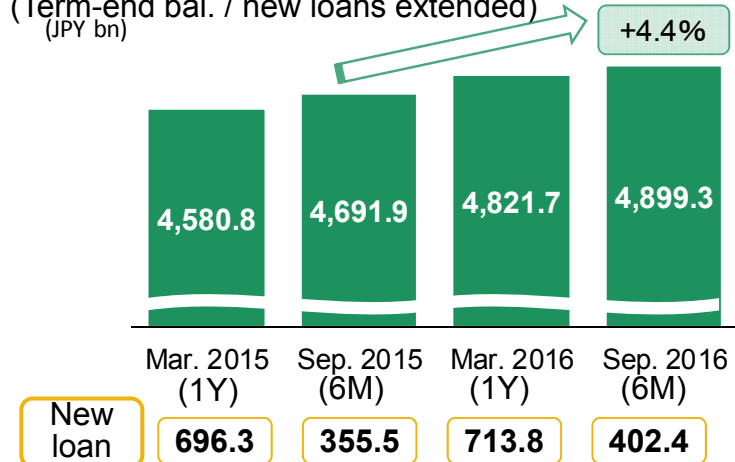
<Number of taxable persons\*2>



## Loans to “premier” customers on the rise

<Loans to “premier” customers\*3>

(Term-end bal. / new loans extended)  
(JPY bn)



### ■ Resona's apartment loans

- Mostly located in urban areas
- Advanced screening involving a long-term breakeven analysis based on rent forecasts

## Becoming No.1 PB institution in Japan

### ■ Consultation-based marketing utilizing trust capabilities

- Professional consultants to those places where a number of “premier” customers reside.

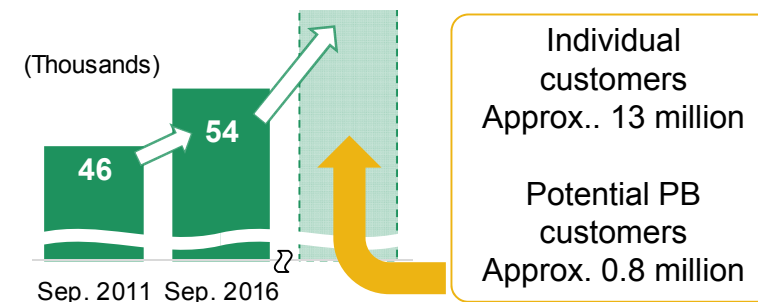
Trust Office coverage 4 to 30 Offices (by Sep. 2018)

### ■ Top sales by branch GMs

### ■ Differentiation with HR superiority

FP (1st grade) 1,000 at present => 1,600 (by Mar. 2020)

<Number of “premier” customers >



\*1. White paper on “Aged Society” (Cabinet Office) \*2. National Taxation Office \*3. Total of group banks



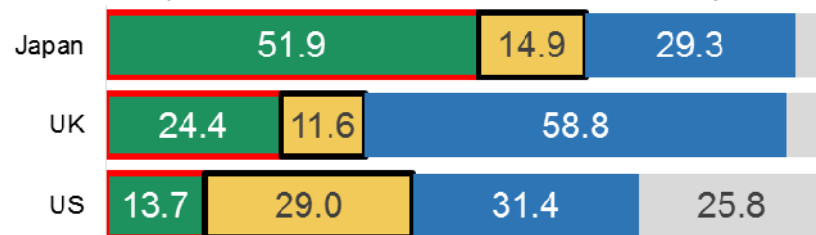
# Personal Banking Dept. (1): AM Business

## Shift form savings to asset formation

### Higher ratio of cash & deposits than in the US and UK

<Composition of personal financial assets \*1>

■ Cash / Deposits ■ Stock / Mutual Fund ■ Insurance / Annuity ■ Other



## Commencement of Fund Wrap Business

### Supporting long-term asset formation

- Growing to be a JPY10 bn business in the medium term

Advisory-oriented marketing approach

Lineup of AM products that banks' customers want

### Solid customer base

Depositors in their 40's, 50's and 60's:  
1.73 million  
AUM: JPY10.5 trillion

## Fulfillment of fiduciary duty

### Supporting "good personal life" by assisting asset formation

- Recent steps taken

<March 2016>

- Published "Fiduciary Duty Action"
- Launched "Asset Management Advisory Committee"

<July 2016>

- Total return notification service for owners of investment trusts

<October 2016>

- Disclosure of sales agency commission for insurance products
- Commenced "iDeCo Start Club"

## Promotion of iDeCo

### Aiming to gain a top share in the iDeCo market

- Revision of the DC Pension Act: Eligible members to grow from 37 million to 67 million
- Strengthen customer base and build up relationships
- Keys for winning competition: 1) Face-to-face explanation and 2) attractive fees
  - Approximately 600 manned branches in Japan
  - Zero administrator commission for initial 2 years
  - From Jan. to Aug. 2016: 19% share in terms of new iDeCo accounts (#2 in the industry)

<Reasons to select iDeCo administrator? \*2>



\*1. Financial Report (Financial Service Agency)

\*2. Questionnaire survey on iDeCo conducted by Nomura Research Institute

## Personal Banking Dept. (2): Housing Loan / Consumer Loan

Approaches from both sides: Enhancing income and curtailing costs

### Housing loan

#### Income

Loan volume  
➡

- Provide attractive products timely
  - Eightfold increase in Web-only Refinance Loan
- 64 LPs open on holidays
  - Approx. 40% of the HL contracts now being concluded on holidays
  - Screening and execution on holidays

Pricing  
➡

- Risk pricing
  - Variable pricing based on profile
- Advantage in “only-one” product
  - *Danshin Kakumei* gaining popularity

Additional income  
➡

- Anticipate customers' life events
  - Propose other products and services

#### Cost

Clerical cost  
➡

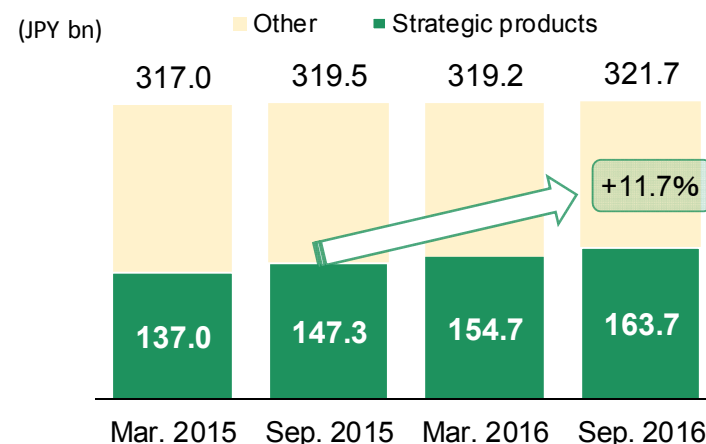
- Housing loan business reform
  - Halved clerical work volume

Credit cost  
➡

- Strengthened credit management
- Superior profile of “Web-only Refinance Loan” customers

### Consumer loan

<Term-end balance>



Avg. loan yield

6.48%

6.58%

6.61%

6.67%

- Exploring new customers via Smart Stores
- Completely web-based procedure (application, response and contracting)
- Loan screening / execution on holidays, the same day loan execution (at earliest)
- Strengthen line-up of products
- Event-based marketing

# Omni-channel Strategy: Envisaged Goal

Banking “Anytime” and “Anywhere” => Removing constraints and inconveniences

Envisaged goal to be attained in FY2019 : Increase in net operating profit +JPY29.0 bn

## ■ From existing customers

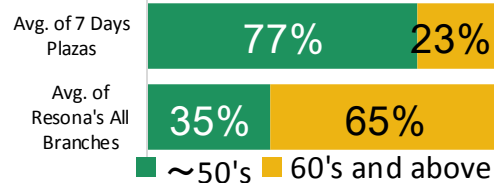
**Resona Loyal Customers<sup>\*1</sup>**

**+0.8 million  
(in 5 years)**

### “Anytime”

**More working generation customers visiting**

[Visiting customers by age group]



**24 Hours / 365 Days  
Integration of Internet  
and Real Channels**

**Proposing products and services based on lifecycle**

## ■ From new customers

**Active retail customers**

**+ 2 million**

### “Anywhere”

**Covering entire Japan**



**Resona**

×

**Alliance partners' customer base**

## ■ From clerical work reform

**Tablet devices**

**One for each branch staff  
15,000 in total**

**Achievable at once**

**[Resona] Enhanced productivity**

**[Customer] Greater convenience**

**Business process reengineering**

**Seal-less**

**Paperless**

**“One-stop” operation  
(Product proposal to processing)**

**consultation by professional staff  
via video phone**

**Sales staff (Clerical staff)**

**+1,000 staffs  
(-1,000 staffs)**

\*1. Resona loyal customer = Clients to whom the group have achieved the depth of transaction to some extent

# Omni-channel Strategy: Measures Implemented Thus Far

## Provide customers with overwhelming convenience

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

- Business hours extended to 17:00 (Apr. 2004)
- 24H manned telephone banking (May 2005)
- 24H RTGS account transfers within Resona group banks
  - Individual (Apr. 2015), Corporate (Oct. 2015)
- **Open 365 days / till 19:00 on weekdays**
  - RB's Hirakata (May 2016), RB's Tachikawa (Jun. 2016)  
RB's Nagoyaekimae (Mar. 2017)
  - 13 offices (Jan. 2017)
- **New model branch to be expanded**
  - Utilize know-how gained through Toyosu trial
    - SR's Tokorozawa-higashiguchi (Apr. 2016)  
RB's Hirakata (May 2016), Koenji (Jun. 2016)  
RB's Waseda (Oct. 2016),  
KO's Abeno (Nov. 2016)
- Promoting HLs on holidays
  - LPs open on holidays (Oct. 2003)  
64 LPs open on holidays (Jan. 2017)
  - HL screening on holidays (June 2015)
  - Execution of housing loans on holidays (Mar. 2016)

#1 among major Japanese banks

#1 in Japan

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

#### ■ **Expand the Internet channel**

- Strengthened Internet banking functions (“My Gate”) (Apr. 2014)
- Web Settlement Portal Site (Nov. 2015)
- Point Mall (Nov. 2015)
- Resona Smart Store (Internet branch)
  - #1 shot: JAL Smart Account (Mar. 2016)
  - Smart phone application having passbook, easy-to-use account transfer functions, and notification of upcoming payments and their failures
  - #2 shot: Resona Original Account



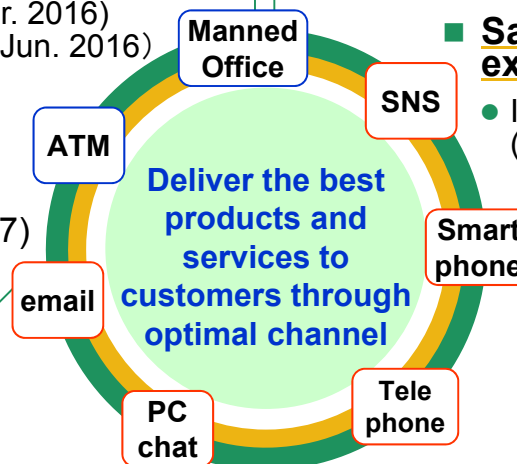
#### ■ **Sales activities utilizing tablets with expanded functions**

- Insurance policy application system (May. 2016)

#1 among all Japanese banks

#### ■ **FinTech (Blockchain)**

- Joined a consortium which aims at building up a new platform for domestic and international money transfers (Oct. 2016)
  - 42 banks participated
  - RB became 1st chair bank



Upgraded backbone mainframe system ( Jan. 2015 )

# How We Operate Branches: Enhanced Customer Convenience and Higher Productivity

## Prior sign-in and data entry with a tablet device

- Prior ordering via smart phones also under consideration



- ✓ Reduced waiting time
- ✓ Reduced burden to fill up forms



## Convenient procedure not requiring seals and slips

- Abolish seals at all branches including the existing branches



- ✓ Greater convenience for customers
- ✓ Enhanced productivity for bank

### Biometric authentication



- ✓ Issue cash card instantaneously on the spot

## Rationalizing cash handling and settlements

- Enhanced customer satisfaction via speedier processing



- ✓ Connecting automatic casher and Quick-Navi terminal



Small automatic cashers

- ✓ Self-service large lot cash deposits

- ✓ Patent-granted Quick Navi with ATM functions

## Videophone system allows for consultation by specialists at head office

- Professional advice by specialists

Consultation desk at head office



- ✓ Advanced consultation

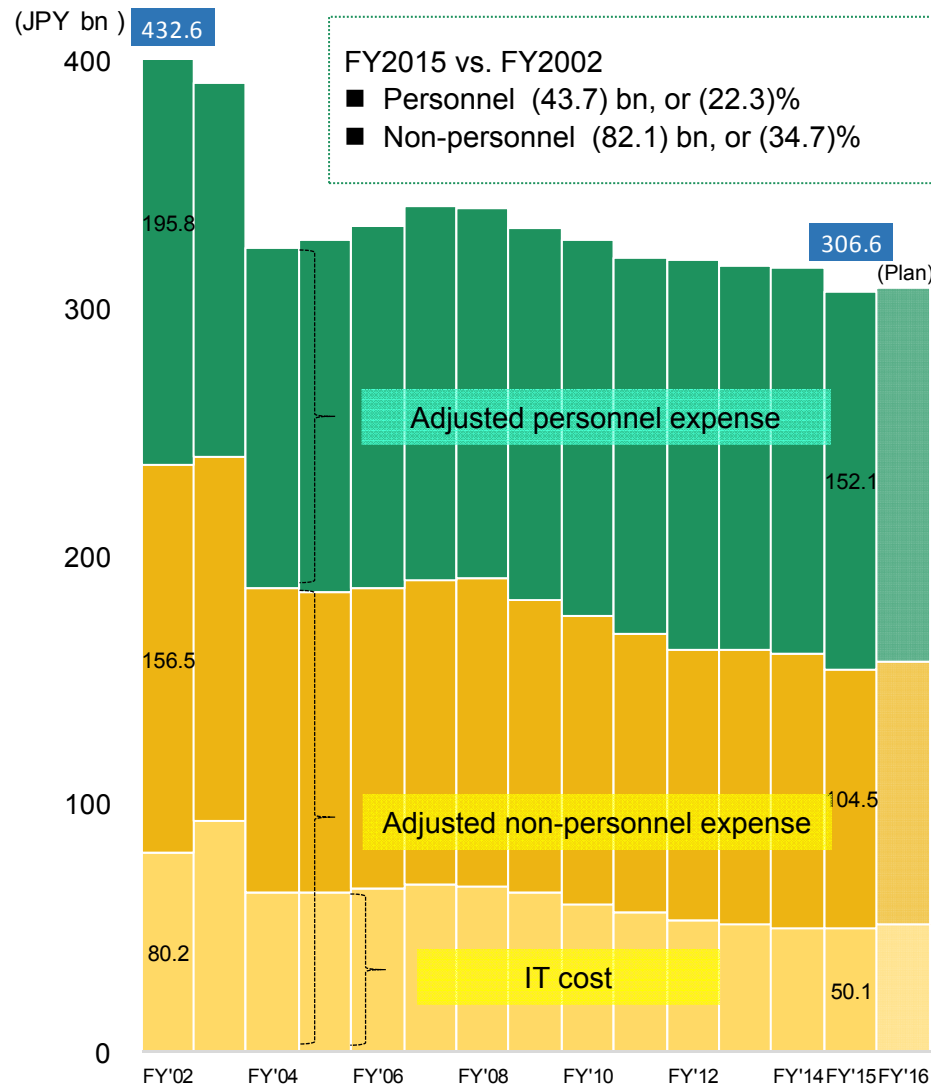




# Low-cost Operation and Strategic Mobilization of Resources

Intensively allocating expenses in strategic areas while curtailing total operating expenses

## Adjusted personnel and non-personnel expense (Total of Group Banks)



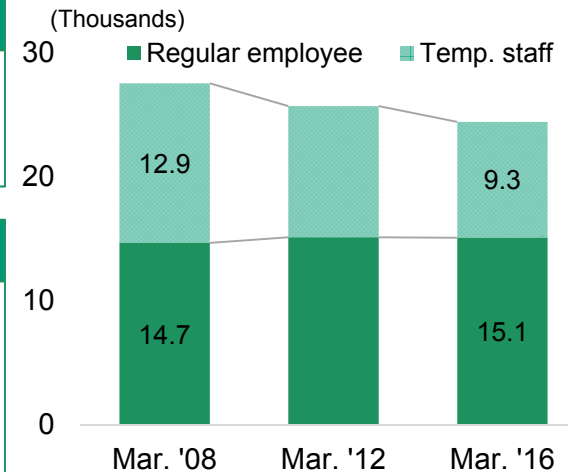
## Employee Composition (Total of Group Banks)

### Operational reform

- Reduced clerical work load enabled reduction in temp. staffs

### Sales force

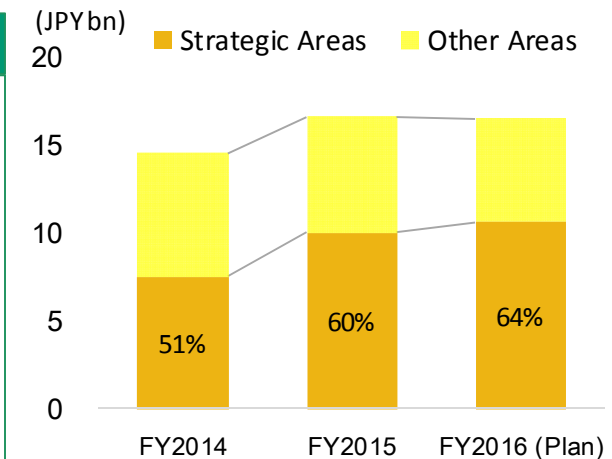
- Regular staffs on the rise, allocating many of them in sales dept.
- PH salary increase while curtailing total personnel expense



## IT Investment Management

### IT investments

- Intensive allocation to strategic areas such as Omni-channel strategy
- Investments in maintenance and administration areas planned carefully and executed efficiently
- Speedier (agile) systems development



# Resona's Challenges Attracting Attentions from Outside

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

## Corporate Governance of the Year ® 2015

Japan Association of Corporate Directors selected Resona Holdings as one of five "Winner Companies"



## Nikkei's Survey on Banks' Retail Capability 2016

Resona Bank #2  
Saitama Resona Bank #4  
(Out of 117 banks surveyed)



## 2015 Nikkei Superior Products and Services Awards

"24 hours / 365 days intra-group banks account transfers" won Nikkei Veritas Award



## Nadeshiko Brand 2014 and 2015

Listed companies promoting the appointments of women  
(for 2 consecutive years)



## Nikkinkin Award 2015

Omni-channel Strategy



## 14<sup>th</sup> Corporate Philanthropy Award

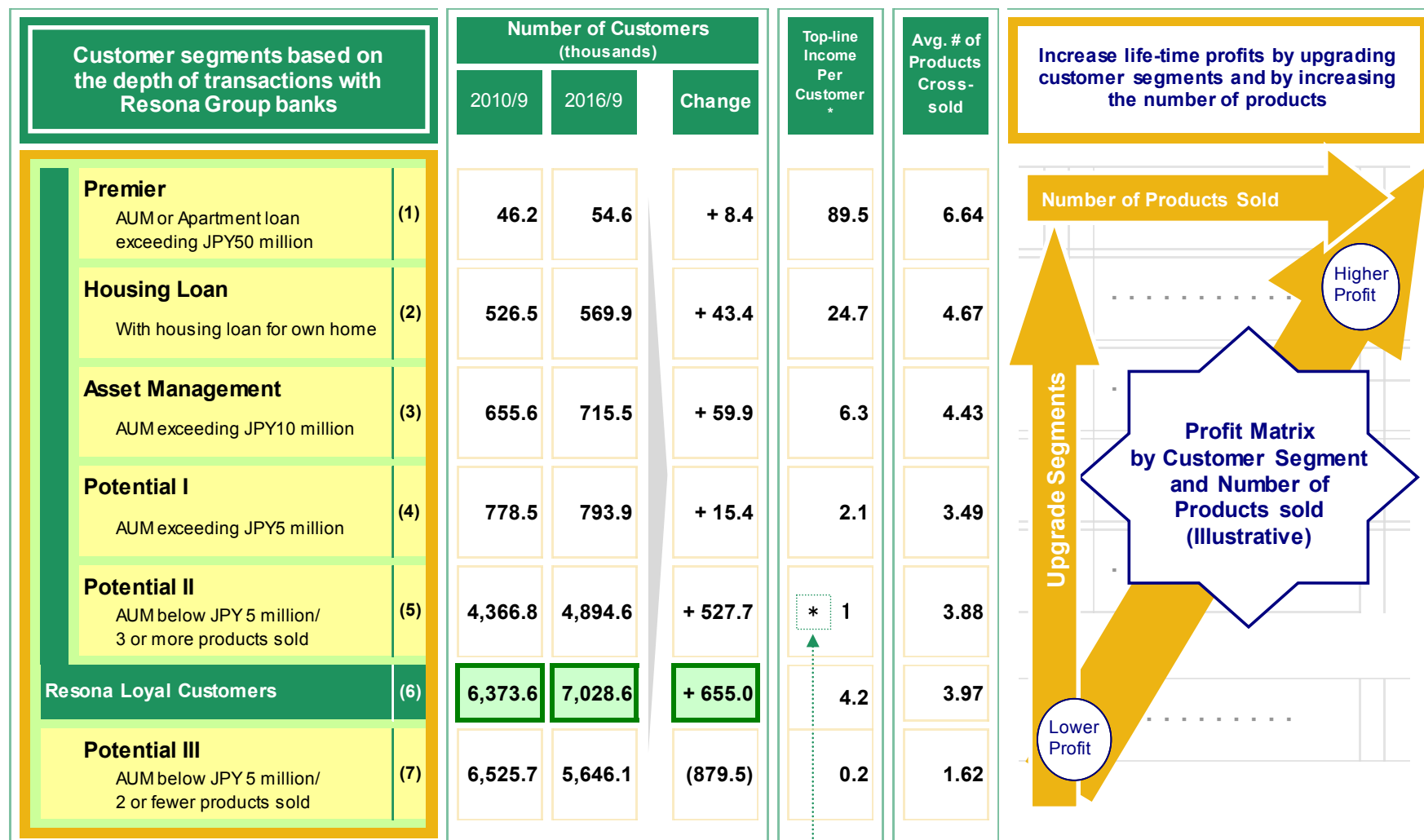
Financial and economic education for children  
"Kids Money Academy"





# Measures to Build Multifaceted Business Relationships with Customers

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



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

## **Resona Group at a Glance**

## **Outline of Business Results for 1-3Q of FY2016 and Updates on Major Businesses**

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

## **Direction of Capital Management**

## **Reference Material**

# Direction of Capital Management

## Capital adequacy ratio

- Secure sufficient capital adequacy under the Japanese Domestic Std.
- Aim to achieve 8% and higher CET1 ratio\*<sup>1</sup> stably under the Int'l Std.

Dec. 31, 2016  
CET1 ratio\*<sup>1</sup>  
8.88%

## ROE

- Maintain ROE\*<sup>2</sup> above 10%, enhancing efficiency in capital utilization

FY2015  
Actual  
14.41%

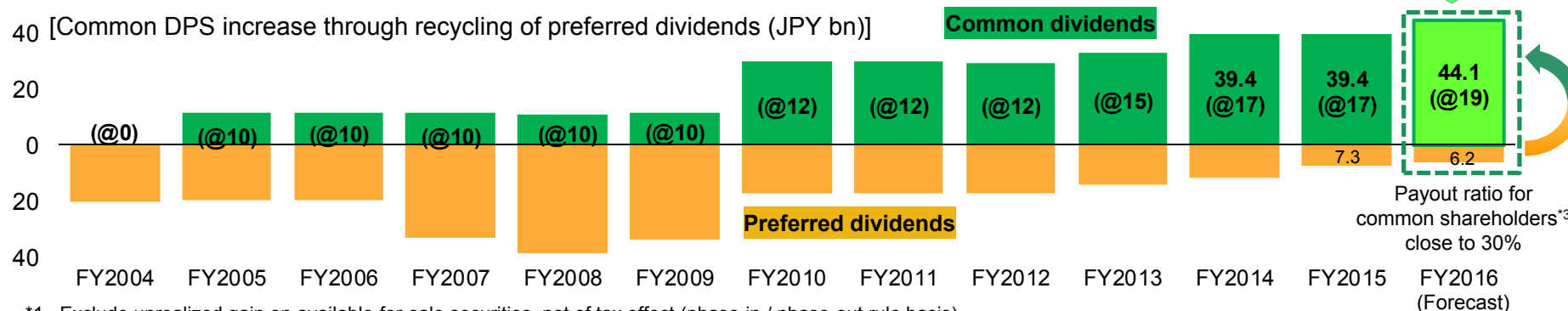
## Shareholder return policy

- Maintain stable dividends for the time being while making efforts to strengthen capital base
- Give consideration to raising common DPS when repurchasing the non-convertible preferred shares (totaling JPY175.0 bn), shifting the preferred dividends (JPY7.3 bn) to be saved to common shareholders

### Common DPS forecast for FY2016

**19 yen annually (+2 yen, interim 9.5 yen)**

- Repurchase and cancel Class 6 PS (Total issue amount JPY75 bn, annual preferred dividend JPY3.7 bn) on Dec. 8, 2016.



\*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)

\*3. Total amount of common dividends planned for FY2016 / (Targeted net income for FY2016 – Total preferred dividends to be paid)

## **Resona Group at a Glance**

## **Outline of Business Results for 1-3Q of FY2016 and Updates on Major Businesses**

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

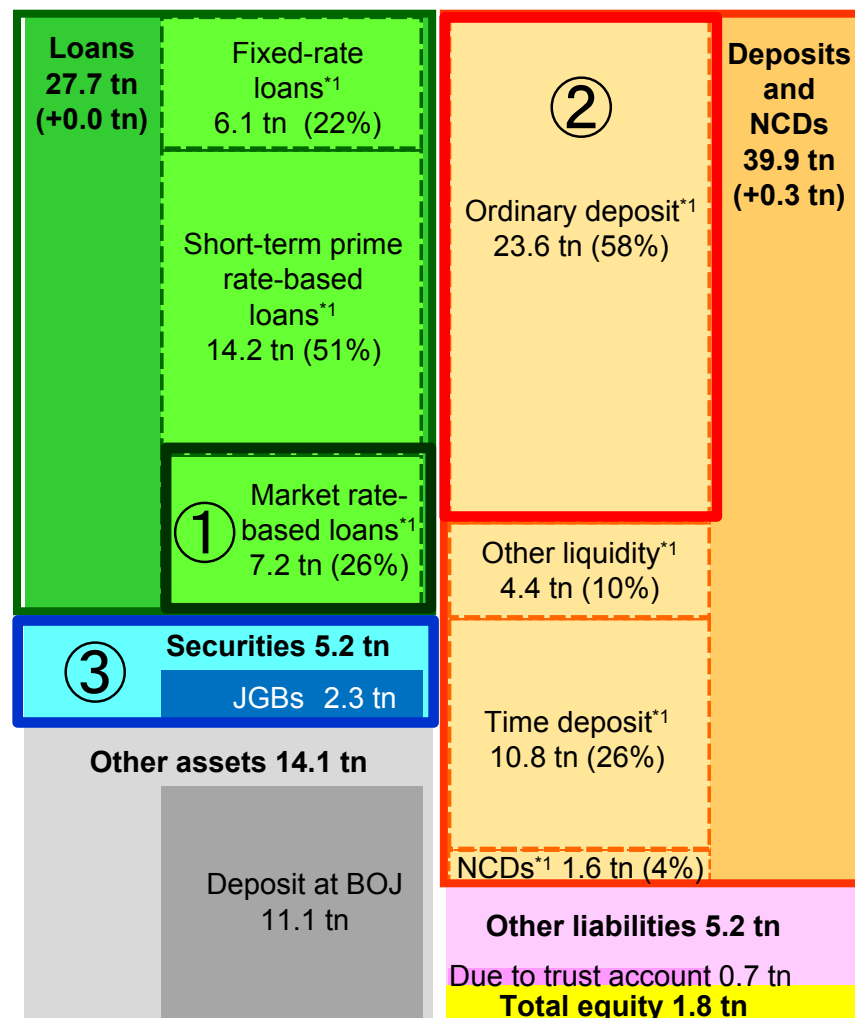
## **Direction of Capital Management**

## **Reference Material**

# Overview of the Impacts from the BOJ's NIRP on Consolidated BS

Impacts that surfaced already are manageable

**Total assets JPY47.1 tn (Sep. 30, 2016)**  
(JPY(2.0) tn from Mar. 31, 2016)



Impacts of the NIRP

JPY bn	Estimated full-year NIRP impacts (original)		1st Half (Act)	Estimated full-year NIRP impacts (revised)
Loans	①	(7.0)	(4.5)	(9.0)
Deposits	②	+ 4.0	+ 2.0	+ 3.5
Securities (Yen bonds)	③	(4.0)	(2.5)	(5.5)
Total		(7.0)	(5.0)	(11.0)

## Price actions taken after introduction of the NIRP

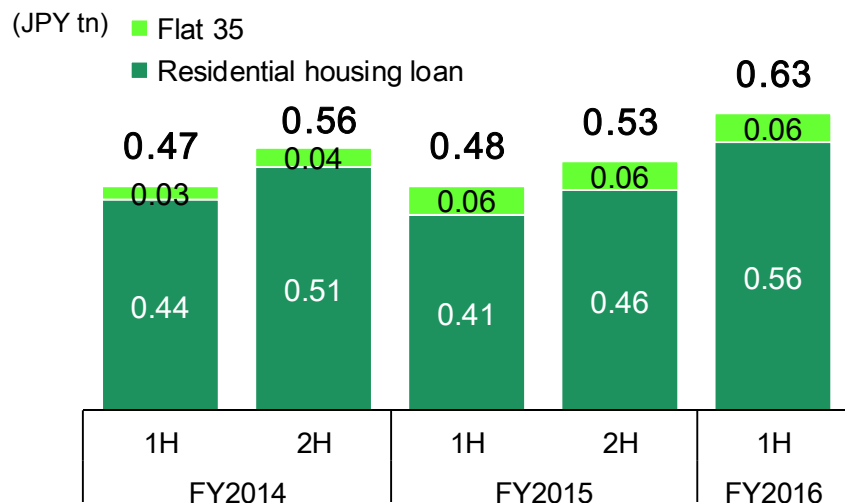
- No change to Short-term Prime Rate (STPR)
  - STPR to be determined by each bank in reference to its funding cost, operating expense, cost of equity, etc.
- Lowered rate on ordinary deposit (Feb. 18, 2016)
  - 0.02% => 0.001%
- Lowered rate on time deposit
  - Rates on all terms, from 1 month to 5 years, lowered to 0.01% (In two stages, Feb. 1 and Mar. 1, 2016)

\*1. Total of group banks basis (Loan balance classified by base-rate is compiled for a management and administration purpose) Resona Holdings, Inc.

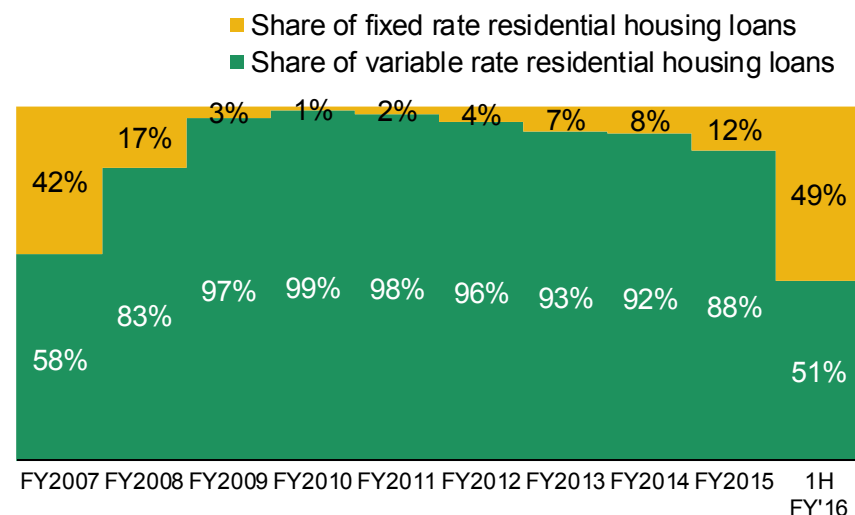
# Trend of Residential Housing Loans

Total of  
Group Banks

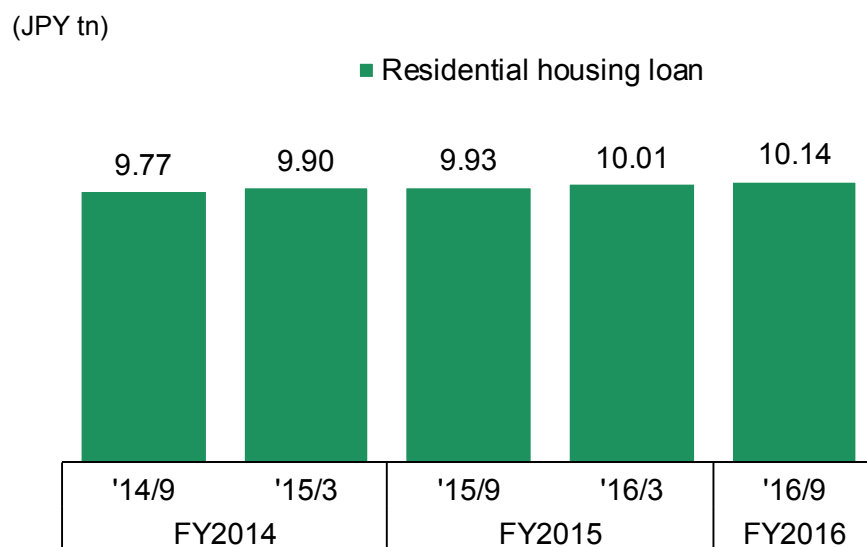
## New loan origination



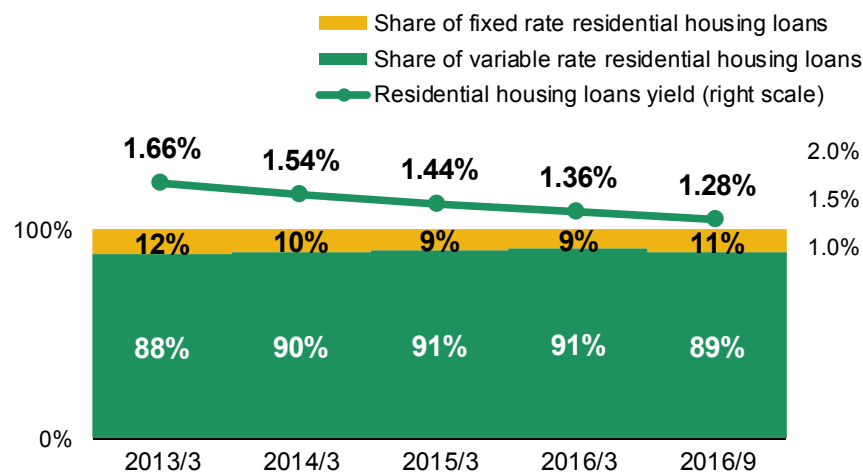
## Composition of newly originated residential housing loans by interest rate type



## Term-end loan balance



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





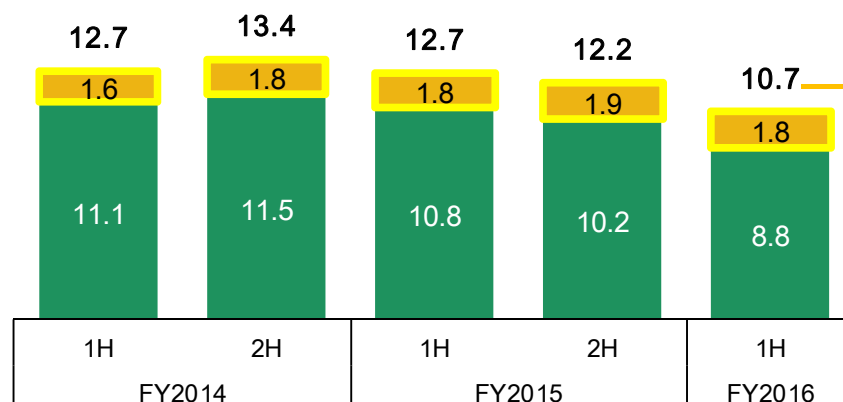
# Major Fee Businesses

Total of  
Group Banks

## Trust-related business

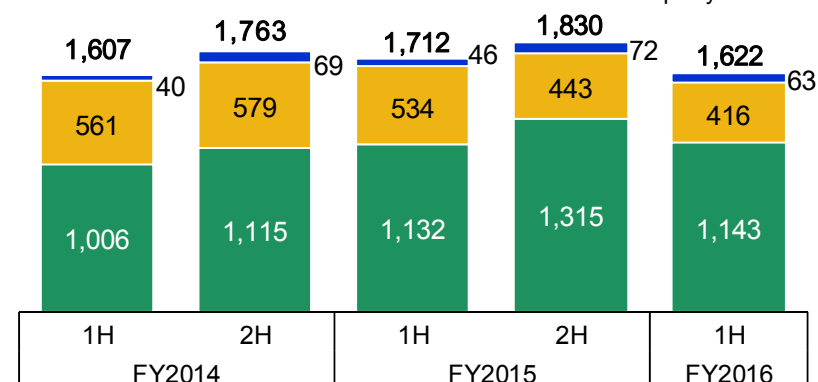
(JPY bn)

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



(Reference) Number of new asset succession-related contracts

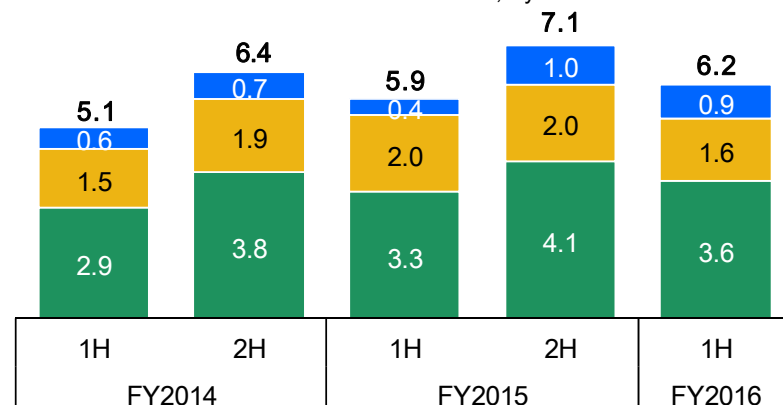
- Will trust + Estate division
- Asset succession
- Trust for transfer of own company stocks



## Corporate solutions business

(JPY bn)

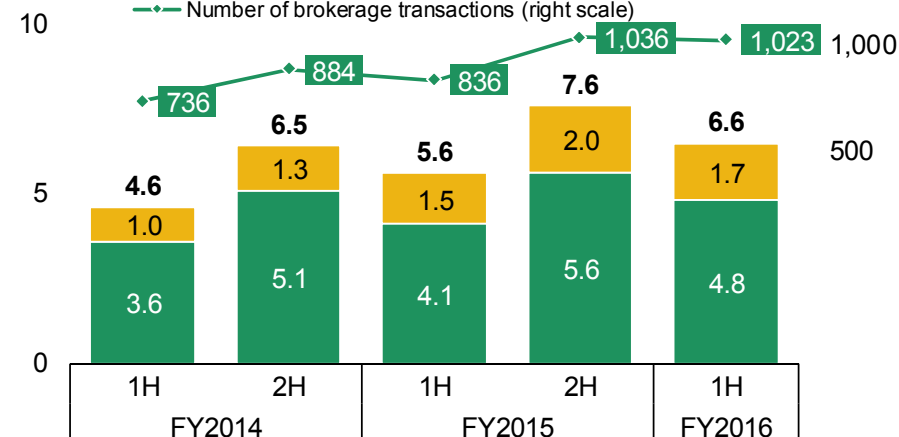
- M&A
- Private notes
- Commitment line, Syndicated loans



## Real estate business\*1

(JPY bn)

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



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



# Business Results by Major Group Business Segments

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

### Management Accounting by Major Group Business Lines (1H FY2016)

(JPY bn, %)

Resona Group Business Segments		Profitability			Soundness	Net operating profit after a deduction of credit cost										
		Net profit after a deduction of cost on capital	Risk-adjusted return on capital	Cost to income ratio	Internal CAR	Actual net operating profit								Credit cost		
						RVA <sup>*1</sup>	RAROC	OHR			Gross operating profit		Operating expense			YoY Change
										YoY Change		YoY Change		YoY Change		
	Customer Divisions (1)	42.7	17.7%	66.8%	8.3%	87.9	+2.9	78.8	(26.6)	238.1	(26.1)	(159.2)	(0.5)	9.0	+29.6	
	Personal Banking (2)	17.1	24.4%	75.4%	8.9%	27.2	(16.1)	27.5	(16.3)	111.9	(15.9)	(84.4)	(0.4)	(0.2)	+0.1	
	Corporate Banking (3)	25.6	15.7%	59.3%	8.1%	60.6	+19.1	51.3	(10.3)	126.2	(10.2)	(74.8)	(0.1)	9.3	+29.4	
	Markets (4)	34.9	54.4%	11.9%	13.8%	41.9	+15.7	41.9	+15.7	47.6	+16.7	(5.7)	(0.9)	-	-	
	Total <sup>*2</sup> (5)	42.5	13.5%	57.9%	12.5%	129.0	+19.7	119.9	(9.9)	284.9	(8.4)	(164.9)	(1.5)	9.0	+29.6	

\*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

# Consolidated Subsidiaries and Affiliated Companies

## Consolidated domestic subsidiaries (excluding subsidiary banks)

(JPY bn)

Name	Line of business	Capital contribution ratio	Net income		(Ref) FY2015 Net income
			1H FY2016	YoY change	
Resona Guarantee Co., Ltd. (1)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	7.1	(0.3)	15.3
Daiwa Guarantee Co., Ltd. (2)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	0.1	(0.1)	0.7
Kinki Osaka Shinyo Hosho Co., Ltd. (3)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	0.8	(0.0)	3.0
Resona Card Co., Ltd. (4)	Credit card Credit guarantee	Resona Holdings 77.5% Credit Saison 22.4%	0.8	(0.0)	1.9
Resona Kessai Service Co., Ltd. (5)	Factoring	Resona Holdings 100%	0.2	(0.0)	0.6
Resona Research Institute Co., Ltd. (6)	Business consulting service	Resona Holdings 100%	0.0	+0.0	0.1
Resona Capital Co., Ltd. (7)	Venture capital	Resona Holdings 100%	0.0	(0.1)	0.3
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)	(0.1)	(0.0)	(0.1)
Total			9.4	(0.8)	22.1

## Major consolidated overseas subsidiaries

Name	Line of business	Capital contribution ratio	Net income		(Ref) FY2015 Net income
			1H FY2016	YoY change	
P.T. Bank Resona Perdania (10)	Banking business (Indonesia)	Resona Group 43.4% (Effective control approach)	0.9	(0.0)	1.4
P.T. Resona Indonesia Finance (11)	Leasing business (Indonesia)	Resona Group 100%	0.0	+0.0	0.1
Total			1.0	(0.0)	1.5

## Affiliated company accounted for by the equity method

Name	Line of business	Capital contribution ratio	Net income		(Ref) FY2015 Net income
			1H FY2016	YoY change	
Japan Trustee Services Bank, Ltd. (12)	Banking and Trust	Resona Group 33.3% Sumitomo Mitsui Trust HD 66.6%	0.2	(0.1)	0.3

\*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 June 30.

## Capital Adequacy Ratio (Group Banks)

Japanese Domestic Standard (JPY bn)	Resona Bank (Consolidated) [A-IRB]			Saitama Resona Bank (Non-consolidated) [A-IRB]			Kinki Osaka Bank (Consolidated) [F-IRB]		
	Mar. 31, 2016	Sep. 30, 2016	Change	Mar. 31, 2016	Sep. 30, 2016	Change	Mar. 31, 2016	Sep. 30, 2016	Change
Capital adequacy ratio	12.77%	<b>12.14%</b>	(0.63)%	13.78%	<b>14.73%</b>	+0.95%	11.16%	<b>11.36%</b>	+0.20%
Total qualifying capital	1,361.7	<b>1,273.4</b>	(88.2)	380.2	<b>400.8</b>	+20.5	154.0	<b>154.2</b>	+0.1
Core Capital: instruments and reserves	1,383.3	<b>1,289.7</b>	(93.6)	394.6	<b>415.9</b>	+21.3	156.0	<b>157.4</b>	+1.3
Core Capital: regulatory adjustments	21.6	<b>16.2</b>	(5.3)	14.3	<b>15.1</b>	+0.7	2.0	<b>3.2</b>	+1.2
Risk weighted assets	10,656.6	<b>10,485.3</b>	(171.2)	2,759.3	<b>2,719.5</b>	(39.8)	1,379.6	<b>1,357.5</b>	(22.1)
Credit risk weighted assets	9,373.9	<b>9,147.6</b>	(226.3)	2,324.5	<b>2,262.5</b>	(61.9)	1,290.6	<b>1,270.7</b>	(19.9)
Amount equivalent to market risk / 8%	125.2	<b>65.3</b>	(59.8)	29.7	<b>45.4</b>	+15.7	0.1	<b>0.1</b>	(0.0)
Amount equivalent to operational risk /8%	708.4	<b>706.4</b>	(2.0)	232.1	<b>229.1</b>	(3.0)	88.8	<b>86.6</b>	(2.1)
Credit risk weighted assets floor adjustments	448.8	<b>565.8</b>	+116.9	172.9	<b>182.4</b>	+9.4	-	-	-

# Sophistication in ALM Interest Rate Risk Management: (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: JPY47.1 tn  
(As of Sep. 30, 2016)

Loans and bills discounted JPY27.9 tn (59%)	Domestic liquidity deposits JPY25.5 tn (54%)
Securities JPY5.2 tn (11%)	<b>Core liquidity deposits (x%)</b>
Cash and due from banks JPY11.7 tn (25%)	Domestic time and other deposits JPY10.4 tn (22%)
Other JPY2.1 tn (4%)	Other JPY9.3 tn (19%)
	Net assets JPY1.7 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)

(JPY bn)		Sep. 30, 2016							Mar. 31, 2016						
		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</b>	(1)	<b>205.4</b>	<b>637.9</b>	<b>699.2</b>	<b>286.3</b>	<b>469.5</b>	<b>24.0</b>	<b>2,322.5</b>	<b>166.2</b>	<b>381.6</b>	<b>1,039.6</b>	<b>231.4</b>	<b>549.5</b>	<b>15.5</b>	<b>2,384.1</b>
JGBs	(2)	160.3	542.5	599.7	180.0	350.0	7.0	1,839.5	118.0	284.3	945.2	130.0	400.0	3.0	1,880.5
Floating-rate JGBs	(3)	160.3	142.5	200.2	-	-	-	503.0	118.0	135.3	294.7	-	-	-	548.0
Japanese local government bonds	(4)	39.4	86.1	94.1	105.0	118.0	-	442.8	43.5	88.2	88.7	100.0	148.0	-	468.4
Japanese corporate bonds	(5)	5.6	9.2	5.3	1.3	1.5	17.0	40.2	4.7	9.0	5.7	1.4	1.5	12.5	35.1
<b>Available-for-sale securities</b>	(6)	<b>352.2</b>	<b>681.2</b>	<b>198.5</b>	<b>132.4</b>	<b>242.6</b>	<b>299.3</b>	<b>1,906.5</b>	<b>403.5</b>	<b>688.7</b>	<b>295.1</b>	<b>117.1</b>	<b>365.5</b>	<b>124.1</b>	<b>1,994.3</b>
Bonds	(7)	332.3	667.1	164.5	107.0	98.8	152.1	1,522.0	381.2	671.5	282.1	76.9	231.2	27.8	1,671.0
JGBs	(8)	180.0	252.0	-	-	3.0	122.0	557.0	240.0	289.2	80.0	-	128.0	17.5	754.7
Floating-rate JGBs	(9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Japanese local government bonds	(10)	8.2	19.6	14.2	15.4	74.8	-	132.3	7.0	22.7	15.6	8.5	50.7	-	104.6
Japanese corporate bonds	(11)	144.1	395.5	150.2	91.5	21.0	30.1	832.6	134.2	359.6	186.5	68.3	52.5	10.3	811.6
Other	(12)	19.8	14.0	34.0	25.4	143.8	147.2	384.4	22.3	17.1	13.0	40.1	134.2	96.3	323.3

## Unrealized gain/(loss)\*1

[Sep. 30, 2016] (JPY bn)	B/S Amount	Change from Mar. 31, '16	Unrealized gains/ (losses)	Change from Mar. 31, '16
Bonds held to maturity (1)	<b>2,322.1</b>	(61.3)	<b>89.9</b>	(3.6)
Available-for-sale securities (2)	<b>2,846.0</b>	(73.9)	<b>437.9</b>	(22.2)
Stocks (3)	<b>782.0</b>	(15.9)	<b>432.9</b>	(13.4)
Bonds (4)	<b>1,536.7</b>	(159.8)	<b>6.5</b>	(8.0)
Other (5)	<b>527.3</b>	101.8	<b>(1.5)</b>	(0.6)

## Trend of market and other indicators

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

	2014/3	2015/3	2016/3	2016/9
Duration (year) (1)	3.1	3.3	3.1	<b>5.2</b>
BPV ( JPY bn) (2)	(1.41)	(0.72)	(0.24)	<b>(0.29)</b>
10-year JGB yield (3)	0.640%	0.395%	(0.050)%	<b>(0.085)%</b>

[Break-even point in terms of Nikkei Average]

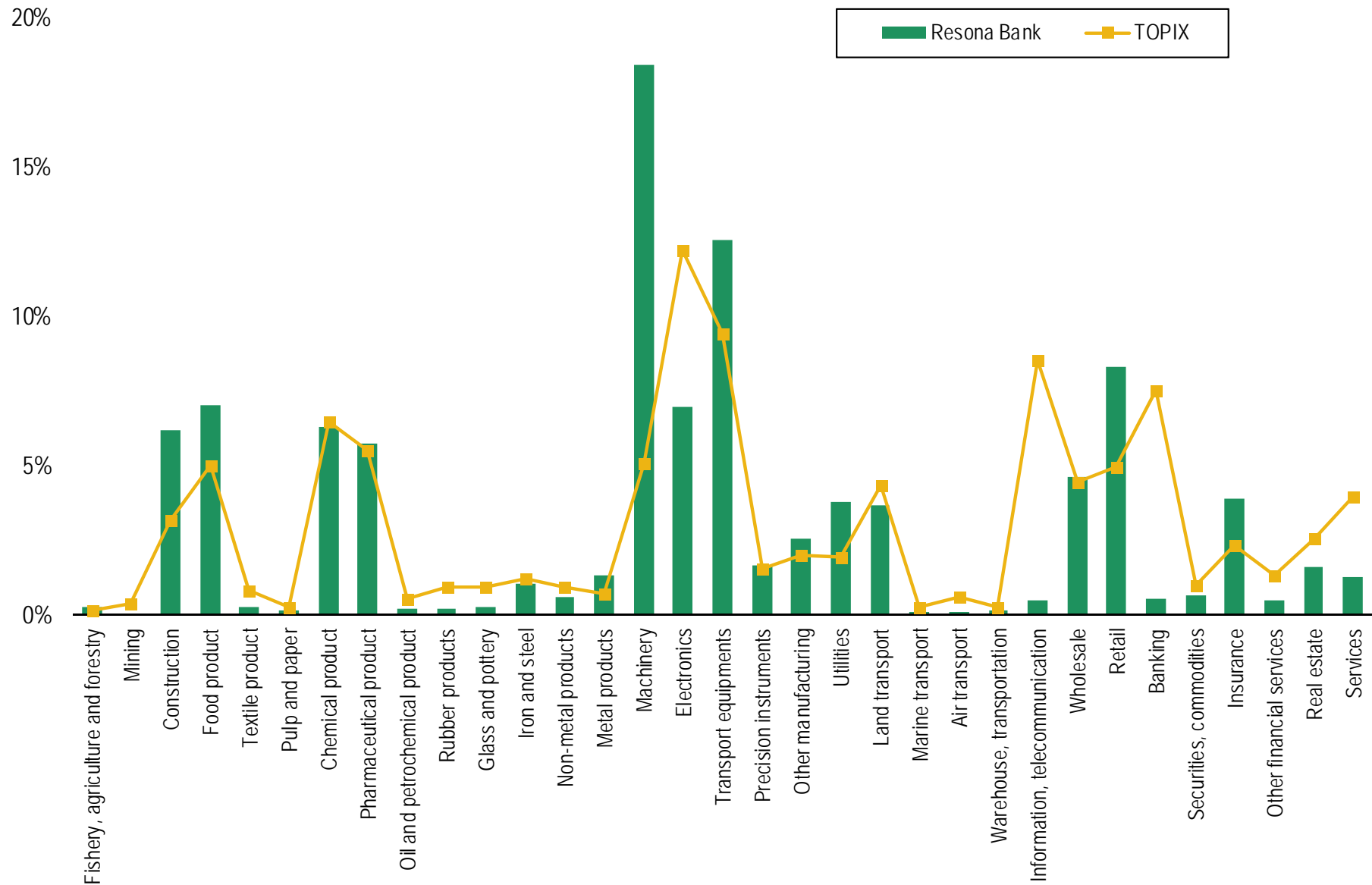
	2014/3	2015/3	2016/3	2016/9
Nikkei Average (Yen) (4)	6,500	5,500	6,500	<b>6,200</b>
BV of stock sold (JPY bn) (5)	5.4	3.2	8.7	<b>2.4</b>

[Net gain/(loss) on bonds and stocks]

(JPY bn)	FY2013	FY2014	FY2015	1H FY2016
Net gains on bonds (6)	7.2	24.3	49.1	<b>16.0</b>
Net gains/(losses) on stocks (7)	22.3	44.5	(6.7)	<b>11.0</b>

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

## Stocks Held by Industry (End of September 2016, RB)



(Fair value basis)

## Swap Positions by Remaining Periods

RHD  
Consolidated

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

(JPY bn)

		Sep. 30, 2016				Mar. 31, 2016			
		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)	535.0	690.0	1,060.0	2,285.0	450.0	785.0	1,040.0	2,275.0
Receive floating rate/ Pay fixed rate	(2)	320.9	649.5	312.0	1,282.5	85.6	547.3	1.1	634.1
Net position to receive fixed rate	(3)	214.0	40.4	748.0	1,002.4	364.3	237.6	1,038.8	1,640.8



# Maturity Ladder of Loan and Deposit (Domestic Operation)

Total of  
Group Banks

## Loans and Bills Discounted

[End of March 2016]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(1)	1.5%	1.3%	6.7%	11.7%	21.2%
Prime rate-based	(2)	52.4%	0.1%	0.0%	0.0%	52.5%
Market rate-based	(3)	25.2%	1.1%			26.3%
Total	(4)	79.1%	2.5%	6.7%	11.7%	100.0%

Loans maturing  
within 1 year

81.6%

[End of September 2016]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(5)	1.6%	1.2%	6.5%	13.0%	22.3%
Prime rate-based	(6)	51.4%	0.0%	0.0%	0.0%	51.4%
Market rate-based	(7)	25.2%	1.0%			26.2%
Total	(8)	78.2%	2.3%	6.5%	13.0%	100.0%

Loans maturing  
within 1 year

80.5%

[Change in 1H FY2016]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(9)	+0.1%	(0.1)%	(0.2)%	+1.3%	+1.1%
Prime rate-based	(10)	(1.0)%	(0.1)%	(0.0)%	0.0%	(1.1)%
Market rate-based	(11)	(0.0)%	(0.0)%			(0.1)%
Total	(12)	(0.9)%	(0.2)%	(0.2)%	+1.3%	-

Loans maturing  
within 1 year

(1.1)%

## Deposits

[End of March 2016]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(1)	42.6%	1.5%	6.0%	21.0%	71.1%
Time deposits	(2)	13.4%	8.4%	6.0%	1.1%	28.9%
Total	(3)	56.0%	9.9%	12.0%	22.0%	100.0%

[End of September 2016]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(4)	50.4%	1.1%	4.5%	15.7%	71.7%
Time deposits	(5)	13.6%	8.1%	5.7%	0.9%	28.3%
Total	(6)	64.1%	9.2%	10.2%	16.6%	100.0%

[Change in 1H FY2016]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(7)	+7.8%	(0.4)%	(1.5)%	(5.3)%	+0.6%
Time deposits	(8)	+0.2%	(0.3)%	(0.3)%	(0.2)%	(0.6)%
Total	(9)	+8.0%	(0.7)%	(1.9)%	(5.5)%	-

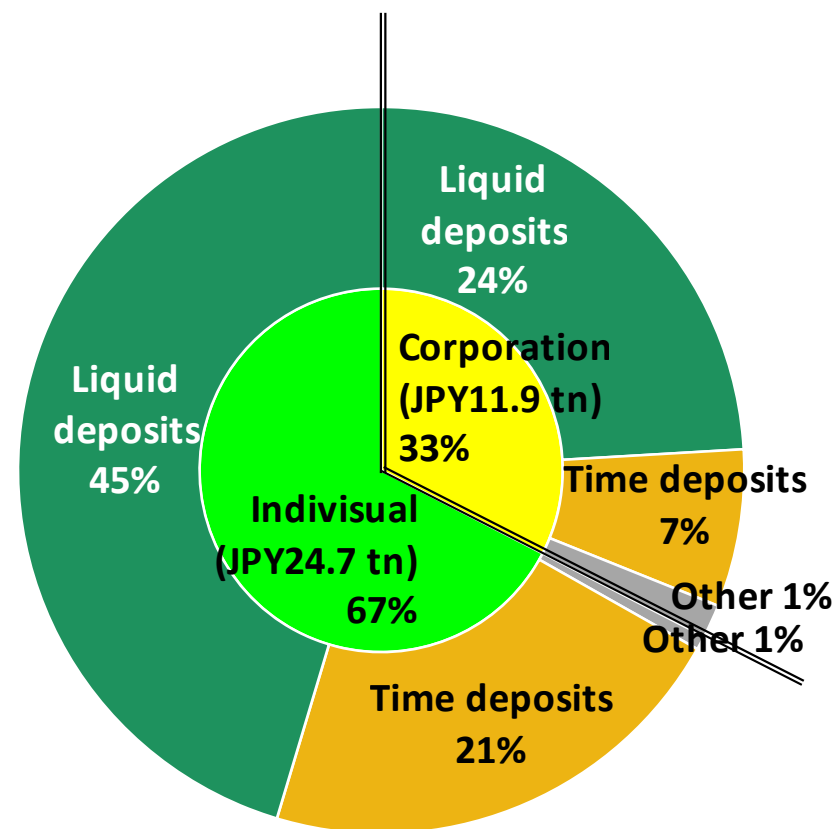
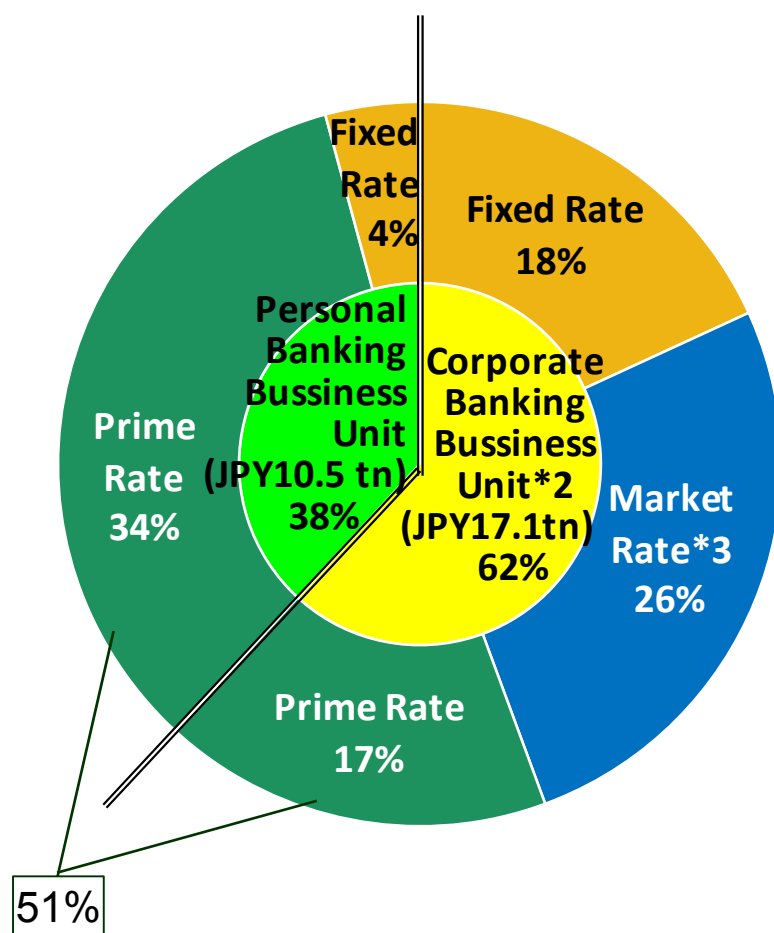
\*1. Data compiled for a management and administration purpose

# Composition of Loan Portfolio and Deposits (September 30, 2016)

Total of  
Group Banks

Loan\*1

Deposits\*4



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

\*2. Corporate Banking Business Unit includes apartment loans

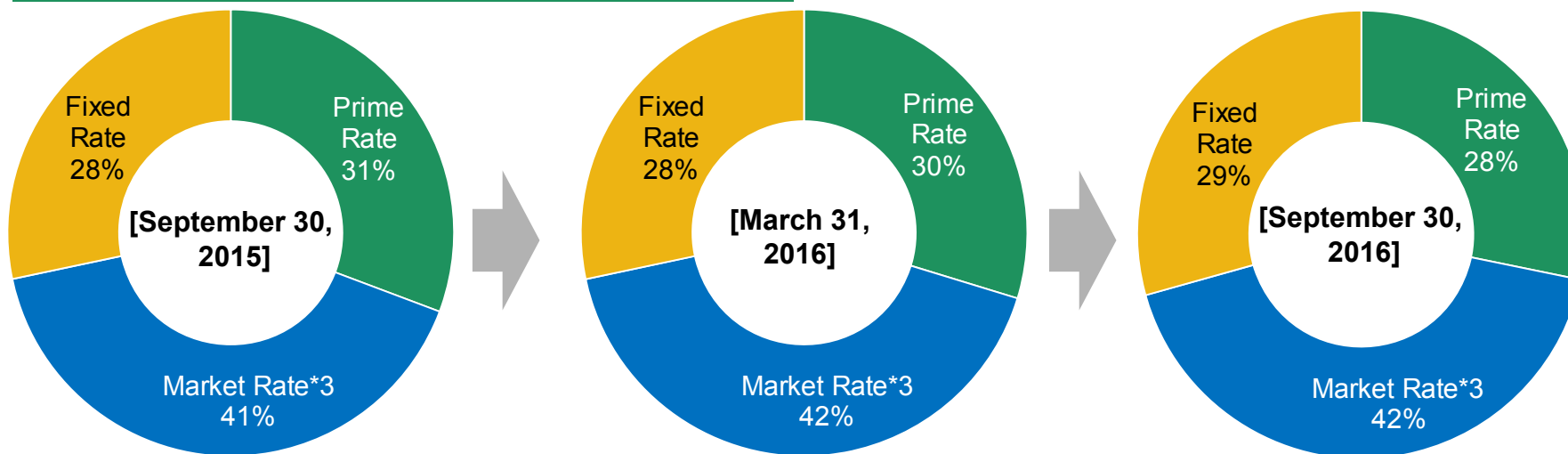
\*3. Market rate-linked loans include the fixed-rate (spread) loans maturing in less than one year

\*4. Domestic individual deposits + Domestic corporate deposits

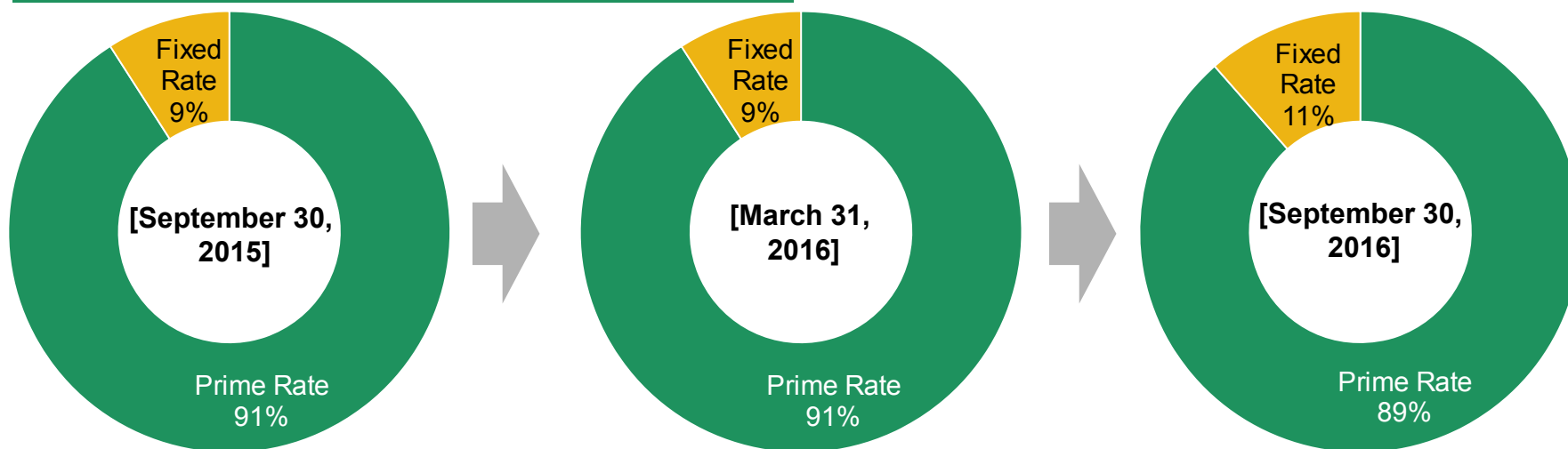
# Composition of Loan Portfolio by Base Rates

Total of  
Group Banks

## Corporate Banking Business Unit\*1,2



## Personal Banking Business Unit\*1



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

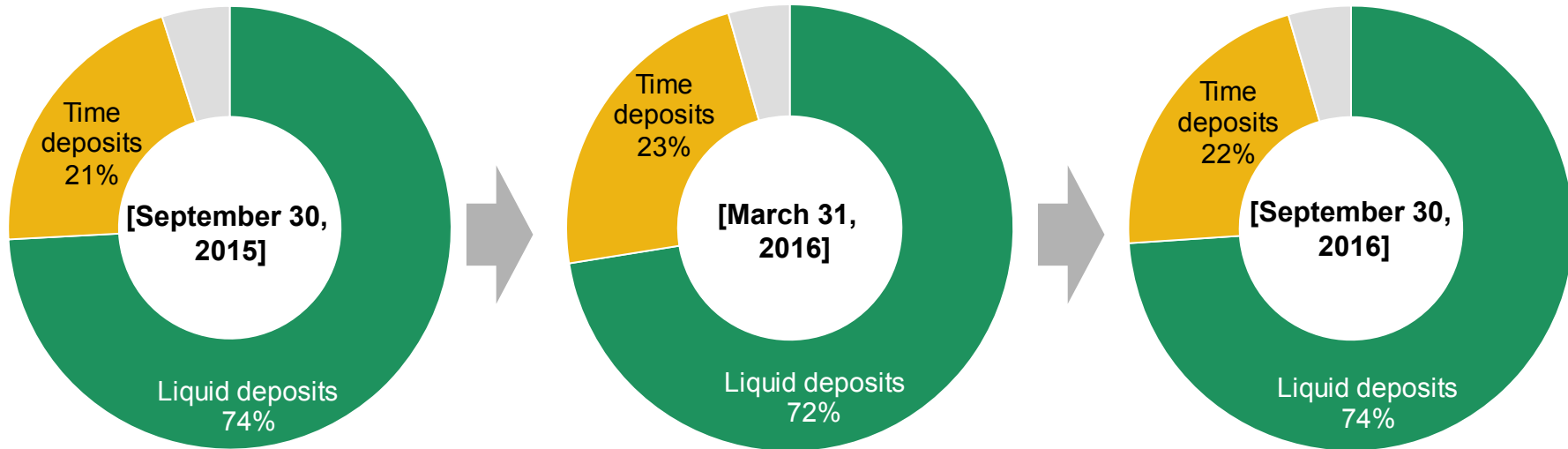
\*2. Corporate Banking Business Unit includes apartment loans

\*3. Market rate-linked loans include the fixed-rate (spread) loans maturing in less than one year

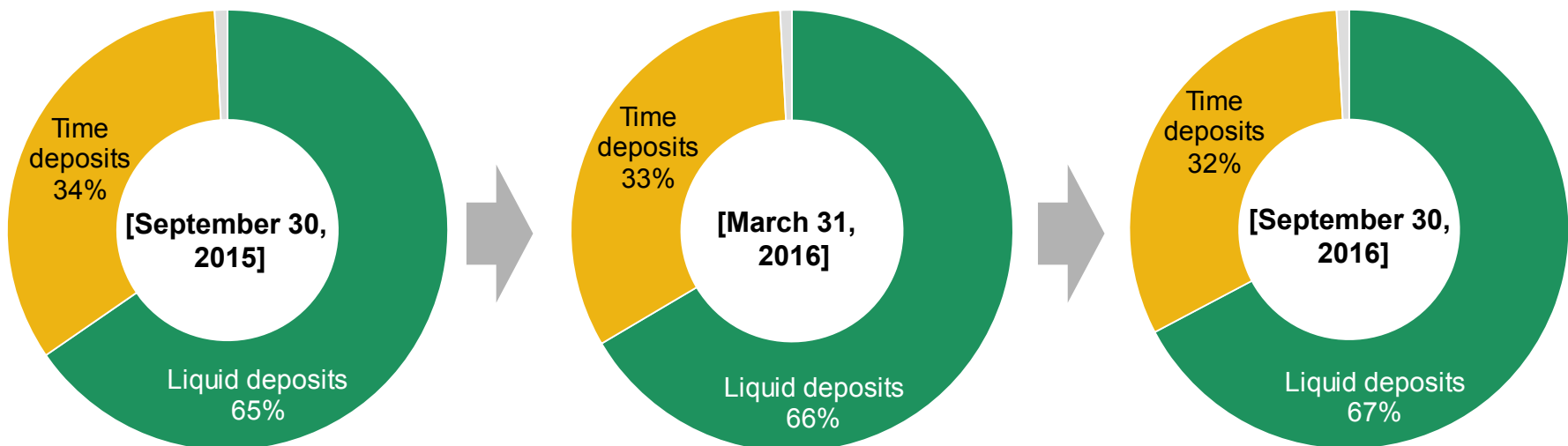
# Composition of Deposits by Types

Total of  
Group Banks

## Corporate Deposits



## Individual Deposits



# Migrations of Borrowers (RB, 1H of FY2016)

## ■ Exposure amount basis \*1

		End of September 2016									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Effectively Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of March 2016	Normal	98.4%	0.8%	0.1%	0.0%	0.0%	0.0%	0.7%	0.7%	0.0%	-	0.9%
	Other Watch	9.7%	85.4%	0.6%	1.3%	0.1%	0.1%	2.8%	2.8%	0.0%	9.7%	2.1%
	Special Attention	7.6%	3.3%	81.4%	4.8%	0.2%	0.0%	2.8%	2.8%	0.0%	10.9%	5.0%
	Doubtful	1.3%	8.2%	0.7%	78.6%	3.5%	1.3%	6.4%	6.3%	0.2%	10.1%	4.8%
	Effectively Bankrupt	0.5%	1.8%	0.0%	0.4%	87.9%	4.4%	5.0%	3.5%	1.5%	2.7%	4.4%
	Bankrupt	0.0%	0.0%	0.0%	2.6%	0.0%	87.1%	10.3%	0.6%	9.7%	2.6%	-

\*1. Above table shows how a borrower belonging to a particular borrower category as of the end of March 2016 migrated to a new category as of the end of September 2016. Percentage points are calculated based on exposure amounts as of the end of March 2016 (New loans extended, loans partially collected or written-off during the period are not taken into account)  
 "Other" as of the end of September 2016 refers to those exposures removed from the balance sheet due to collection, repayments, assignments or sale of claims.

# Multifaceted Business Relationships: Achievements Measured with KPIs (YTD)

## Primary Index

■ RLCs = Clients to whom the group have achieved the depth of transaction to some extent

(Number of customers in thousands)			Sep. 30, 2015	Sep. 30, 2016	Change
(1)	Premier	AUM or condominium loan exceeding JPY50 million	54	55	(0.3)
(2)	Housing Loan	With housing loan for own home	561	570	+8.8
(3)	Asset Management	AUM exceeding JPY10 million	715	716	+0.7
(4)	Potential I	AUM exceeding JPY5 million	795	794	(1.5)
(5)	Potential II	AUM below JPY 5 million/ with 3 or more products sold	4,858	4,895	+36.2
(6)	Resona Loyal Customers (RLCs)		6,984	7,029	+44.6
(7)	Potential III	AUM below JPY 5 million/ with 2 or less products sold	5,751	5,646	(104.8)
(8)	Total active retail customers		12,735	12,675	(60.2)

## Reference Indices

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

### Lifetime Value (LTV)

Change in  
Past 1 Year

**+JPY30.8 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, 2016

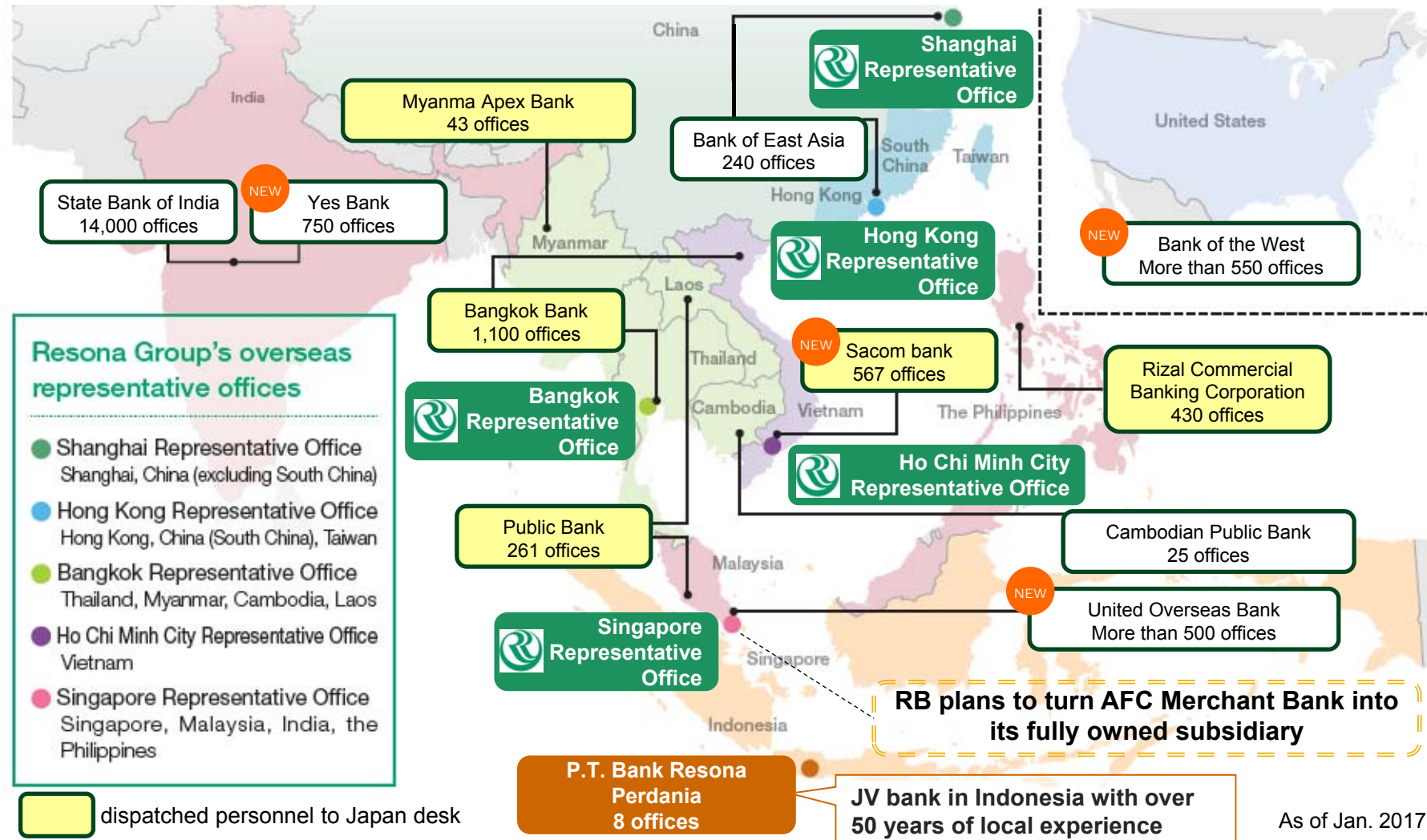
**3.97 Products**

- 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.

# Supports to SMEs to Develop Overseas Business

Overseas alliance network has expanded to 17 partner banks covering 14 countries and regions

- Overseas alliance network expanding from Asia to the US in 2016
- Services offered through large number of branches and local expertise

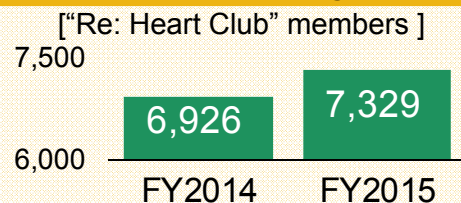




# CSR

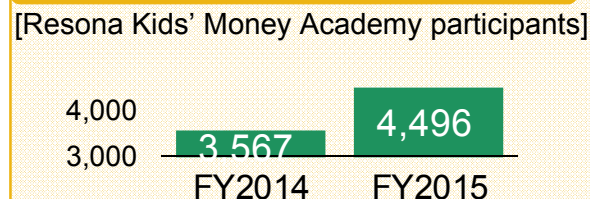
To raise corporate value through contributing to the creation of a sustainable society, we have identified and are engaged in four priority areas – Community, Next Generation, Diversity and Environment

## Community



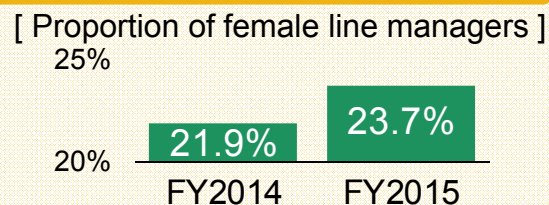
- “Re: Heart Club” (Employee volunteer group) joined various community activities
- Established group-wide “Regional Revitalization Council”.
- Offering solutions suited for respective life stages of corporate customers
  - “Startup Support Package” offers settlement and consultation services
  - 464 proposals made to assist business turnaround, change in business activities and closure of business (FY2015)

## Next Generation



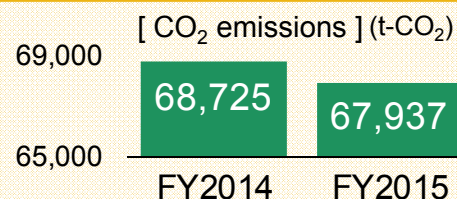
- Regularly hosting “Resona Kids’ Money Academy” since 2005.
- Established “Resona Future Foundation” (Nov. 2015)
- Supporting intergenerational transfer of assets, utilizing trust capabilities
  - Education Fund Trust balance : JPY 115.4 bn (Sep. 2016, +8.1bn YoY)

## Diversity



- Vibrant and diversified employees
  - Proportion of women in managerial posts 23.7%, Employment rate of persons with physical/intellectual disabilities 2.1% (FY2015)
- Promoting “work-life balance”: Introduced “Smart Employee” position (Oct. ‘15)
- Developed products for women: “*Rin next*” (housing loan) and “*Karada Kakumei*” (life insurance).

## Environment




- Reduced paper usage through operational reforms
- Group banks’ head office acquired ISO14000 certificates
- Revised the Credit Policy to include “Environmental Consideration” aspect
  - Environment-friendly loans: JPY 121.4 bn (Mar. ‘16, +38% YoY)

# Advanced Corporate Governance


- 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.
- Fixed percentage of executive officers remuneration is performance-based.

## Board of directors of Resona HD


### 6 outside directors




**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)



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



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



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



**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.)



**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, Corporate Governance Division



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



**Kaoru Isono**  
Member, Audit Committee

### Performance-based remuneration

Remuneration of President and Representative Executive Officer

Performance-based variable portion 50%

fixed portion 50%

Cash 25%

annual incentive

Share-based 25%

medium- to long-term incentive

### Succession Plan

- Introduced in 2007 to ensure smooth succession of top management's roles and responsibilities
- Attained high transparency by hiring a third-party consulting firm
- Raised the level of nominees for the executives.

### Glass-walled executive room



# List of Preferred Shares and Subordinated Bonds (Jan. 31, 2017)

## Preferred Shares

		Class 5 Preferred Shares
Original issue date	(1)	8/28/2007
Current number of shares	(2)	4,000,000 shares
Issue price per share	(3)	JPY 25,000
Total issue amount remaining at present	(4)	JPY 100.0 Billion
Original total issue amount	(5)	JPY 100.0 Billion
Shareholder	(6)	Dai-ichi Life
Preferred dividend	Dividend per share (Annual)	(7) JPY 918.75
	Total amount of dividend (Annual)	(8) JPY 3,675 Million
	Yield (Annual)	(9) 3.675%
Acquisition clause	(10)	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	First call date <sup>*1</sup>	Dividend rate <sup>*2</sup>
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	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.

# Responses to the Ongoing International Discussion over Further Tightening of Financial Regulation

## Major items of financial regulation being discussed internationally

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

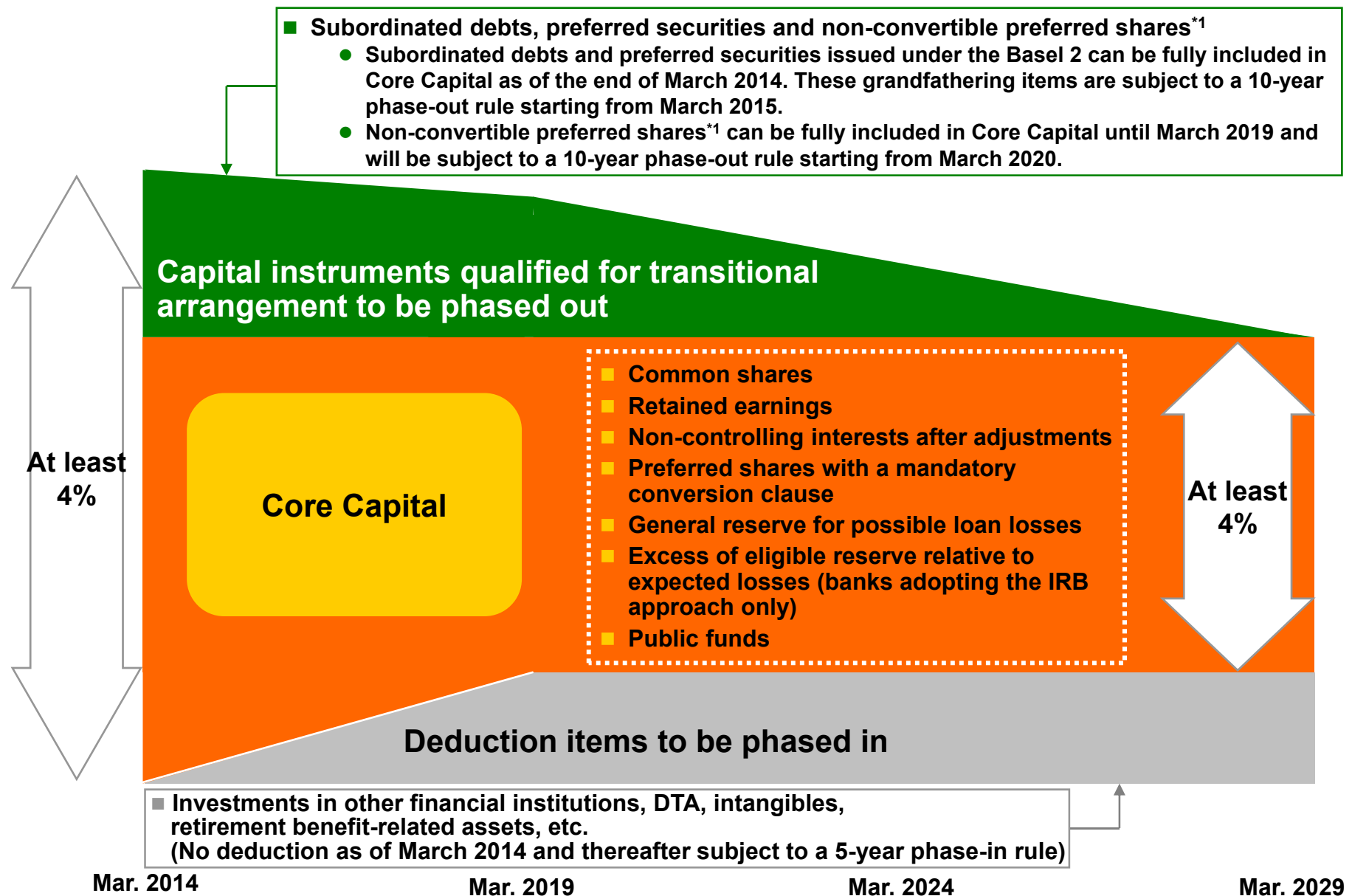
Major regulatory items	Outline	Important updates
Review of Standardized Approach (SA) (Credit and operational risks)  Review of IRB approach, Capital floor based on SA	Reviewing credit risk measurement method to better reflect risks and ensure higher comparability Reviewing operational risk measurement method to reflect actual loss data New capital floor rule requiring a reference to the SA.	<ul style="list-style-type: none"> <li>• Discussion under way to finalize the international rule</li> <li>• Possible impacts could be significant depending on the final forms.</li> <li>• Details including the level of floor and actual implementation schedule will be determined hereafter.</li> </ul>
Liquidity regulations (LCR/NSFR)	[LCR] Requiring banks to hold high-quality liquid assets to prepare for significant outflow of funds under a severe stress. [NSFR] Requiring banks to hold certain capital and liabilities for the risk of having illiquid assets	<ul style="list-style-type: none"> <li>• LCR requirement already started in 2015. (Applicable to banks subject to the International Std.)</li> <li>• Japanese authority is now working on a local NSFR rule.</li> </ul>
Leverage ratio	Introduced to complement capital adequacy ratio requirements. Tier 1 capital as a numerator. Exposure amount, not RWA, to be a denominator.	<ul style="list-style-type: none"> <li>• Disclosure requirement already started in 2015 (Applicable to banks subject to the International Std.)</li> <li>• Japanese authority is now working on a minimum ratio requirement with an aim to introduce it in 2018</li> </ul>
IRRBB (interest rate risk in the banking book)	Requiring banks to control interest rate risk within 15% of their Tier 1 capital	<ul style="list-style-type: none"> <li>• Pillar 2 regulation. International rule already agreed on changes in how to measure, manage and disclose the interest rate risk. The Japanese authority is now working on setting up a local rule.</li> </ul>
Derivatives-related (Margin deposit, SA-CCR, CVA, etc.)	Requiring banks to pay/receive margin deposits for OTC derivatives not to be cleared by CCP. Including review of method to calculate derivatives exposure and CVA	<ul style="list-style-type: none"> <li>• Resona is subject to the variable margin requirements from March 2017. Initial margin requirements are supposed to be introduced in September 2020.</li> <li>• Japanese authority is now working on local SA-CCR (Standardized Approach) and CVA rules.</li> </ul>
Various capital buffers G-SIBs/D-SIBs, TLAC	Capital buffer requirements include capital conservation buffer, counter-cyclical buffer and SIBs' buffer. TLAC requires banks to hold additional capacity to absorb loss.	<ul style="list-style-type: none"> <li>• Capital buffers were already introduced in March 2016 with a phase-in period given (Applicable to G-SIBs/D-SIBs, banks subject to the International Std.)</li> <li>• TLAC to be officially introduced in 2019 (applicable to G-SIBs)</li> </ul>

- Our responses and preparedness

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



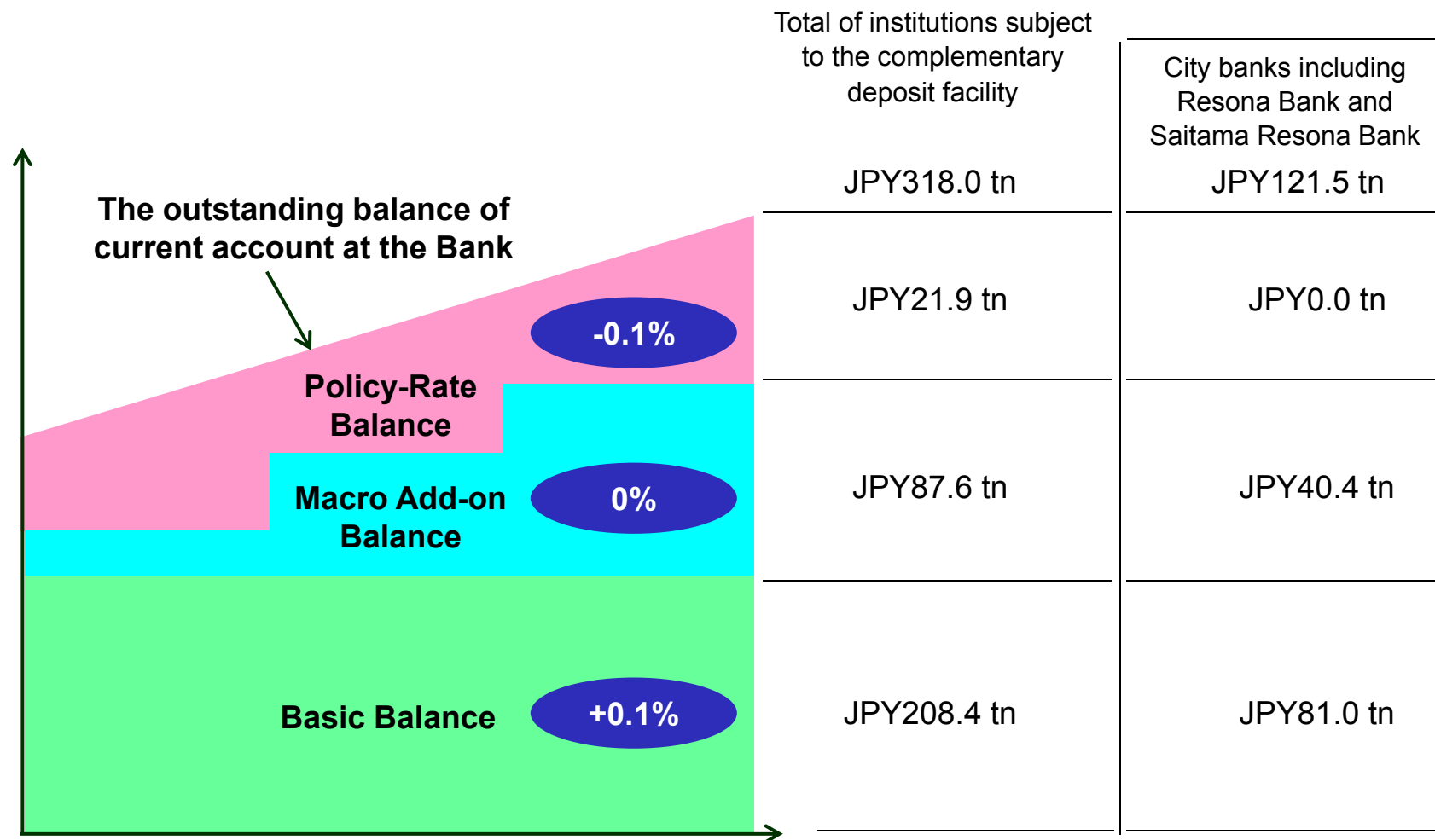
# Outline of Eligible Capital under the Japanese Domestic Std.



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

## BOJ Current Account Balances

Monthly average balance of BOJ current account  
(16 January-15 February)



\*1. Source: Bank of Japan



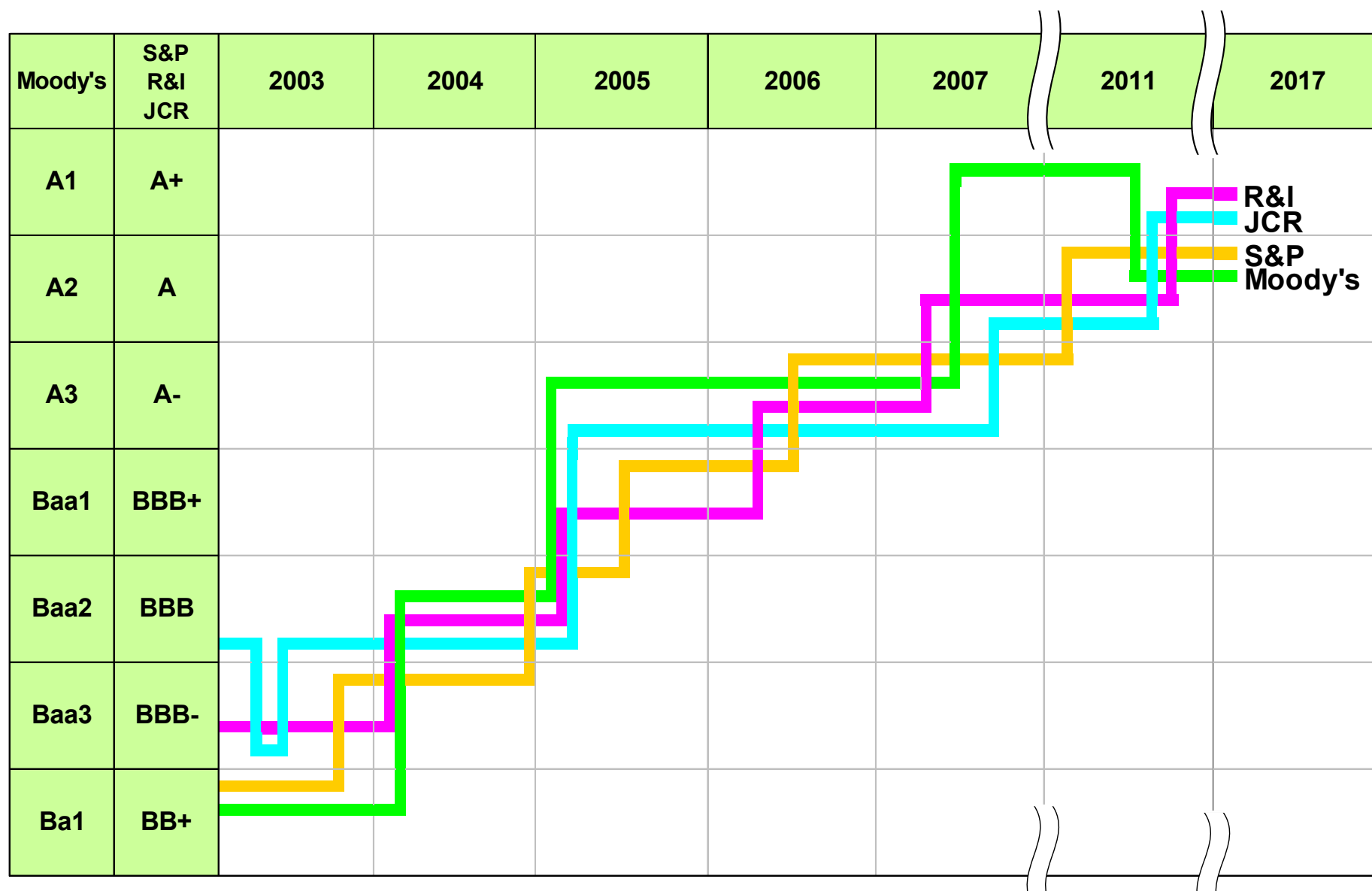
# Long Term Business Results

		(JPY bn)	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	1H FY2016
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	619.5	298.0
		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	401.3	188.2
		Fee incomes*1	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	168.7	84.5
		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)	(347.5)	(181.0)
		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	(6.5)	11.0
		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	(25.8)	10.5
		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	183.8	96.9
BS	Total of group 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	27,932.1	27,999.8
		Loans to SMEs and individuals	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	23,645.8	23,847.3
		Housing loans*2	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	13,188.0	13,301.1
		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	10,015.1	10,149.7
		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%	1.51%	1.42%
	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	351.8	349.3
		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	460.6	438.3
Business*4	Total of group 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	1,211.3	371.8
		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	831.9	243.6
		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	379.3	128.2
		Housing loan*2	-	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	1,292.7	778.9
		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	1,011.7	638.7
		Real estate business*3	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	13.3	6.6
		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	-	-

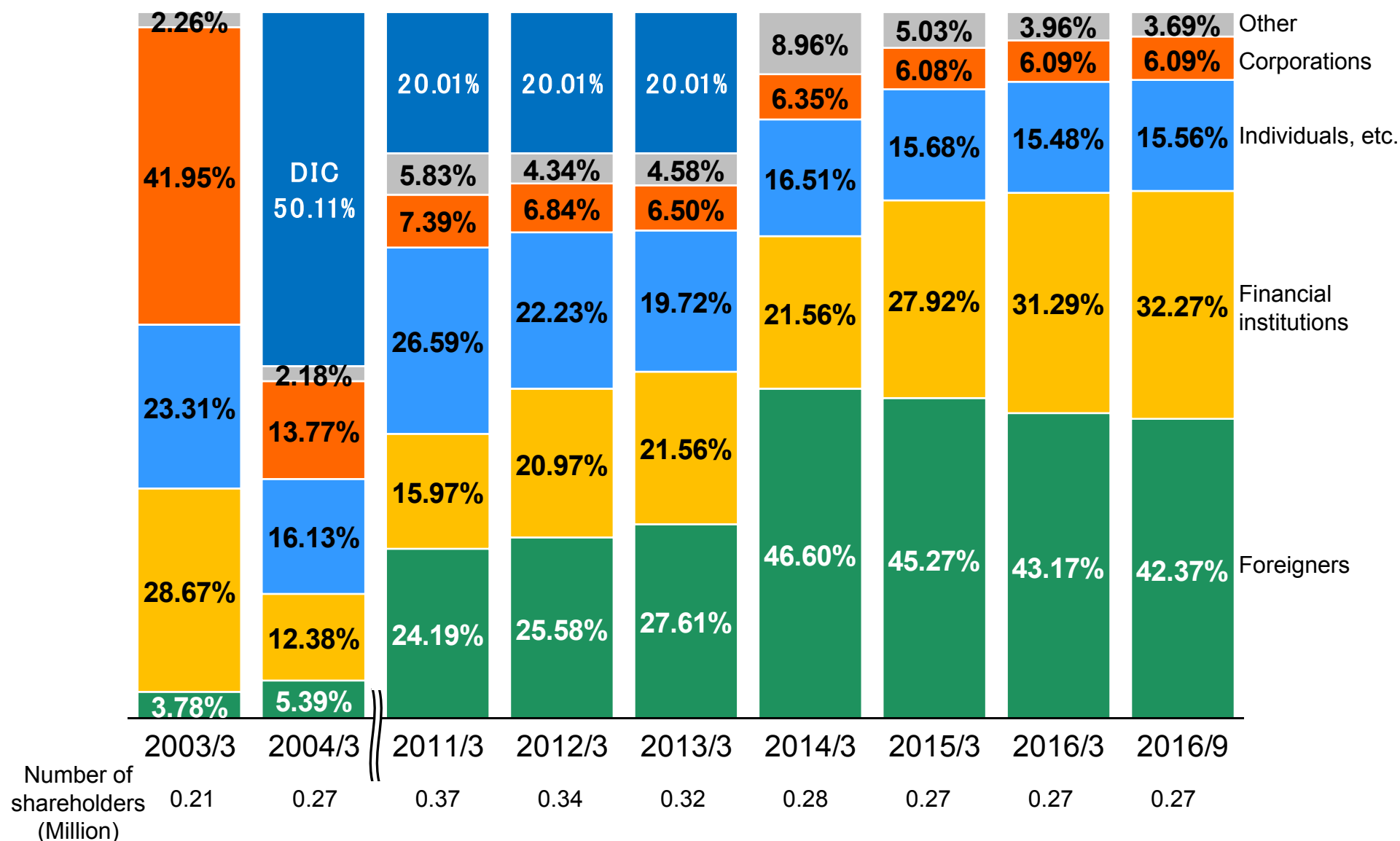
\*1. Fees and commissions income plus trust fees  
\*3. Excluding gains/(losses) from investments in real estate

\*2. Includes apartment loans (Origination Includes Flat35)  
\*4. Data compiled for management and administration purposes

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

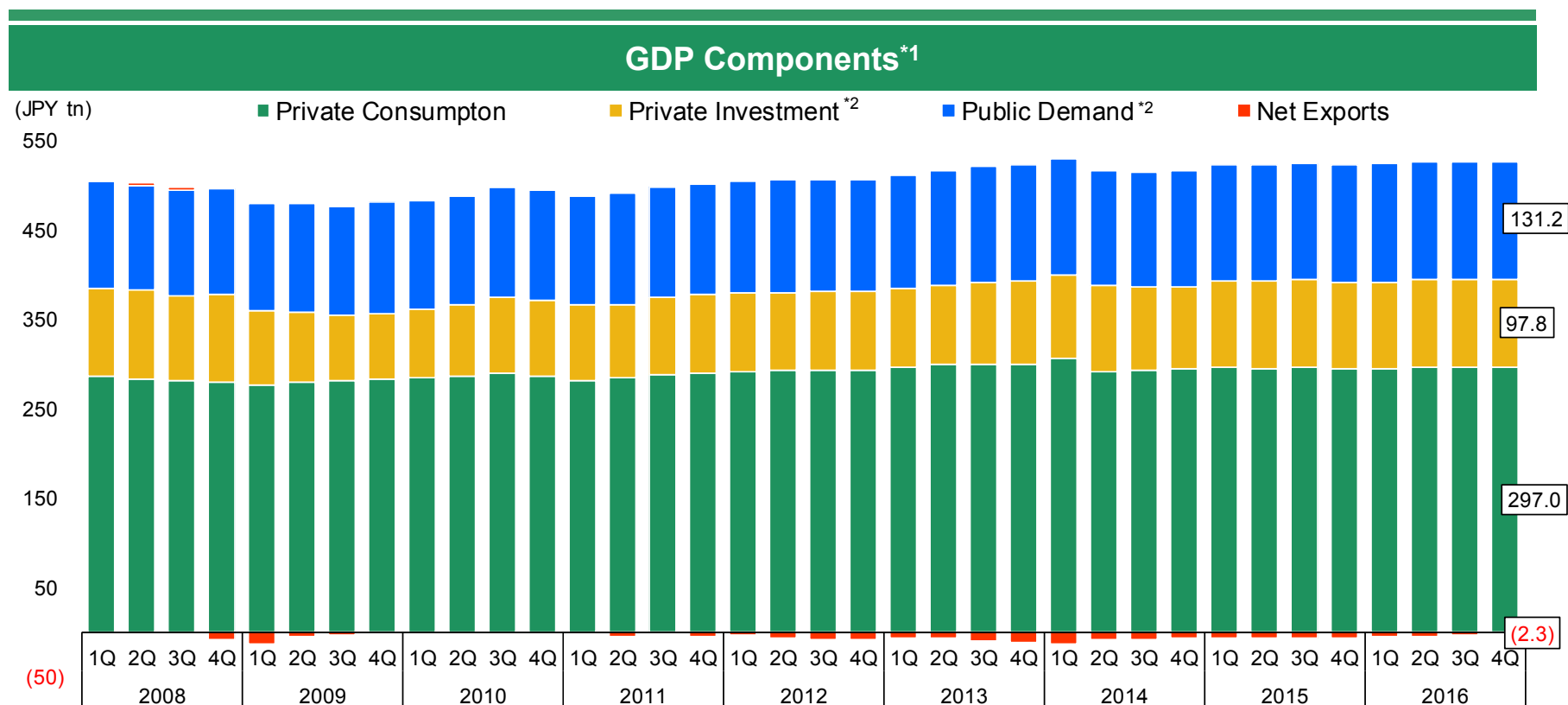


## Composition of Resona HD's Common Shareholders



## Macro Economic Trend

# Actual and Forecast of Real GDP Growth Rate



[Real GDP Growth Rate] (figures of FY2016 are the forecasts of Resona bank)

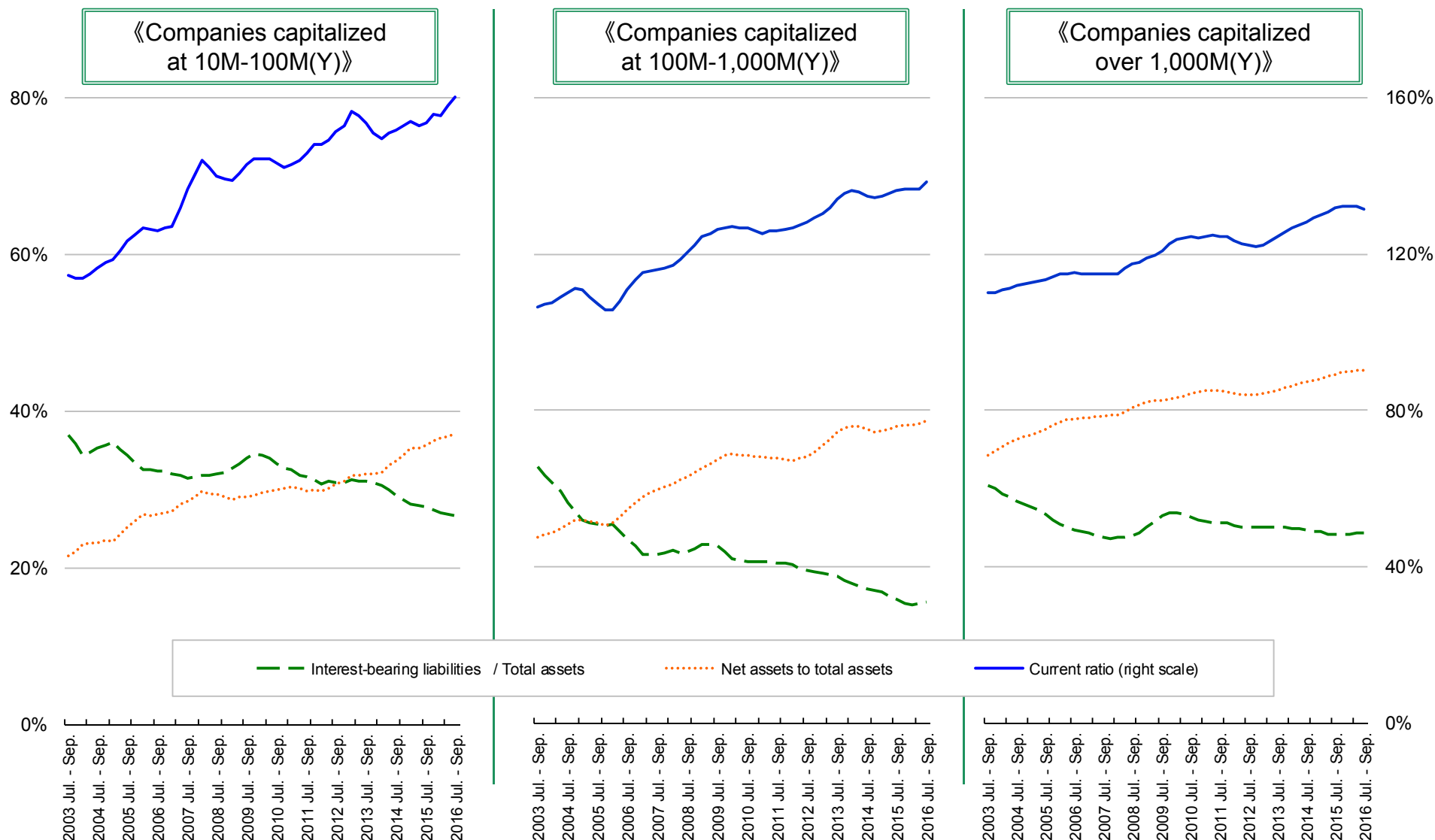
%	FY2013	FY2014 Actual	FY2015	FY2016 Forecast
GDP	2.6	(0.4)	1.3	1.2
Consumption of Households	1.6	(1.6)	0.3	0.3
Private Non-Resi. Investment	1.0	0.4	0.1	0.2
Private Inventory Investment	(0.5)	0.5	0.4	0.0
Public Demand	0.8	(0.0)	0.3	0.6
Net Export	(0.5)	0.6	0.2	0.0
GDP Deflator	0.0	2.5	1.4	(0.1)

\*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

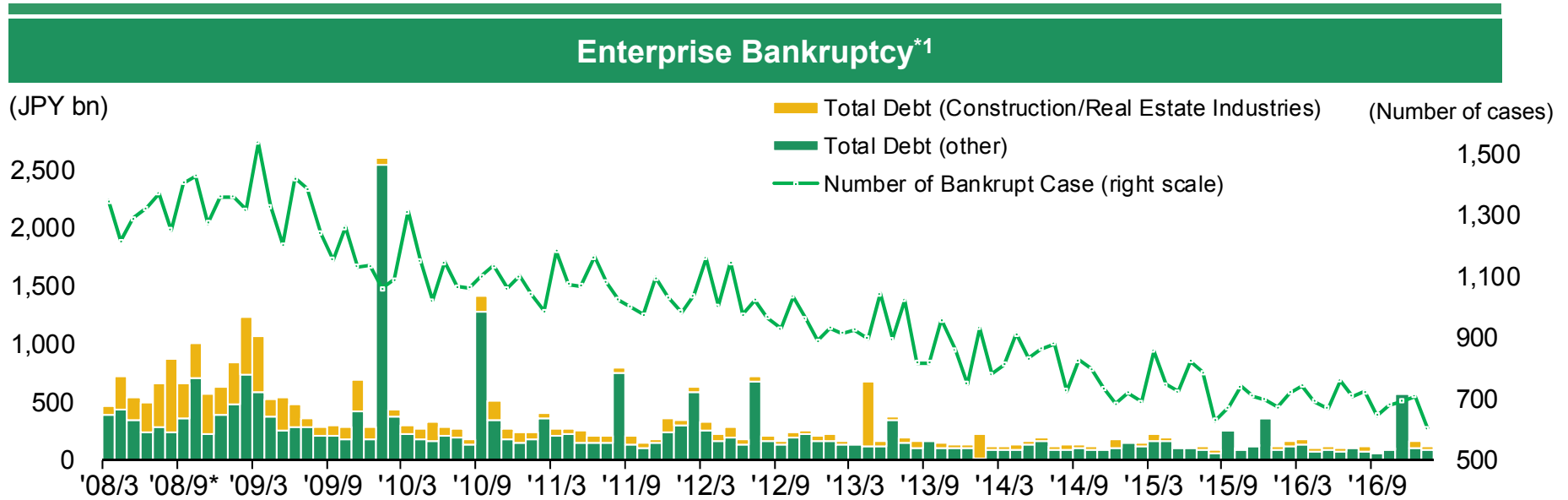
# Overall Economy in Japan (1)

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

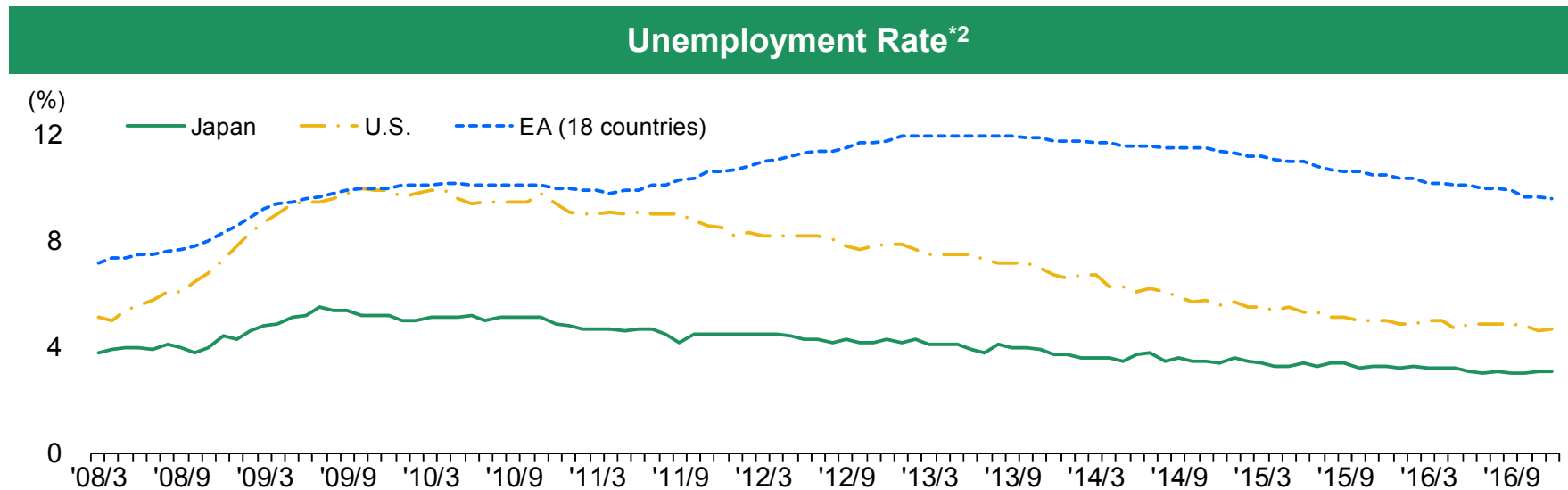


\*1. Source: Financial Statements Statistics of Corporation (4 quarters moving average)

## Overall Economy in Japan (2)



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



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

\*1. Source: Tokyo Shoko Research

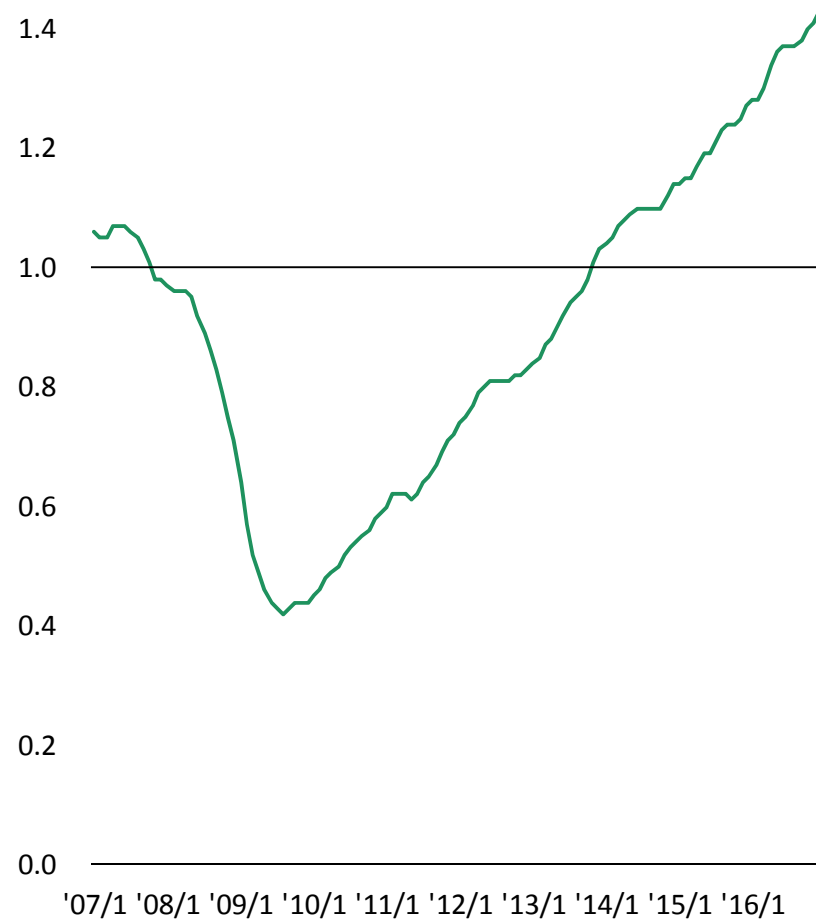
\*2. Source: Statistics Japan, Bureau of Labor Statistics, Eurostat



# Employment

## Active job openings-to-applicants ratio\*<sup>1</sup>

(times)



## Wage / Salary\*<sup>2</sup>

(JPY thousand)

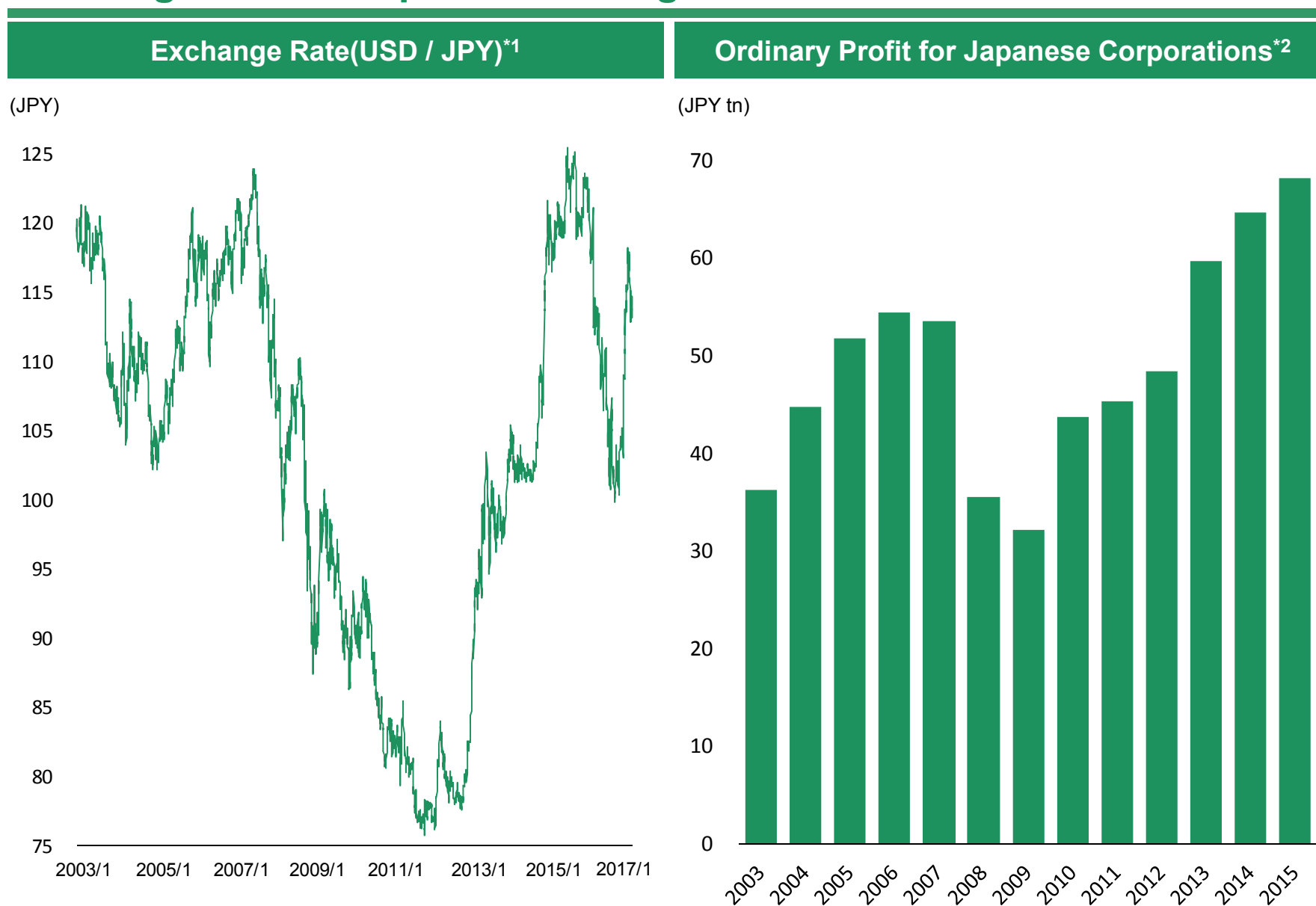
310



\*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



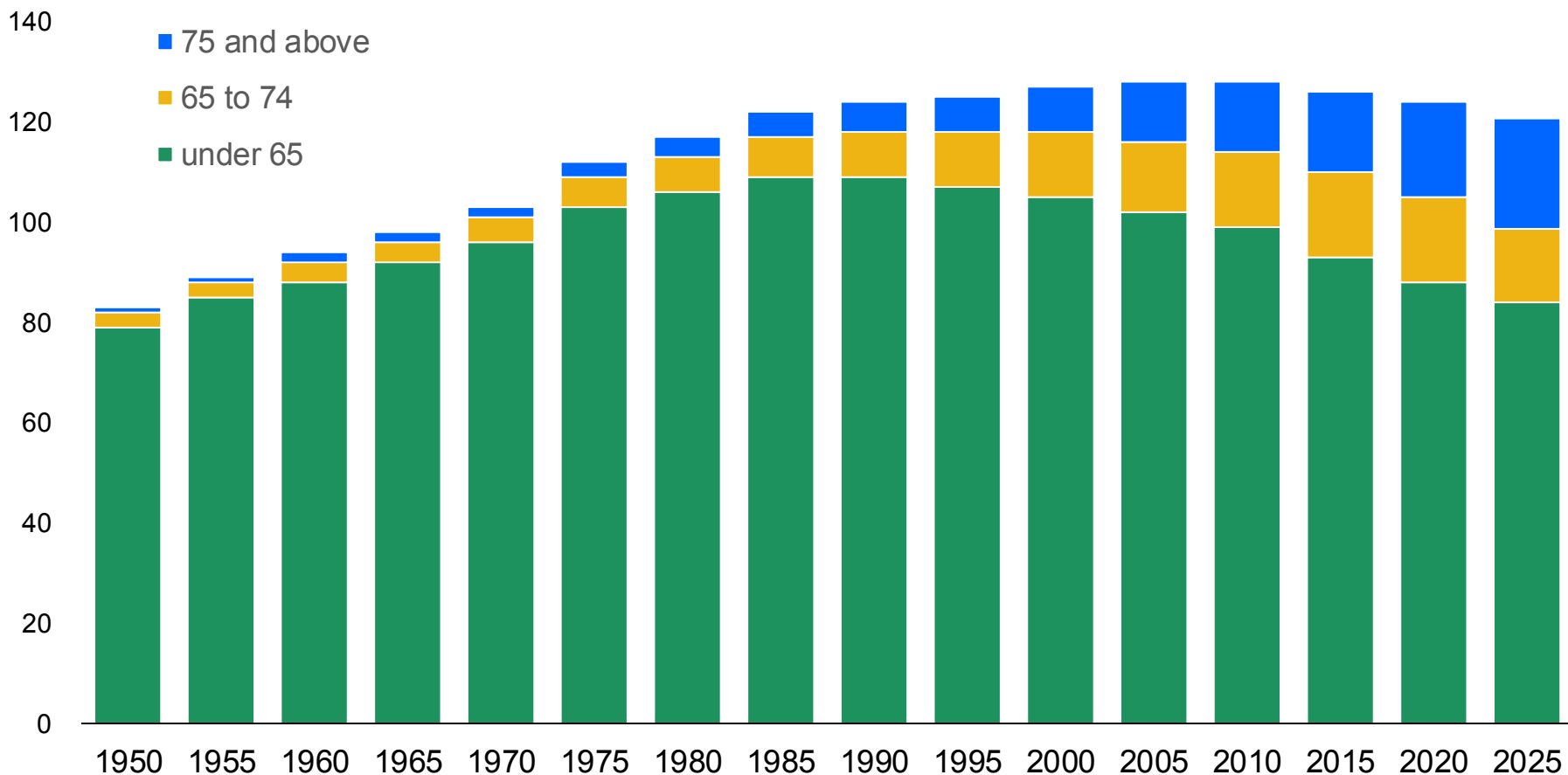
\*1. Source: Resona Bank

\*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 Trends by Age Groups

(mn individuals)

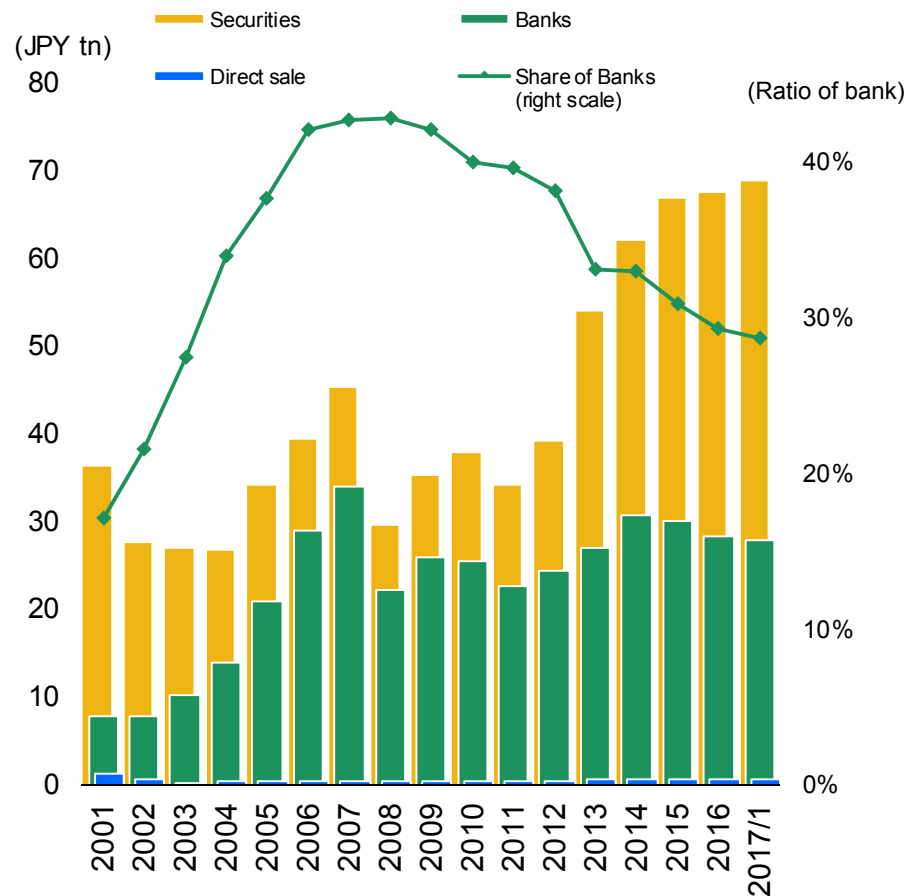


\*1. Source: National Institute of Population and Social Security Research

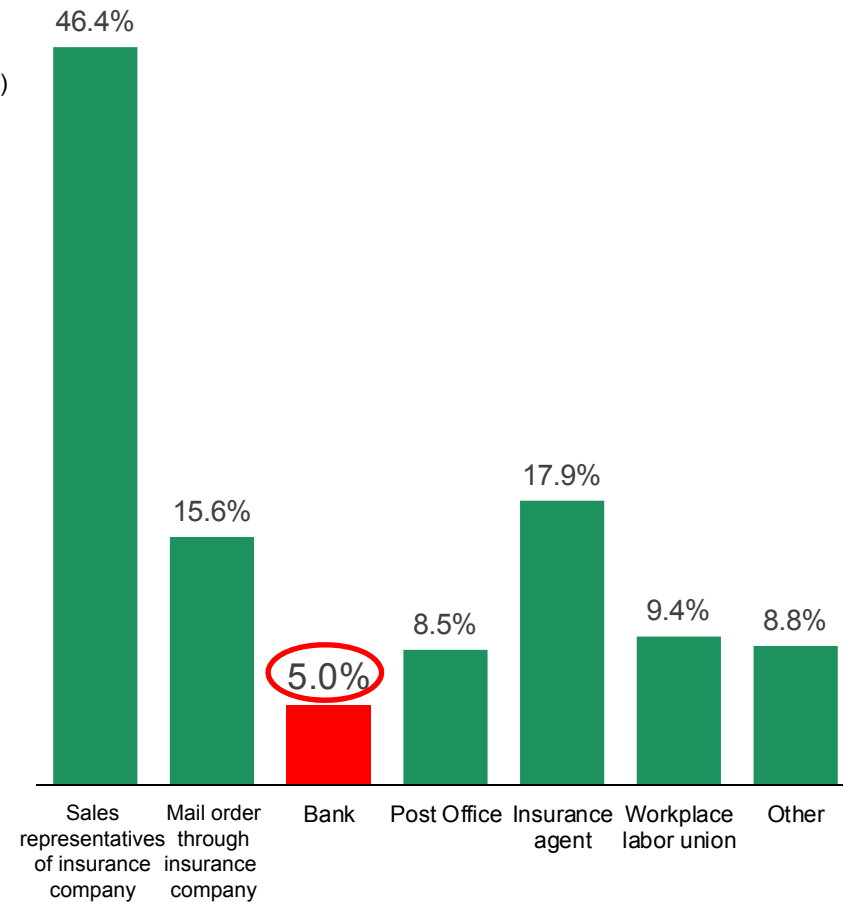
# Sales of Investment Trusts and Insurance

- 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

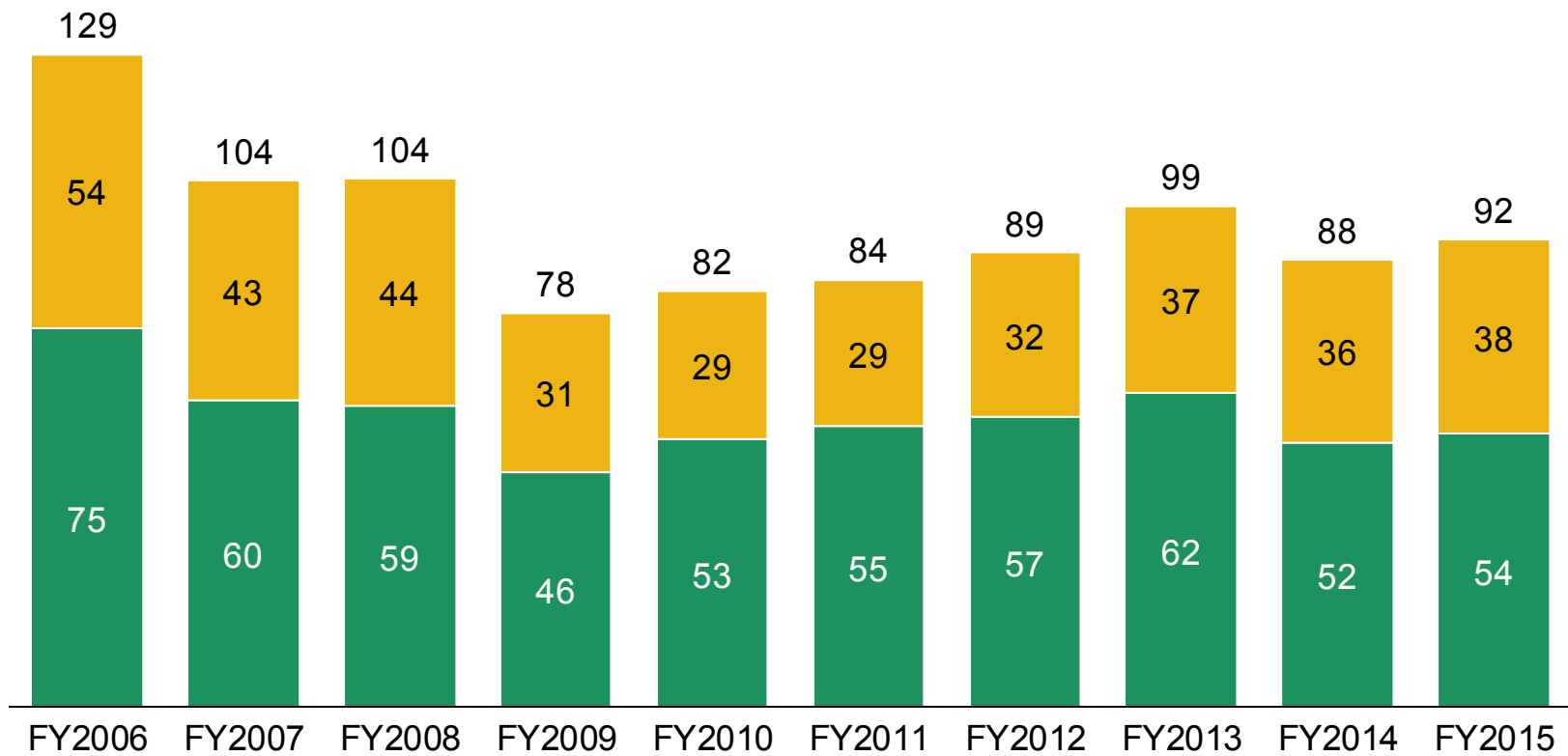
\*2. Source: Japanese Bankers Association

# Housing Data

## New Housing Construction Starts\*1

(10 thousands  
units)

■ Houses for rent  
■ Own houses, condominiums, etc



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

## Our Website Information

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

The screenshot shows the Resona Holdings, Inc. website. The header includes the company logo, name, and navigation links: Home, About Resona, Investor Relations, Corporate Social Responsibility, and News Release. The 'Investor Relations' link is highlighted with a yellow box and an arrow pointing to a yellow callout box. The callout box contains the text: 'Materials for investors are available from here'. The main content area features a large green banner with the text 'Link Together Shape Future' and 'Next Action'. To the right of the banner is a stock price section showing the TSE 1st (Code:8308) price as of 01/04/2017 12:47 JST, with a value of 623.1 JPY and a change of +23.6. Below the banner is a 'News Release' section with a link to 'Announcement of Financial Results for the First Half of Fiscal Year 2016' dated Nov. 11, 2016. On the right side of the page, there are two more links: 'About Resona' and 'Investor Relations'.

**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)  
<http://www.facebook.com/resonagr/>



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

# Proactively Communicating with Our Shareholders and Investors

## Publication of Integrated Report 2016 of Resona Group

<http://www.resona-gr.co.jp/holdings/english/investors/financial/integrated/index.html>

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





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*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**

