



Resona Holdings, Inc.

Consolidated Financial Results for the Third Quarter of Fiscal Year 2017 (Nine months ended December 31, 2017/ Unaudited) <under Japanese GAAP>



Code number: 8308

Stock exchange listings: Tokyo

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

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

Annual securities report issuing date: February 8, 2018 Dividends payment date: -

Trading accounts: Established

Supplemental information for the financial results: Available

Quarterly investor meeting presentation: Scheduled (for institutional investors and analysts)

Note: Amounts of less than one million yen are rounded down.

1. Consolidated Financial Results for the Third Quarter of Fiscal Year 2017 (April 1, 2017- December 31, 2017)

(1) Consolidated Operating Results (% represents the change from the previous fiscal year)

	Ordinary Income		Ordinary Profits		Net Income Attributable to Owners of the Parent	
	Million yen	%	Million yen	%	Million yen	%
1-3Q of FY2017	546,601	(-6.0)	168,034	(-6.6)	202,760	(56.2)
1-3Q of FY2016	581,468	(-1.0)	179,868	(-3.0)	129,813	(-0.3)

Note: Comprehensive Income: 1-3Q of FY2017: 317,219 million yen (86.4%) 1-3Q of FY2016: 170,150 million yen (53.5%)

	Net Income per Share of Common Stock	Diluted Net Income per Share of Common Stock
	Yen	Yen
1-3Q of FY2017	86.76	-
1-3Q of FY2016	54.04	-

Note: Diluted net income per share of common stock is not stated above since there was no dilutive share.

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Net Assets Attributable to Stockholders to Total Assets Ratio
	Million yen	Million yen	%
December 31, 2017	48,970,710	2,210,590	4.5
March 31, 2017	48,456,133	1,946,779	4.0

(Reference) Net Assets Attributable to Stockholders: December 31, 2017: 2,193,583 million yen

March 31, 2017: 1,928,924 million yen

Note: "Net Assets Attributable to Stockholders to Total Assets Ratio" is (Net assets at period-end minus Stock option at period-end minus Non-controlling interests at period-end) divided by Total assets at period-end. This ratio is not calculated based on the "Notification on Consolidated Capital Adequacy".

2. Dividends on Common Stock

	Dividends per Share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	-	9.50	-	9.50	19.00
FY2017	-	10.00	-	-	-
FY2017(Forecast)	-	-	-	10.00	20.00

Notes: 1. Revision of forecasts for dividends from the latest announcement: No

2. The figure above shows dividends on common stock. Please refer to following "Dividends on Classified Stock" with regard to the details of dividends on classified stock (unlisted) whose legal rights differ from common stock.

3. Earnings Targets for Fiscal Year 2017 (April 1, 2017 - March 31, 2018)

(% represents the change from the previous fiscal year)

	Net Income Attributable to Owners of the Parent		Net Income per Share of Common Stock
	<i>Million yen</i>	%	<i>Yen</i>
FY2017 (Full year)	235,000	(45.5)	99.96

- Note: 1. Revision of earnings targets from the latest announcement: Yes
 2. For calculation of targeted net income per common share, please refer to following "Formula for Targeted Net Income Attributable to Owners of the Parent per Share of Common Stock".
 3. The Group provides financial services, including credit card administration, etc. in addition to the banking and trust asset management and a variety of uncertainty caused by the economic environment, such as a negative interest rate introduced by the Bank of Japan, exists in the financial operation. Therefore, the Company discloses "Earnings targets" instead of "Earnings forecasts."

4. Other

- (1) Changes in significant subsidiaries during the period : Yes
 Newly Resona Merchant Bank Asia Limited
 Kansai Mirai Financial Group, Inc.
 Exclusion Daiwa Guarantee Co., Ltd was excluded.
- (2) Adoption of any particular accounting methods for quarterly consolidated financial statements: No
- (3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements
 A) Changes due to revision of accounting standards : No
 B) Changes due to other reasons : No
 C) Changes in accounting estimates : No
 D) Restatements : No
- (4) Number of Shares of Common Stock Outstanding
 A) Total outstanding shares including treasury stock at the end of the period
 December 31, 2017 : 2,324,118,091 shares
 March 31, 2017 : 2,324,118,091 shares
 B) Treasury stock at the end of the period
 December 31, 2017 : 9,476,831 shares
 March 31, 2017 : 2,372,831 shares
 C) Average outstanding shares during the period
 1-3Q of FY2017 : 2,315,733,617 shares
 1-3Q of FY2016 : 2,320,520,652 shares

- Note: Treasury stock at the end of the period included the stocks owned by ESOP-type Stock Benefit Trust for the Employee Shareholding Association.
 December 31, 2017 : 8,506,100 shares
 March 31, 2017 : 1,410,300 shares

Note: Status of the quarterly review process

This report is out of the scope of the external auditor's review procedure which is required by "Financial Instruments and Exchange Act."

Note: Disclaimer regarding Forward-looking Statements

Taking into consideration the business results up to the end of the 3rd quarter, Resona Holdings revised its earnings targets for the current fiscal year (full year), which it announced on November 10, 2017. For the details, please refer to "Announcement Regarding the Revision of Earnings Targets for the Fiscal Year 2017", which is released separately.

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable. Risks, uncertainties and other factors may cause actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

○ **Dividends on Classified Stock**

Dividends per share on classified stock whose legal rights differ from common stock are as follows:

		Dividends per Share				
		1 st Quarter-end	2 nd Quarter-end	3 rd Quarter-end	Fiscal Year-end	Total
Class Five Preferred Stock		<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>
	FY 2016	-	459.375	-	459.375	918.75
	FY 2017	-	459.375	-	-	-
	FY 2017 (Forecast)	-	-	-	459.375	918.75
Class Six Preferred Stock	FY 2016	-	618.75	-	-	618.75
	FY 2017	-	-	-	-	-
	FY 2017 (Forecast)	-	-	-	-	-

Note: Class Six Preferred Stock was acquired and cancelled on December 8, 2016.

Formula for Targeted Net Income Attributable to Owners of the Parent per Share of Common Stock

$$\frac{\text{Targeted net income attributable to owners of the parent} - \text{Forecasted amount equivalent to dividend for preferred stock}}{\text{Forecasted average number of shares of common stock (excluding treasury stock)}}$$

- Forecasted average number of shares of common stock (excluding treasury stock) : 2,314,167,440 shares
- Forecasted amount equivalent to dividend for preferred stock : 3,675 million yen

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1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2017	December 31, 2017
Assets		
Cash and due from banks	¥ 12,641,987	¥ 13,081,737
Call loans and bills bought	156,529	95,013
Monetary claims bought	355,371	344,775
Trading assets	348,599	377,334
Money held in trust	1,005	-
Securities	5,295,787	5,223,138
Loans and bills discounted	28,186,730	28,210,497
Foreign exchange assets	95,455	111,837
Other assets	770,601	928,600
Tangible fixed assets	304,035	301,858
Intangible fixed assets	31,377	29,608
Net defined benefit asset	16,849	18,045
Deferred tax assets	1,776	2,045
Customers' liabilities for acceptances and guarantees	418,574	393,210
Reserve for possible loan losses	(168,487)	(146,944)
Reserve for possible losses on investments	(62)	(47)
Total Assets	48,456,133	48,970,710
Liabilities and Net Assets		
Liabilities		
Deposits	40,675,397	41,387,089
Negotiable certificates of deposit	965,590	1,118,650
Call money and bills sold	709,383	444,588
Payables under repurchase agreements	5,000	5,000
Payables under securities lending transactions	429,272	402,207
Trading liabilities	184,809	146,072
Borrowed money	699,224	658,684
Foreign exchange liabilities	2,471	5,887
Bonds	456,336	385,141
Due to trust account	1,015,305	973,159
Other liabilities	829,747	746,865
Reserve for employees' bonuses	16,106	9,660
Net defined benefit liability	12,699	8,500
Other reserves	44,597	46,102
Deferred tax liabilities	24,722	9,316
Deferred tax liabilities for land revaluation	20,114	19,982
Acceptances and guarantees	418,574	393,210
Total Liabilities	46,509,354	46,760,120
Net Assets		
Capital stock	50,472	50,472
Retained earnings	1,436,150	1,590,247
Treasury stock	(1,181)	(5,431)
Total stockholders' equity	1,485,442	1,635,288
Net unrealized gains on available-for-sale securities	414,750	526,217
Net deferred gains on hedges	40,447	35,060
Revaluation reserve for land	44,032	43,712
Foreign currency translation adjustments	(3,143)	(3,778)
Remeasurements of defined benefit plans	(52,604)	(42,916)
Total accumulated other comprehensive income	443,482	558,294
Minority interests in consolidated subsidiaries	17,854	17,006
Total Net Assets	1,946,779	2,210,590
Total Liabilities and Net Assets	¥ 48,456,133	¥ 48,970,710

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	Third Quarter of FY2016 From April 1, 2016 to December 31, 2016	Third Quarter of FY2017 From April 1, 2017 to December 31, 2017
Ordinary income	¥ 581,468	¥ 546,601
Interest income	300,117	298,449
Interest on loans and bills discounted	244,050	230,601
Interest and dividends on securities	32,229	43,108
Trust fees	13,381	13,700
Fees and commissions	145,278	148,037
Trading income	5,393	4,479
Other operating income	41,240	18,320
Other ordinary income	76,056	63,613
Ordinary expenses	401,599	378,567
Interest expenses	20,981	23,443
Interest on deposits	7,805	9,864
Fees and commissions	41,362	41,675
Trading expenses	181	50
Other operating expenses	20,493	9,691
General and administrative expenses	269,929	269,472
Other ordinary expenses	48,653	34,234
Ordinary profits	179,868	168,034
Extraordinary gains	3,896	1,278
Gains on disposal of fixed assets	3,896	1,278
Extraordinary losses	1,362	2,267
Losses on disposal of fixed assets	914	579
Impairment losses on fixed assets	448	1,688
Income before income taxes	182,402	167,045
Income taxes – current	43,355	28,105
Income taxes – deferred	7,443	(64,208)
Total income taxes	50,798	36,102
Net income	131,603	203,147
Net income attributable to non-controlling interests	1,790	387
Net income attributable to owners of the parent	¥ 129,813	¥ 202,760

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Third Quarter of FY2016 From April 1, 2016 to December 31, 2016	Third Quarter of FY2017 From April 1, 2017 to December 31, 2017
Net income	¥ 131,603	¥ 203,147
Other comprehensive income	38,547	114,072
Net unrealized gains (losses) on available-for-sale securities	41,894	111,480
Net deferred gains (losses) on hedges	(6,652)	(5,387)
Revaluation reserve for land	-	(6)
Foreign currency translation adjustments	(5,364)	(1,670)
Remeasurements of defined benefit plans	8,677	9,697
Share of other comprehensive income of affiliates accounted for using the equity method	(8)	(40)
Total comprehensive income	170,150	317,219
Comprehensive income attributable to:		
Shares of the parent	171,432	317,885
Non-controlling interests	¥ (1,281)	¥ (665)

(3) Note on Going-Concern Assumption

Not applicable

(4) Note for Significant Changes in the Amount of Stockholders' Equity

Not applicable

[Reference]

Statement of Trust Assets and Liabilities

Assets				
	March 31, 2017		December 31, 2017	
	Million yen	%	Million yen	%
Loans and bills discounted	¥ 31,092	0.12	¥ 31,751	0.11
Securities	0	0.00	0	0.00
Beneficiary rights	24,987,140	93.90	26,067,775	94.19
Securities held in custody account	14,987	0.06	15,898	0.06
Monetary claims	186,134	0.70	212,096	0.77
Tangible fixed assets	353,537	1.33	349,774	1.26
Intangible fixed assets	3,012	0.01	2,753	0.01
Other claims	4,989	0.02	4,901	0.02
Due from banking account	1,015,305	3.81	973,159	3.52
Cash and due from banks	12,740	0.05	18,128	0.06
Total assets	¥ 26,608,939	100.00	¥ 27,676,239	100.00

Liabilities				
	March 31, 2017		December 31, 2017	
	Million yen	%	Million yen	%
Money trusts	¥ 9,422,640	35.41	¥ 9,831,483	35.52
Pension trusts	2,615,046	9.83	2,432,264	8.79
Property formation benefit trusts	1,003	0.00	1,065	0.00
Securities investment trusts	13,401,496	50.36	14,206,718	51.33
Money entrusted, other than money trusts	321,509	1.21	363,530	1.31
Securities trusts	15,028	0.06	15,940	0.06
Monetary claims trusts	202,136	0.76	220,651	0.80
Land and fixtures trusts	22,841	0.09	21,929	0.08
Composite trusts	607,237	2.28	582,654	2.11
Total liabilities	¥ 26,608,939	100.00	¥ 27,676,239	100.00

Notes: 1. Figures in the above table exclude trusts whose monetary value cannot be reliably estimated.

2. Subsidiary subject to aggregation is Resona Bank, Limited, only.

Reference Material for the Third Quarter of FY2017

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Note.1: Figures reported herein are unaudited.

Note.2: Capital adequacy ratio will be announced soon after the calculation is completed.

Note: [Total of three banks] Sum of non-consolidated figures for Resona Bank (including the trust account), Saitama Resona Bank, and Kinki Osaka Bank.

1. Statements of income

(1)Resona Holdings (Consolidated)

(Millions of yen)

		1-3Q FY 2017	Change	1-3Q FY 2016
Ordinary income	1	546,601	(34,866)	581,468
Consolidated gross operating profit	2	408,128	(14,266)	422,394
Interest income	3	275,006	(4,130)	279,136
Trust fees (after disposal of problem loans in the trust account)	4	13,700	318	13,381
<Disposal of problem loans in the trust account>	5	0	(2)	2
Fees and commissions	6	106,362	2,446	103,916
Trading income	7	4,429	(782)	5,212
Other operating income	8	8,629	(12,118)	20,747
Expenses(excluding non-recurring items)	9	(254,909)	1,894	(256,804)
Personnel expenses	10	(123,358)	(79)	(123,279)
Non-personnel expenses	11	(114,220)	1,134	(115,354)
Taxes	12	(17,330)	839	(18,170)
Actual net operating profit (2-5+9+19)	13	153,478	(12,189)	165,667
Provision to general reserve for possible loan losses	14	-	-	-
Other gains/(losses), net	15	14,815	536	14,279
Net gains/(losses) on stocks	16	21,985	(231)	22,216
Disposal of problem loans	17	(11,038)	(1,205)	(9,832)
Reversal of credit expenses	18	24,323	(7,173)	31,496
Equity in earnings of investments in affiliates	19	260	179	80
Ordinary profit	20	168,034	(11,834)	179,868
Extraordinary gains	21	1,278	(2,617)	3,896
Extraordinary losses	22	(2,267)	(905)	(1,362)
Income before income taxes	23	167,045	(15,356)	182,402
Income taxes - current	24	(28,105)	15,249	(43,355)
Income taxes - deferred	25	64,208	71,651	(7,443)
Net income	26	203,147	71,544	131,603
Net income attributable to non-controlling interests	27	(387)	1,402	(1,790)
Net income attributable to owners of the parent	28	202,760	72,946	129,813
Credit expense (5+14+17+18)	29	13,284	(8,382)	21,666
Disposal of problem loans in the trust account	30	0	(2)	2
Provision to general reserve for possible loan losses	31	11,916	(3,495)	15,411
Write-off of loans	32	(11,066)	(1,713)	(9,353)
Provision to specific reserve for possible loan losses	33	2,128	(2,126)	4,254
Provision to special reserve for certain overseas loans	34	0	(0)	0
Other disposal of problem loans	35	28	507	(479)
Gains on recoveries of written-off loans	36	10,278	(1,552)	11,830

○ ROE

(%)

	1-3Q FY 2017	Change	1-3Q FY 2016
ROE based on net income attributable to owners of the parent	18.26	5.58	12.67

(Note)

$$\text{ROE} = \frac{(\text{Net income attributable to owners of the parent (1-3Q)} - \text{Amount equivalent to dividends for preferred shares}) \times 365/275}{\{(\text{Total stockholders' equity at beginning of period} - \text{Aggregate amount paid in for preferred shares at beginning of period}) + (\text{Total stockholders' equity at end of period} - \text{Aggregate amount paid in for preferred shares at end of period})\} / 2}$$

(2) Total of three banks, Non-consolidated figures of each bank

(Millions of yen)

		Total of three banks [Non-consolidated]			Resona Bank			
		1-3Q		1-3Q	1-3Q		1-3Q	
		FY 2017	Change	FY 2016	FY 2017	Change	FY 2016	
Gross operating profit	(2+4+6+7+8)	1	379,284	(9,301)	388,585	252,942	(11,686)	264,629
Interest income		2	276,654	901	275,753	174,146	(3,359)	177,506
<Net interest income from loans and deposits (Domestic operations, including NCDs)>		3	216,652	(15,041)	231,693	137,426	(8,771)	146,197
Trust fees (after disposal of problem loans in trust account)		4	13,724	340	13,383	13,724	340	13,383
<Disposal of problem loans in the trust account>		5	0	(2)	2	0	(2)	2
Fees and commissions		6	76,489	2,331	74,157	53,601	795	52,805
Trading income		7	4,398	(703)	5,102	4,398	(703)	5,102
Other operating income		8	8,017	(12,171)	20,188	7,070	(8,759)	15,830
Net gains/(losses) on bonds		9	4,182	3,076	1,106	3,918	5,266	(1,347)
Expenses (excluding non-recurring items)		10	(240,846)	2,409	(243,255)	(158,231)	1,181	(159,412)
Personnel expenses		11	(108,981)	309	(109,291)	(69,889)	226	(70,115)
Non-personnel expenses		12	(115,532)	1,253	(116,786)	(78,110)	192	(78,303)
Taxes		13	(16,331)	846	(17,177)	(10,231)	762	(10,993)
Actual net operating profit	(1+10-5)	14	138,438	(6,889)	145,327	94,711	(10,503)	105,214
Core net operating profit	(14-9)	15	134,255	(9,966)	144,221	90,792	(15,769)	106,562
Provision to general reserve for possible loan losses		16	-	-	-	-	-	-
Net operating profit	(1+10+16)	17	138,438	(6,891)	145,330	94,711	(10,505)	105,216
Other gains/(losses), net		18	71,196	59,801	11,394	53,887	46,887	6,999
Net gains/(losses) on stocks		19	74,901	52,692	22,208	56,283	36,937	19,346
Gains on sale		20	77,425	50,108	27,316	57,794	33,569	24,225
Losses on sale		21	(2,519)	2,586	(5,106)	(1,507)	3,370	(4,877)
Losses on devaluation		22	(4)	(2)	(1)	(4)	(2)	(1)
Disposal of problem loans		23	(6,044)	2,201	(8,246)	(4,939)	1,210	(6,149)
Reversal of credit expenses		24	21,141	(5,565)	26,707	15,356	(4,267)	19,623
Other		25	(18,801)	10,473	(29,274)	(12,812)	13,008	(25,820)
Ordinary profit	(17+18)	26	209,634	52,910	156,724	148,598	36,382	112,216
Extraordinary gains/(losses), net		27	(1,025)	(3,473)	2,448	(1,468)	(718)	(749)
Net gains/(losses) on disposal of fixed assets		28	662	(2,233)	2,896	(136)	183	(320)
Impairment losses on fixed assets		29	(1,688)	(1,240)	(448)	(1,331)	(902)	(429)
Income before income taxes	(26+27)	30	208,609	49,436	159,173	147,130	35,664	111,466
Income taxes-current		31	(23,721)	14,376	(38,098)	(14,084)	14,685	(28,770)
Income taxes-deferred		32	(7,276)	(761)	(6,515)	(2,979)	(674)	(2,305)
Net income	(30+31+32)	33	177,610	63,051	114,559	130,066	49,675	80,390

Credit expense	(5+16+23+24)	34	15,096	(3,366)	18,462	10,416	(3,059)	13,476
Disposal of problem loans in the trust account		35	0	(2)	2	0	(2)	2
Provision to general reserve for possible loan losses		36	5,144	(3,795)	8,939	2,140	(3,894)	6,034
Write-off of loans		37	(6,107)	1,689	(7,797)	(4,677)	1,352	(6,030)
Provision to specific reserve for possible loan losses		38	5,794	(1,382)	7,176	5,611	(265)	5,876
Provision to special reserve for certain overseas loans		39	0	(0)	0	0	(0)	0
Other disposal of problem loans		40	62	512	(449)	(262)	(142)	(119)
Gains on recoveries of written-off claims		41	10,202	(388)	10,590	7,604	(107)	7,712

(Notes)

- 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.
- Core net operating profit: Actual net operating profit less net gains/(losses) on bonds.

○ Interest rate spreads (domestic operations)

(%)

	Total of three banks [Non-consolidated]			Resona Bank		
	1-3Q		1-3Q	1-3Q		1-3Q
	FY 2017	Change	FY 2016	FY 2017	Change	FY 2016
Average interest rate of loans and bills discounted (A)	1.06	(0.09)	1.15	1.02	(0.08)	1.10
Average interest rate of deposits and negotiable CDs (B)	0.01	(0.00)	0.01	0.01	(0.00)	0.01
Loan-to-deposit spread (A) - (B)	1.04	(0.09)	1.14	1.01	(0.08)	1.09

(Millions of yen)

		Saitama Resona Bank			Kinki Osaka Bank		
		1-3Q		1-3Q	1-3Q		1-3Q
		FY 2017	Change	FY 2016	FY 2017	Change	FY 2016
Gross operating profit (2+4+6+7+8)	1	90,923	(1,366)	92,290	35,418	3,752	31,665
Interest income	2	74,766	944	73,822	27,740	3,316	24,424
<Net interest income from loans and deposits (Domestic operations, including NCDs)>	3	59,350	(4,132)	63,482	19,876	(2,137)	22,013
Trust fees (after disposal of problem loans in trust account)	4	-	-	-	-	-	-
<Disposal of problem loans in the trust account>	5	-	-	-	-	-	-
Fees and commissions	6	16,055	236	15,818	6,832	1,299	5,533
Trading income	7	-	-	-	-	-	-
Other operating income	8	101	(2,548)	2,649	845	(863)	1,708
Net gains/(losses) on bonds	9	(350)	(1,319)	969	614	(869)	1,484
Expenses (excluding non-recurring items)	10	(54,991)	814	(55,806)	(27,623)	413	(28,036)
Personnel expenses	11	(24,422)	213	(24,636)	(14,669)	(130)	(14,539)
Non-personnel expenses	12	(26,343)	687	(27,030)	(11,078)	373	(11,452)
Taxes	13	(4,225)	(85)	(4,139)	(1,874)	169	(2,044)
Actual net operating profit (1+10-5)	14	35,932	(551)	36,484	7,794	4,165	3,629
Core net operating profit (14-9)	15	36,282	767	35,514	7,180	5,035	2,144
Provision to general reserve for possible loan losses	16	-	-	-	-	-	-
Net operating profit (1+10+16)	17	35,932	(551)	36,484	7,794	4,165	3,629
Other gains/(losses), net	18	14,911	12,699	2,211	2,397	214	2,183
Net gains/(losses) on stocks	19	16,239	14,333	1,905	2,378	1,421	956
Gains on sale	20	17,240	15,105	2,135	2,389	1,433	956
Losses on sale	21	(1,000)	(771)	(229)	(11)	(11)	-
Losses on devaluation	22	(0)	(0)	-	-	-	-
Disposal of problem loans	23	(717)	319	(1,036)	(388)	672	(1,060)
Reversal of credit expenses	24	3,807	937	2,869	1,978	(2,235)	4,213
Other	25	(4,417)	(2,890)	(1,527)	(1,570)	355	(1,926)
Ordinary profit (17+18)	26	50,843	12,148	38,695	10,192	4,379	5,812
Extraordinary gains/(losses), net	27	(269)	(184)	(84)	711	(2,570)	3,282
Net gains/(losses) on disposal of fixed assets	28	(65)	2	(68)	865	(2,419)	3,285
Impairment losses on fixed assets	29	(203)	(187)	(15)	(154)	(150)	(3)
Income before income taxes (26+27)	30	50,574	11,963	38,611	10,903	1,808	9,095
Income taxes-current	31	(9,211)	(332)	(8,879)	(425)	23	(449)
Income taxes-deferred	32	(2,010)	500	(2,510)	(2,287)	(587)	(1,700)
Net income (30+31+32)	33	39,352	12,130	27,222	8,191	1,245	6,946

Credit expense (5+16+23+24)	34	3,089	1,256	1,833	1,589	(1,563)	3,153
Disposal of problem loans in the trust account	35	-	-	-	-	-	-
Provision to general reserve for possible loan losses	36	2,289	331	1,958	715	(232)	947
Write-off of loans	37	(1,047)	(164)	(883)	(383)	500	(884)
Provision to specific reserve for possible loan losses	38	(102)	260	(363)	285	(1,377)	1,662
Provision to special reserve for certain overseas loans	39	-	-	-	-	-	-
Other disposal of problem loans	40	330	483	(153)	(5)	171	(176)
Gains on recoveries of written-off claims	41	1,620	346	1,274	977	(626)	1,603

(Notes)

1. 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.
2. Core net operating profit: Actual net operating profit less net gains/(losses) on bonds.

○ Interest rate spreads (domestic operations)

(%)

	Saitama Resona Bank			Kinki Osaka Bank		
	1-3Q		1-3Q	1-3Q		1-3Q
	FY 2017	Change	FY 2016	FY 2017	Change	FY 2016
Average interest rate of loans and bills discounted (A)	1.13	(0.09)	1.22	1.16	(0.13)	1.29
Average interest rate of deposits and negotiable CDs (B)	0.01	(0.00)	0.01	0.03	(0.00)	0.03
Loan-to-deposit spread (A) - (B)	1.12	(0.09)	1.21	1.13	(0.12)	1.25

2. Claims disclosure according to the Financial Reconstruction Act

(Millions of yen, %)

<Total of three banks>		End of Dec.			End of Mar.	End of Dec.
		2017 (A)	(A)-(B)	(A)-(C)	2017 (B)	2016 (C)
	Unrecoverable or valueless claims	49,494	(14,170)	(17,505)	63,664	66,999
	Risk claims	219,361	(15,790)	(17,838)	235,151	237,199
	Special attention loans	89,272	(7,363)	(16,471)	96,635	105,744
	Financial Reconstruction Act subtotal [A]	358,128	(37,323)	(51,815)	395,452	409,943
	Normal claims	28,876,687	84,104	558,121	28,792,583	28,318,566
	Financial Reconstruction Act total [B]	29,234,816	46,780	506,305	29,188,036	28,728,510
	Partial direct write-offs	116,769	(18,053)	(33,261)	134,823	150,030
	NPL Ratio [A] / [B]	1.22	(0.12)	(0.20)	1.35	1.42

<Resona Bank>

	Unrecoverable or valueless claims	23,367	(12,629)	(17,011)	35,996	40,378
	Risk claims	112,295	(5,846)	(8,994)	118,141	121,289
	Special attention loans	69,525	(340)	(5,656)	69,866	75,182
	Financial Reconstruction Act subtotal [A]	205,187	(18,816)	(31,662)	224,004	236,850
	Normal claims	19,397,479	65,479	419,106	19,332,000	18,978,372
	Financial Reconstruction Act total [B]	19,602,667	46,662	387,444	19,556,004	19,215,222
	Partial direct write-offs	92,070	(13,999)	(27,052)	106,070	119,123
	NPL Ratio [A] / [B]	1.04	(0.09)	(0.18)	1.14	1.23

<Saitama Resona Bank>

	Unrecoverable or valueless claims	18,830	(998)	492	19,828	18,337
	Risk claims	66,490	(5,284)	(4,077)	71,775	70,567
	Special attention loans	12,664	(6,428)	(9,007)	19,093	21,671
	Financial Reconstruction Act subtotal [A]	97,985	(12,711)	(12,591)	110,697	110,577
	Normal claims	7,106,686	57,486	98,635	7,049,200	7,008,051
	Financial Reconstruction Act total [B]	7,204,671	44,774	86,043	7,159,897	7,118,628
	Partial direct write-offs	15,907	(2,063)	(2,652)	17,970	18,560
	NPL Ratio [A] / [B]	1.36	(0.18)	(0.19)	1.54	1.55

<Kinki Osaka Bank>

	Unrecoverable or valueless claims	7,296	(541)	(987)	7,838	8,284
	Risk claims	40,575	(4,659)	(4,766)	45,235	45,342
	Special attention loans	7,082	(593)	(1,807)	7,676	8,890
	Financial Reconstruction Act subtotal [A]	54,955	(5,795)	(7,561)	60,750	62,516
	Normal claims	2,372,522	(38,861)	40,379	2,411,383	2,332,142
	Financial Reconstruction Act total [B]	2,427,477	(44,656)	32,817	2,472,133	2,394,659
	Partial direct write-offs	8,790	(1,991)	(3,555)	10,782	12,346
	NPL Ratio [A] / [B]	2.26	(0.19)	(0.34)	2.45	2.61

3. Unrealized gains/(losses) on marketable securities (Held-to-maturity debt securities, stocks of subsidiaries and affiliates and available-for-sale securities)

(Millions of yen)

<Consolidated>	B/S Amount (End of Dec. 2017)	Change from End of Mar. 2017	Unrealized gains/(losses)			Change from End of Mar. 2017
			(End of Dec. 2017)	Gain	Loss	
Bonds held to maturity	2,093,193	(184,518)	55,015	55,746	(731)	(12,482)
Available-for-sale securities	3,068,172	104,372	713,852	731,409	(17,556)	157,953
Stocks	1,066,883	154,456	720,439	721,626	(1,187)	156,693
Bonds	1,252,911	(176,227)	(977)	3,803	(4,780)	1,690
JGB	216,750	(321,933)	(2,795)	57	(2,853)	2,693
Other	748,376	126,143	(5,609)	5,979	(11,588)	(430)

(Millions of yen)

<Total of three banks>	B/S Amount (End of Dec. 2017)	Change from End of Mar. 2017	Unrealized gains/(losses)			Change from End of Mar. 2017
			(End of Dec. 2017)	Gain	Loss	
Bonds held to maturity	2,093,193	(184,518)	55,015	55,746	(731)	(12,482)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	3,060,642	101,907	713,638	730,864	(17,225)	158,221
Stocks	1,066,151	154,465	719,998	721,185	(1,187)	156,703
Bonds	1,252,908	(176,227)	(977)	3,803	(4,780)	1,690
Other	741,582	123,669	(5,381)	5,876	(11,257)	(172)

<Resona Bank>

Bonds held to maturity	1,337,672	(114,172)	38,097	38,097	-	(9,378)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	1,919,770	194,450	595,163	606,923	(11,759)	137,311
Stocks	879,949	133,734	599,381	600,303	(922)	135,961
Bonds	575,872	18,933	463	3,316	(2,852)	(117)
Other	463,947	41,781	(4,680)	3,303	(7,984)	1,466

<Saitama Resona Bank>

Bonds held to maturity	547,909	(74,047)	13,989	13,989	(0)	(3,489)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	548,818	(217,744)	107,569	111,657	(4,087)	20,575
Stocks	171,889	18,515	110,271	110,518	(246)	18,526
Bonds	159,723	(330,168)	(930)	335	(1,265)	1,933
Other	217,206	93,909	(1,772)	804	(2,576)	115

<Kinki Osaka Bank>

Bonds held to maturity	207,611	3,702	2,928	3,659	(731)	385
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	592,054	125,201	10,905	12,283	(1,377)	335
Stocks	14,312	2,215	10,344	10,363	(18)	2,215
Bonds	517,312	135,007	(511)	151	(662)	(125)
Other	60,428	(12,021)	1,071	1,767	(696)	(1,754)

Note: The figures presented in the table 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.

4. Balance of deposits and loans

(Millions of yen)

	End of Dec. 2017 (A)	(A)-(B)	(A)-(C)	End of Mar. 2017 (B)	End of Dec. 2016 (C)
<Total of three banks>					
Deposits (Term-end)	41,486,832	760,604	2,036,348	40,726,227	39,450,484
Deposits (Average balance)	40,706,363	1,956,416	2,219,447	38,749,947	38,486,915
Trust principal (Term-end)	997,018	(34,719)	20,936	1,031,738	976,081
Trust principal (Average balance)	915,581	(86,119)	(120,517)	1,001,700	1,036,098
Loans and bills discounted (Term-end)	28,446,386	34,359	516,433	28,412,027	27,929,953
Banking account	28,414,635	33,700	517,511	28,380,934	27,897,124
Trust account	31,751	658	(1,077)	31,092	32,828
Loans and bills discounted (Average balance)	28,088,017	419,595	491,727	27,668,422	27,596,290
Banking account	28,057,807	423,806	496,717	27,634,000	27,561,089
Trust account	30,210	(4,211)	(4,990)	34,422	35,200

<Resona Bank>

Deposits (Term-end)	25,339,669	374,420	1,363,686	24,965,248	23,975,983
Deposits (Average balance)	24,851,148	1,411,775	1,627,484	23,439,372	23,223,663
Trust principal (Term-end)	997,018	(34,719)	20,936	1,031,738	976,081
Trust principal (Average balance)	915,581	(86,119)	(120,517)	1,001,700	1,036,098
Loans and bills discounted (Term-end)	18,926,467	50,631	415,593	18,875,836	18,510,874
Banking account	18,894,716	49,972	416,671	18,844,743	18,478,045
Trust account	31,751	658	(1,077)	31,092	32,828
Loans and bills discounted (Average balance)	18,648,209	317,558	381,222	18,330,651	18,266,986
Banking account	18,617,999	321,770	386,213	18,296,229	18,231,786
Trust account	30,210	(4,211)	(4,990)	34,422	35,200

<Saitama Resona Bank>

Deposits (Term-end)	12,857,283	332,047	615,046	12,525,235	12,242,237
Deposits (Average balance)	12,615,291	495,363	537,611	12,119,928	12,077,679
Loans and bills discounted (Term-end)	7,131,833	36,201	75,126	7,095,632	7,056,707
Loans and bills discounted (Average balance)	7,084,050	93,602	105,766	6,990,447	6,978,284

<Kinki Osaka Bank>

Deposits (Term-end)	3,289,879	54,136	57,616	3,235,743	3,232,263
Deposits (Average balance)	3,239,924	49,278	54,352	3,190,646	3,185,572
Loans and bills discounted (Term-end)	2,388,085	(52,474)	25,713	2,440,559	2,362,372
Loans and bills discounted (Average balance)	2,355,757	8,433	4,738	2,347,323	2,351,019

<Reference> Domestic breakdown of individual, corporate and other deposits (Millions of yen)

<Total of three banks>	End of Dec. 2017 (A)	(A)-(B)	(A)-(C)	End of Mar. 2017 (B)	End of Dec. 2016 (C)
Domestic individual deposits (Term-end)	26,437,082	1,011,075	935,964	25,426,006	25,501,118
Liquid deposits	18,505,285	1,118,436	1,087,031	17,386,848	17,418,253
Time deposits	7,699,795	(96,559)	(144,498)	7,796,355	7,844,294
Domestic corporate deposits (Term-end)	12,680,317	69,006	749,175	12,611,310	11,931,142
Liquid deposits	9,794,797	339,030	813,899	9,455,767	8,980,898
Time deposits	2,461,388	(162,889)	(73,111)	2,624,278	2,534,500

<Resona Bank>

Domestic individual deposits (Term-end)	13,924,276	484,535	480,240	13,439,741	13,444,035
Liquid deposits	9,910,484	555,733	573,663	9,354,750	9,336,820
Time deposits	3,818,791	(60,757)	(87,857)	3,879,548	3,906,648
Domestic corporate deposits (Term-end)	9,639,780	14,334	579,552	9,625,445	9,060,227
Liquid deposits	7,501,919	136,052	556,673	7,365,866	6,945,246
Time deposits	1,747,662	(33,178)	17,879	1,780,841	1,729,783

<Saitama Resona Bank>

Domestic individual deposits (Term-end)	9,964,191	481,913	432,764	9,482,277	9,531,426
Liquid deposits	7,081,822	483,089	443,521	6,598,732	6,638,301
Time deposits	2,852,400	(1,473)	(10,194)	2,853,874	2,862,595
Domestic corporate deposits (Term-end)	2,344,002	73,797	145,927	2,270,205	2,198,075
Liquid deposits	1,807,558	215,338	235,532	1,592,220	1,572,026
Time deposits	515,756	(133,122)	(91,533)	648,878	607,290

<Kinki Osaka Bank>

Domestic individual deposits (Term-end)	2,548,614	44,626	22,958	2,503,988	2,525,656
Liquid deposits	1,512,979	79,613	69,846	1,433,365	1,443,132
Time deposits	1,028,603	(34,328)	(46,446)	1,062,932	1,075,050
Domestic corporate deposits (Term-end)	696,534	(19,124)	23,695	715,659	672,839
Liquid deposits	485,319	(12,361)	21,693	497,680	463,625
Time deposits	197,969	3,410	542	194,558	197,427

(Notes)

- Figures are based on the reports submitted to Bank of Japan. (excluding overseas loans and loans in Japan Offshore Banking Account)
- Liquid deposits = current deposits + ordinary deposits + saving deposits + deposits at notice

<Reference> Balance of investment trust and other investment products for individual customers (Millions of yen)

<Total of three banks>	End of Dec. 2017 (A)	(A)-(B)	(A)-(C)	End of Mar. 2017 (B)	End of Dec. 2016 (C)
Investment trust (Including fund wrap)	1,803,332	43,979	30,516	1,759,353	1,772,816
Public bond	388,185	(52,462)	(74,046)	440,648	462,231
Insurance	1,894,898	8,520	(5,683)	1,886,378	1,900,582

<Resona Bank>

Investment trust (Including fund wrap)	1,030,356	50,990	47,965	979,366	982,391
Public bond	138,978	(19,796)	(29,425)	158,774	168,403
Insurance	926,404	2,546	863	923,857	925,541

<Saitama Resona Bank>

Investment trust (Including fund wrap)	539,549	(3,553)	(9,309)	543,102	548,859
Public bond	244,402	(31,579)	(42,778)	275,982	287,181
Insurance	722,036	4,317	(4,646)	717,719	726,682

<Kinki Osaka Bank>

Investment trust (Including fund wrap)	233,426	(3,458)	(8,139)	236,884	241,565
Public bond	4,804	(1,086)	(1,841)	5,891	6,646
Insurance	246,457	1,656	(1,900)	244,801	248,358

(Note)

Investment trust: based on market prices at each period-end

Public bond: Government bonds, local government bonds, and government-guaranteed bonds in custody accounts. (amounts in par value and on a delivery date basis)

Insurance: based on insurance premiums paid (yen equivalent)