

# Business Results for the 1Q of FY2017 and Outline of the New Medium-term Management Plan



**Resona Holdings**

**September 2017**

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<ol style="list-style-type: none"> <li>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</li> <li>Negative figures represent items that would reduce net income</li> </ol>			

## **Opening Remarks**

### **Resona Group at a Glance**

### **Outline of Business Results for the 1Q of FY2017 and Updates on Major Businesses**

### **Medium-term Management Plan**

### **Direction of Capital Management**

### **Reference Material**

## Opening Remarks: 3 points I would like to convey today

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1

- **Results for the 1Q of FY2017 in line with our plan.**
  - Net interest income and fee income in line with the plan.
  - Loans to SMEs increased by 3.7%, YoY.
  - Credit related expenses kept at a low level and recorded reversal gains.

2

- **Medium-term management plan**
  - Realize our vision of “Retail No.1” through three Omni-strategies.
  - Develop tolerance to prolonged ultra-low interest rate environment via income and cost structure reforms.
  - Towards the final contract to be signed by the end of September for planned management integration of 3 regional banks in the Kansai region, integration talks have steadily progressed as planned.

3

- **Direction of capital management**
  - Seek optimal balance among
    - 1) higher capital adequacy,
    - 2) investment for future growth, and
    - 3) increase in shareholder returns
  - Consider further increase in shareholder returns while maintaining stable dividends

**Opening Remarks**

**Resona Group at a Glance**

**Outline of Business Results for the 1Q of FY2017  
and Updates on Major Businesses**

**Medium-term Management Plan**

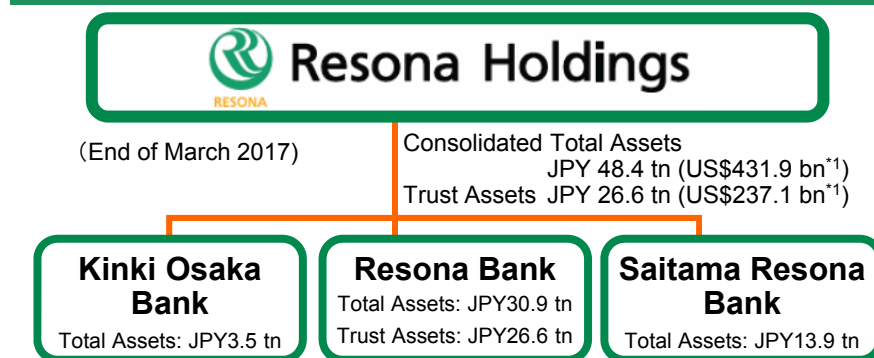
**Direction of Capital Management**

**Reference Material**

# Resona Group at a Glance

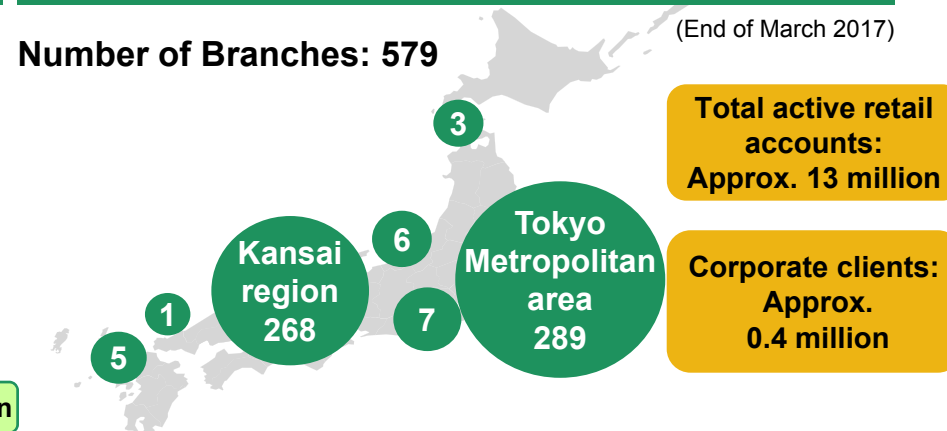
- Resona focuses management resources on Tokyo and Kansai metropolitan areas and retail banking business
- Resona Group is the largest retail-focused bank with full-line trust capabilities in Japan with a well-established customer base comprising approx. 13 million retail accounts and approx. 0.4 million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

## Corporate Structure

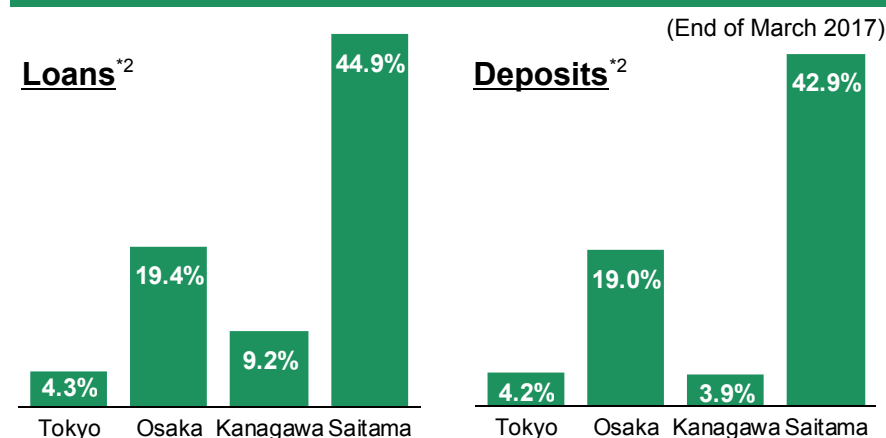


The largest retail-focused bank with full-line trust capabilities in Japan

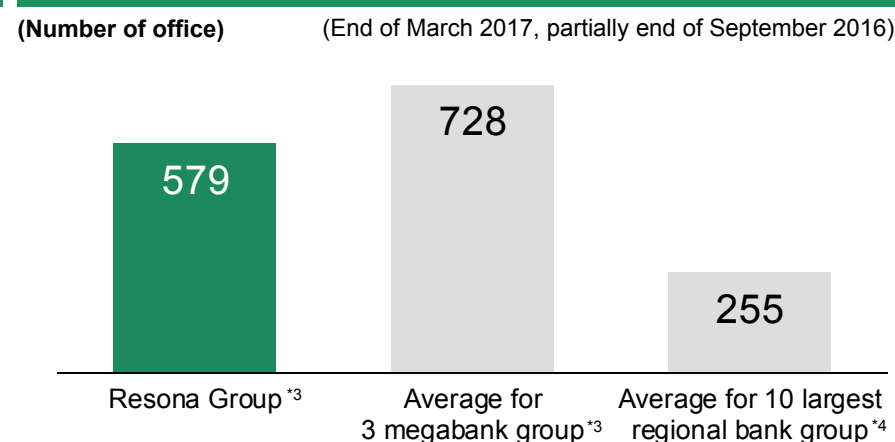
## Franchise Value



## Market Share



## Number of Manned Branch Office



<sup>\*1</sup> 1USD=JPY112.18 <sup>\*2</sup> Total of group banks, market share based on deposits, and loans and bills discounted by prefecture (domestically licensed banks from BOJ)

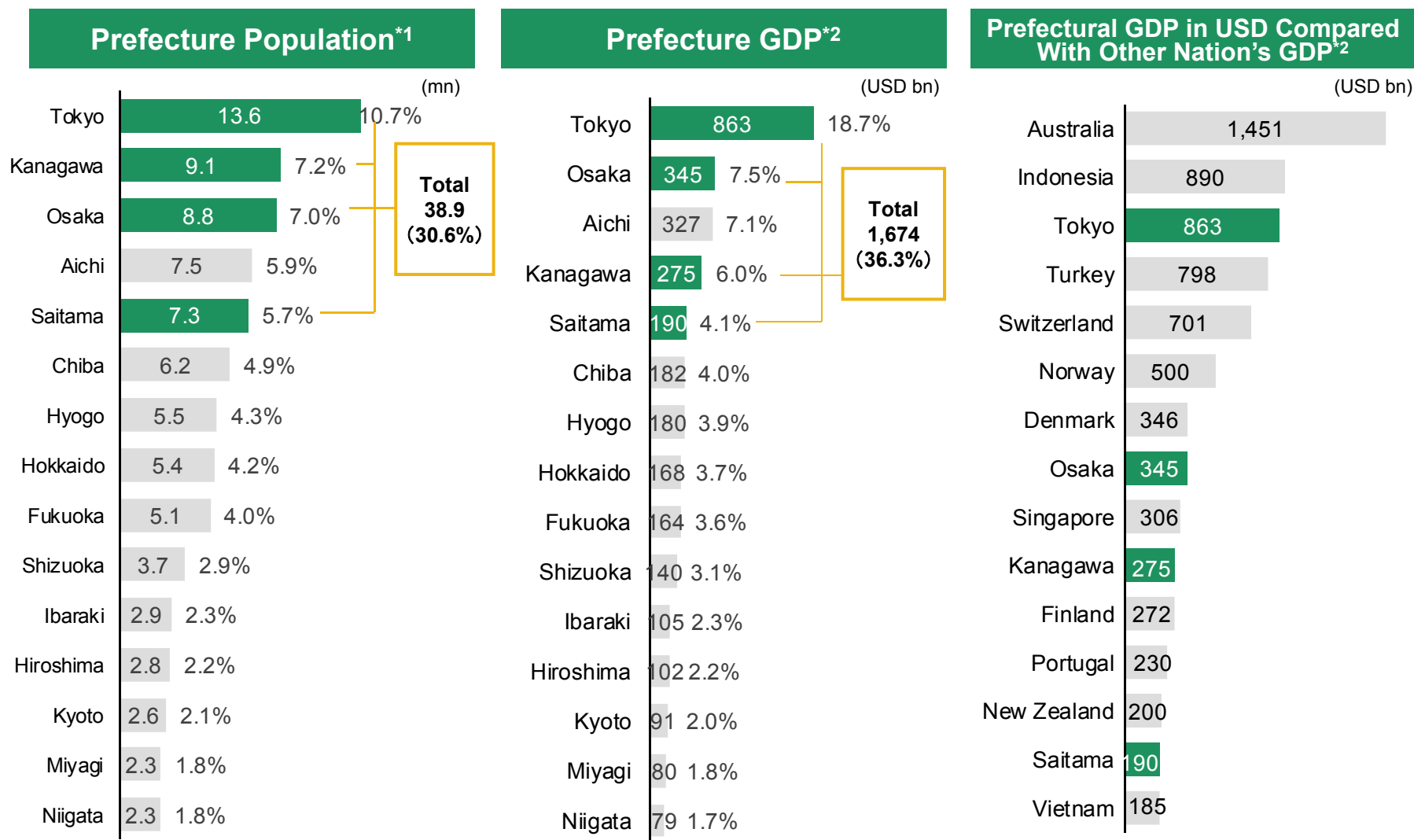
<sup>\*3</sup> FY2016 Financial Statements, Resona Group: total of group banks, Megabank groups: BTMU+ MUTB, Mizuho BK+ Mizuho Trust, SMBC + SMBCTB

<sup>\*4</sup> 10 largest regional bank groups by consolidated assets (Concordia FG, Fukuoka FG, Meibuki FG, Chiba, Hokuohoku FG, Shizuoka, Yamaguchi FG, Kyusyu FG, Nishinippon FH, Hokuyo : 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

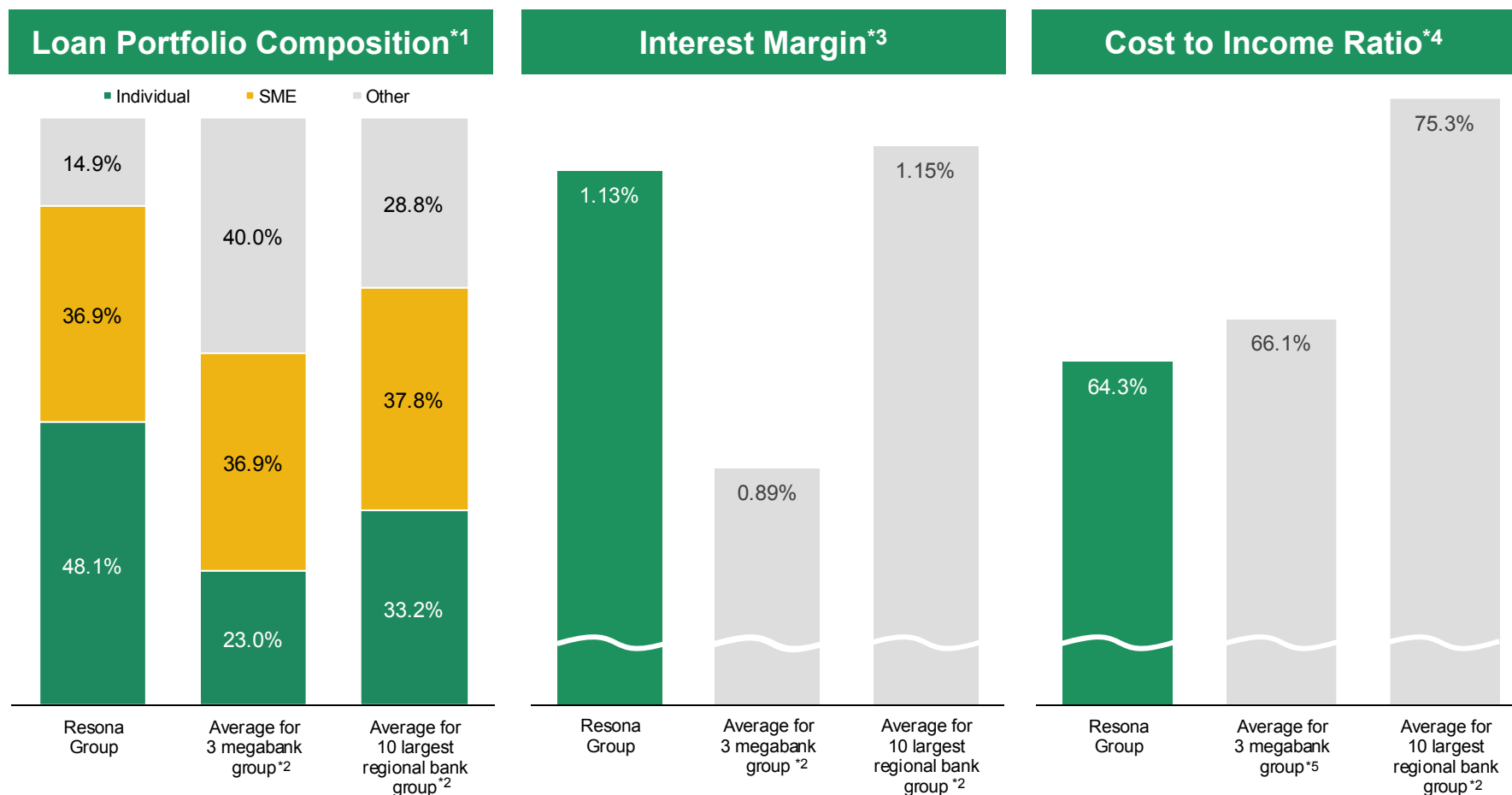


\*1. Source: National Population Census (As of October 1st, 2016)

\*2. Source: Cabinet Office, Government of Japan, Gross Prefecture Product FY2014 "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 March 2017, 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, Meibuki FG, Chiba, Hokuoku FG, Shizuoka, Yamaguchi FG, Kyusyu FG, Nishinippon FH, Hokuyo: FY2016 Financial Statements)

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

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

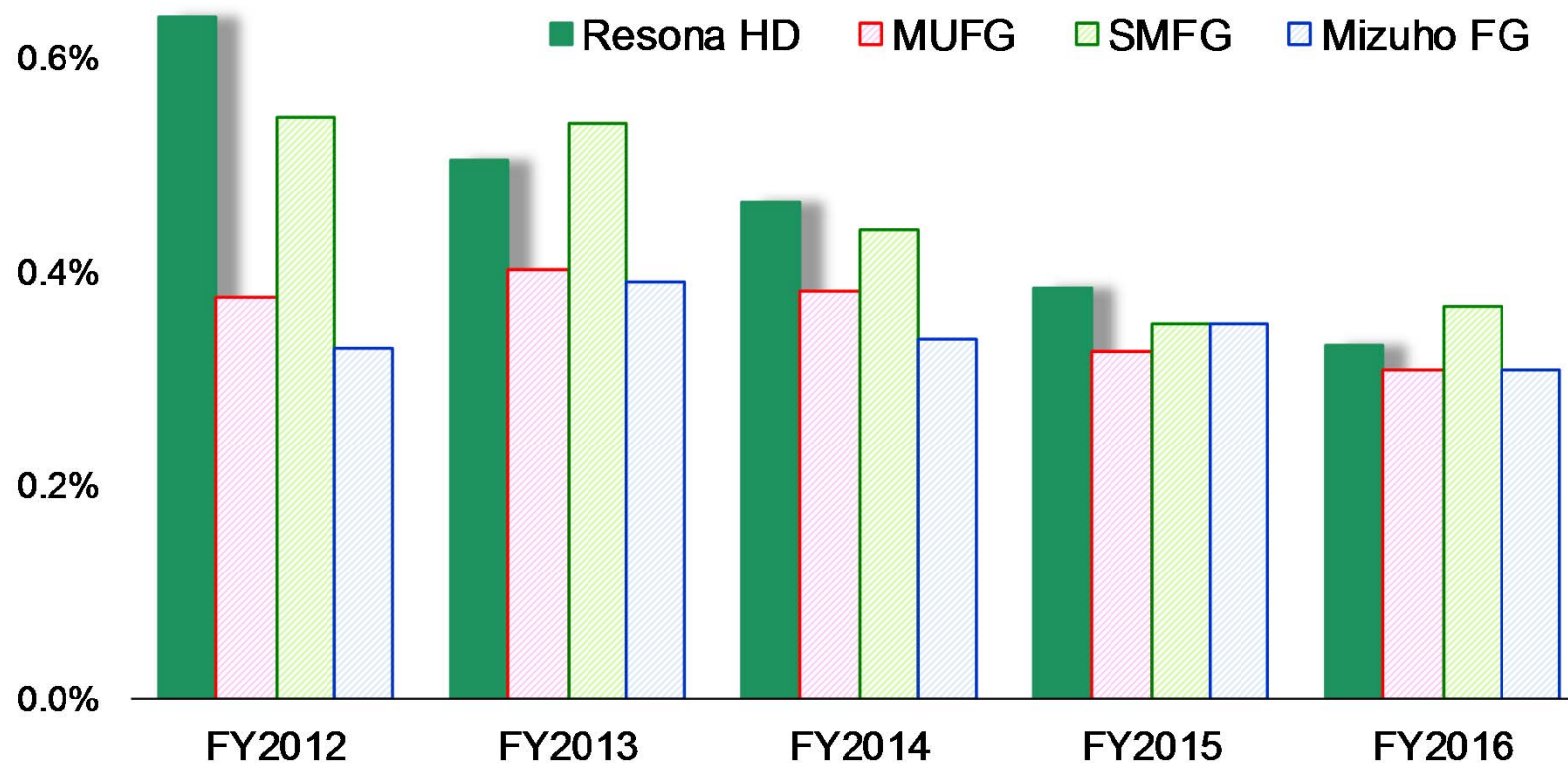
\*5. MUFG, SMFG, Mizuho FG



## Stable Earnings Trend and High Profitability

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

Historical Consolidated ROA<sup>\*1</sup>



Resona HD  
Net Income  
Attributable  
to Owners  
of the Parent

Y275.1 bn

Y220.6 bn

Y211.4 bn

Y183.8 bn

Y161.4 bn

\*1. Source: Company disclosure

**Opening Remarks**

**Resona Group at a Glance**

**Outline of Business Results for the 1Q of FY2017  
and Updates on Major Businesses**

**Medium-term Management Plan**

**Direction of Capital Management**

**Reference Material**

# Outline of Financial Results for the 1Q of FY2017

## ■ Net income attributable to owners of the parent : JPY37.2 bn

- **Decreased by 10.5 bn, or 22.0%, YoY,  
Progress rate against the full year target : 24.8%**
- **Actual net operating profit : JPY47.5 bn**
  - Gross operating profit : 132.8 bn, decreased by 14.1 bn, or 9.6%, YoY  
Despite booking net loss on bonds, the progress of net income and fee income was as planned.
    - Net interest income from domestic loans and deposits decreased by 5.7 bn YoY
    - ✓ Loan-to-deposit spread decreased by 10bps, while loan volume increased 1.91% YoY
    - Fee income increased by 0.2 bn YoY  
Fee income ratio : 30.8%
    - ✓ While income from investment trust and insurance sale decreased, fees from corporate solution and other fees were robust
    - Net gains on bonds (including futures) decreased by 10.8 bn YoY
  - Operating expenses : (85.4) bn, +0.9 bn YoY
- **Credit related expenses : new bankruptcy and downward migration kept at a low level**
- **Income taxes and other : +4.2 bn YoY**

Resona HD consolidated (JPY bn)		FY2017 1Q				FY2017
		YoY change		Progress rate v.s. Target	Target	
						%
Net income attributable to owners of the parent	(1)	37.2	(10.5)	(22.0)%	24.8%	150.0
Gross operating profit	(2)	132.8	(14.1)	(9.6)%		568.5
Net interest income	(3)	88.7	(3.8)			
Nil from loans and deposits (total of group banks)*1	(4)	72.2	(5.7)			
Fee income *2	(5)	40.9	+0.2			
Fee income ratio	(6)	30.8%	+3.1%			30.0%
Trust fees	(7)	4.3	(0.2)			
Fees and commission income	(8)	36.6	+0.5			
Other operating income	(9)	3.1	(10.6)			
Net gains on bonds (including futures)	(10)	(1.2)	(10.8)			
Operating expenses (excluding group banks' non-recurring items)	(11)	(85.4)	+0.9	+1.0%		(346.0)
Cost income ratio (OHR)	(12)	64.2%	+5.5%			60.8%
Actual net operating profit*3	(13)	47.5	(13.1)	(21.7)%	21.3%	222.5
Net gains on stocks (including equity derivatives)	(14)	2.2	+0.7			
Credit related expenses, net	(15)	6.8	(0.8)			
Other gains, net	(16)	(5.4)	(1.4)			
Income before income taxes	(17)	51.1	(14.7)	(22.3)%		
Income taxes and other	(18)	(13.9)	+4.2			
EPS (yen)	(19)	16.05	(4.55)			
BPS (yen)	(20)	803.49	+93.08			

\*1. Domestic banking account, deposits include NCDs. \*2. Fees and commission income + Trust fees \*3. Gross operating profit (excluding disposal of problem loans in the trust account) + Expenses (excluding non-recurring items) + Equity earnings of investments in affiliates \*4. Negative figures represent items that would reduce net income

# Breakdown of Financial Results for the 1Q of FY2017

(JPY bn)	Resona Holdings (Consolidated)		Total of group banks (Non-consolidated)					Difference	
	(A)	YoY change	(B)	YoY change	Resona Bank	Saitama Resona Bank	Kinki Osaka Bank	(A)-(B)	YoY change
<b>Gross operating profit</b> (1)	<b>132.8</b>	<b>(14.1)</b>	<b>121.4</b>	<b>(14.0)</b>	<b>80.6</b>	<b>30.8</b>	<b>9.9</b>	<b>11.4</b>	<b>(0.1)</b>
Net interest income (2)	88.7	(3.8)	87.5	(3.7)	56.3	23.7	7.4	1.2	(0.0)
NII from domestic loans and deposits (3)			72.2	(5.7)	45.7	19.8	6.7		
Trust fees (4)	4.3	(0.2)	4.4	(0.2)	4.4			(0.0)	(0.0)
Fees and commission income (5)	36.6	+0.5	26.5	+0.5	17.6	6.6	2.2	10.0	(0.0)
Other operating income (6)	3.1	(10.6)	2.9	(10.6)	2.2	0.3	0.2	0.2	(0.0)
Net gains / (losses) on bonds (including futures) (7)	(1.2)	(10.8)	(1.2)	(10.8)	(1.4)	(0.0)	0.2	-	-
Operating expenses (excluding group banks' non-recurring items) (8)	(85.4)	+0.9	(81.0)	+0.8	(53.2)	(18.5)	(9.2)	(4.4)	+0.0
<b>Actual net operating profit*<sup>1</sup></b> (9)	<b>47.5</b>	<b>(13.1)</b>	<b>40.4</b>	<b>(13.1)</b>	<b>27.4</b>	<b>12.2</b>	<b>0.7</b>	<b>7.0</b>	<b>+0.0</b>
Net gains on stocks (including equity derivatives) (10)	2.2	+0.7	2.2	+0.7	0.5	0.6	1.0	0.0	+0.0
Credit related expenses, net (11)	6.8	(0.8)	6.9	+0.0	4.6	1.2	1.1	(0.1)	(0.9)
Other (losses), net (12)	(5.4)	(1.4)	(5.0)	(0.3)	(3.7)	(0.6)	(0.6)	(0.3)	(1.0)
<b>Income before income taxes</b> (13)	<b>51.1</b>	<b>(14.7)</b>	<b>44.5</b>	<b>(12.8)</b>	<b>28.8</b>	<b>13.4</b>	<b>2.2</b>	<b>6.5</b>	<b>(1.9)</b>
Income taxes and other (14)	(13.9)	(4.2)	(11.9)	3.4	(7.3)	(4.0)	(0.5)	(1.9)	+0.7
<b>Net income (attributable to owners of the parent)</b> (15)	<b>37.2</b>	<b>(10.5)</b>	<b>32.6</b>	<b>(9.3)</b>	<b>21.5</b>	<b>9.4</b>	<b>1.6</b>	<b>4.5</b>	<b>(1.1)</b>

\*1. Gross operating profit (excluding disposal of problem loans in the trust account) + Expenses (excluding non-recurring items) + Equity earnings of investments in affiliates

## RHD Consolidated



# Trend of Loans and Deposits

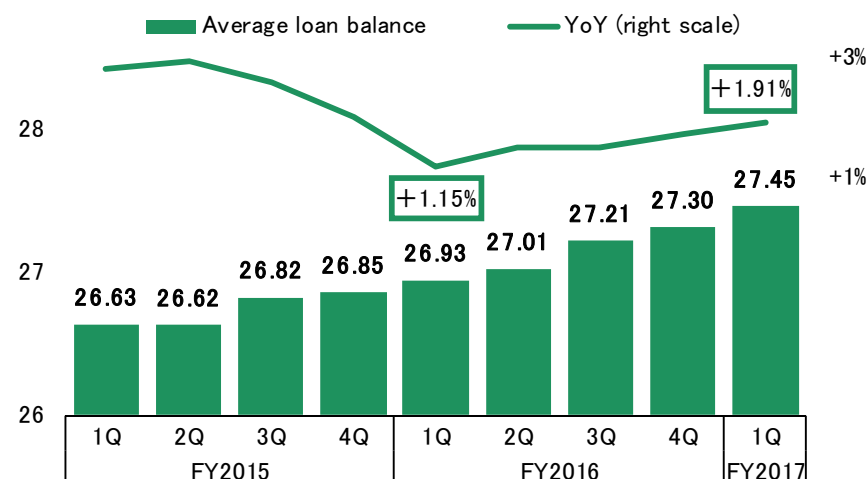
Total of  
Group Banks

## Average loan / deposit balances, rates and spread

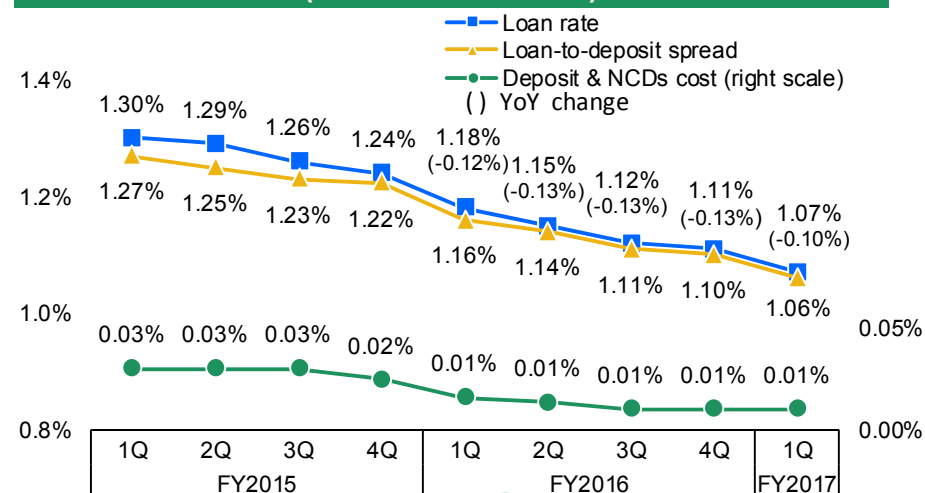
[ Avg. bal : Trillion Yen Income/Cost : Billion Yen ]			1Q		FY2017	
			Act.	YoY	Plan	YoY
Average loan balance (Banking account) (1)			27.96	+1.89%		
Domestic acct.	Loans	Avg. Bal. (2)	27.45	+1.91%	27.43	+1.17%
		Rate (3)	1.07%	(0.10)%	1.06%	(0.08)%
		Income (4)	73.6	(5.9)	291.2	(19.6)
	Corporate Banking Business Unit *1	Avg. Bal. (5)	15.97	+2.13%	15.86	+0.82%
		Rate (6)	0.90%	(0.12)%	0.89%	(0.08)%
	Personal Banking Business Unit *2	Avg. Bal. (7)	10.50	+1.60%	10.60	+1.77%
		Rate (8)	1.38%	(0.08)%	1.35%	(0.08)%
	Deposits (Including NCDs)	Avg. Bal. (9)	41.09	+5.22%	39.37	(0.74)%
		Rate (10)	0.01%	(0.00)%	0.01%	(0.00)%
		Cost (11)	(1.3)	+0.2	(4.1)	+0.8
	Loan-to-deposit	Spread (12)	1.06%	(0.10)%	1.05%	(0.08)%
		Net interest income (13)	72.2	(5.7)	287.0	(18.7)

## Trend of average loan balance (Domestic account)

(JPY tn)



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



Data compiled for a management and administration purpose

\*1. Corporate Banking Business Unit :

Corporate loans (excluding loans to governments) + apartment loans

\*2. Personal Banking Business Unit:

Residential housing loans + other consumer loans



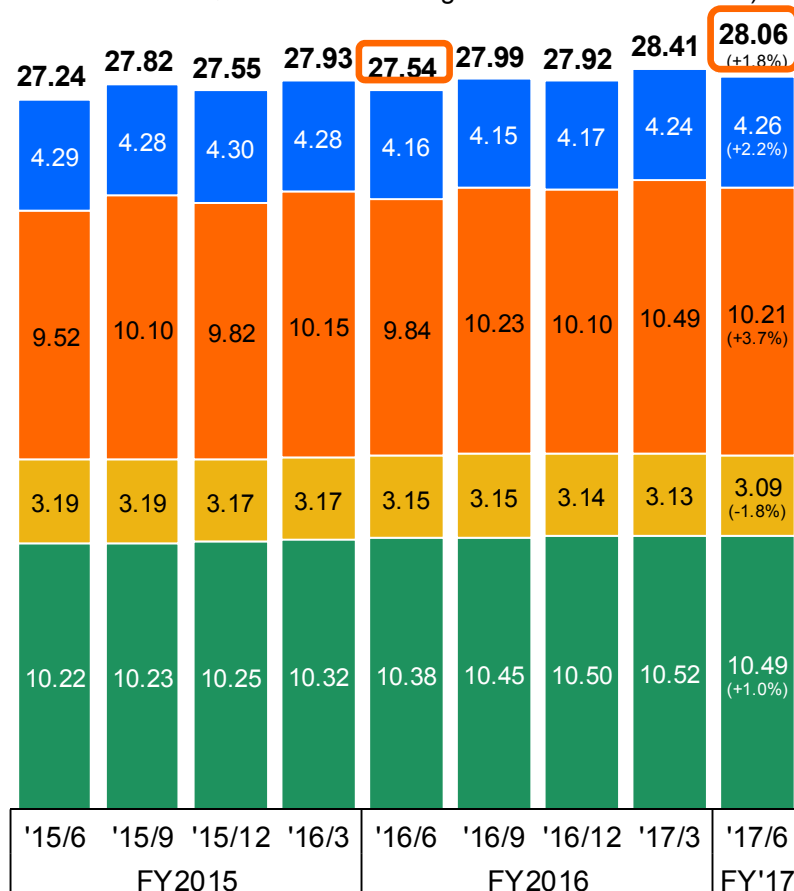
# Term-end Balance of Loans and Deposits

Total of  
Group Banks

## Term-end loan balance

JPY tn,  
% represents  
YoY change

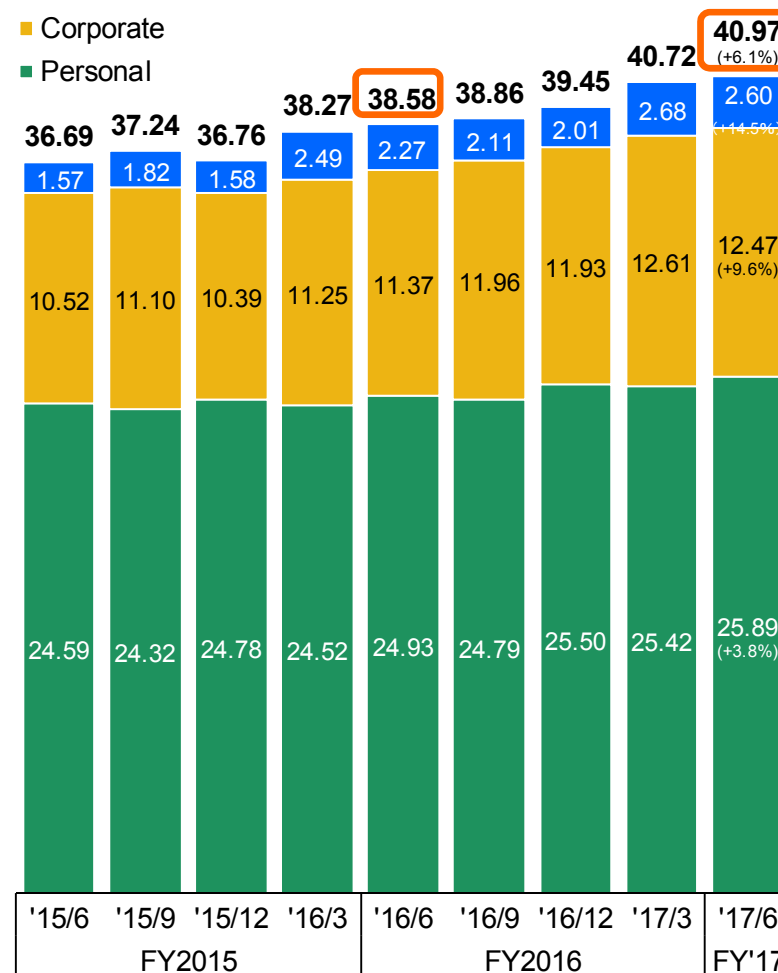
- Corporate (Large companies and other) \*1
- Corporate (SMEs)
- Corporate (Apartment loans)
- Personal (Residential housing loans + Consumer loans)



## Term-end deposit balance

JPY tn,  
% represents  
YoY change

- Other
- Corporate
- Personal



\*1. Include the loan extended to RHD from RB (JPY0.30 tn as of 2015/6 ~ 2016/9, JPY0.26 tn as of 2016/12 ~ 2017/3, JPY0.25 tn as of 2017/6)

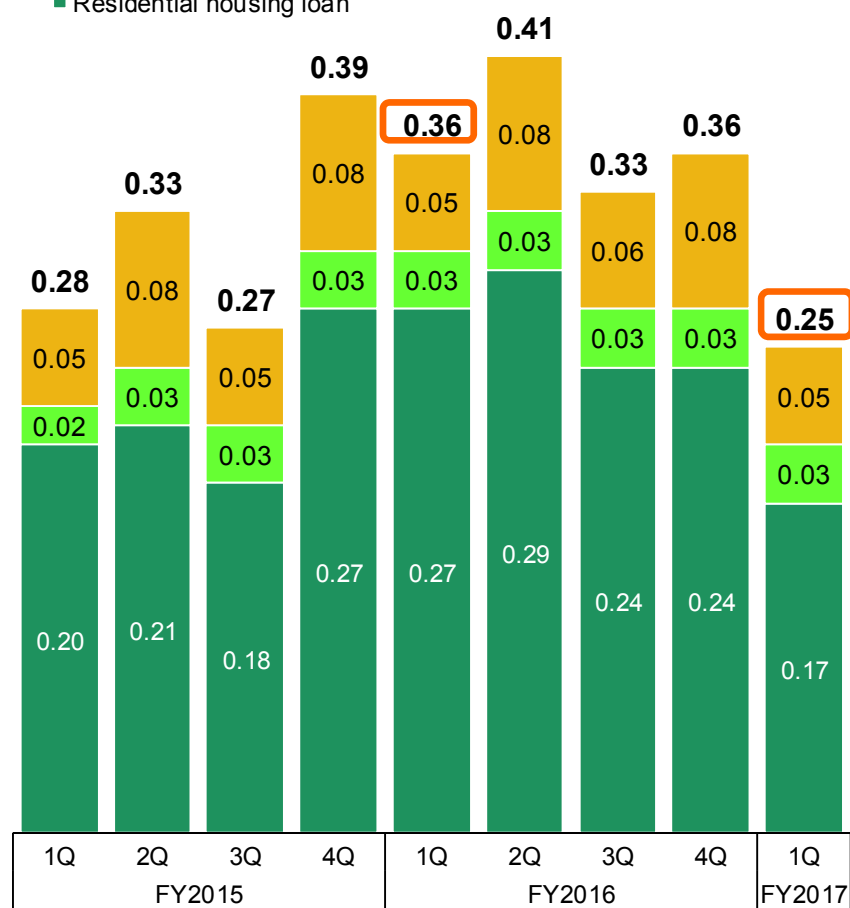
# Trend of Residential Housing Loan and Apartment Loan

Total of  
Group Banks

## New loan origination

(JPY tn)

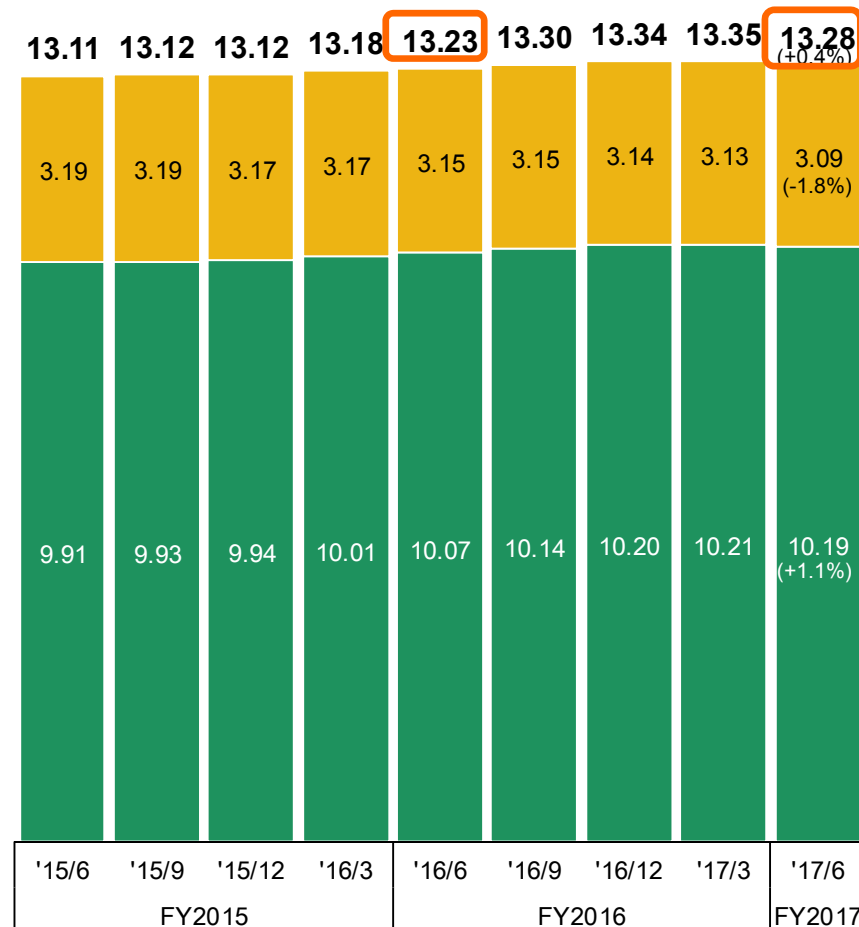
- Apartment loan
- Flat 35
- Residential housing loan



## Term-end loan balance

JPY tn,  
% represents YoY change

- Apartment loan
- Residential housing loan

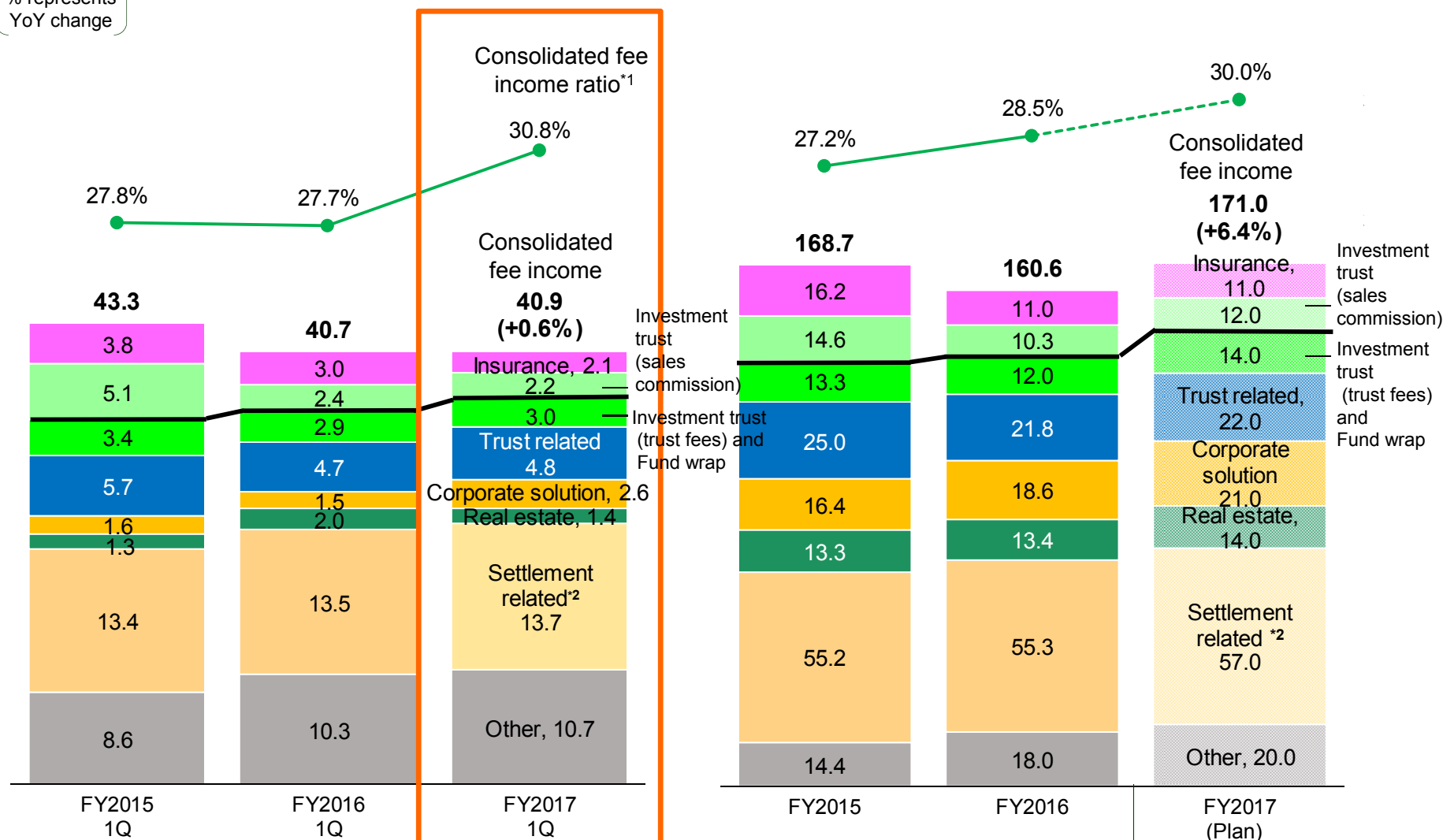


# Trend of Fee Income

RHD  
Consolidated

Consolidated fee income ratio at 30.8% for the 1Q of FY2017

JPY bn,  
% represents  
YoY change



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

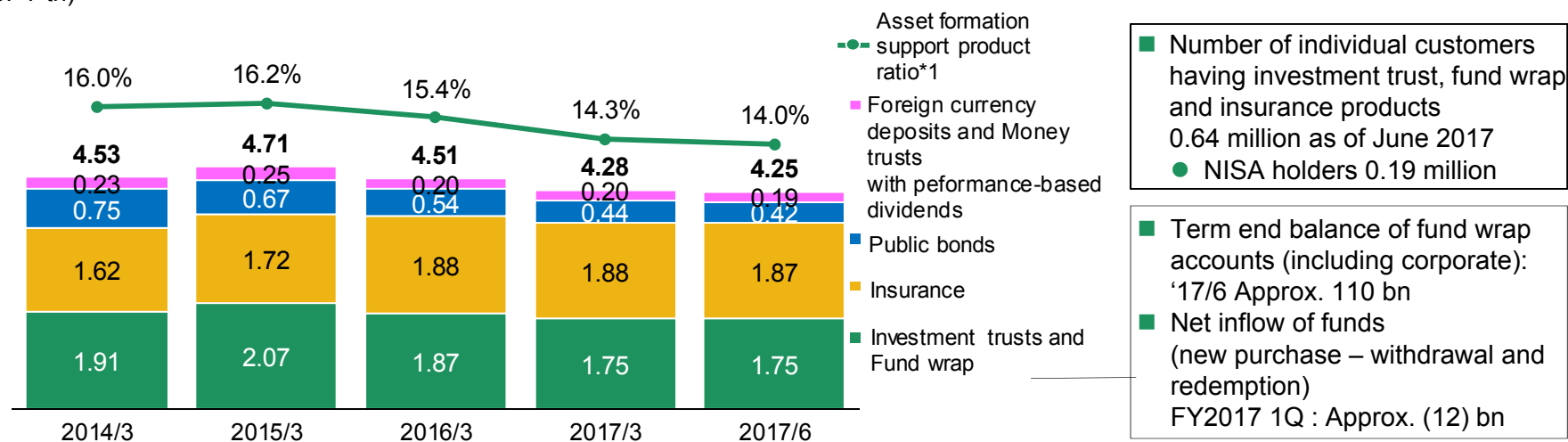
\*2. Fees and commission from domestic exchange, credit transfer, EB, Visa debit and fee income from Resona Kessai Service and Resona Card

# Asset Formation Support Business

Total of  
Group Banks

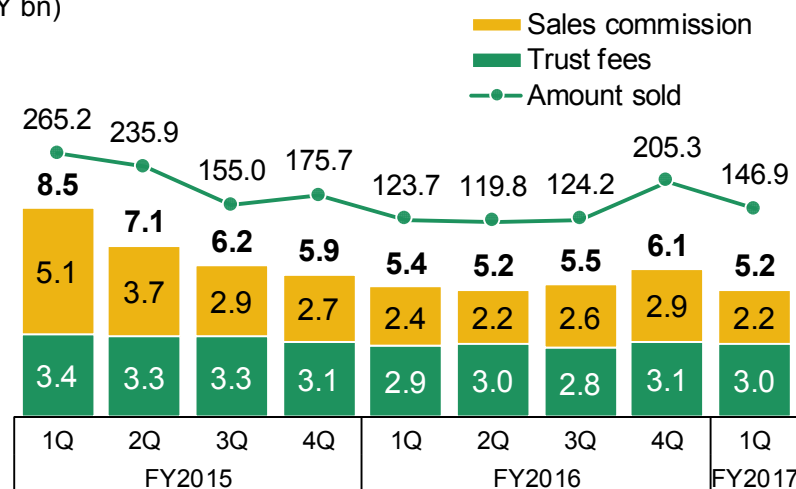
## Balance of asset formation support products sold to individuals

(JPY tn)



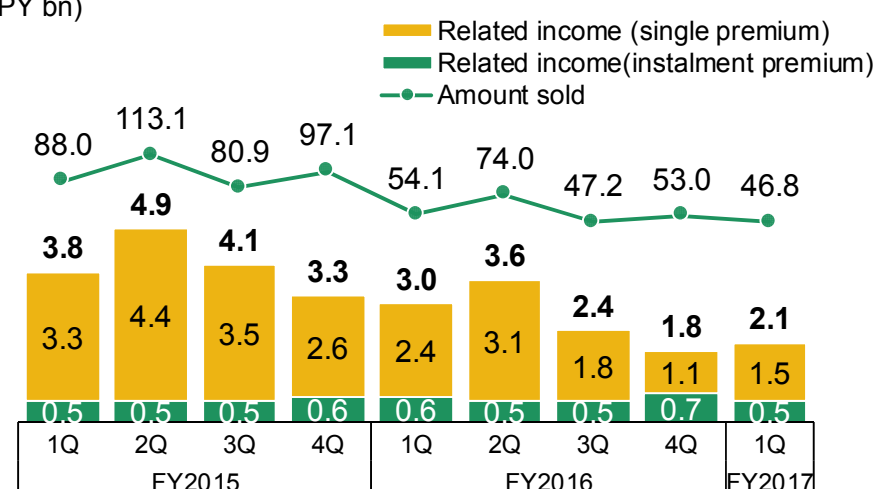
## Investment trust and fund wrap

(JPY bn)



## Insurance

(JPY bn)



\*1. Asset formation support product ratio = balance of asset formation support products sold to individuals / (balance of asset formation support products sold to individuals and yen deposits held by individuals)

# Credit Costs and NPL

RHD Consolidated  
Total of Group Banks

## Trend of credit costs

(JPY bn)	FY 2015 Act	FY 2016		FY 2017	
		1Q Act	Act	1Q Act	Plan
<b>Net credit cost (RHD consolidated)</b> (1)	(25.8)	7.7	17.4	6.8	(13.5)

<b>Net credit cost (Total of group banks)</b> (2)	(23.4)	6.9	18.2	6.9	(11.0)
General reserve (3)	(0.0)	4.0	9.8	2.0	
Specific reserve and other items (4)	(23.4)	2.8	8.4	4.9	
New bankruptcy, downward migration (5)	(43.9)	(4.0)	(19.9)	(4.6)	
Collection/ upward migration (6)	20.4	6.9	28.3	9.5	

<b>Difference (1) - (2)</b> (7)	(2.3)	0.8	(0.7)	(0.1)	(2.5)
HL guarantee subsidiaries (8)	2.6	1.1	2.0	0.6	
Resona Card (9)	(1.8)	(0.5)	(2.1)	(0.7)	

<Credit cost ratio>		(bps)			
RHD consolidated* <sup>1</sup> (10)	(9.2)	9.7	6.1	9.7	
Total of group banks* <sup>2</sup> (11)	(8.2)	11.1	6.3	9.6	

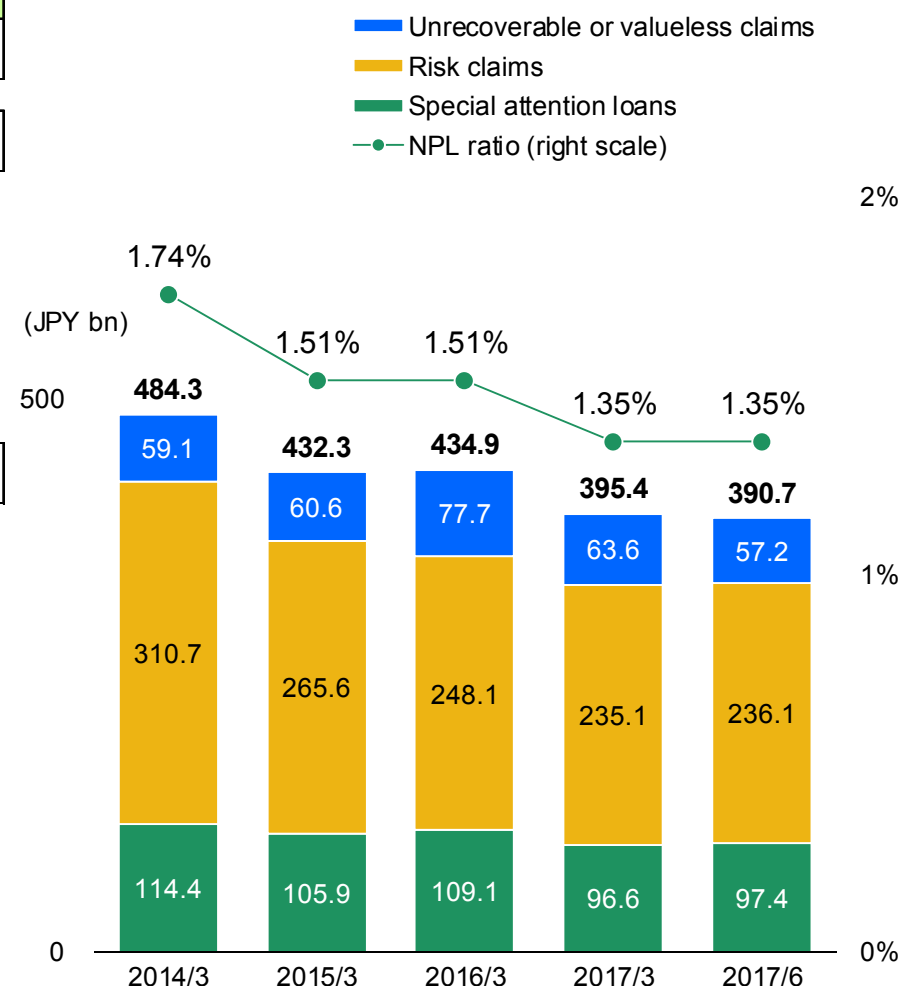
(Note) Positive figures represent reversal gains

\*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)



# Securities Portfolio

Total of  
Group Banks

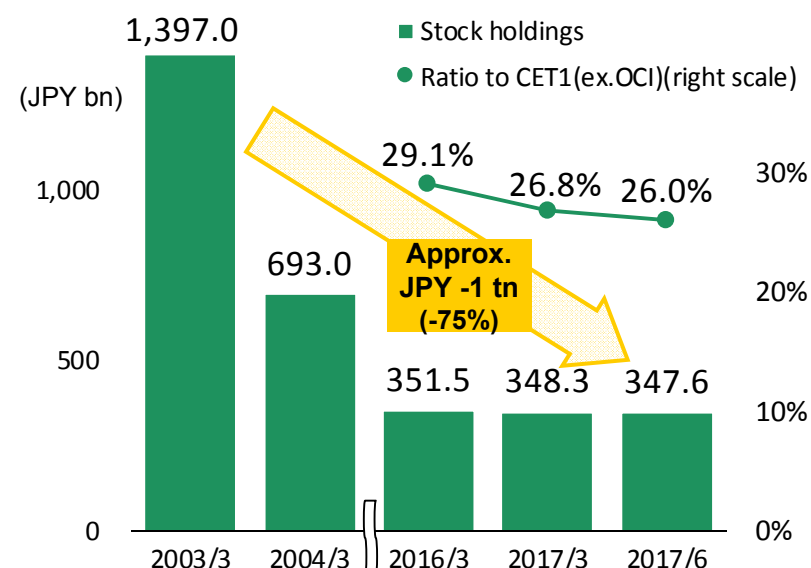
## Securities Portfolio

(JPY bn)	2016/3	2017/3	2017/6	Unrealized gain/(loss)
Available-for-sale securities <sup>*1</sup> (1)	2,459.7	2,403.3	2,687.8	584.3
Stocks (2)	351.5	348.3	347.6	591.0
Bonds (3)	1,681.9	1,431.8	1,642.6	(4.5)
JGBs (4)	760.2	544.1	641.4	(6.2)
Average duration (years) (5)	3.1	7.0	9.2	-
Basis point value (BPV) (6)	(0.24)	(0.38)	(0.59)	-
Local government bonds and corporate bonds (7)	921.6	887.6	1,001.1	1.7
Other (8)	426.3	623.1	697.5	(2.1)
Foreign securities (9)	239.8	258.6	423.5	(5.6)
Net unrealized gain (10)	460.1	555.4	584.3	
Bonds held to maturity <sup>*2</sup> (11)	2,383.5	2,277.7	2,178.3	60.1
JGBs (12)	1,879.8	1,771.1	1,688.8	48.2
Net unrealized gain (13)	93.6	67.4	60.1	

\*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)

## Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 6,000 yen
- Decrease in listed stocks in 1Q of FY2017 (acquisition cost): JPY -0.7 bn,  
Net gain on sale: JPY 1.5 bn
- Policy for holding policy-oriented stocks <sup>\*1</sup>
  - 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% of the CET1 capital<sup>\*3</sup> in the medium term.
    - Plan to reduce JPY35.0 bn in 5years from FY2016





# Capital Adequacy Ratio

**RHD  
Consolidated**

- CAR (Domestic std.) and CET1 ratio\* (International std.) as of June. 30, 2017 were 11.51% and 8.98%, respectively, maintaining sound capital adequacy level

\* Excluding unrealized gain on available-for-sale securities

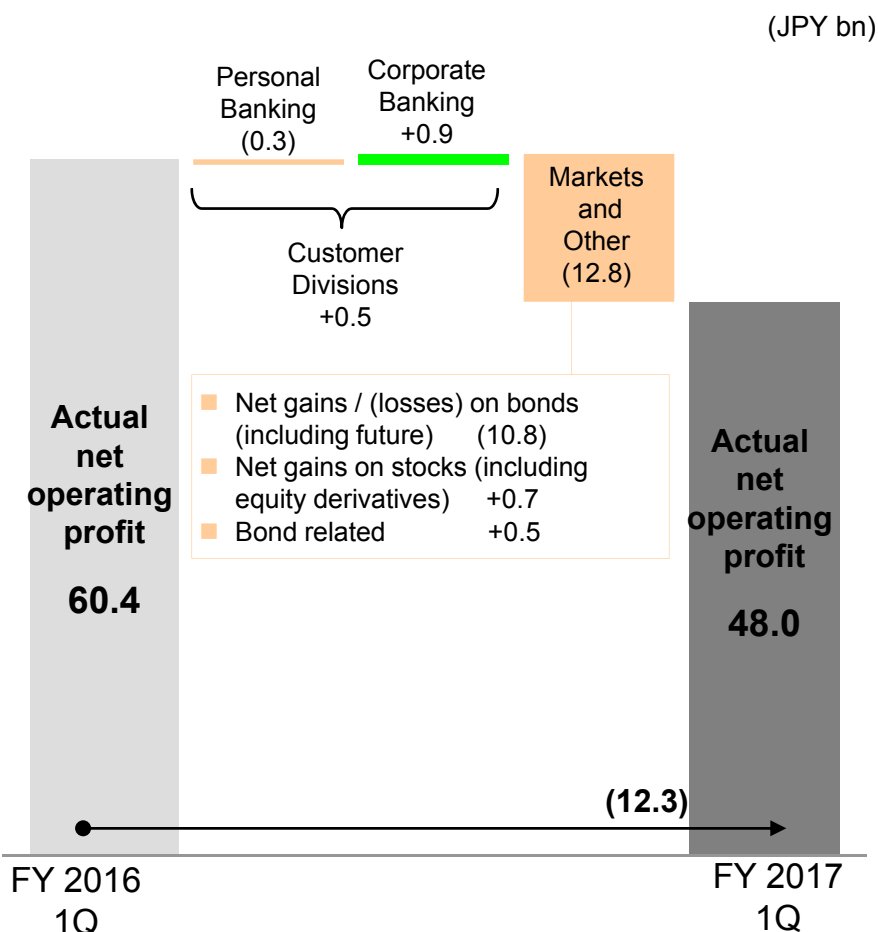
Domestic standard				(Reference) International standard			
	2017/3	2017/6	Change		2017/3	2017/6	Change
<b>Capital adequacy ratio (1)</b>	<b>11.69%</b>	<b>11.51%</b>	<b>(0.18)%</b>	<b>Common Equity Tier 1 capital ratio (13)</b>	<b>10.74%</b>	<b>11.29%</b>	<b>+0.55%</b>
				Excluding net unrealized gains on available-for-sale securities (14)	8.59%	8.98%	+0.39%
				Tier 1 capital ratio (15)	11.40%	11.96%	+0.56%
				Total capital ratio (16)	13.81%	13.78%	(0.03)%
<b>Total capital (JPY bn) (2)</b>	<b>1,746.8</b>	<b>1,682.2</b>	<b>(64.6)</b>	<b>Common Equity Tier 1 capital (JPY bn) (17)</b>	<b>1,653.8</b>	<b>1,704.6</b>	<b>+50.7</b>
Core Capital: instruments and reserves (3)	1,775.9	1,711.6	(64.2)	Instruments and reserves (18)	1,721.4	1,770.9	+49.5
Stockholders' equity (4)	1,361.5	1,394.0	+32.5	Stockholders' equity (19)	1,361.5	1,394.0	+32.5
Non-cumulative perpetual preferred stock subject to transitional arrangement (5)	100.0	100.0	-	Net unrealized gains on available-for-sale securities (20)	331.8	348.4	+16.6
Subordinated loans and bonds subject to transitional arrangement (6)	281.9	186.0	(95.9)	Regulatory adjustments (21)	67.6	66.3	(1.2)
Core Capital: regulatory adjustments (7)	29.1	29.4	+0.3	Other Tier 1 capital (22)	101.2	100.9	(0.2)
				Tier1 capital (23)	1,755.0	1,805.5	+50.4
				Tier2 capital (24)	369.8	274.7	(95.0)
				Total capital (Tier1+Tier2) (25)	2,124.9	2,080.3	(44.5)
<b>Risk weighted assets (JPY bn) (8)</b>	<b>14,930.8</b>	<b>14,607.6</b>	<b>(323.2)</b>	<b>Risk weighted assets (JPY bn) (26)</b>	<b>15,386.1</b>	<b>15,094.4</b>	<b>(291.6)</b>
Credit risk weighted assets (9)	13,342.7	12,940.6	(402.1)	Credit risk weighted assets (27)	14,036.9	13,670.0	(366.9)
Amount equivalent to market risk / 8% (10)	83.1	90.9	+7.8	Amount equivalent to market risk / 8% (28)	83.1	90.9	+7.8
Amount equivalent to operational risk / 8% (11)	1,049.7	1,049.7	-	Amount equivalent to operational risk / 8% (29)	1,049.7	1,049.7	-
Credit risk weighted assets adjustments (12)	455.1	526.2	+71.0	Credit risk weighted assets adjustments (30)	216.1	283.7	+67.5

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

RHD  
Consolidated

**Actual net operating profit decreased by JPY12.3 bn YoY  
due to profit decrease in market segment**

(JPY bn)		FY2017 1Q	YoY Change
<b>Customer Divisions</b>	Gross operating profit (1)	121.4	(0.5)
	Operating expense (2)	(82.6)	+0.9
	Actual net operating profit (3)	38.8	+0.5
<b>Personal Banking</b>	Gross operating profit (4)	59.1	(1.5)
	Operating expense (5)	(44.0)	+1.1
	Actual net operating profit (6)	15.1	(0.3)
<b>Corporate Banking</b>	Gross operating profit (7)	62.2	+0.9
	Operating expense (8)	(38.5)	(0.1)
	Actual net operating profit (9)	23.7	+0.9
<b>Markets and Other</b>	Gross operating profit (10)	12.0	(12.8)
	Operating expense (11)	(2.7)	(0.0)
	Actual net operating profit (12)	9.2	(12.8)
<b>Total</b>	Gross operating profit (13)	133.4	(13.3)
	Operating expense (14)	(85.4)	+0.9
	Actual net operating profit (15)	48.0	(12.3)



### Definition of management accounting

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

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

RHD  
Consolidated

### Personal Banking Segment

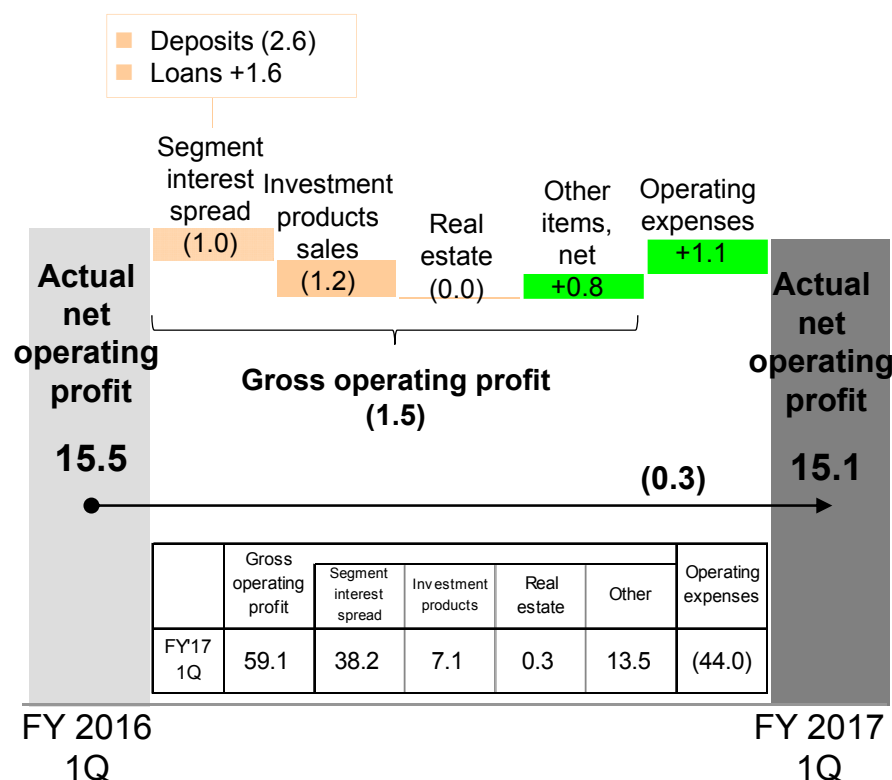
- **Actual net operating profit : decreased by JPY0.3 bn YoY**
  - Segment interest spreads decreased due to decline of interest rates.

### Corporate Banking Segment

- **Actual net operating profit : increased by JPY0.9 bn YoY**
  - Segment interest spreads decreased due to decline of interest rates.

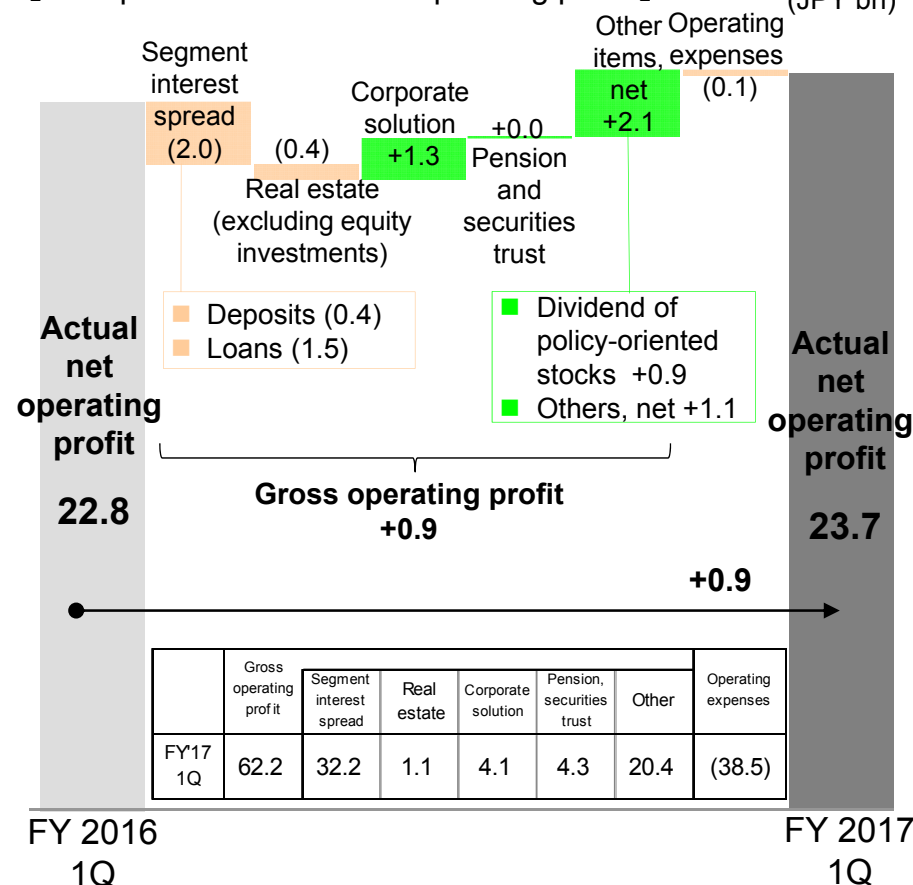
【 Comparison of actual net operating profit 】

(JPY bn)



【 Comparison of actual net operating profit 】

(JPY bn)



# Earnings Target and Dividend Forecast for FY2017

RHD Consolidated  
Total of Group Banks

## RHD consolidated

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

## Common DPS

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

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

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

**Opening Remarks**

**Resona Group at a Glance**

**Outline of Business Results for the 1Q of FY2017  
and Updates on Major Businesses**

**Medium-term Management Plan**

**Direction of Capital Management**

**Reference Material**

# Overview of the Mid-term Management Plan

## Vision

## “Retail No.1”

“Financial Services Group” that is most supported by regional customers as it walks with them into the future

Construction of “Next-generation Retail Financial Services Model”

Accomplishment of Medium- to Long-term Income Structure Reforms (FY2017-FY2019)

### Basic strategies

#### (1) Evolution of “Omni-Channel”

Best solutions “Anytime and Anywhere” “For more customers”

Expansion of the customer base

Expansion of the customer contacts

Sophistication of marketing

#### (2) 26,000 “Omni-Advisors”

All Resona staffs providing solutions  
(Consultants who can understand true latent needs of customers)

Diverse solutions menu

#### (3) “Omni-Regional” Platform

“Community-based relationship banking” and “efficiency of open platform”

Expand Resona’s Open Platform

Full-scale introduction of “Smart Store”

- (1) Approach customers Resona has not had effective contacts with
- (2) Address customers’ needs Resona has not been able to grasp
- (3) Find profit opportunities Resona has not been able to reach

### Business strategies

Solutions for business growth, turnaround and succession

Total life solutions

Strengthen mid-to-long term asset formation business

Try advanced and convenient settlement services

Realize a No.1 succession solution brand

Strengthen SME business

Be a No.1 individual loan provider

Retail x Trust x AM x Real Estate

### 4 foundation reforms

- more sales staffs and higher productivity -

HR management reform

Reshuffle of branch network

Organizational reform prioritizing customer experience

Business process reform  
(Exhaustive digitalization)

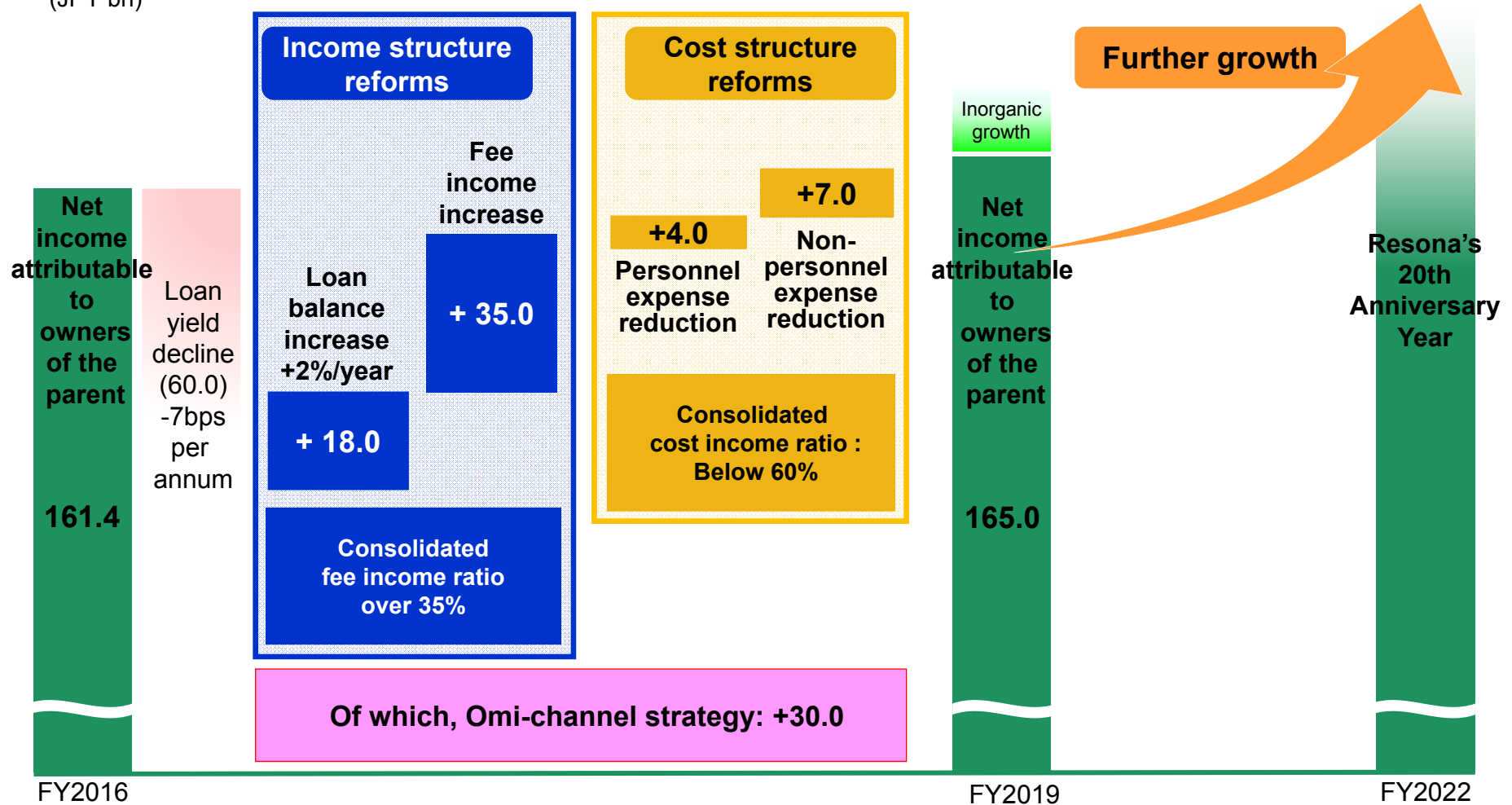


# Income and Cost Structure Reforms

Develop tolerance to prolonged ultra-low interest rate environment via income and cost structure reforms

Higher profitability via perfection of new business model and better operating environment

(JPY bn)



## KPIs

1. Diversify income source and increase fee income by establishing a new business model
2. Improve efficiency through further cost structure reform
3. Seek optimal balance between 1) profitability improvement and 2) higher capital adequacy to enhance Resona's corporate value sustainably
4. Plan to introduce a performance-linked stock compensation scheme in which RHD shares are granted to executive officers of RHD and the Group banks

Key Performance Indicators (KPIs)	FY2019
Net income attributable to owners of the parent	JPY 165 bn
Consolidated fee income ratio	Over 35%
Consolidate cost income ratio	Below 60%
ROE <sup>*1,2</sup>	Over 10%
CET1 ratio <sup>*1,3</sup>	9% level

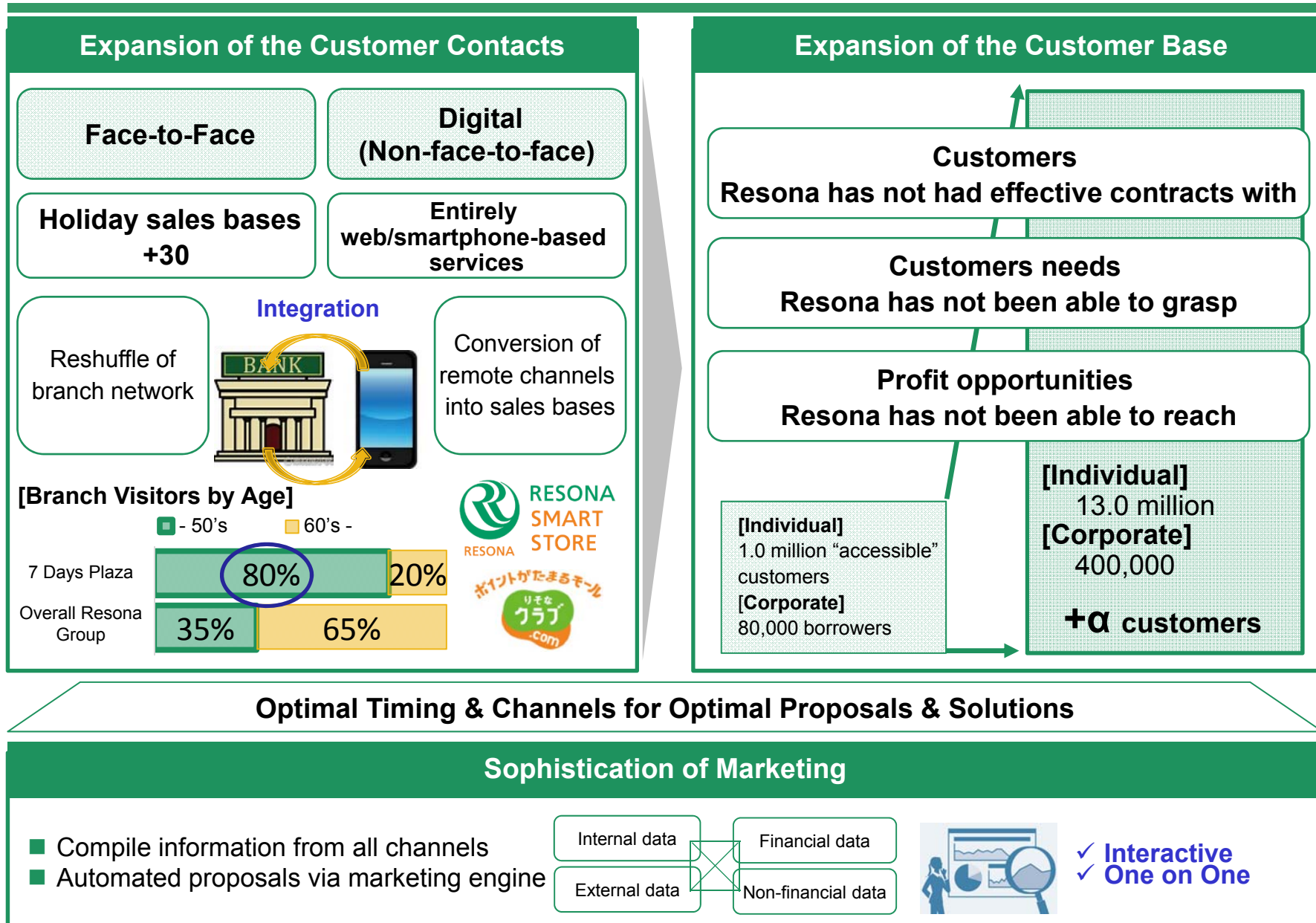
[FY2019 assumed conditions : Overnight call rate (0.05) %, Yield on 10Y JGB + 0.05%, Nikkei 225 18,000 yen to 21,000 yen level]

\*1. Reflect the impacts of integrating regional banks in the Kansai region on which related parties reached basic agreement on March 3, 2017

\*2. (Net income – Preferred dividends) / (Total shareholders equity – balance of outstanding preferred shares)

\*3. Exclude unrealized gain on available-for-sale securities, net of tax effect

# Basic Strategies: (1) Evolution of “Omni-Channel”



# Seven Days Plaza Shinjuku-Nishiguchi (Started operation in May 2017)

Operated by 3 staffs “only” / Focusing on consulting



ご来店ありがとうございます。  
Pepper（ペッパー）で  
受付させていただきます。

セブンデイズプラザ  
新宿西口

✓ Pepper (Robot)  
welcomes guests



✓ Paperless  
✓ Back-less

✓ No seal



Open until 9pm on weekdays  
at an attractive location



✓ Weekdays: Open 1pm to 9pm\*1  
✓ Sat. Sun. and Holydays:  
Open 10am to 6pm\*2

✓ Neighboring Shinjuku  
station, the largest  
terminal station in Japan



\*1. Interval: 3pm - 4pm    \*2. Interval: 12pm - 1pm



## Basic Strategies: (2) Development of 26,000 “Omni-advisors”

### All Resona Staff Providing Solutions

**Consultants who can understand true latent need of customers**

×

**Expand sales contacts x time**

×

**Improve ability to offer solutions**

- “Customers' happiness is our pleasure”
- Draw out customer concerns
- Provide solution options and information that lead to solutions
- Propose what is thought good for the customer's future
- Turn down what is thought not good for the customer's future

### Improve productivity through digitalization



- Expand tablet functions
  - May 2016: Started insurance applications
  - Apr. 2017: Enhanced product proposal tools
  - Mar. 2018: Investment trust applications (planned)

Strengthen Business Knowledge & Skills

Reform Organizational Culture

Reform Individual Awareness

### Diversification of Solutions

Changes in social/economic conditions

**Diversifying customer needs and issues**

Provide optimal solutions at optimal timing through optimal channels

Corporate Customers  
Growth, Turnaround, Succession Solution

- Build medium/long-term win-win relationships



Individual Customers  
Total Life Solution

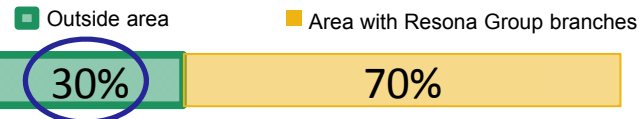
- Provide solutions tailored closely to living

# Basic Strategies: (3) Establishment of “Omni-regional” Platform

## Full-scale Introduction of “Smart Store” (Internet Branch): Providing new value to more customers

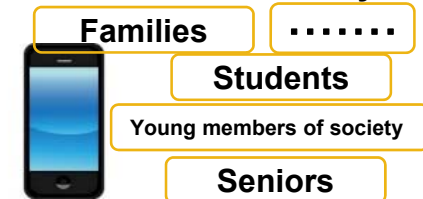
### ■ Nationwide sales area

#### [Domicile of Customers Opening Smart Accounts]

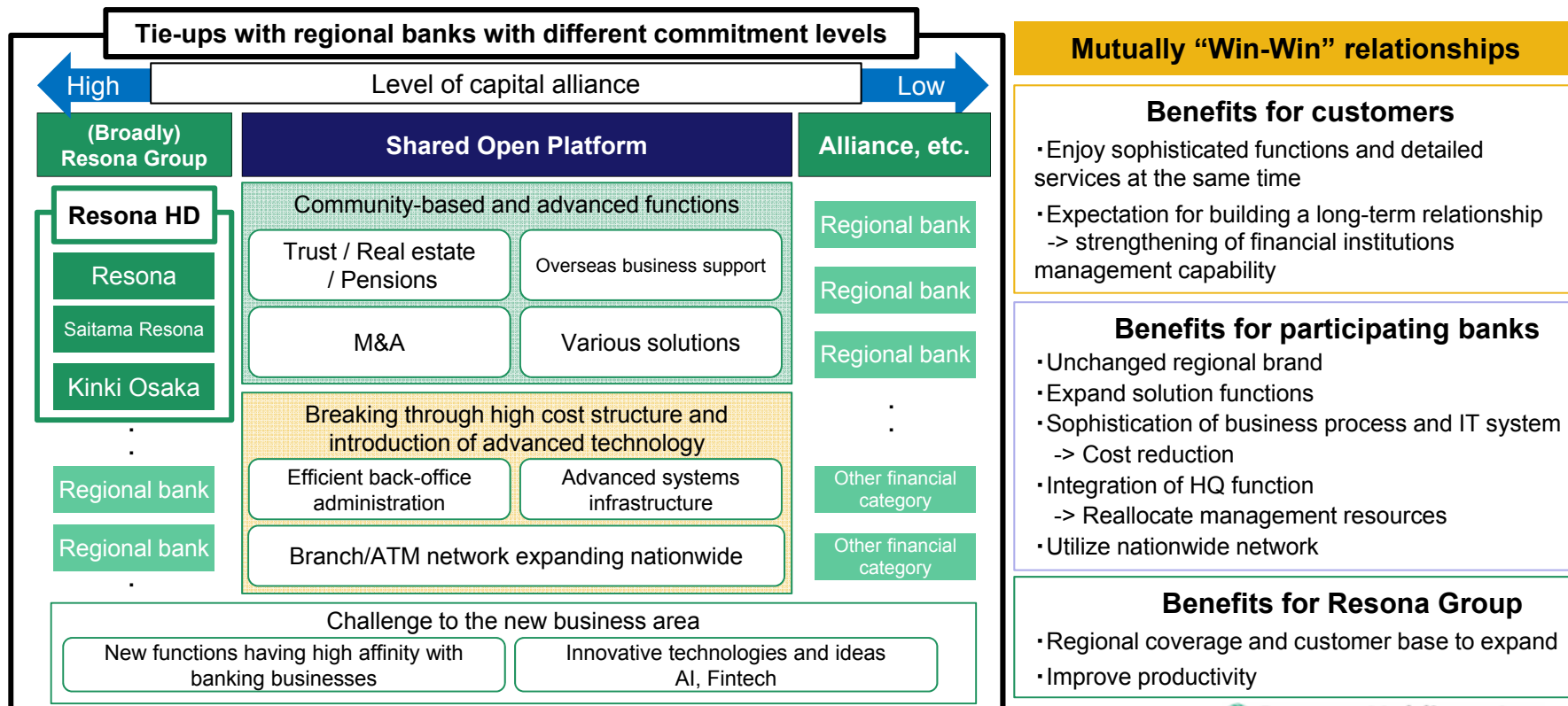


### ■ Expand Smart Account function -> Platform for daily life

- Entirely app-based services -> Simple transactions/procedures
- Timely proposals/helpful information
- Easy use of preferred channel



## Open Platform Expansion: Create Relationships Where All Come Out Winners





# Business Strategies

<div> <div>Solutions for business growth, turnaround and succession Supports to SME customers to solve business challenges</div> <div>Total life solutions Solutions for individual customers' anxieties and concerns, and for higher conveniences</div> </div>	
Cultivating "Retail x Trust x AM x Real Estate" further	
Business fields	Initiatives
Asset Formation Support Business	<ul style="list-style-type: none"> <li>AM solutions to assist medium-to-long term asset formation based on customers' need (Fund wrap, NISA and iDeCo)</li> <li>Support customers' asset formation through the seamless fusion of F2F and non-F2F channels, and provision of simple products and procedures</li> </ul>
Settlement Business	<ul style="list-style-type: none"> <li>Collaborations among group companies and with FinTech companies</li> <li>Support start-up companies with a comprehensive solution package</li> <li>Expand customer base by promoting "Smart Store" (All procedures to be completed with smart phones)</li> </ul>
Succession Business (Business and asset)	<ul style="list-style-type: none"> <li>Increase solution consultants and station them at branch offices</li> <li>Diverse solutions (succession-related trusts, M&amp;A, business abolition and transformation, MBO and LBO, etc.)</li> <li>Trust and real estate functions as a standard equipment</li> </ul>
SME Business / International Business	<ul style="list-style-type: none"> <li>Raise capability to assess clients' business</li> <li>Growth sectors (health care, environment and energy, etc.)</li> <li>Diverse solutions (syndicated loan, commitment line, etc.)</li> <li>Enhance productivity via corporate business reform (maximizing time spent on external affairs)</li> <li>Active use of overseas network including alliances with local partners, strengthened functions of FX Web Service</li> </ul>
Individual Loan Business	<ul style="list-style-type: none"> <li>Differentiation with holiday operations including application screening and execution, high value-added products</li> <li>Value-added proposals to existing HL customers</li> <li>Marketing-based promotion, all procedures on the Web and smart phones</li> </ul>
Targets (vs. FY2016 plan)	
<div> <div>Products to support asset formation for individuals (term-end bal.)</div> <div>Appx. JPY6 tn (+ Appx. 40%)</div> </div>	
<div> <div>Income from asset formation support</div> <div>Appx. JPY54 bn (+ Appx. JPY20 bn)</div> </div>	
<div> <div>Consolidated settlement-related income</div> <div>Appx. JPY61 bn (+ Appx. JPY 5 bn)</div> </div>	
<div> <div>Income from succession-related business</div> <div>Appx. JPY14 bn (+Appx. JPY4 bn)</div> </div>	
<div> <div>Loans to SMEs (term-end bal.)</div> <div>Appx. JPY11 tn (+ Appx. 10%)</div> </div>	
<div> <div>Income from corporate solution and international businesses</div> <div>Appx. JPY35 bn (+Appx. JPY10 bn)</div> </div>	
<div> <div>Residential housing loan (term-end bal.)</div> <div>Appx. JPY11 tn (+ Appx. 10%)</div> </div>	
<div> <div>Consumer loan (term-end bal.)</div> <div>Appx. JPY360 bn (+ Appx. 12%)</div> </div>	

# Business Strategies: Asset Formation Support Business

## Substantially Expand Asset Formation Support Business

Ultra-Low Interest Rates  
Ultra-Aging Society

- Actualize medium/long-term asset formation needs
- Promoting understanding of investment tax breaks key to expansion

Legal and Tax Backup  
(iDeCo NISA)

### Fund Wrap

Began handling Feb. 2017; off to strong start

-> Balance in August exceeded JPY130.0 bn,  
of which the balance to individuals was 80%

- Propose optimal asset allocation from 60 types of portfolios
- Stable investment returns from long-term, diversified investment

[Fund Wrap Customer Attributes]

Beginning Investors  
34%

Experienced Investors  
66%

### iDeCo (Individual-type Defined Contribution Pension Plan)

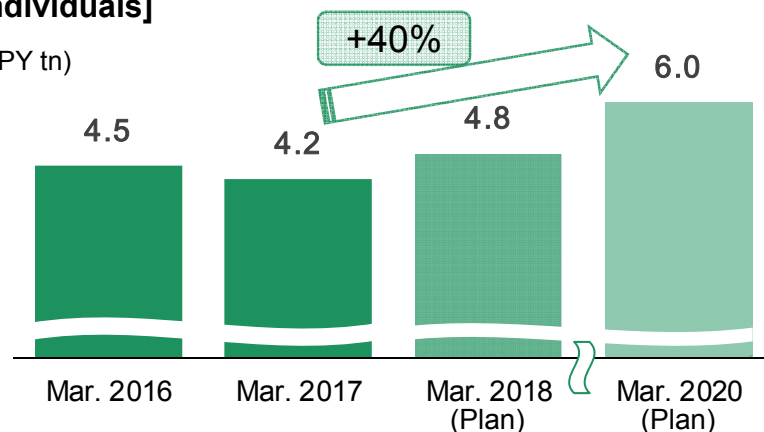
Solid start ahead of full-fledged start of iDeCo

-> April. 2016 – Feb. 2017 13% share No. 2 in industry

- DC Act revisions: Eligible members increase from 37 million to 67 million people
  - Online convenience + face-to-face presentations
    - Actively holding seminars for corporate customers and public employees
- 91 in FY2016 (of which, 34 for public employees)

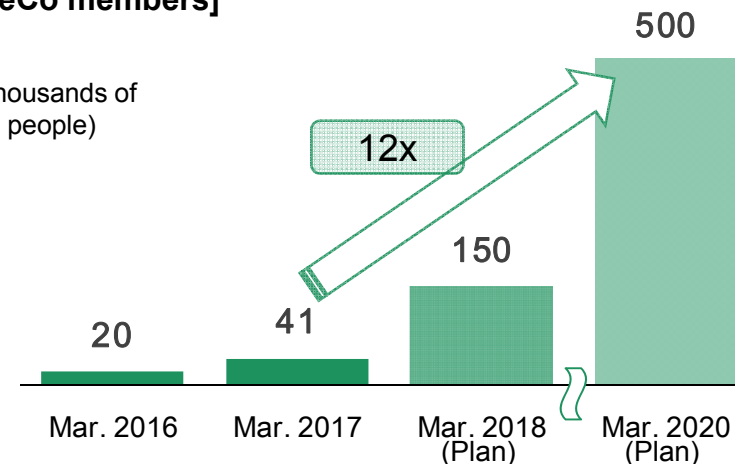
### [Balance of Asset Formation Support Products for Individuals]

(JPY tn)



### [iDeCo members]

(Thousands of people)



# Business Strategies: Settlement Business

Challenge to advanced and convenient settlement services by making best use of new technologies

Structural Change toward Cashless Settlement; Expansion of Debit Card Market

[YoY Change in Settlement Volume (2016)]

**Resona Debit Card: +33.7%**

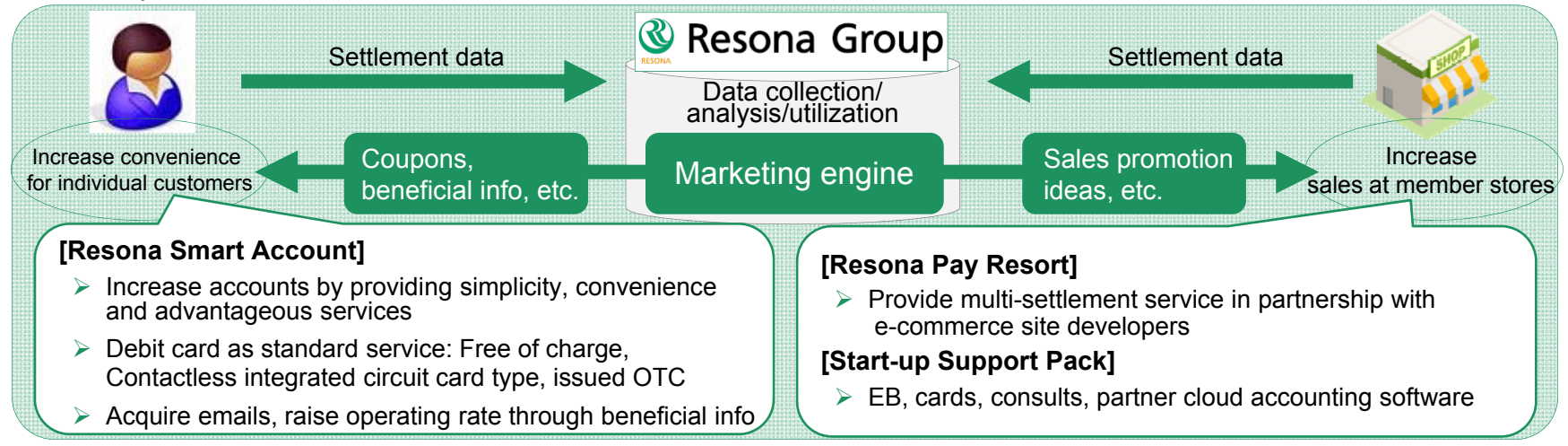
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eMoney <sup>\*1</sup>: +10.8%

>

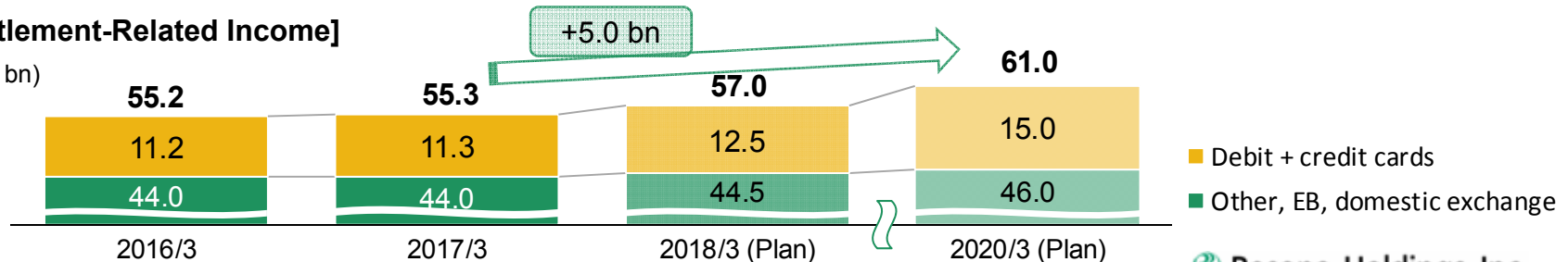
Credit Cards <sup>\*2</sup>: +8.2%

- Promote original Resona products and services, more sophisticated marketing and tie-ups with FinTech companies
- Established RHD Transaction Services Division in April 2017 to integrate individual/corporate services and speed up development



## [Settlement-Related Income]

(JPY bn)



\*1. Bank of Japan

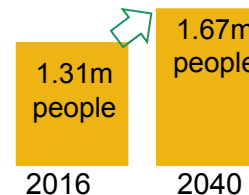
\*2. Japan Consumer Credit Association

# Business Strategies: Succession Business

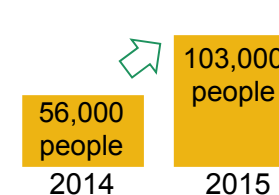
## Realize a No. 1 Brand in Succession Solution Brand

- Succession market expanding;  
twofold increase in taxable persons  
due to inheritance tax system revision
- Inherited wealth flowing into big cities
- Corporate presidents aging -> Majority 60's or older

[Succession Trends & Projection \*1]



[Succession Tax Scope (People)\*2]

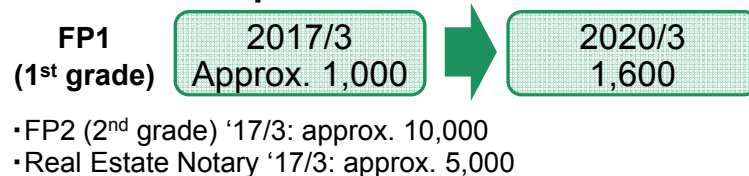


### Approach Latent Premium Segment (800,000)

#### ■ Major increase in trust offices

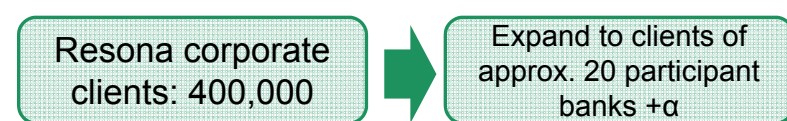


#### ■ Increase of qualified staff



### Access to Regional Bank Partner Customer Bases

#### ■ Full-fledged operation of M&A platform

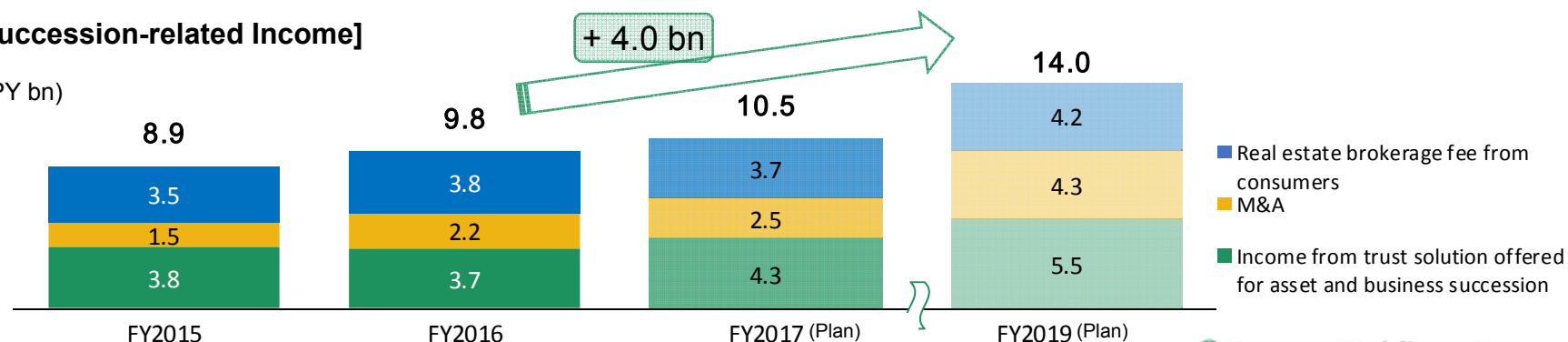


#### ■ Strengthen partnerships with trust agents



### [Succession-related Income]

(JPY bn)



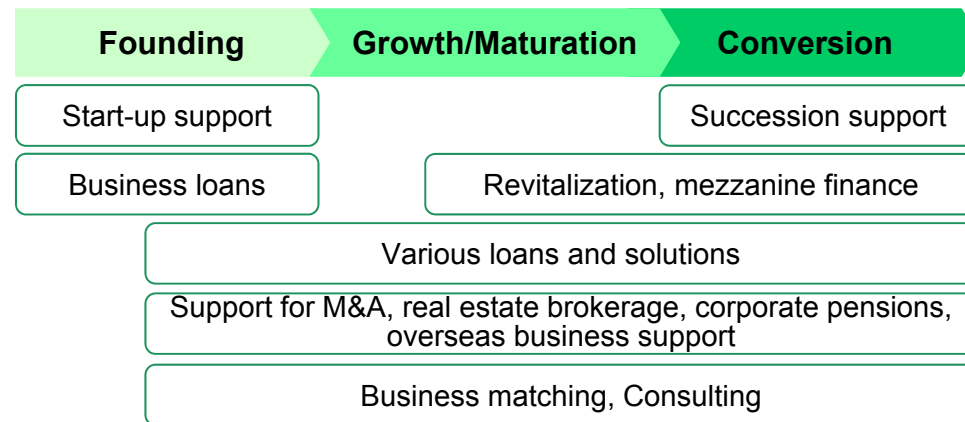
\*1 National Institute of Population and Social Security Research

\*2 Tax Agency

# Business Strategies: SME Business

## Provide Optimal Solutions at Optimal Timing for Each Growth Stage

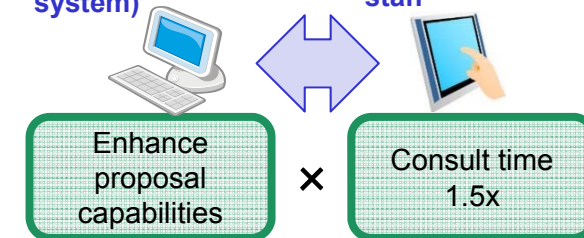
- Provide functions/expertise of commercial bank utilizing trust capabilities (Current) Borrower-centered: 80,000  
-> All corporate clients: 400,000



- Strengthen marketing capabilities and improve productivity simultaneously

- ✓ Utilize SFA\*1 (Sales support system)

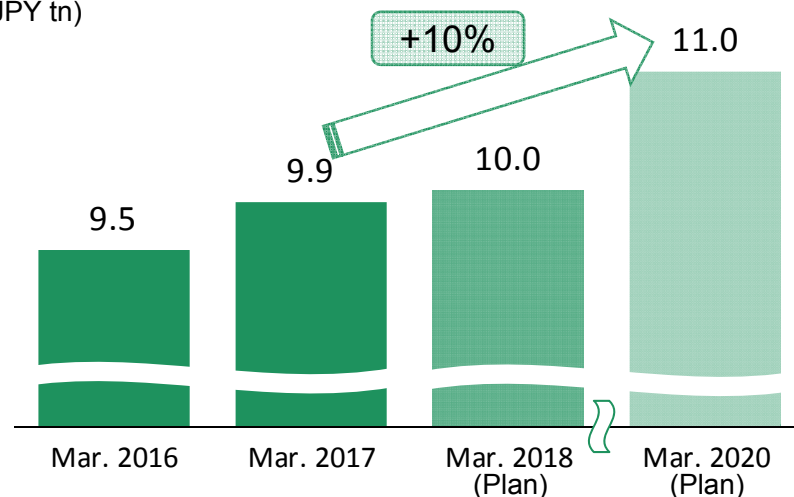
- ✓ Tablet devices to 1,500 client relations staff



- Establish Corporate Finance Division (RB)
  - More advanced consulting functions

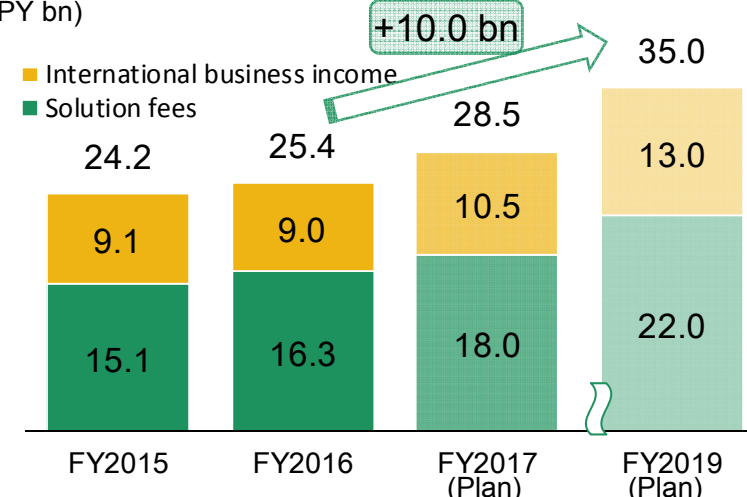
### [Loans to SMEs]

(JPY tn)



### [Solutions/International Business Income]

(JPY bn)



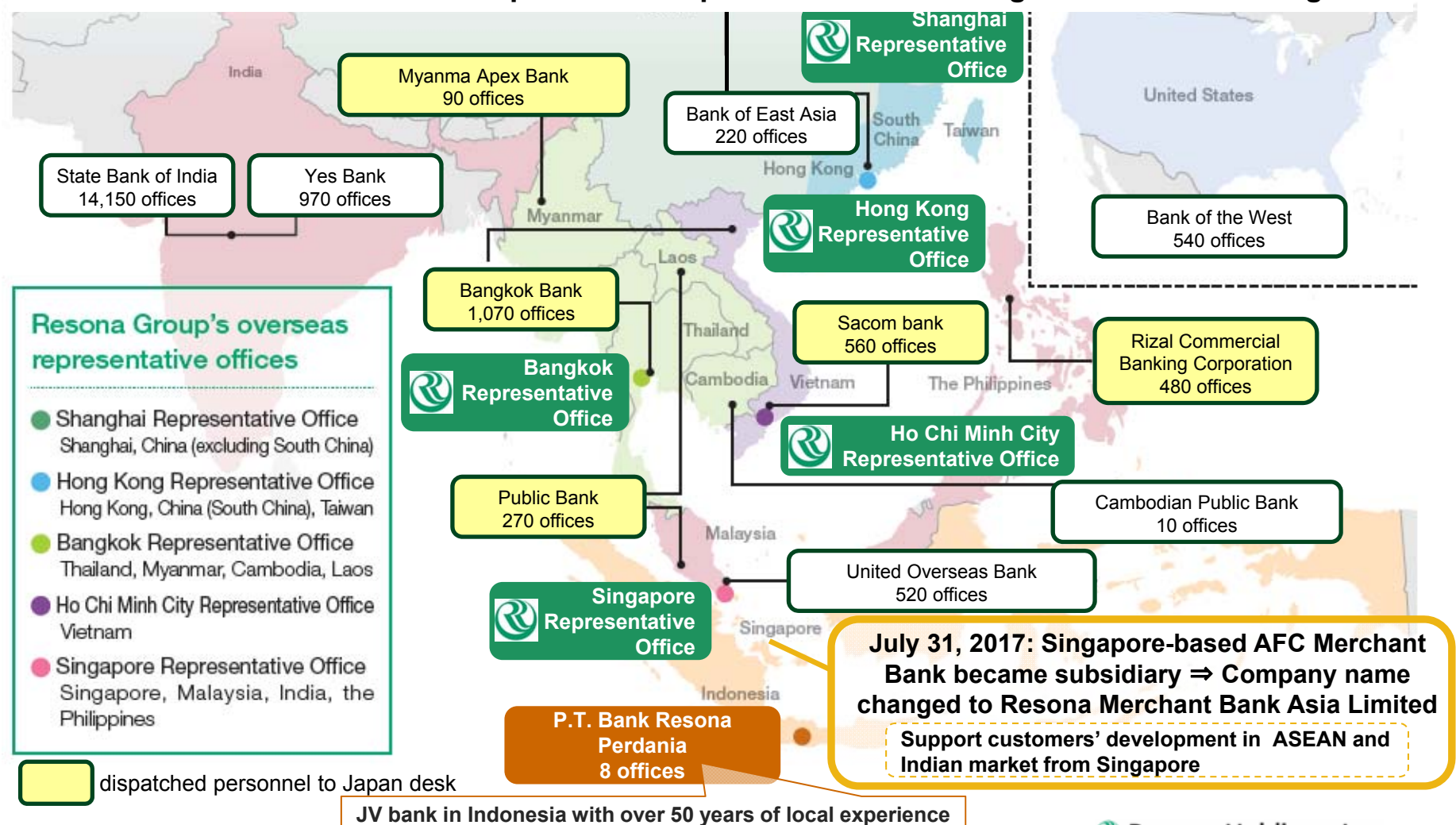
\*1. Sales Force Automation



# Business Strategies: International Business

## Supports to SMEs to Develop Overseas Business Mainly in Asia

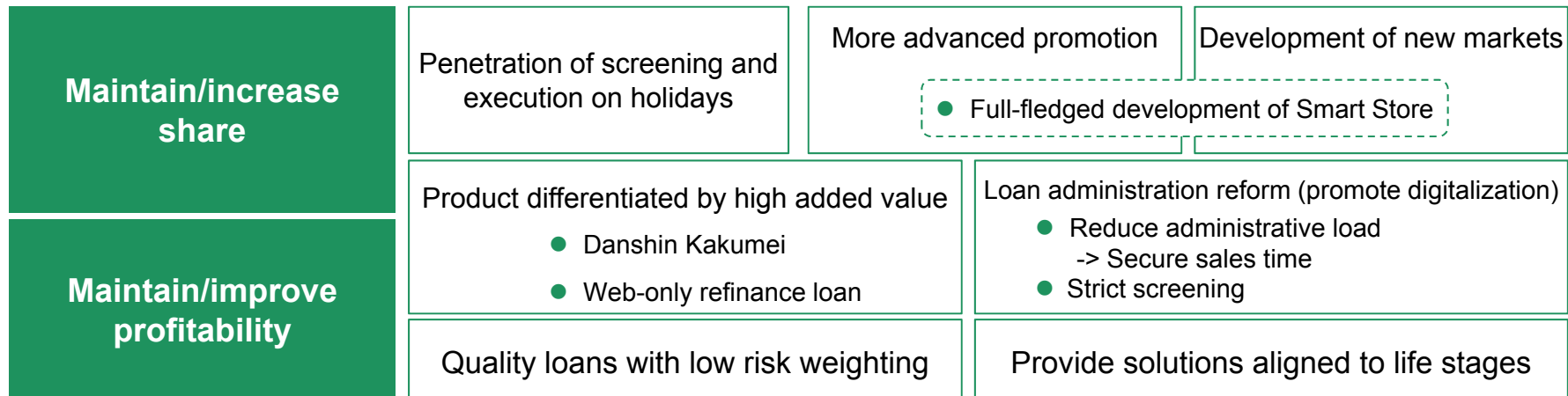
- Services offered by corporation among domestic branches, JV bank, overseas representative offices and overseas partner banks
- Overseas alliance network has expanded to 17 partner banks covering 14 countries and regions



# Business Strategies: Individual Loan Business

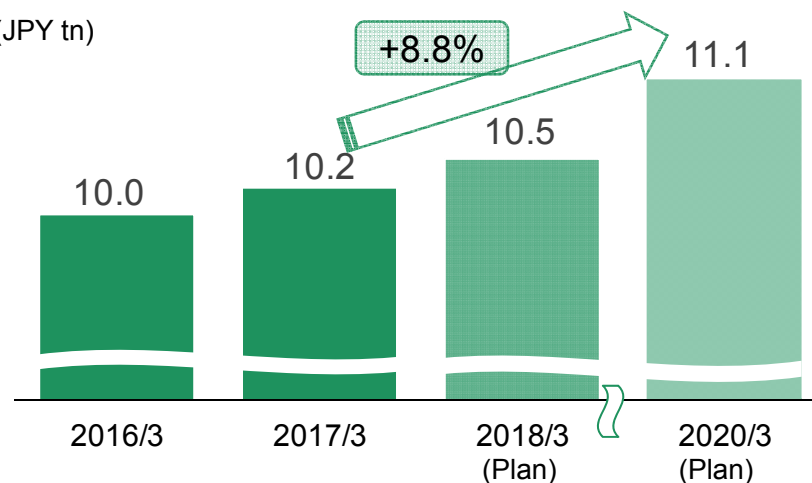
Be a No.1 Individual Loan Provider by Accommodating Sound Funding Needs

- Protracted low interest rates
- Diversification of lifestyles
- ICT evolution/diffusion



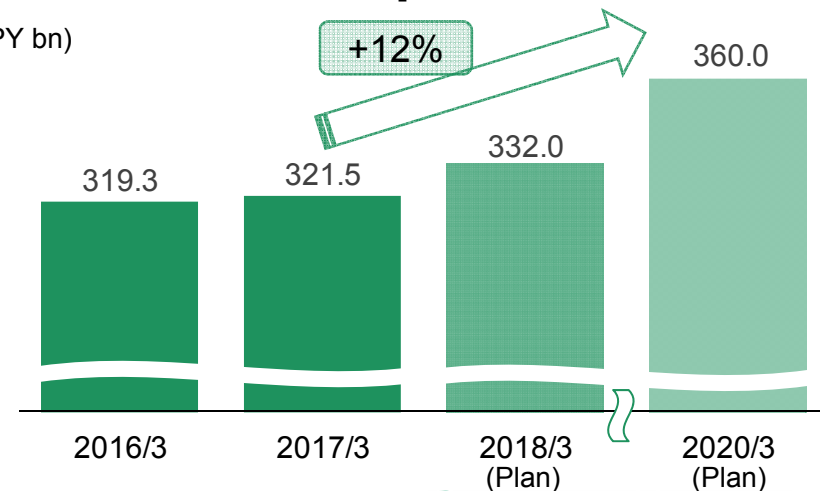
**[Balance of Residential Housing Loans]**

(JPY tn)



**[Balance of Consumer Loans]**

(JPY bn)





# Strengthen Marketing Capabilities and Improve Productivity through Digitalization

Build next-generation retail financial services model adapted to changes in business environment

- Expectation of simple, convenient, high added-value transaction style
- Necessity of improving staff productivity ahead of declines in working population

## Digitalization

- Drastically reduce procedures time and back-office administration by reforming transaction style utilizing ICT
- Shift from “to cut clerical work load in half” to “to eliminate it” through establishment of Digitalized Operation Division in April 2017

## Shift personnel to sales; enhance solutions capabilities

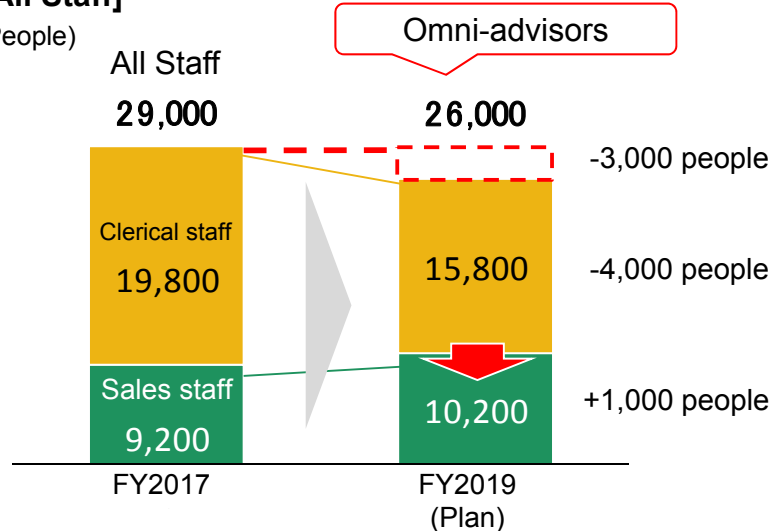
- Sales staff +1,000 people
- All Resona staff providing solutions

## Downsize or replace branches

- Optimal branch design in line with local characteristics
- Develop 7 Days mini managed with small staff

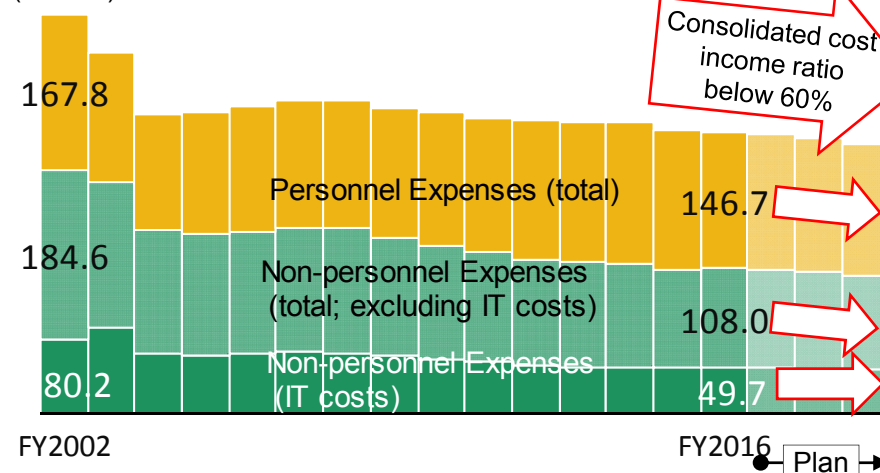
### [All Staff]

(People)



### [Personnel/Non-personnel Expenses]

(JPY bn)



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

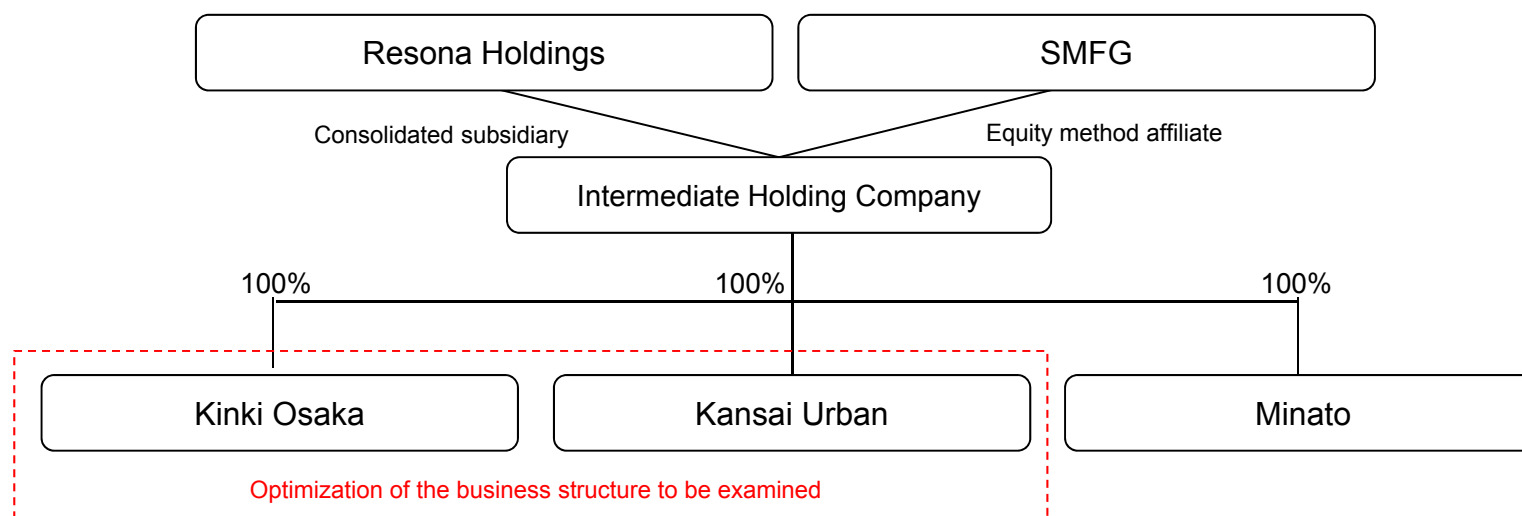
## Basic Policies of the Integrated Group

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

## Structure of the Business Integration

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

【Image Chart of the Integrated Group】



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

### Summary of the Integrated Group

- The Integrated Group will be one of the leading regional financial groups in Japan with a competitive and full-scale branch network (379 branches) that can be a platform for providing services to customers (mainly in Osaka, Hyogo and Shiga prefectures) in a cohesive manner. The total assets of the Integrated Group will amount to JPY11.6 trillion, loans and bills discounted will amount to JPY8.7 trillion, gross banking profit will amount to JPY148.2 billion and net income will amount to JPY28.1 billion.

< Summary of the Integrated Group (FY2016 or 2017/3) >

(JPY bn)

	Minato	Kansai Urban	Kinki Osaka	Total
Total assets (consolidated)	3,506.6	4,603.7	3,540.8	11,651.2
Loans and bills discounted (consolidated)	2,497.8	3,850.5	2,441.9	8,790.3
Deposits (consolidated)	3,140.3	4,032.3	3,229.3	10,402.0
Gross banking profit (non-consolidated)	44.1	60.7	43.3	148.2
Net income (non-consolidated)	6.6	14.0	7.5	28.1
Number of branches (including sub-branches)	106	155	118	379

### Timetable

(Scheduled)

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

# Composition of Resona Holdings' Board of Directors

## 6 outside directors



**Tadamitsu Matsui**  
Chairperson,  
Nominating Committee  
Member, Compensation  
Committee

Representative Director and President of  
MATSUI Office Corporation,  
(Former Representative Director and  
Chairperson of Ryohin Keikaku 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)



**Toshio Arima**  
Member, Nominating  
Committee  
Member, Compensation  
Committee

Chairperson of the Board, Global  
Compact Japan Network,  
(Former President and Representative  
Director of Fuji Xerox Co., Ltd)



**Hidehiko Sato**  
Member, Nominating  
Committee  
Member, Audit  
Committee

Attorney-at-law (Hibiki Law Office)  
(Former National Police Agency  
Commissioner)



**Chiharu Baba**  
Member,  
Audit Committee

(Former Deputy President of  
Mizuho Trust & Banking Co., Ltd.)

## 4 internal directors



**Kazuhiro  
Higashi**  
President and  
Representative  
Executive  
Officer



**Tetsuya Kan**  
Representative  
Executive Officer

Group Strategy Division



**Toshiki Hara**  
Representative  
Executive  
Officer

Human Resources Division,  
Corporate Governance Office



**Kaoru Isono**  
Member, Audit  
Committee

## Glass-walled executive room



# Superior Corporate Governance system ensures transparency and objectivity

**The first Japanese banking group which adopted the committees-based corporate governance structure in 2003**

<b>Board of Directors</b>	<p><b>Majority of the Board members, six out of ten, are independent outside directors with wide range of knowledge</b></p> <p>Independence of Outside Directors : Shall fall under none of the followings</p> <ul style="list-style-type: none"> <li>• Large shareholder, ex-employee etc. of the company, relative of the company's employee, person of the important business relationship, person from a company which receives a director from the company, long term of office etc.</li> </ul> <p>Requirements of outside directors : Personality, knowledge, faithfulness, wide range of back ground</p> <p>Support system for outside directors : Corporate Governance Office is to provide information and pre-explanation on upcoming issues to the directors.</p> <p>Operations of the Board : Elects chairperson of the Board after conducting an annual analysis and self-evaluation of the Board Free discussion sessions are held adding to the board to discuss on strategic matters</p>
<b>Nominating Committee</b>	<p><b>All of the members including the chairperson are outside directors</b></p> <ul style="list-style-type: none"> <li>• Introduced succession plan in July 2007</li> <li>=&gt; Elect and promote candidates to ensure that the most appropriate person fill top management roles and responsibilities</li> <li>Ensure objectivity by drawing on the advice of outside consultants</li> </ul>
<b>Compensation Committee</b>	<p><b>All of the members including the chairperson are outside directors</b></p> <ul style="list-style-type: none"> <li>• Compensation for Directors : To abolish corporate performance based compensation (scheduled on June 2017), focusing on their management supervision function</li> <li>• Compensation for Executive Officers: 40-50% portion of the compensation is linked to corporate performance.</li> <li>: To introduce Performance Share Unit Plan (scheduled on July 2017) <ul style="list-style-type: none"> <li>• Provides its shares and cash compensation according to the ROE of FY2019, the final fiscal year of the current medium-term management plan</li> </ul> </li> <li>• Total amount of compensations is disclosed on Business Reports etc. based on laws and regulations</li> </ul>
<b>Audit Committee</b>	<p><b>An outside director serves as the chairperson</b></p> <ul style="list-style-type: none"> <li>• Introduced double report line system on June 2016</li> <li>=&gt; Enables Audit committee to instruct internal audit division bypassing representative executive officers</li> </ul>

**Opening Remarks**

**Resona Group at a Glance**

**Outline of Business Results for the 1Q of FY2017  
and Updates on Major Businesses**

**Medium-term Management Plan**

**Direction of Capital Management**

**Reference Material**

# Direction of Capital Management

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

## CAR target

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

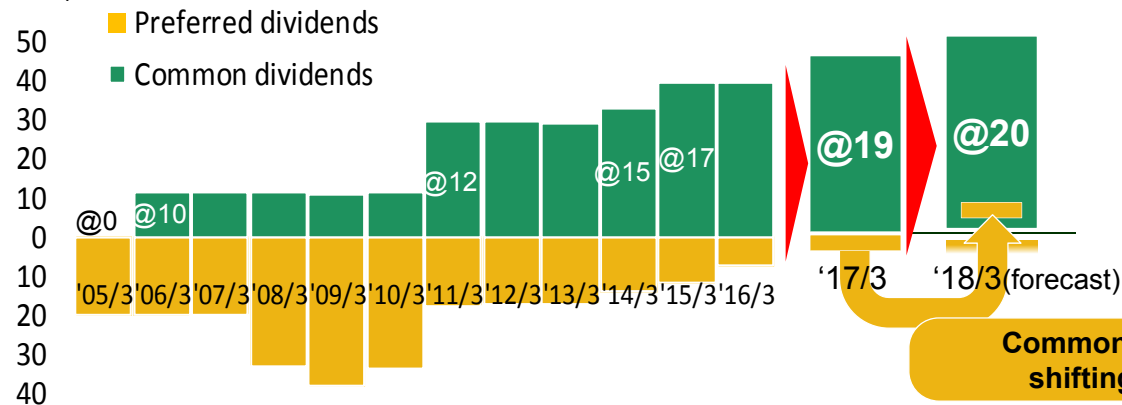
## ROE target

- Maintain ROE<sup>\*1,3</sup> above 10%  
: FY2016 11.67%

## Shareholder return policy

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

(JPY bn)



Further  
shareholder  
return to be  
considered

Common DPS increase through  
shifting preferred dividends

\*1. Reflect the impacts of integrating regional banks in the Kansai region on which related parties reached basic agreement on March 3, 2017

\*2. Exclude unrealized gain on available-for-sale securities, net of tax effect

\*3. (Net income – preferred dividends) / (Total shareholders equity – balance of outstanding preferred shares)



**Opening Remarks**

**Resona Group at a Glance**

**Outline of Business Results for the 1Q of FY2017  
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**Medium-term Management Plan**

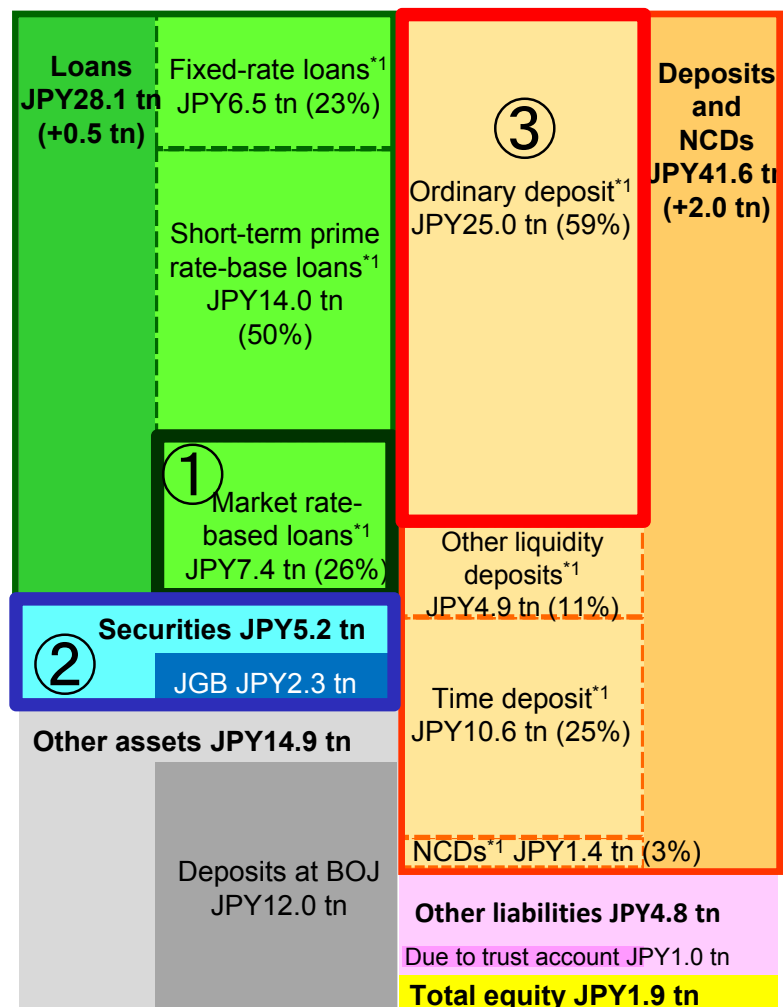
**Direction of Capital Management**

**Reference Material**

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

Impacts that surfaced already are manageable

Total assets JPY48.4 tn (Mar. 31, 2017)  
(JPY(0.6) tn, YoY)



Impacts of the NIRP

(JPY bn)	FY2016 Act
① Loans	(9.0)
② Deposits	+3.5
③ Securities	(3.5)
Total	(9.0)

## 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'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, 2015 and 2016

Listed companies  
promoting the appointments  
of women  
(for 3 consecutive years)



## 14th Corporate Philanthropy Award 2016

"Resona Kids' Money Academy,"  
a financial and economic education  
activity for children, won grand prix



## Resona adopted by all three ESG stock indices selected by GPIF

66 companies adopted by all  
three indices.  
Resona is the only one among  
Japanese banks.

- ✓ FTSE Blossom Japan Index
- ✓ MSCI Japan ESG Select Leaders Index
- ✓ MSCI Japan Empowering Women Index

# For Further Sustainability Improvement

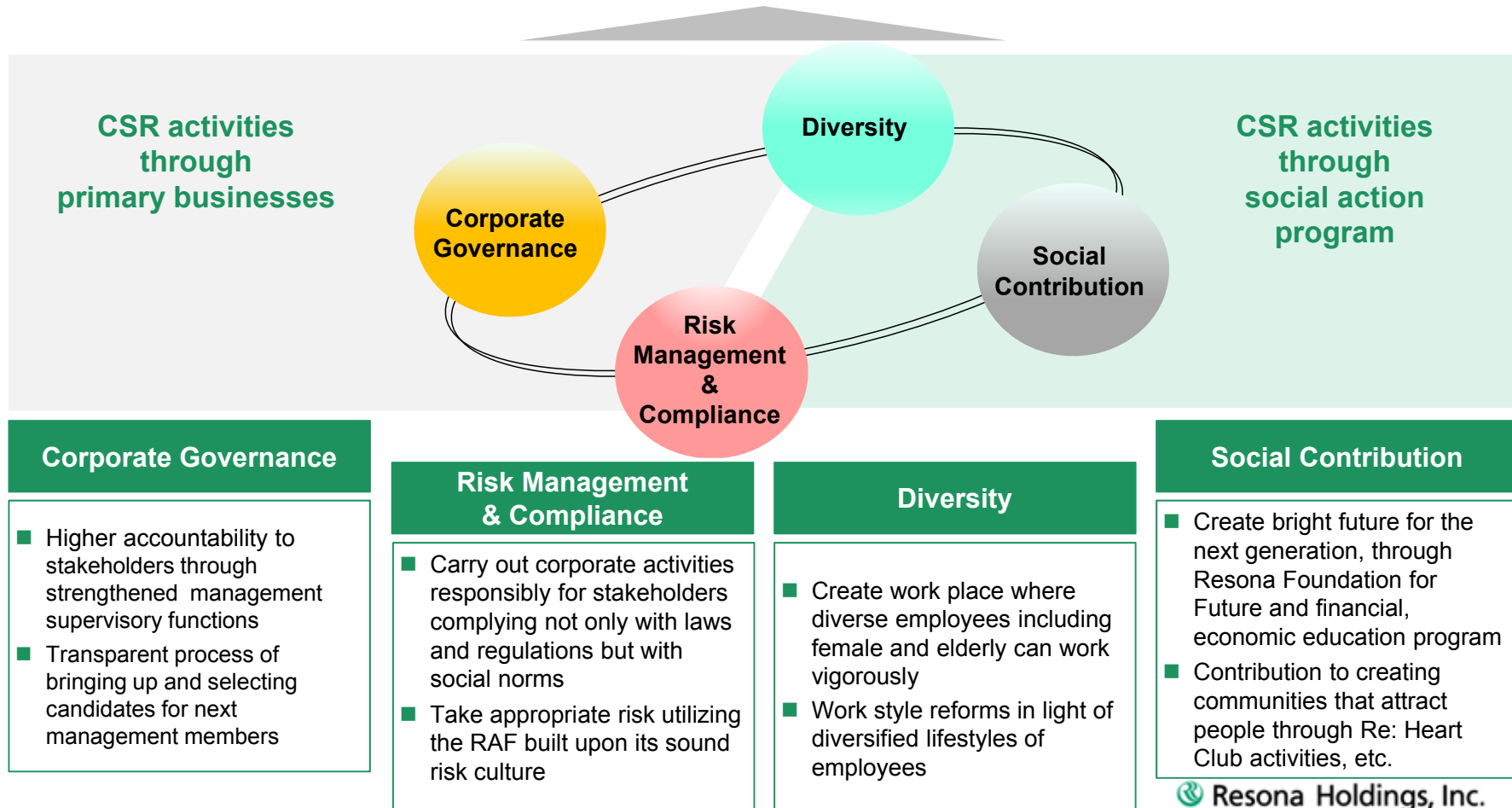
**Corporate culture that cherishes the corporate credo of “Always together with society”**

- In order to improve the Group’s sustainability, Resona Group will fulfill social responsibilities through its primary business, taking into account such societal demands as SDGs and ESG and proactively promote its CSR activities.

**Enhancement of Resona’s corporate value and brand value**

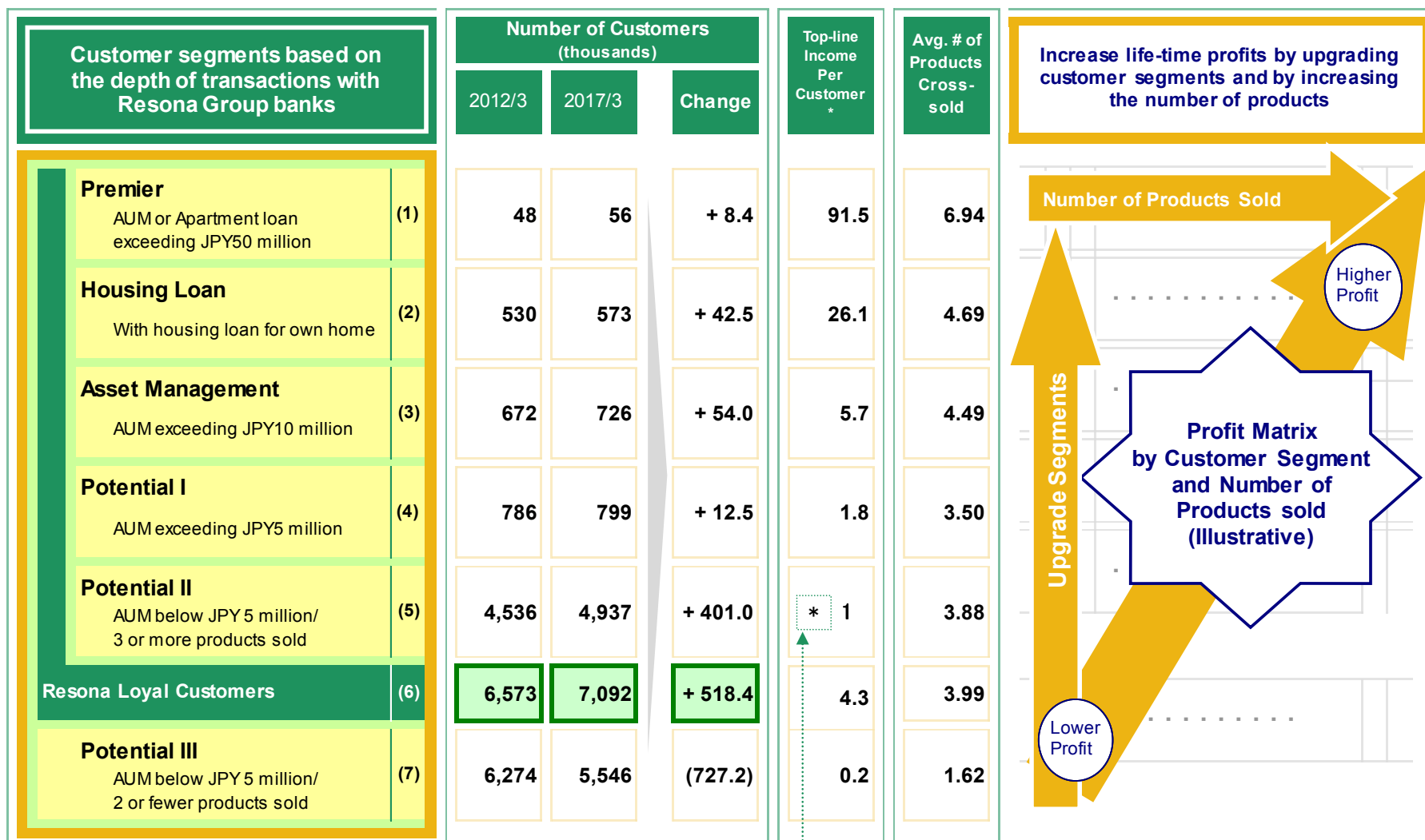


**Contributing to creation of sustainable society**



# 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

# Achievements in Cross-selling Efforts 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)			Mar. 31, 2016	Mar. 31, 2017	Change
(1)	Premier	AUM or condominium loan exceeding JPY50 million	55	56	+ 1.7
(2)	Housing Loan	With housing loan for own home	564	573	+ 9.2
(3)	Asset Management	AUM exceeding JPY10 million	715	726	+ 11.3
(4)	Potential I	AUM exceeding JPY5 million	795	799	+ 3.9
(5)	Potential II	AUM below JPY 5 million/ with 3 or more products sold	4,910	4,937	+ 27.1
(6)	Resona Loyal Customers (RLCs)		7,039	7,092	+ 53.5
(7)	Potential III	AUM below JPY 5 million/ with 2 or less products sold	5,694	5,546	(147.0)
(8)	Total active retail customers		12,733	12,639	(93.5)

## Reference Indices

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

### Lifetime Value (LTV)

Change in  
Past 1 Year

**+47.6 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

Mar. 31, 2017

**3.99 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.

# Outline of Financial Results for FY2016

## ■ Net income attributable to owners of the parent :

### JPY161.4 bn

- Down 22.3 bn, or -12.1%, YoY, or (8.6) bn below the target
  - Decline in actual net operating profit (13) : (56.8) bn YoY
  - Improvement in credit cost (15) : +43.3 bn YoY

## ■ Actual net operating profit : JPY218.2 bn

- Gross operating profit : 563.1 bn, down 56.4 bn, or (9.1)%, YoY
  - Decline in net interest income from loans and deposits (total of group banks) : (25.0) bn YoY
    - Loan-to-deposit spread decreased by -11bps YoY while the volume increased mainly due to increase in loans to SMEs and housing loans.
  - Net gains on bonds (including futures) : (25.1) bn YoY
  - Fees and commission income + Trust fees : (8.0) bn YoY
    - Decline in income from financial products sales was partly offset by increase in fees from corporate solutions and loan related fees.
- Operating expenses : (344.9) bn, (0.4) bn YoY

## ■ Capital Management :

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

- Repurchased and cancelled Class 6 Preferred Shares (75.0 bn), and increased common DPS by 2 yen.

## ■ Earnings target of net income attributable to owners of the parent for FY2017 : JPY150.0 bn

## ■ Common DPS planned for FY2017 : Planning +1 yen DPS increase

- From 19 yen to 20 yen per year  
(10 yen to be paid as interim dividend)

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

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



# Breakdown of Financial Results for FY2016

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

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

## RHD Consolidated



# Trend of Loans and Deposits

Total of  
Group Banks

## Average loan / deposit balances, rates and spread

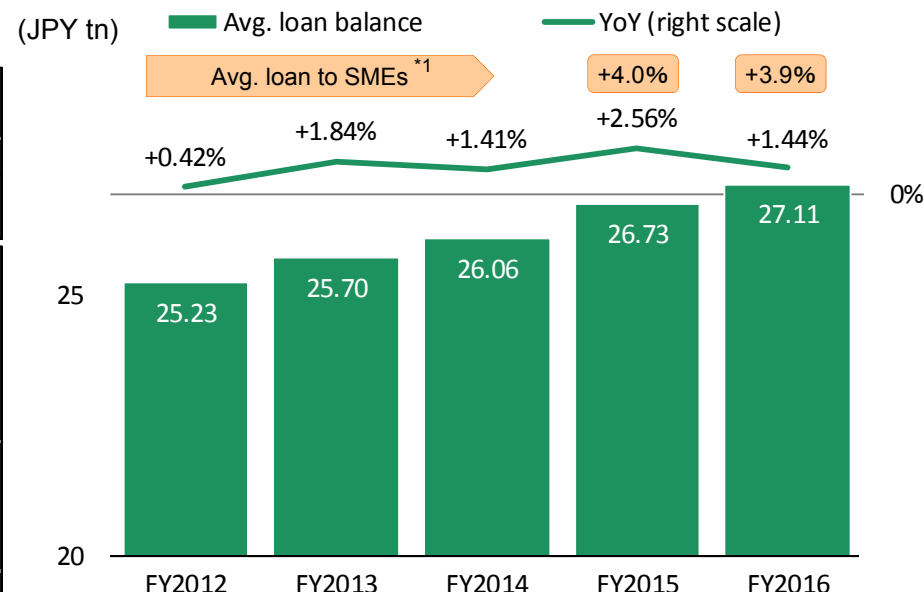
Avg. bal : Trillion Yen Income/Cost : Billion Yen			FY2016		FY2017	
			Act.	YoY	Plan	YoY
Average loan balance (Banking account)			(1)			
Domestic acct.	Loans	Avg. Bal. (2)	27.11	+1.44%	27.43	+1.17%
		Rate (3)	1.14%	(0.13)%	1.06%	(0.08)%
		Income (4)	310.8	(31.8)	291.2	(19.6)
	Corporate Banking Business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

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

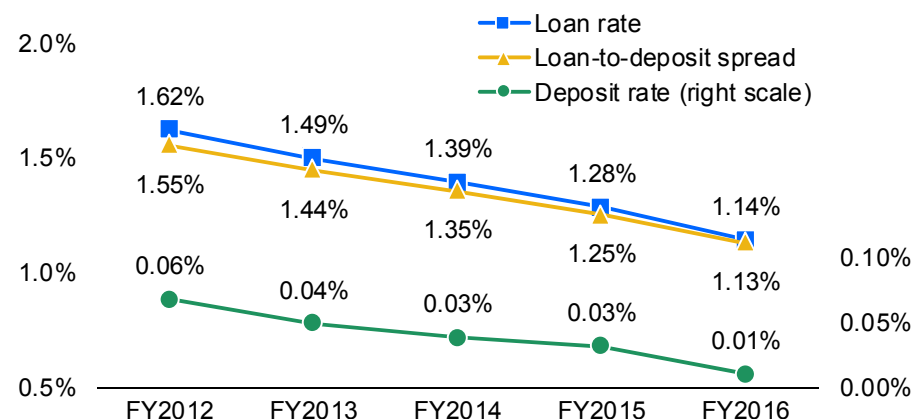
\*2. Corporate Banking Business Unit :  
Corporate loans (excluding loans to governments) + apartment loans

\*3. Personal Banking Business Unit:  
Residential housing loans + other consumer loans

## Trend of average loan balance (Domestic account)



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



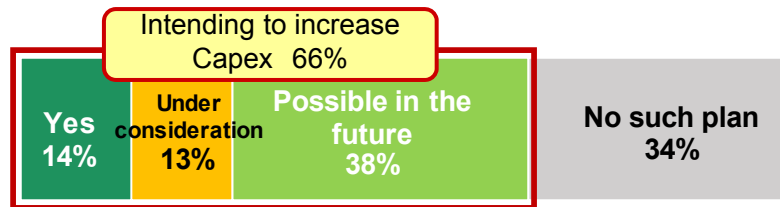
# Capex-related Loans / Loans to Healthcare Industry / PB Business

Total of  
Group Banks

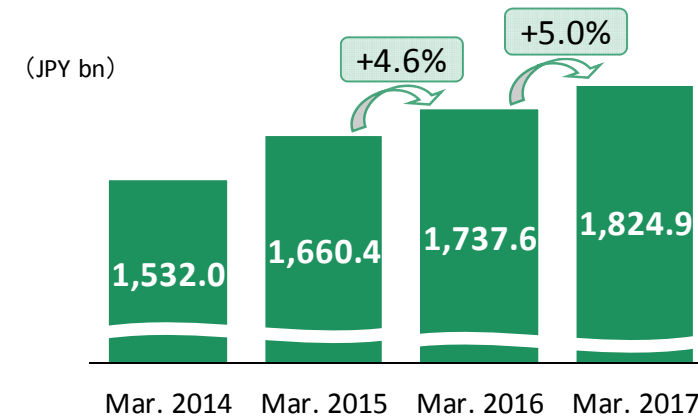
## Capex-related loans\*1

- 66% of the respondents intending to increase Capex  
+3% increase from last survey (Jan. 2016 to Feb. 2016)

[Does your company have a plan for Capex? \*2]

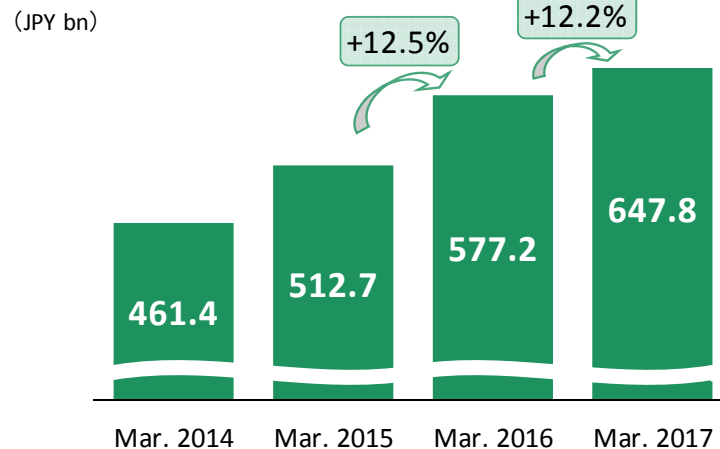


- Capex-related loans increase JPY87.2 bn YoY



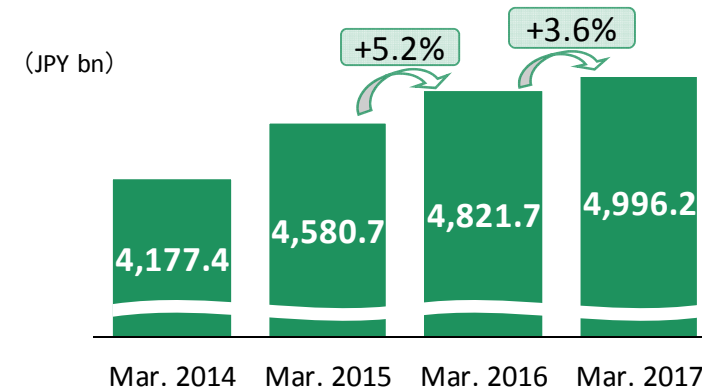
## Loans to healthcare industry\*3

- Loans to healthcare industry increase JPY70.5 bn YoY



## Loans to “premier” customers

- Loans to premier customers increase JP174.5 bn YoY



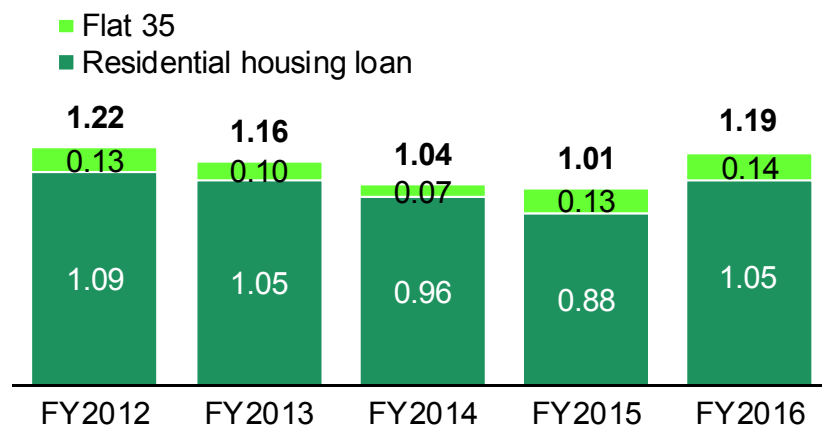
\*1. Excluding loans to individuals, non-residents, and real estate sector companies \*2. Questionnaire survey which RB, SR and KO conducted to their corporate customers from Jan. 2017 to Feb. 2017 (26 thousands customers responded.)  
\*3. Loans to medical and nursing care institutions and welfare facilities

# Trend of Residential Housing Loans

Total of  
Group Banks

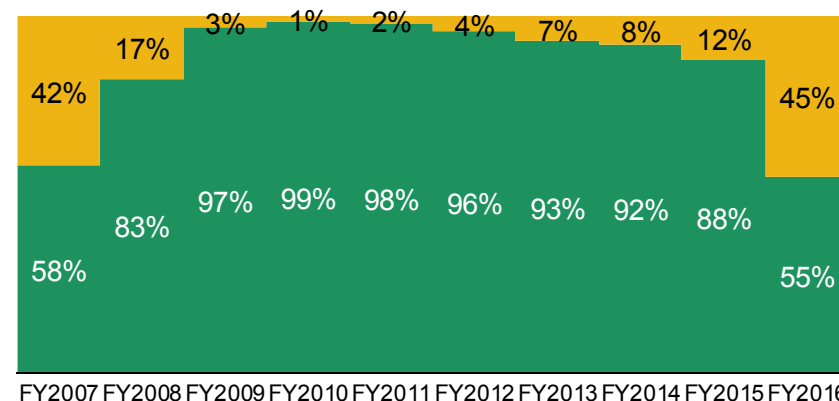
## New loan origination

(JPY tn)



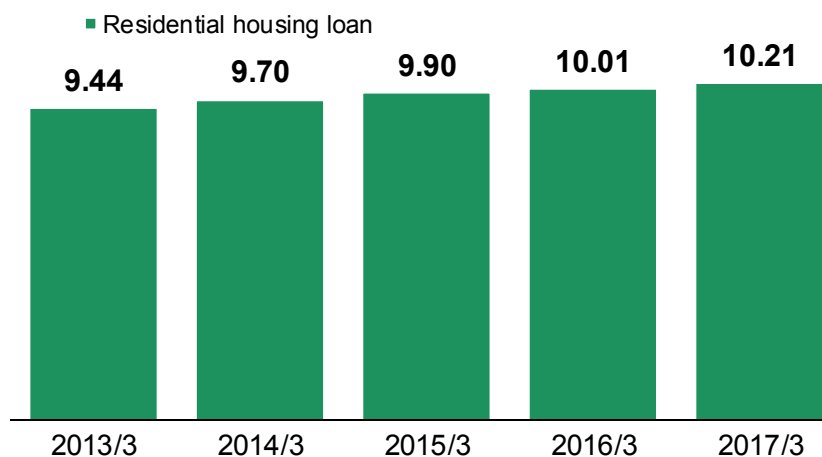
## Composition of newly originated residential housing loans by interest rate type

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



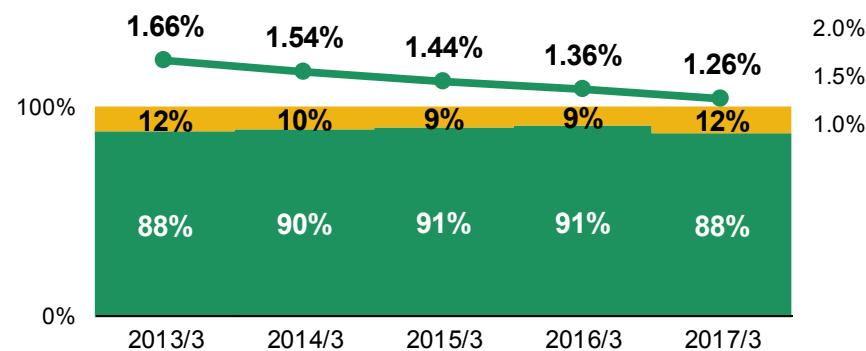
## Term-end loan balance

(JPY tn)



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

- Share of fixed rate residential housing loans
- Share of variable rate residential housing loans
- Residential housing loans yield (right scale)



# 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 (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		
						YoY Change	YoY Change	Gross operating profit		Operating expense		YoY Change	YoY Change			
				RVA <sup>*1</sup>				RAROC	OHR	YoY Change	YoY Change			profit	YoY Change	expense
Customer Divisions (1)		78.2	17.0%	68.1%	8.1%	167.9	(10.1)	148.2	(51.4)	465.7	(52.3)	(317.5)	+0.8	19.6	+41.2	
	Personal Banking (2)	25.3	20.5%	79.3%	8.1%	45.5	(29.9)	43.5	(30.8)	210.6	(31.5)	(167.1)	+0.7	2.0	+0.9	
	Corporate Banking (3)	52.9	16.0%	58.9%	8.1%	122.3	+19.7	104.7	(20.5)	255.1	(20.7)	(150.3)	+0.1	17.6	+40.3	
	Markets (4)	45.9	35.7%	16.8%	10.0%	61.5	+5.5	61.5	+5.5	74.0	+7.0	(12.4)	(1.4)	-	-	
Total <sup>*2</sup> (5)		56.0	12.0%	61.2%	11.1%	228.4	(3.2)	208.8	(44.4)	538.8	(43.8)	(329.9)	(0.5)	19.6	+41.2	

\*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 group banks)

(JPY bn)

Name	Line of business	Capital contribution ratio	Net income		
			FY2016	YoY change	FY2015
Resona Guarantee Co., Ltd. (1)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	14.8	(0.5)	15.3
Daiwa Guarantee Co., Ltd. (2)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	0.4	(0.3)	0.7
Kinki Osaka Shinyo Hosho Co., Ltd. (3)	Credit guarantee (Mainly mortgage loan)	Resona Group 100%	1.2	(1.7)	3.0
Resona Card Co., Ltd. (4)	Credit card Credit guarantee	Resona Holdings 77.6% Credit Saison 22.4%	1.7	(0.2)	1.9
Resona Kessai Service Co., Ltd. (5)	Factoring	Resona Holdings 100%	0.5	(0.0)	0.6
Resona Research Institute Co., Ltd. (6)	Business consulting service	Resona Holdings 100%	0.1	+0.0	0.1
Resona Capital Co., Ltd. (7)	Venture capital	Resona Holdings 100%	0.1	(0.2)	0.3
Resona Business Service Co., Ltd. (8)	Back office work Employment agency	Resona Holdings 100%	0.1	+0.0	0.0
Resona Asset Management Co., Ltd. (9)	Investment Trust Management	Resona Holdings 100%	(0.3)	(0.1)	(0.1)
Total			18.9	(3.1)	22.1

## Major consolidated overseas subsidiaries

Name	Line of business	Capital contribution ratio	Net income		
			FY2016	YoY change	FY2015
P.T. Bank Resona Perdania (10)	Banking business (Indonesia)	Resona Group 43.4% (Effective control approach)	1.1	(0.2)	1.4
P.T. Resona Indonesia Finance (11)	Leasing business (Indonesia)	Resona Group 100%	0.1	+0.0	0.1
Total			1.3	(0.2)	1.5

## Affiliated company accounted for by the equity method

Name	Line of business	Capital contribution ratio	Net income		
			FY2016	YoY change	FY2015
Japan Trustee Services Bank, Ltd. (12)	Banking and Trust	Resona Group 33.3% Sumitomo Mitsui Trust HD 66.6%	0.3	+0.0	0.3

\*1. Fiscal year end of the two overseas subsidiaries is December 31. RHD's consolidated business results reflect the accounts of these subsidiaries settled on December 31.



# 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*

Total assets: JPY48.4 tn  
(As of Mar. 31, 2017, total of group banks)

Loans and bills discounted JPY28.3 tn (58%)	Liquidity deposits JPY30.0 tn (62%)
Securities JPY5.2 tn (10%)	<b>Core liquidity deposits (x%)</b>
Cash and due from banks JPY12.6 tn (26%)	Time deposits JPY10.6 tn (22%)
Other JPY2.1 tn (4%)	Other JPY5.8 tn (12%)
	Net assets JPY1.8 tn (4%)

***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)		Mar. 31, 2017						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>	<b>(1)</b>	<b>255.8</b>	<b>578.8</b>	<b>773.1</b>	<b>151.3</b>	<b>449.5</b>	<b>69.5</b>	<b>2,278.3</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)	205.3	486.3	667.9	50.0	350.0	12.1	1,771.6	118.0	284.3	945.2	130.0	400.0	3.0	1,880.5
Floating-rate JGBs	(3)	118.3	166.3	145.4	-	-	-	430.0	118.0	135.3	294.7	-	-	-	548.0
Japanese local government bonds	(4)	43.9	82.9	100.0	100.0	98.0	4.9	429.8	43.5	88.2	88.7	100.0	148.0	-	468.4
Japanese corporate bonds	(5)	6.6	9.6	5.2	1.3	1.5	52.5	76.8	4.7	9.0	5.7	1.4	1.5	12.5	35.1
<b>Available-for-sale securities</b>	<b>(6)</b>	<b>376.2</b>	<b>313.4</b>	<b>224.2</b>	<b>129.7</b>	<b>718.4</b>	<b>146.3</b>	<b>1,908.5</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)	361.9	284.9	198.0	99.9	382.0	94.8	1,421.8	381.2	671.5	282.1	76.9	231.2	27.8	1,671.0
JGBs	(8)	172.0	-	60.0	-	243.0	63.0	538.0	240.0	289.2	80.0	-	128.0	17.5	754.7
Floating-rate JGBs	(9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Japanese local government bonds	(10)	12.8	4.6	13.4	4.2	111.8	-	147.1	7.0	22.7	15.6	8.5	50.7	-	104.6
Japanese corporate bonds	(11)	177.0	280.2	124.6	95.6	27.2	31.8	736.7	134.2	359.6	186.5	68.3	52.5	10.3	811.6
Other	(12)	14.3	28.5	26.1	29.8	336.4	51.4	486.7	22.3	17.1	13.0	40.1	134.2	96.3	323.3

## Unrealized gains/(losses)\*1

[Mar. 31, 2017] (JPY bn)		B/S Amount	Change from Mar. 31, '16	Unrealized gains/(losses)	Change from Mar. 31, '16
Bonds held to maturity	(1)	<b>2,277.7</b>	(105.8)	<b>67.4</b>	(26.1)
Available-for-sale securities	(2)	<b>2,958.7</b>	38.7	<b>555.4</b>	95.2
Stocks	(3)	<b>911.6</b>	113.7	<b>563.2</b>	116.8
Bonds	(4)	<b>1,429.1</b>	(267.4)	<b>(2.6)</b>	(17.3)
Other	(5)	<b>617.9</b>	192.4	<b>(5.2)</b>	(4.3)

## Trend of market and other indicators

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

		2014/3	2015/3	2016/3	2017/3
Duration (year)	(1)	3.1	3.3	3.1	7.0
BPV ( JPY bn)	(2)	(1.41)	(0.72)	(0.24)	(0.38)
10-year JGB yield	(3)	0.640%	0.395%	(0.050)%	0.065%

[Break-even point in terms of Nikkei Average]

		2014/3	2015/3	2016/3	2017/3
Nikkei Average (Yen)	(4)	6,500	5,500	6,500	6,200
BV of stock sold (JPY bn)	(5)	5.4	3.2	8.7	3.3

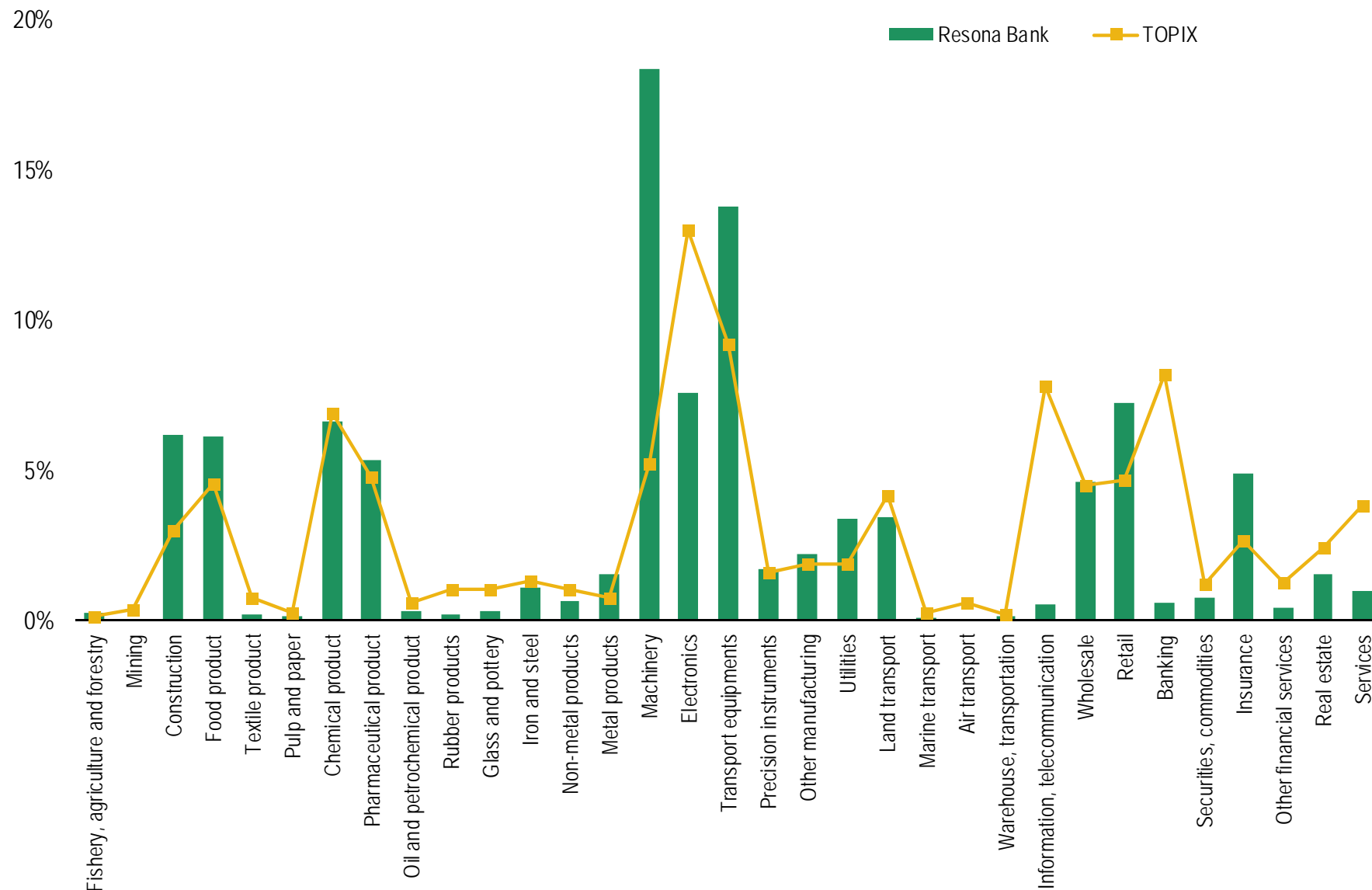
[Net gain/(loss) on bonds and stocks]

(JPY bn)	FY2013	FY2014	FY2015	FY2016
Net gains/(losses) on bonds (6)	7.2	24.3	49.1	(2.8)
Net gains/(losses) on stocks (7)	22.3	44.5	(6.7)	25.1

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

# Stocks Held by Industry (March 2017)

RB



(Balance sheet amount)

# 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 March 2017]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(5)	1.6%	1.3%	6.4%	14.0%	23.4%
Prime rate-based	(6)	50.1%	0.1%	0.0%	0.0%	50.2%
Market rate-based	(7)	25.5%	1.0%			26.4%
Total	(8)	77.2%	2.3%	6.4%	14.0%	100.0%

Loans maturing  
within 1 year

79.6%

[Change in FY2016]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(9)	+0.1%	+0.0%	(0.3)%	+2.4%	+2.2%
Prime rate-based	(10)	(2.3)%	(0.0)%	(0.0)%	0.0%	(2.3)%
Market rate-based	(11)	+0.2%	(0.1)%			+0.1%
Total	(12)	(1.9)%	(0.1)%	(0.3)%	+2.4%	-

Loans maturing  
within 1 year

(2.0)%

## 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 March 2017]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(4)	52.0%	1.1%	4.5%	15.6%	73.3%
Time deposits	(5)	12.9%	8.0%	5.0%	0.9%	26.7%
Total	(6)	64.9%	9.1%	9.5%	16.5%	100.0%

[Change in FY2016]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(7)	+9.4%	(0.4)%	(1.5)%	(5.4)%	+2.1%
Time deposits	(8)	(0.6)%	(0.4)%	(1.0)%	(0.2)%	(2.1)%
Total	(9)	+8.8%	(0.8)%	(2.5)%	(5.5)%	-

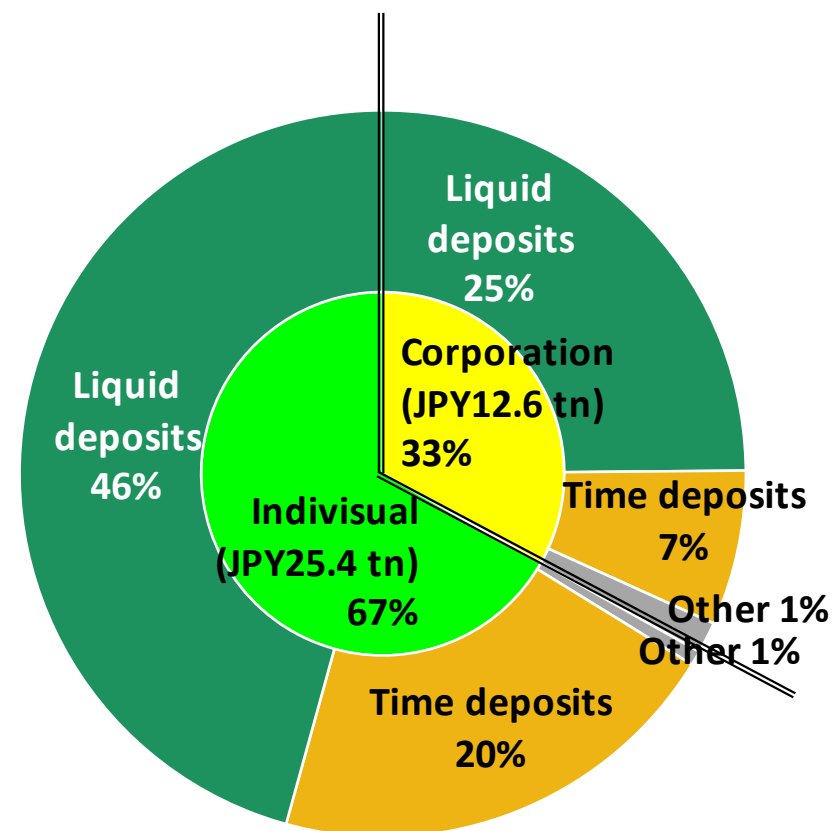
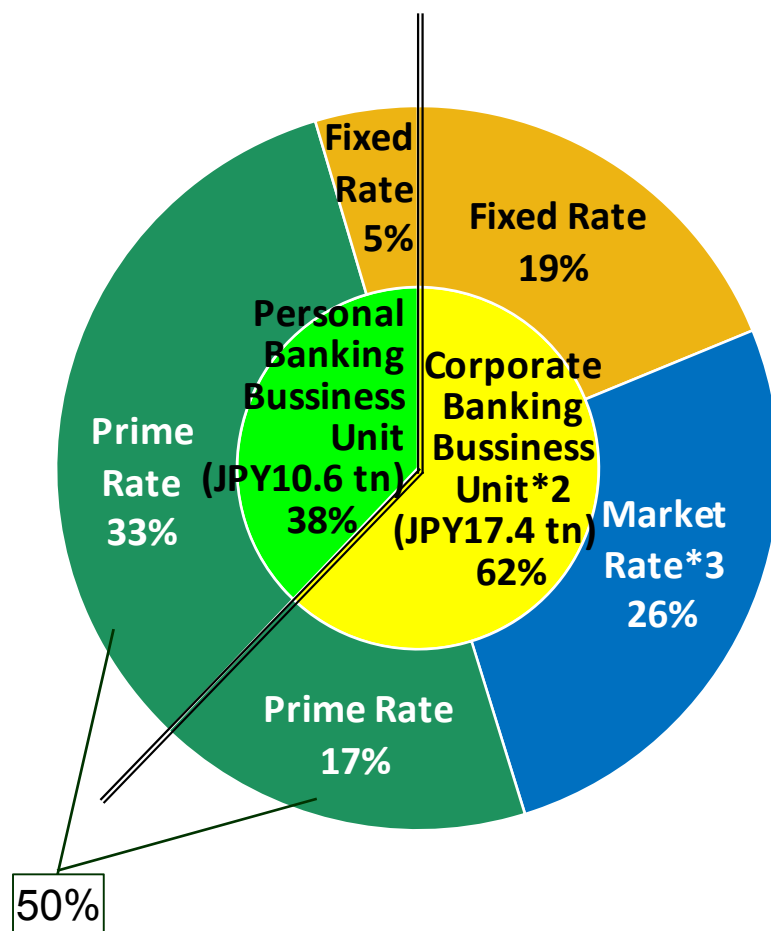
\*1. Data compiled for a management and administration purpose

# Composition of Loan Portfolio and Deposits (March 31, 2017)

Total of  
Group Banks

Loans\*<sup>1</sup>

Deposits\*<sup>4</sup>

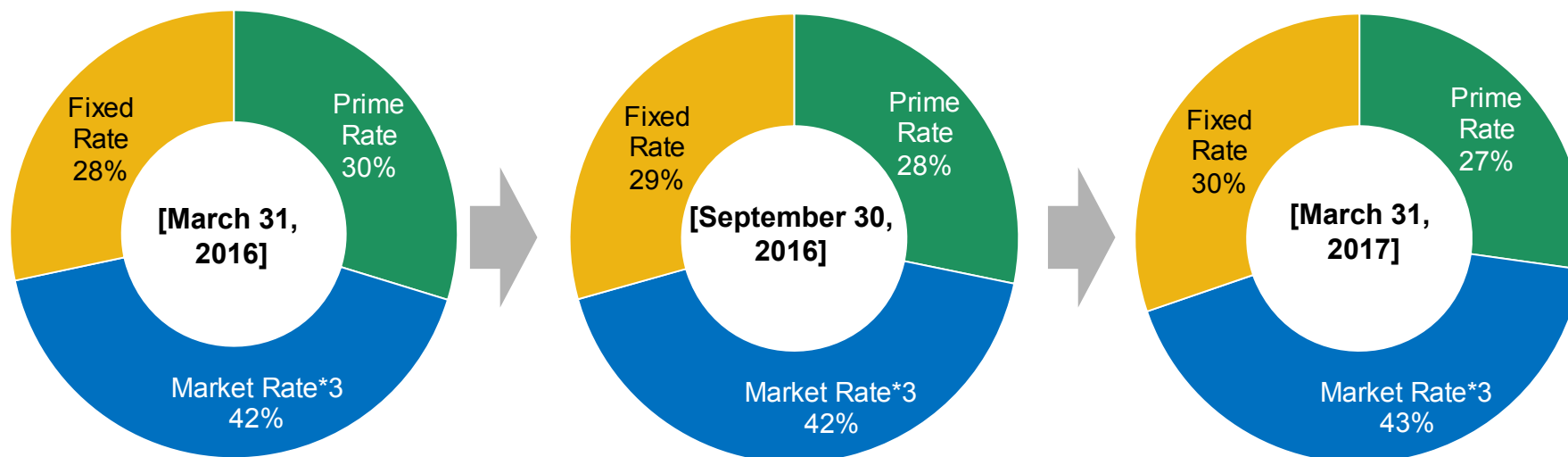


- \*1. Data compiled for a management and administration purpose  
 \*2. Corporate Banking Business Unit includes apartment loans  
 \*3. Market rate-linked loans include the fixed-rate (spread) loans maturing in less than one year  
 \*4. Domestic individual deposits + Domestic corporate deposits

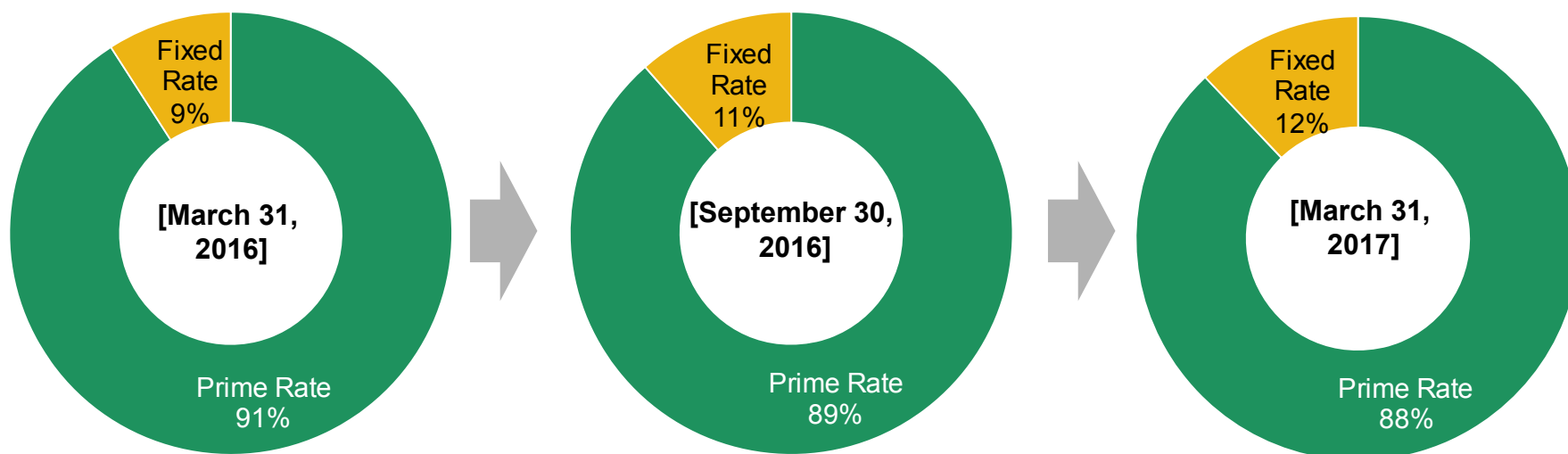
# Composition of Loan Portfolio by Base Rates

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

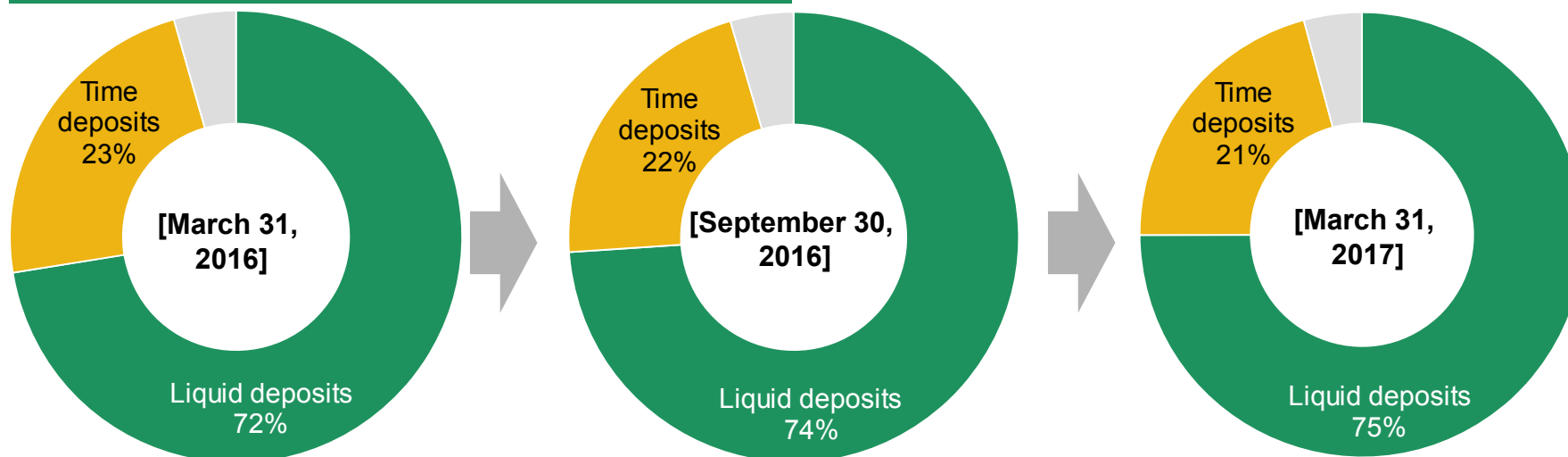
\*3. Market rate-linked loans include the fixed-rate (spread) loans maturing in less than one year



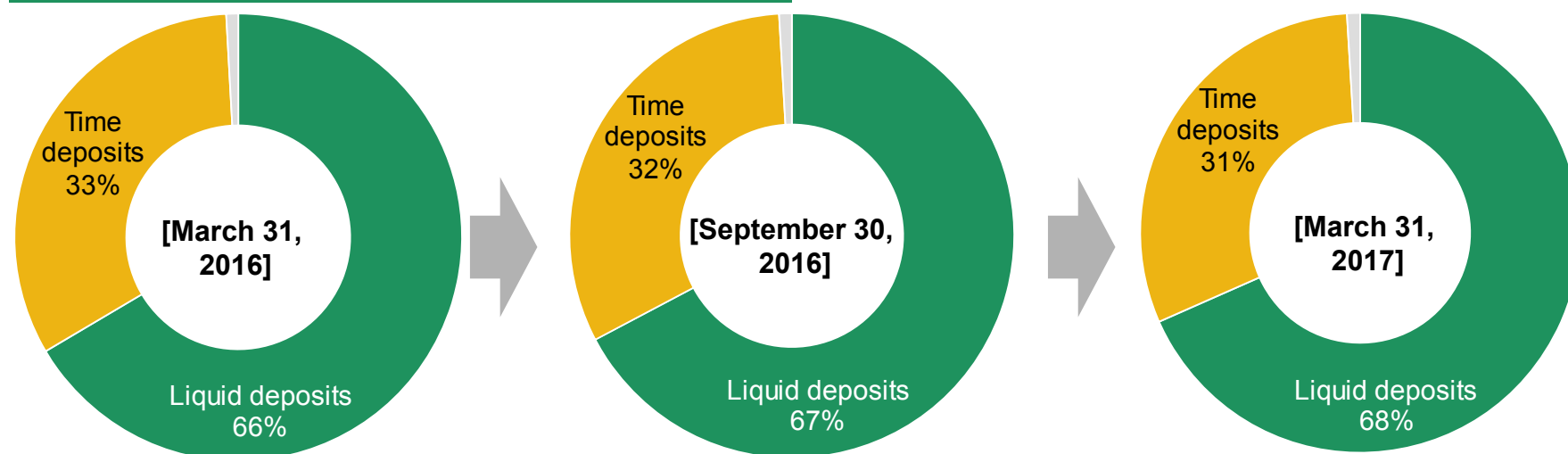
# Composition of Deposits by Types

Total of  
Group Banks

## Corporate Deposits



## Individual Deposits



# Migrations of Borrowers (1H of FY2016)

RB

## ■ 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.

# Migrations of Borrowers (2H of FY2016)

RB

## ■ Exposure amount basis \*1

		End of March 2017									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Effectively Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of September 2016	Normal	98.9%	0.6%	0.0%	0.0%	0.0%	0.0%	0.5%	0.5%	0.0%	-	0.6%
	Other Watch	6.8%	87.0%	0.8%	1.3%	0.2%	0.0%	3.9%	3.9%	0.0%	6.8%	2.4%
	Special Attention	8.8%	3.7%	82.6%	2.3%	0.1%	0.0%	2.5%	2.5%	0.0%	12.5%	2.4%
	Doubtful	1.7%	7.1%	0.5%	82.9%	2.5%	0.8%	4.5%	4.5%	0.0%	9.3%	3.3%
	Effectively Bankrupt	0.2%	1.0%	0.0%	2.7%	76.6%	5.9%	13.6%	4.8%	8.7%	3.9%	5.9%
	Bankrupt	0.0%	0.0%	0.0%	1.8%	0.0%	86.4%	11.8%	0.9%	10.9%	1.8%	-

\*1. Above table shows how a borrower belonging to a particular borrower category as of the end of September 2016 migrated to a new category as of the end of March 2017  
 Percentage points are calculated based on exposure amounts as of the end of September 2016 (New loans extended, loans partially collected or written-off during the period are not taken into account)  
 "Other" as of the end of March 2017 refers to those exposures removed from the balance sheet due to collection, repayments, assignments or sale of claims

## Swap Positions by Remaining Periods

RHD  
Consolidated

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

(JPY bn)

		Mar. 31, 2017				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)	375.0	500.0	1,100.0	1,975.0	450.0	785.0	1,040.0	2,275.0
Receive floating rate/ Pay fixed rate	(2)	340.9	639.0	472.0	1,451.9	85.6	547.3	1.1	634.1
Net position to receive fixed rate	(3)	34.0	(139.0)	628.0	523.0	364.3	237.6	1,038.8	1,640.8

## List of Preferred Shares and Subordinated Bonds (Jul. 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	JPY35.0 bn	March 14, 2012	March 15, 2022		1.78%
Resona Bank	JPY16.0 bn	March 14, 2012	March 15, 2027		2.464%

\*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.

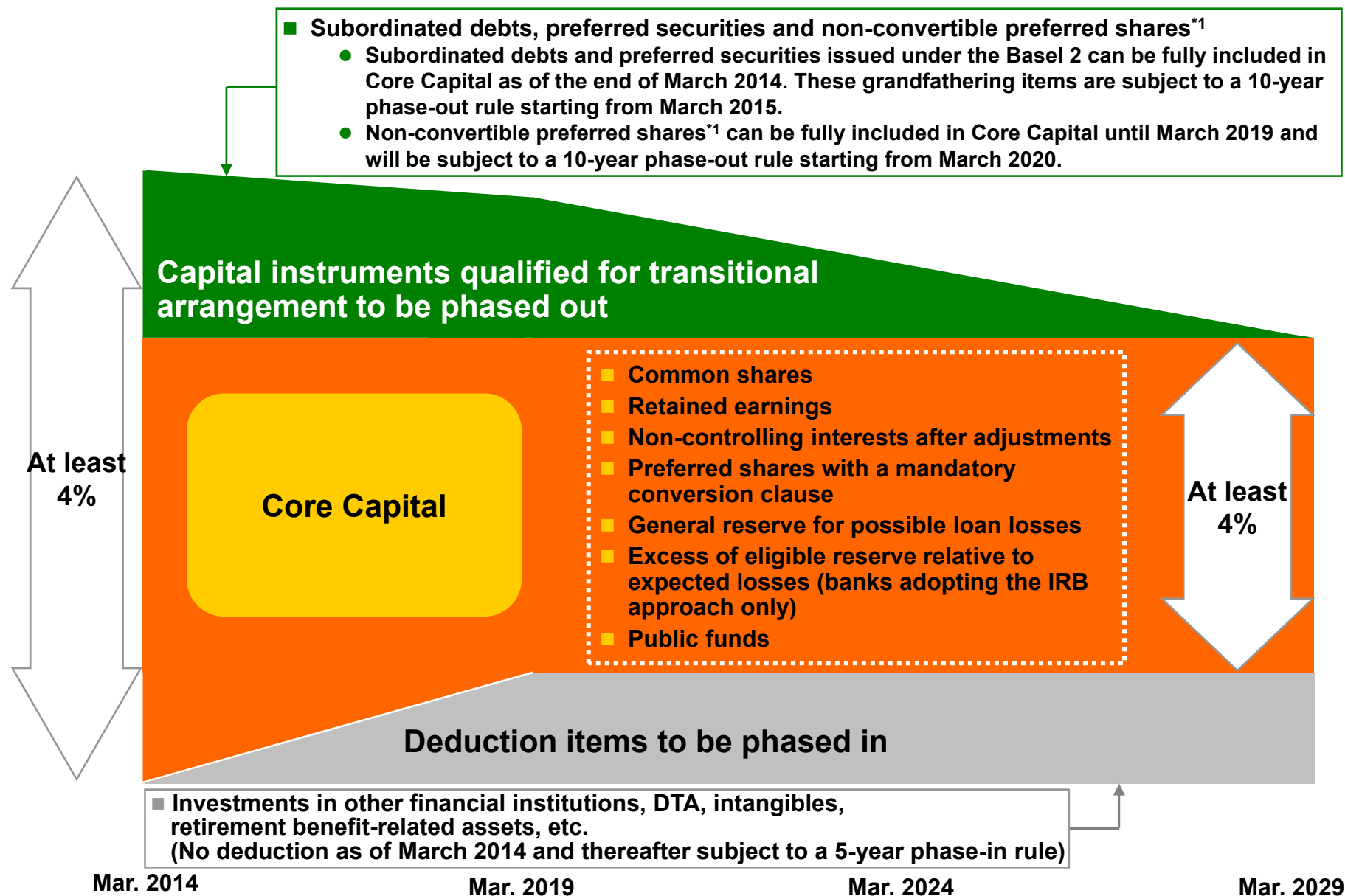
Major regulatory items	Outline	Important updates
Review of Standardized Approach (SA) (Credit and operational risks)  Review of IRB approach, Capital floor based on SA	Reviewing credit risk measurement method to better reflect risks and ensure higher comparability Reviewing operational risk measurement method to reflect actual loss data New capital floor rule requiring a reference to the SA.	<ul style="list-style-type: none"> <li>• Under discussion for an agreement of 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 planning to introduce 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 planning to introduce a local rule for leverage ratio.</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 planning to introduce a 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.



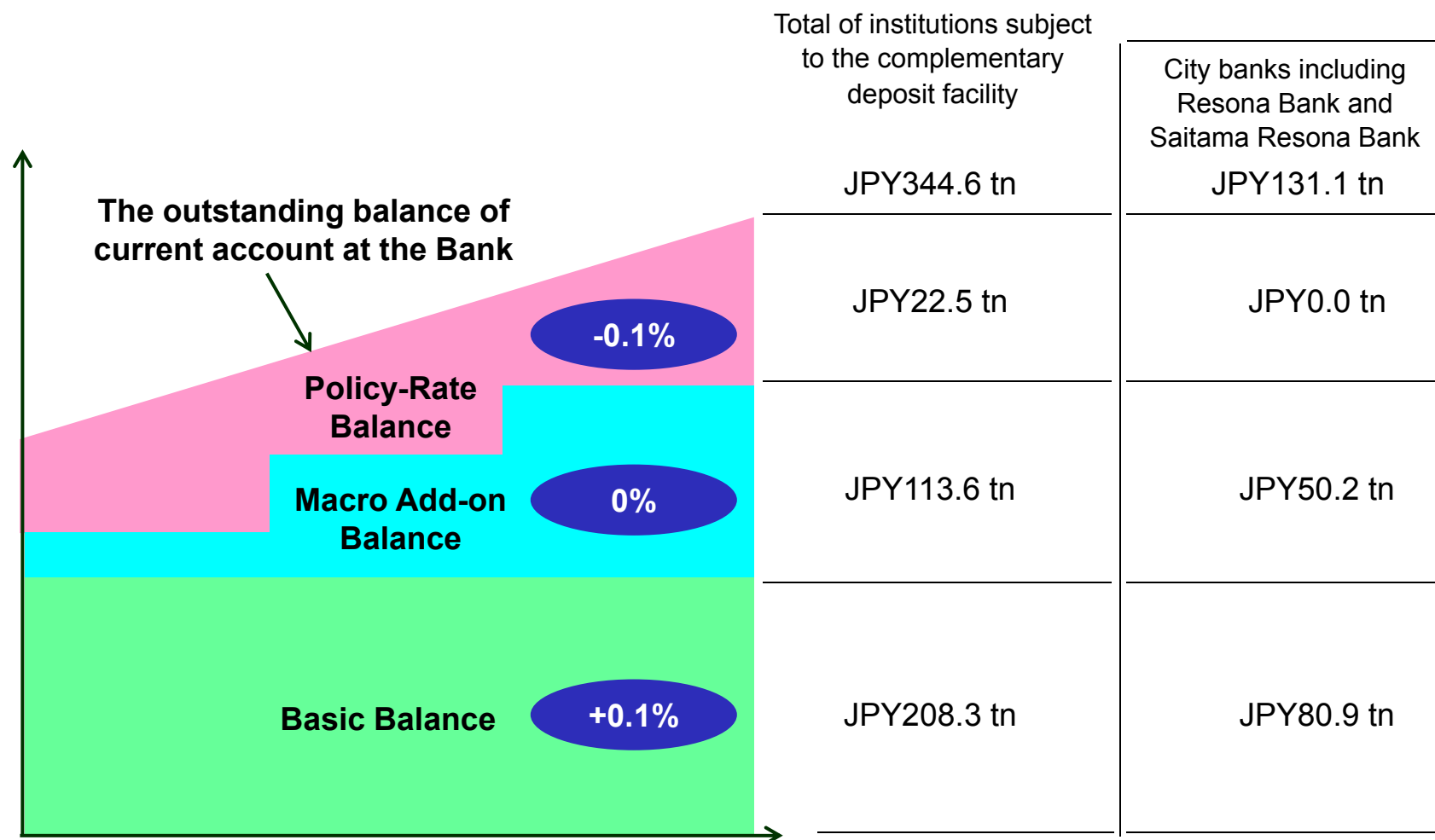
# Outline of Eligible Capital under the Japanese Domestic Std.



\*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 July -15 August)



\*1. Source: Bank of Japan

# Long Term Business Results

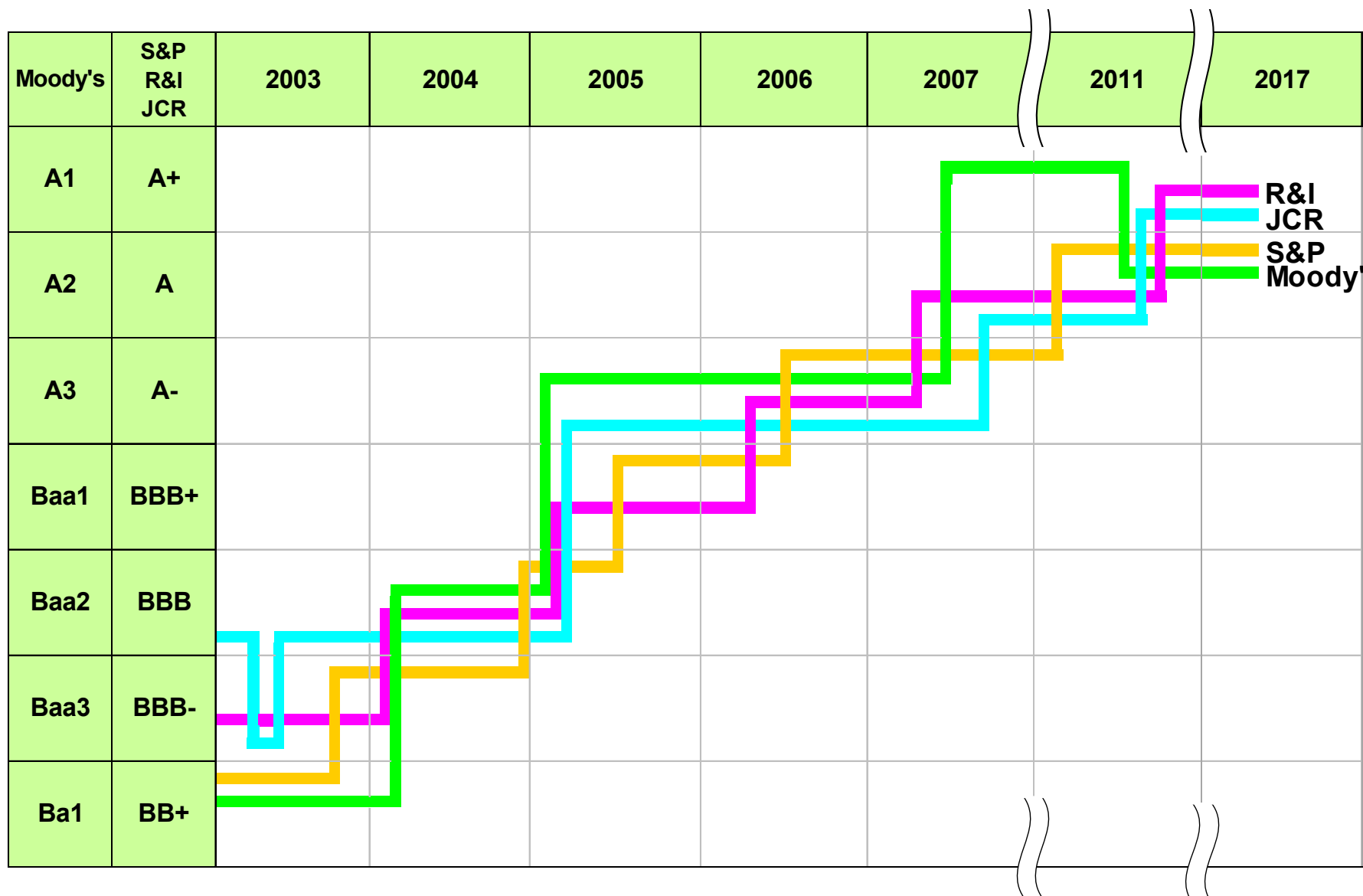
		(JPY bn)	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
PL	Consolidated	Gross operating profit	901.8	775.0	763.1	768.6	805.2	769.3	739.5	678.3	667.0	655.2	637.1	608.5	632.4	619.5	563.1
		Net interest income	599.1	561.2	542.3	549.8	563.7	555.3	547.0	499.4	484.0	463.9	443.0	430.0	425.9	401.3	377.9
		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	160.6
		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)	(362.4)
		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)	25.1
		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)	17.4
		Net income attributable to owners of the parent	(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	161.4
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	28,412.0
		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	24,163.8
		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	13,356.3
		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	10,218.6
		NPL ratio	9.32%	6.74%	3.38%	2.55%	2.46%	2.19%	2.42%	2.42%	2.43%	2.32%	2.06%	1.74%	1.51%	1.51%	1.35%
	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	348.6
		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	555.8
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	801.6
		Investment trust/ Fund wrap	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	573.1
		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	228.5
		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	1,481.4
		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	1,198.7
		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	13.4
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

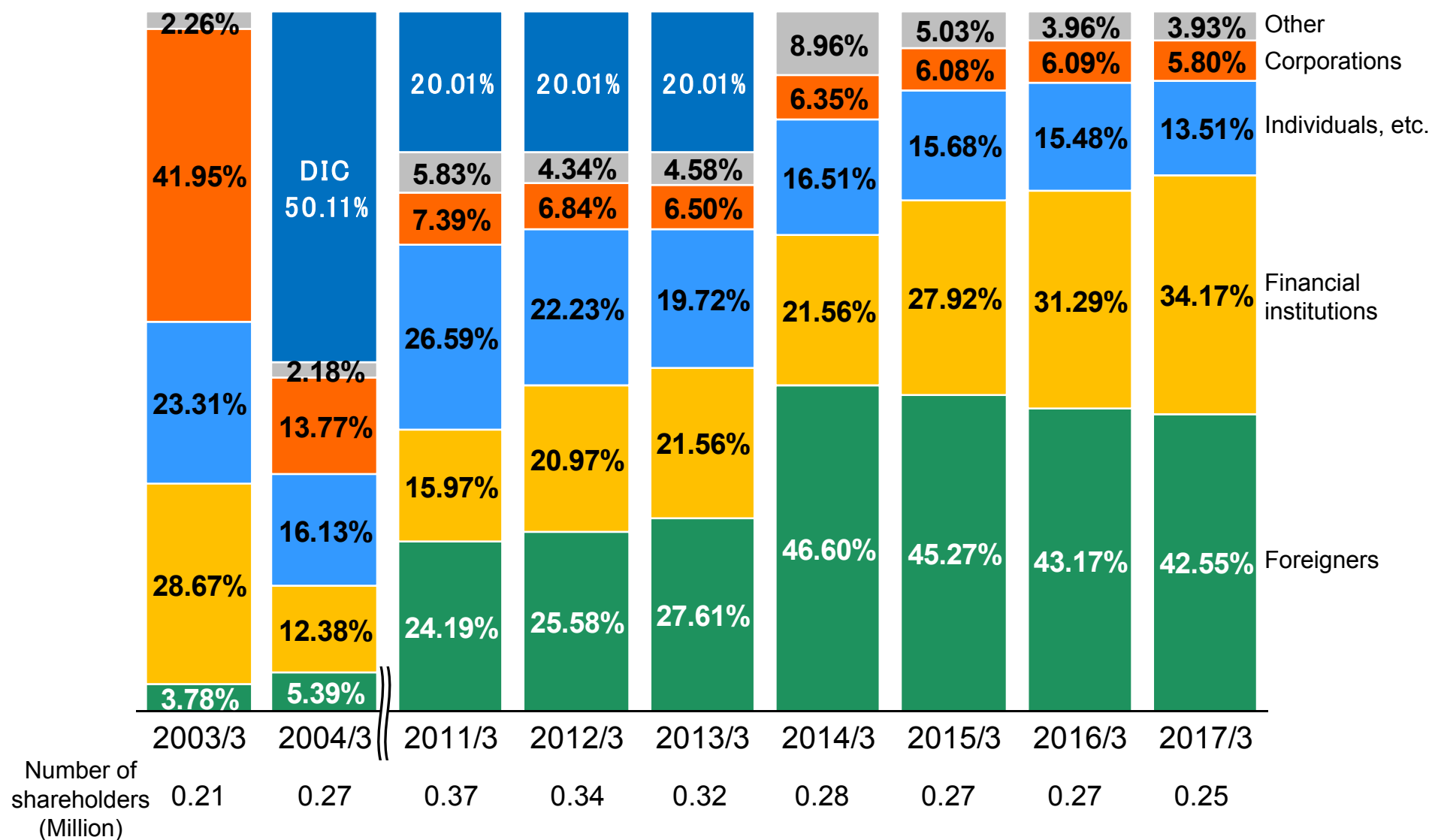
\*2. Includes apartment loans (Origination Includes Flat35)  
\*4. Data compiled for management and administration purposes

# Trend of Long-term Senior Debt Rating

RB



## Composition of Resona HD's Common Shareholders



## Macro Economic Trend



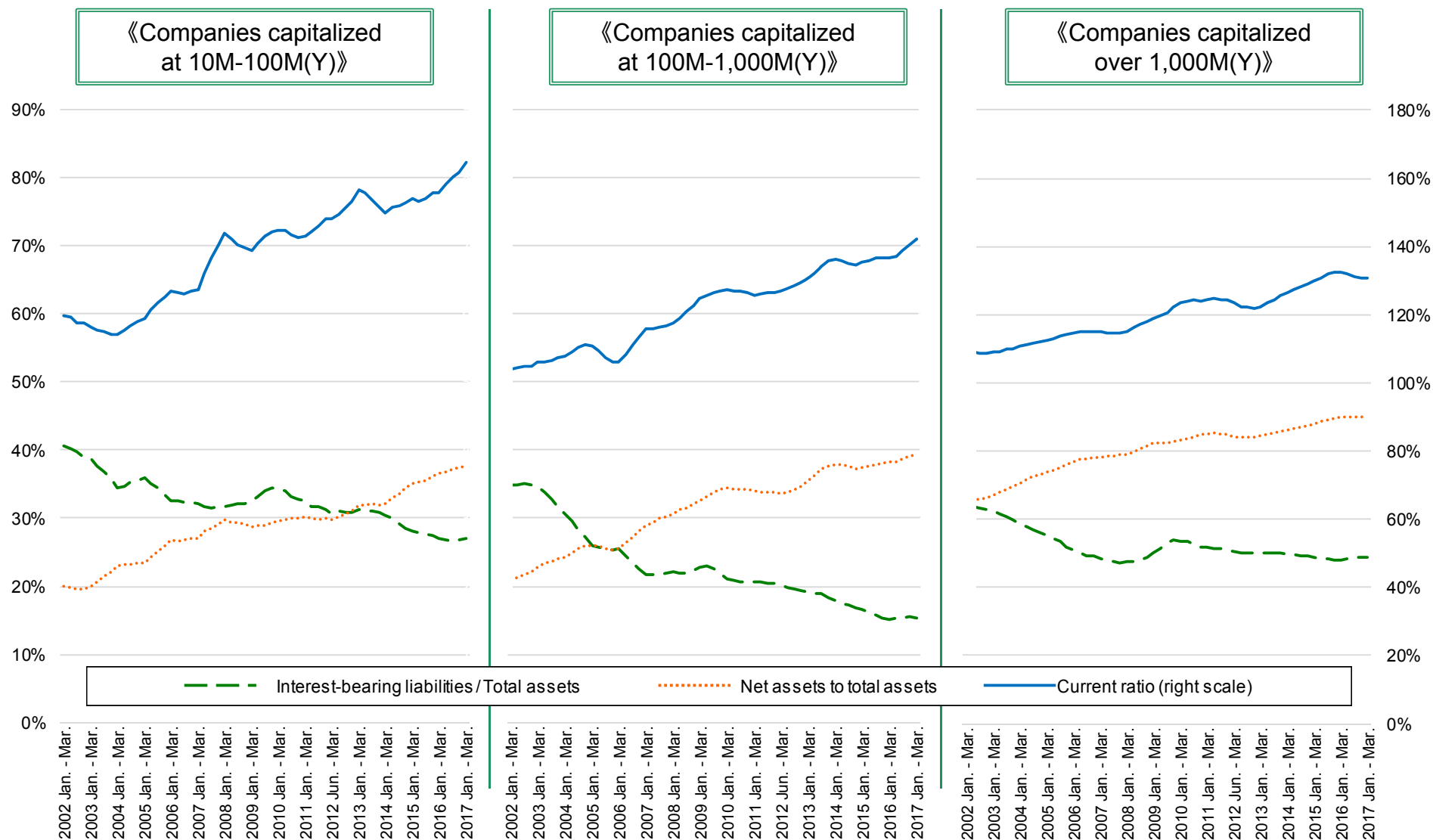
## GDP Components\*1



\*1. Source : Cabinet Office, Resona Bank. In real term : seasonally adjusted series  
\*2. Private Investment: Private Residential Investment, Private Non-resi. Investment, Private Inventory  
Public Demand: Government Consumption, Public Investment, Public Inventory

# Overall Economy in Japan (1)

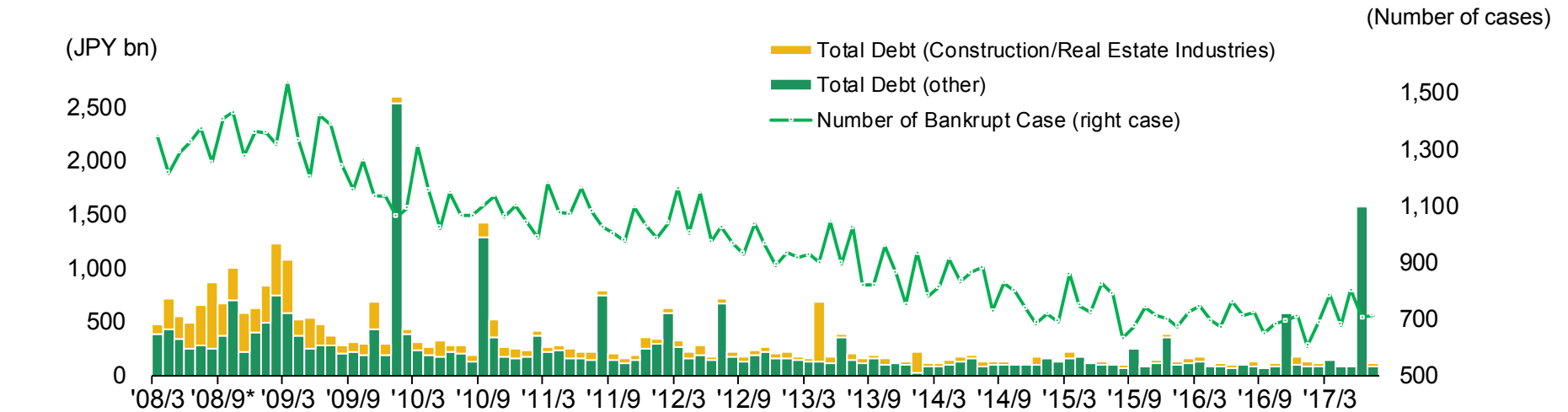
## Trends in Stability Ratios of Japanese Companies\*1



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

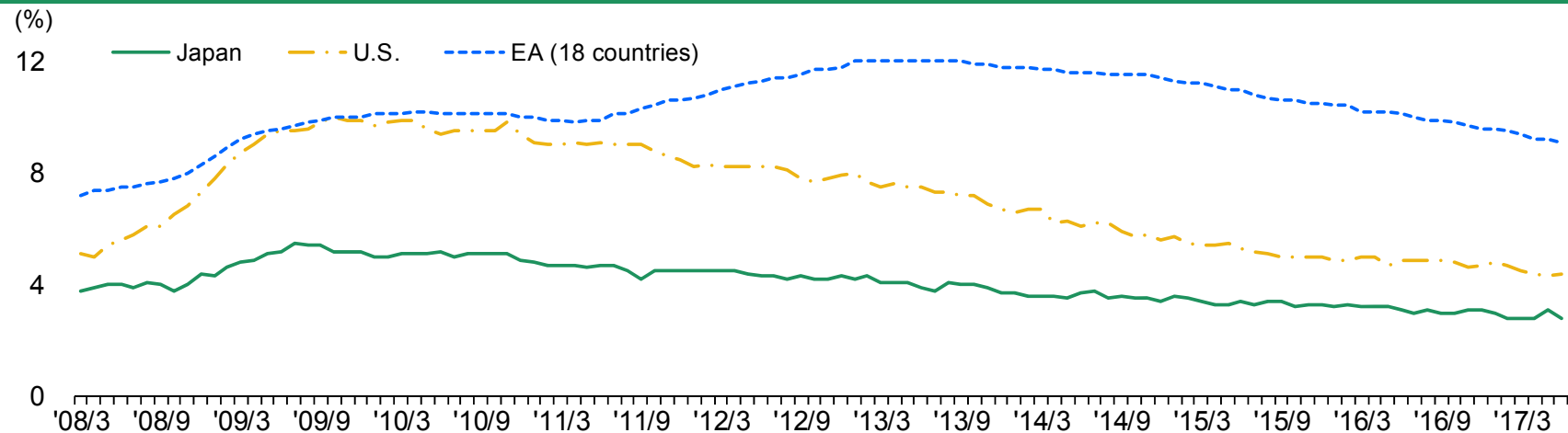
# Overall Economy in Japan (2)

## Enterprise Bankruptcy\*1



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

## Unemployment Rate\*2



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

\*1. Source: Tokyo Shoko Research

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

# Employment

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

(times)

1.6

1.4

1.2

1.0

0.8

0.6

0.4

0.2

0.0

'07/1 '08/1 '09/1 '10/1 '11/1 '12/1 '13/1 '14/1 '15/1 '16/1 '17/1

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

(JPY thousand)

300

200

100

0

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

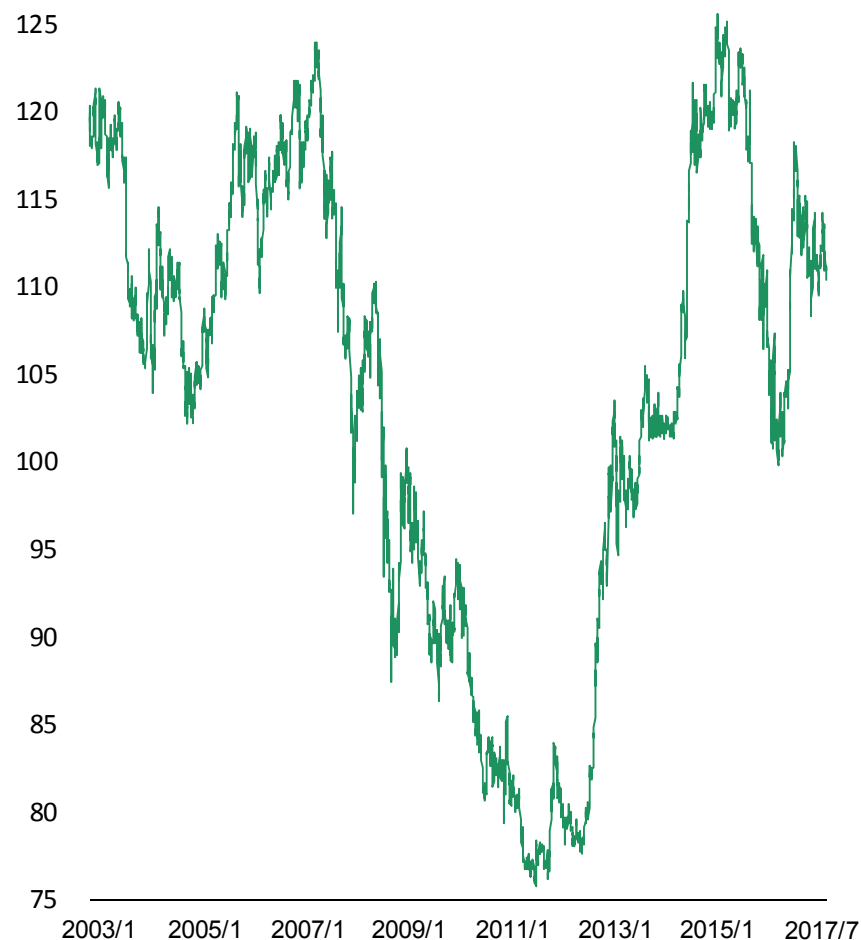
\*1. Source: Ministry of Health, Labour and Welfare / Employment Referrals for General Workers (Seasonally adjusted)

\*2. Source: Ministry of Health, Labour and Welfare / Basic Survey on Wage Structure

# Exchange Rate / Corporate Earnings

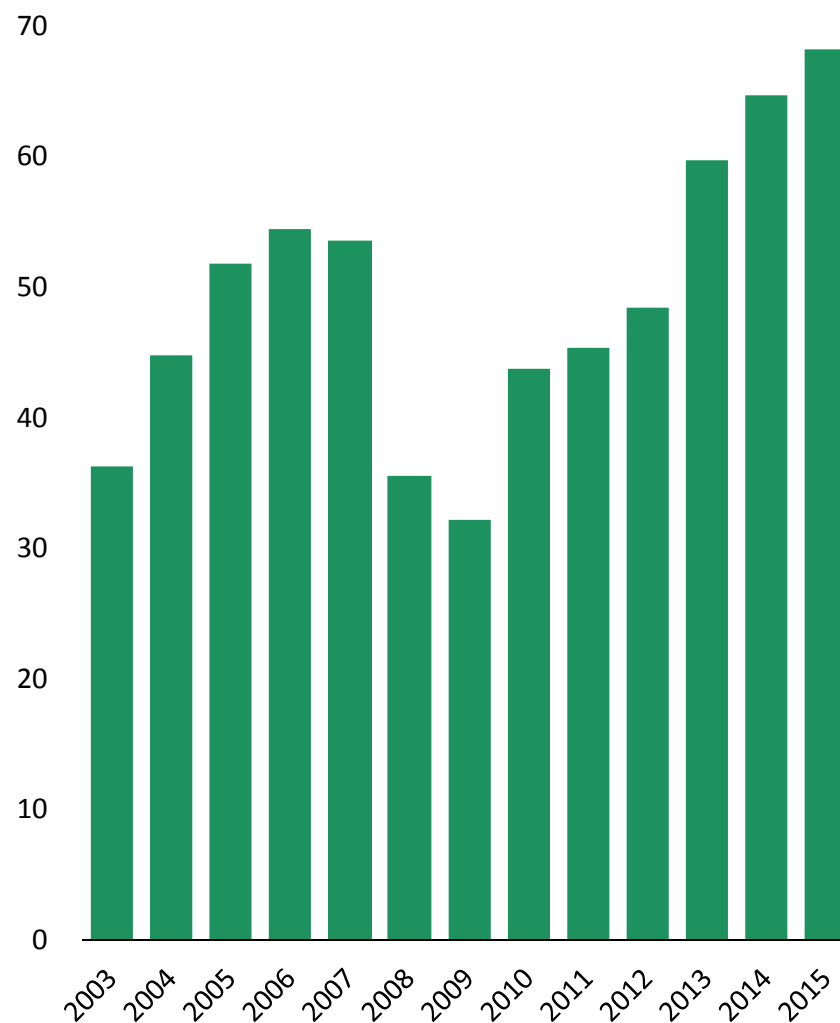
Exchange Rate(USD / JPY)\*1

(JPY)



Ordinary Profit for Japanese Corporations\*2

(JPY tn)



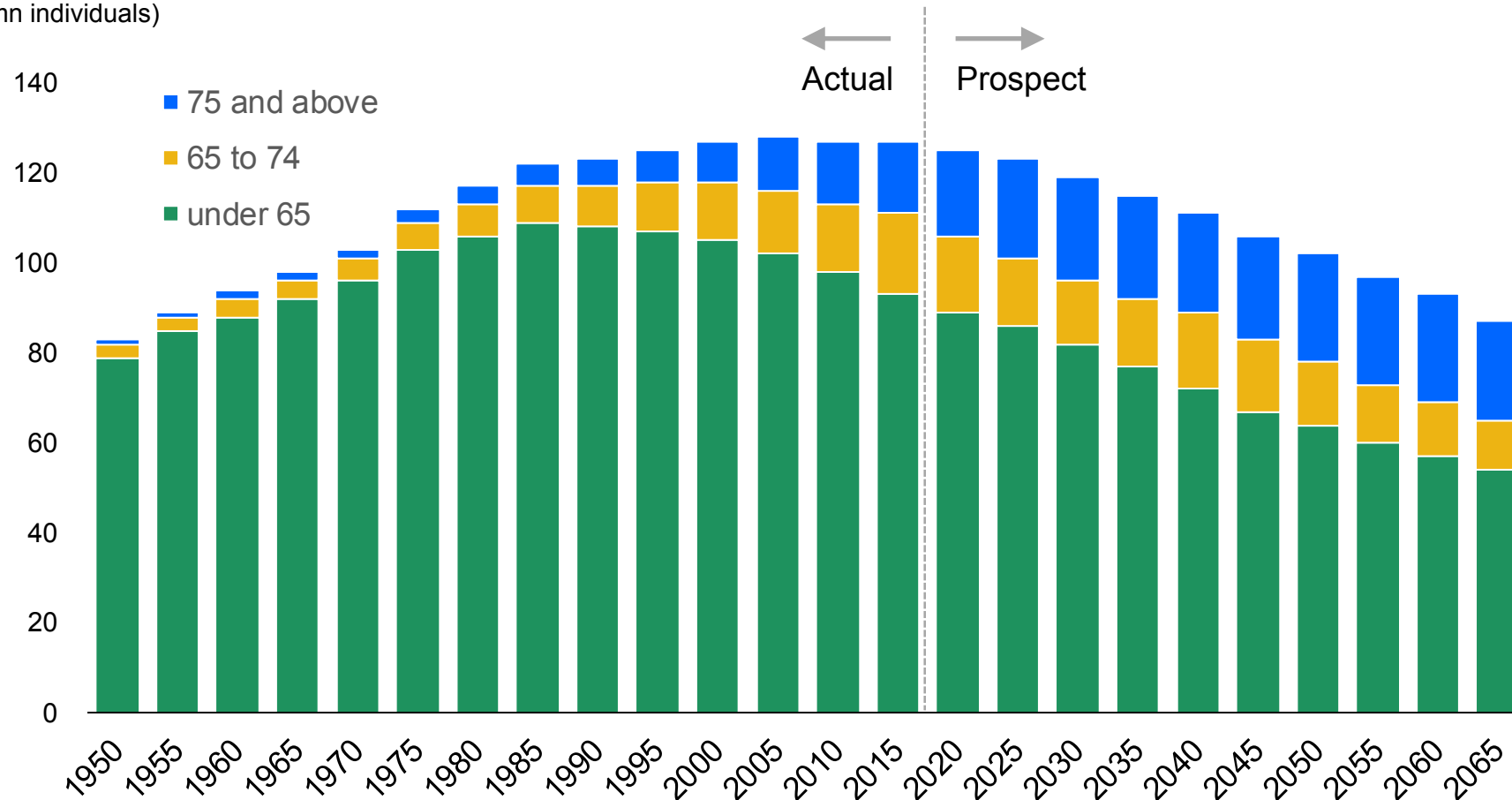
\*1. Source: Resona Bank

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

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

## Population Trends by Age Groups

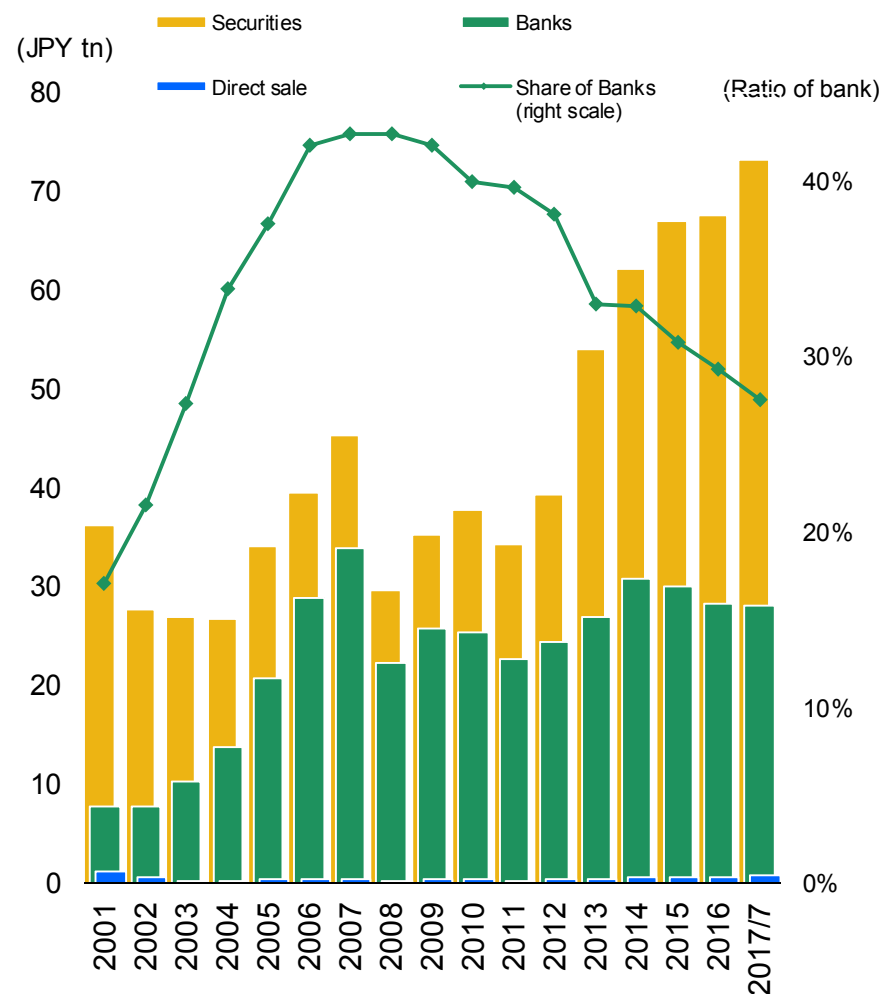
(mn individuals)



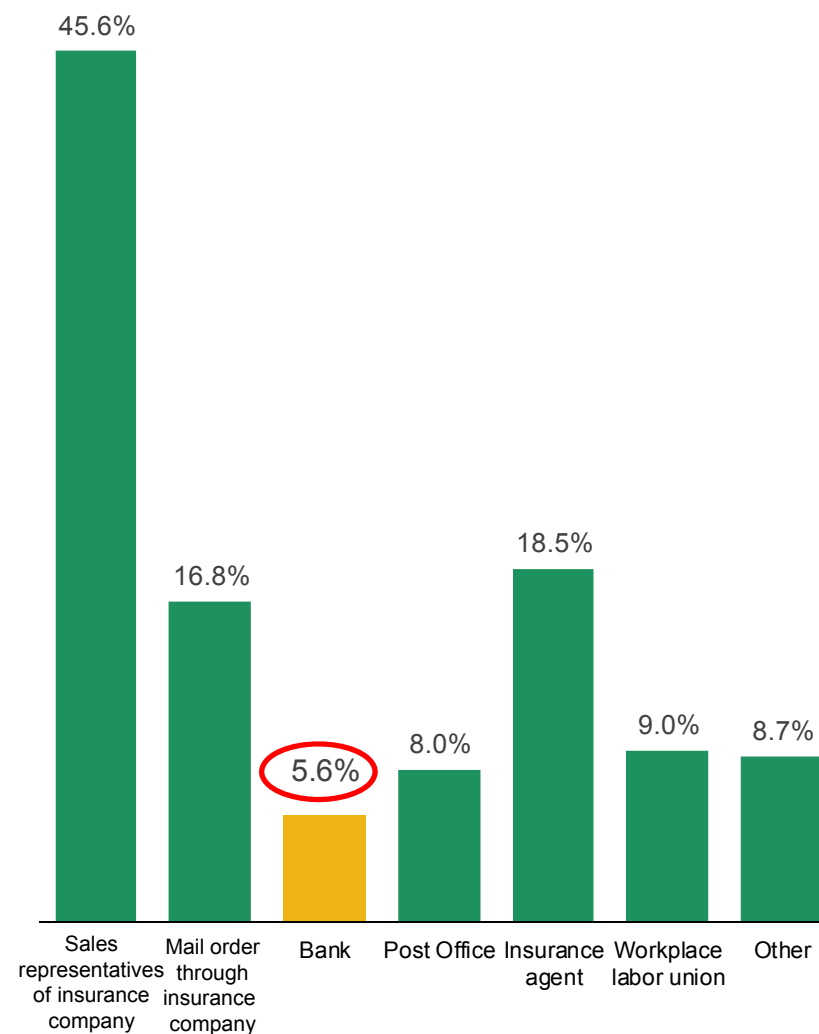
\*1. Source: National Institute of Population and Social Security Research

# Sales of Investment Trusts and Insurance

**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

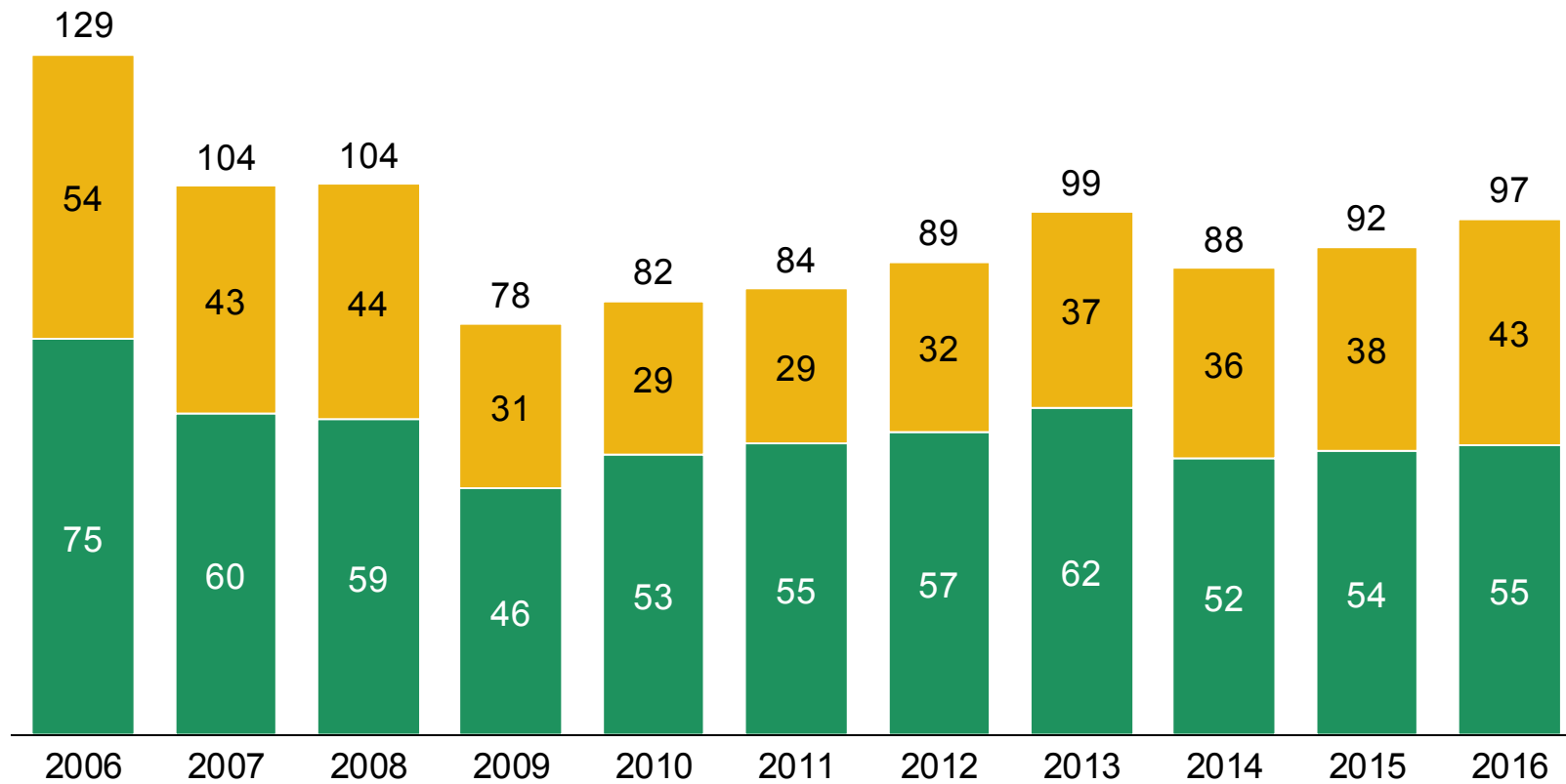


# Housing Data

## New Housing Construction Starts\*1

(10 thousands units)

- Houses for rent
- Own houses, condominiums, etc

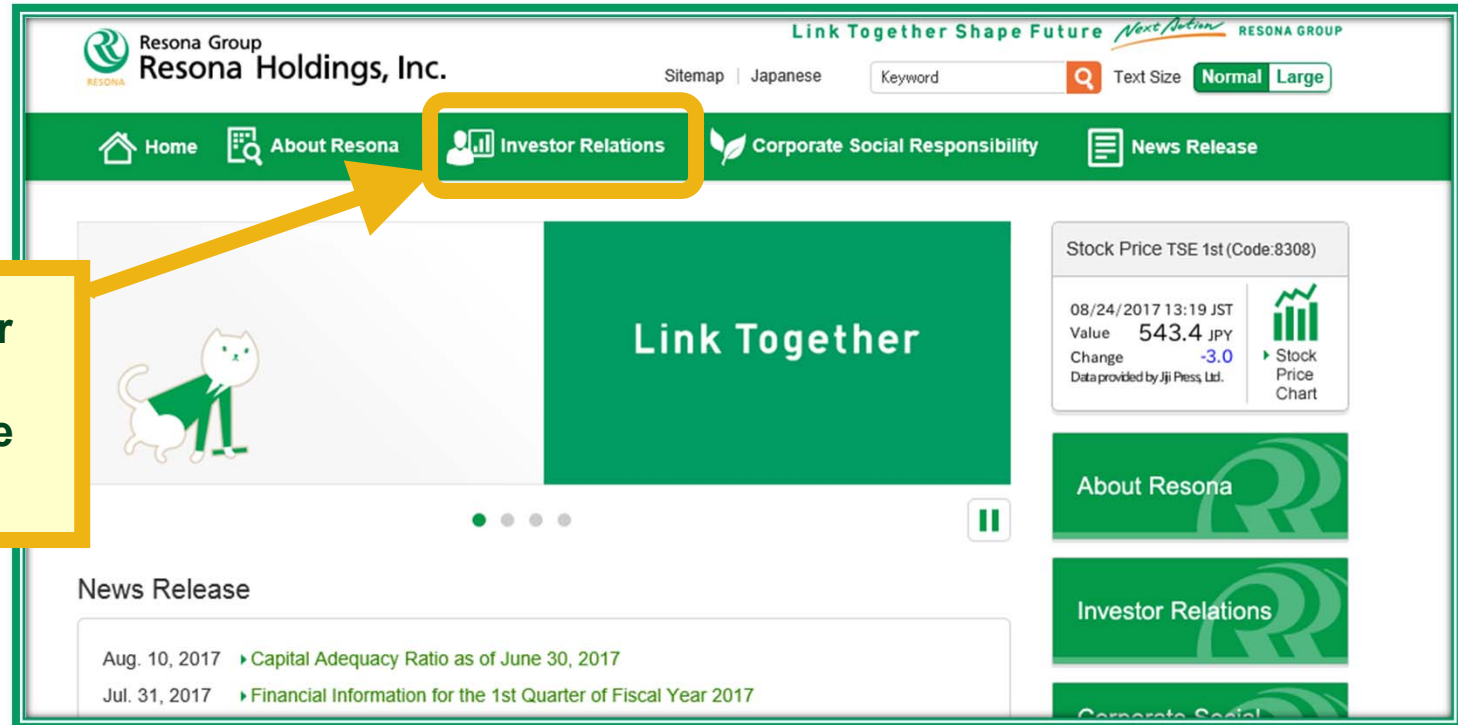


\*1. Source: Ministry of Land, Infrastructure, Transport and Tourism

## Our Website Information

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

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/>



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[http://twitter.com/resona\\_pr](http://twitter.com/resona_pr)

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## Publication of Integrated Report 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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*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.*

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