

Financial Highlights for the 1-3Q (9 Months) Period of Fiscal Year 2015



Resona Holdings

January 29, 2016

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

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

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

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

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

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

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

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

- Operating expenses continued to be controlled stringently

■ Maintained soundness in financial position

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

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

*1. Domestic banking account, deposits include NCDs.

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

*3. Negative figures represent items that would reduce net income

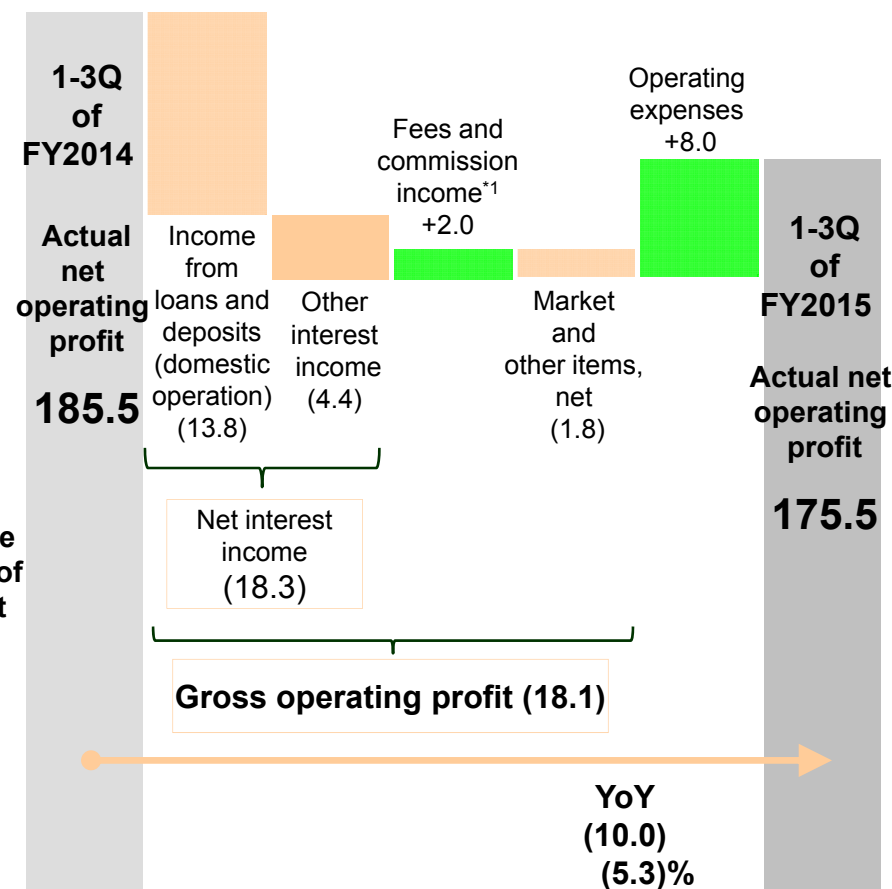
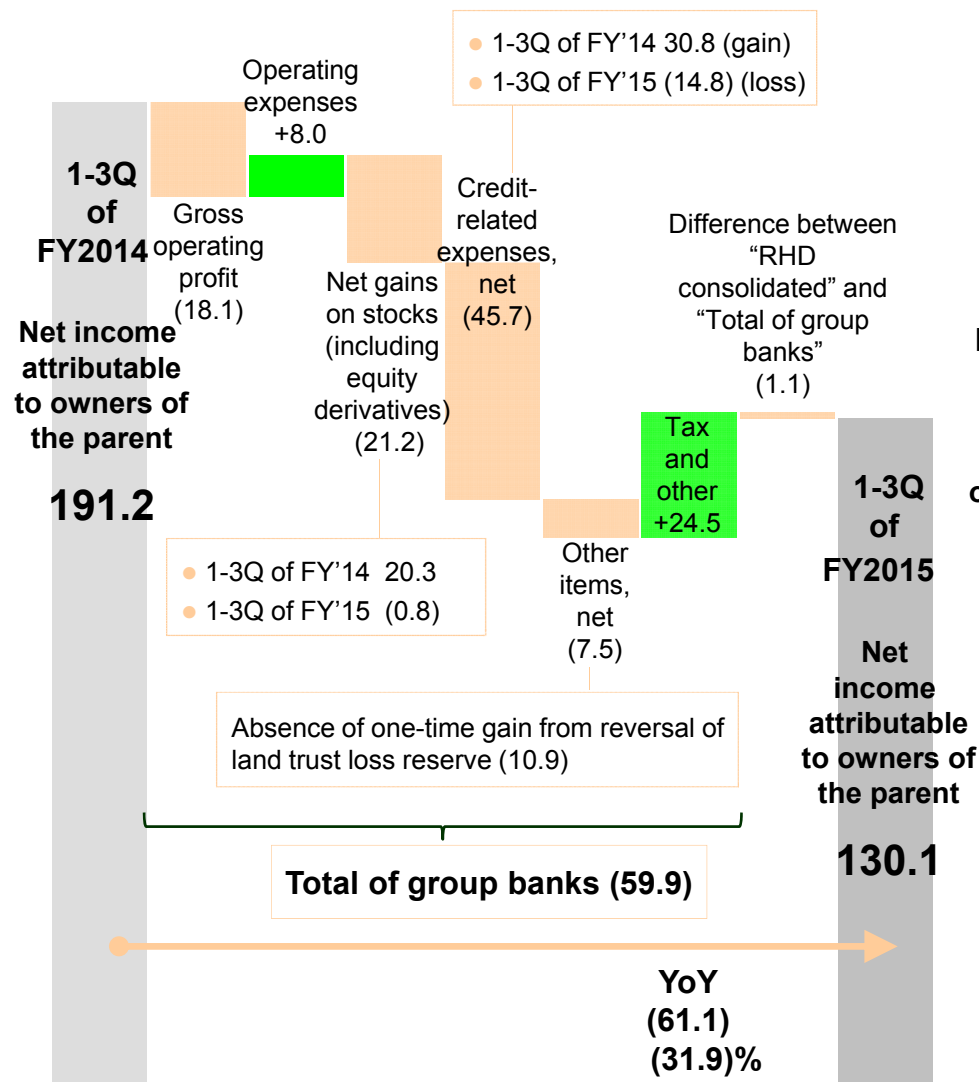
Factors for the Changes in Periodic Profits (YoY Comparison)

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

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

(Y bn)

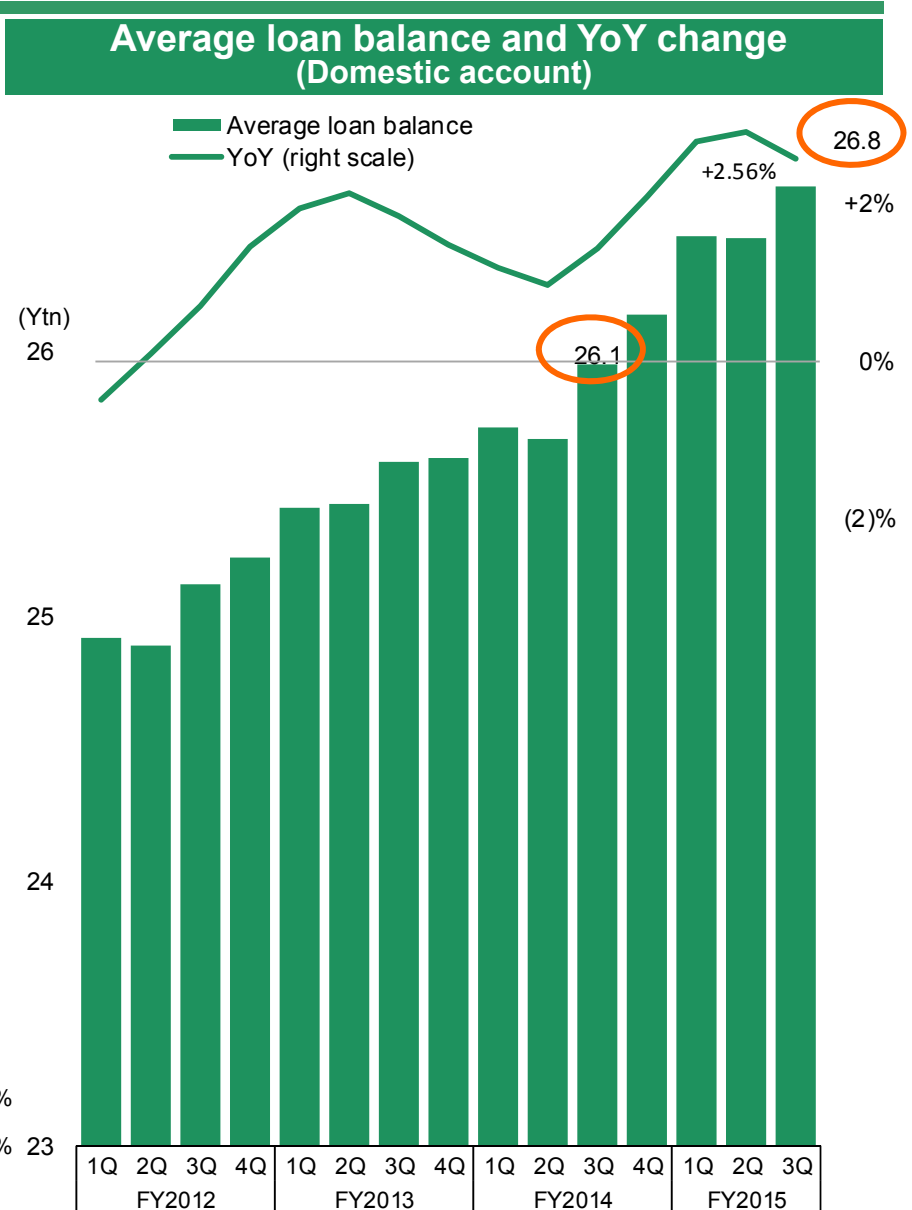
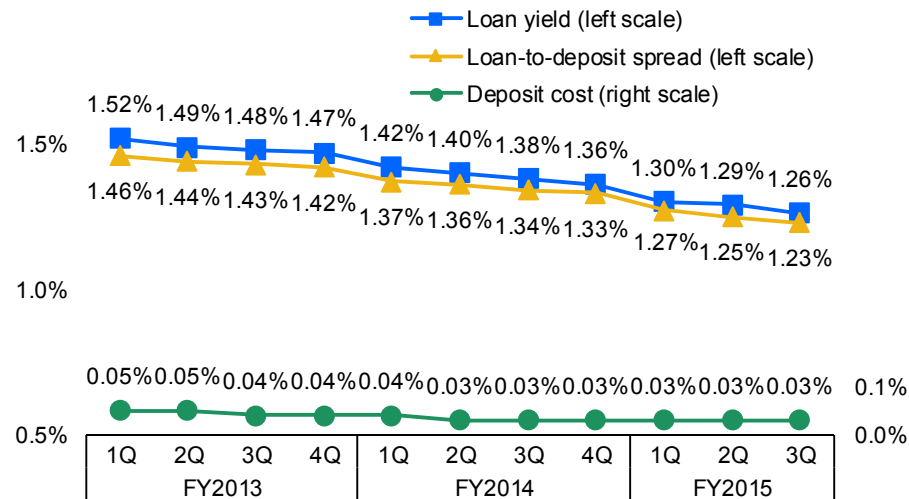
(Y bn)



*1. Fees and commission income plus trust fees

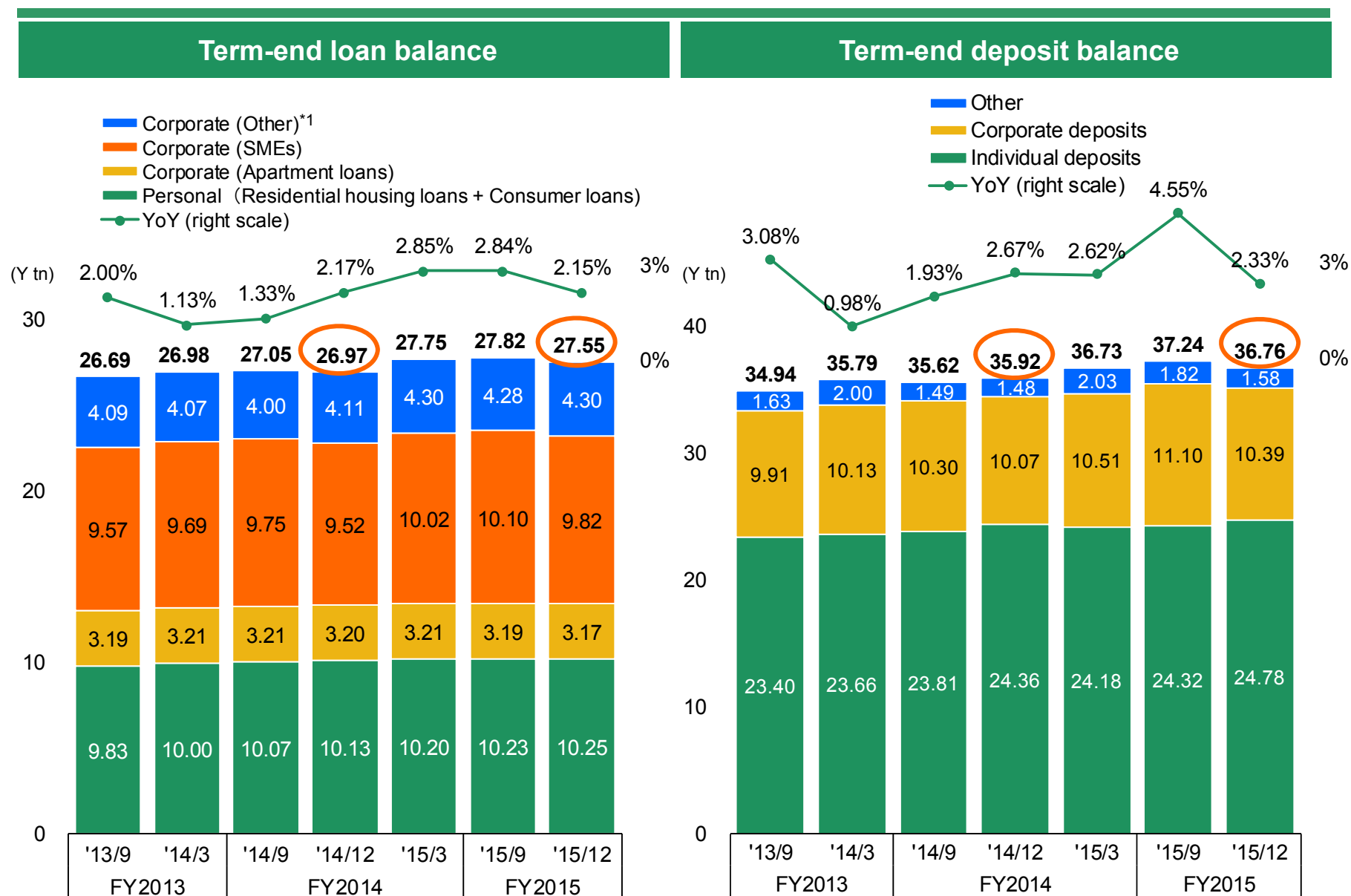
Trend of Loan and Deposit (Total of Group Banks)

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



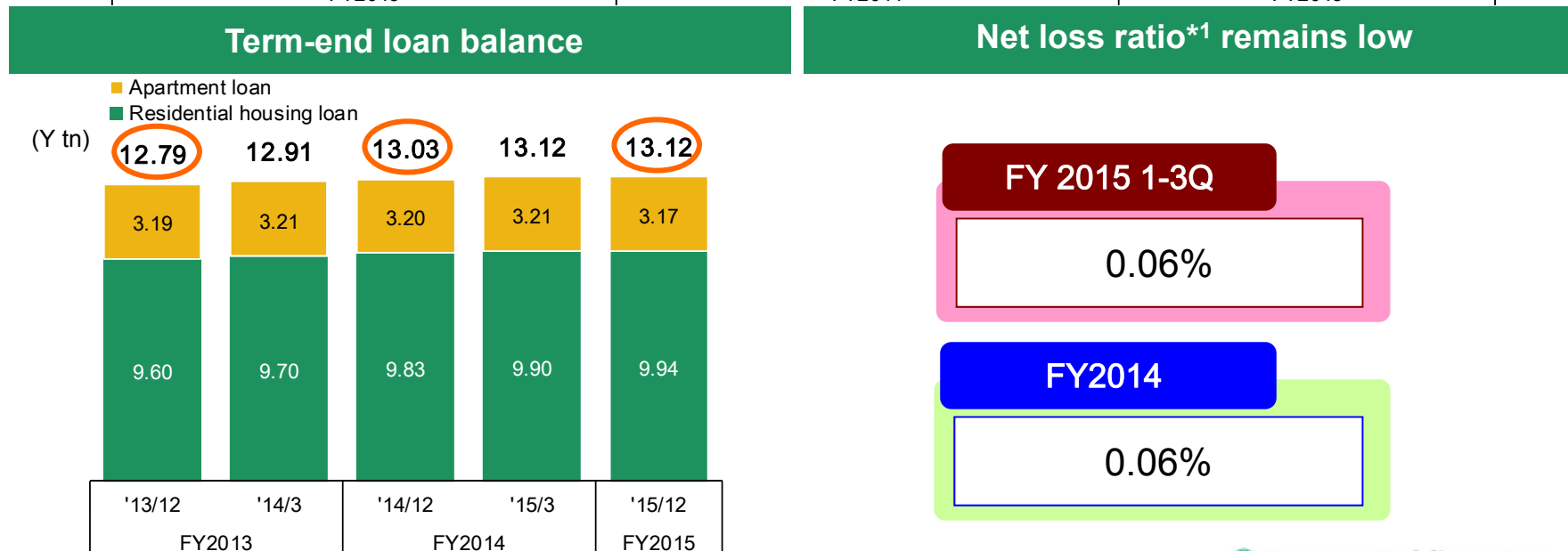
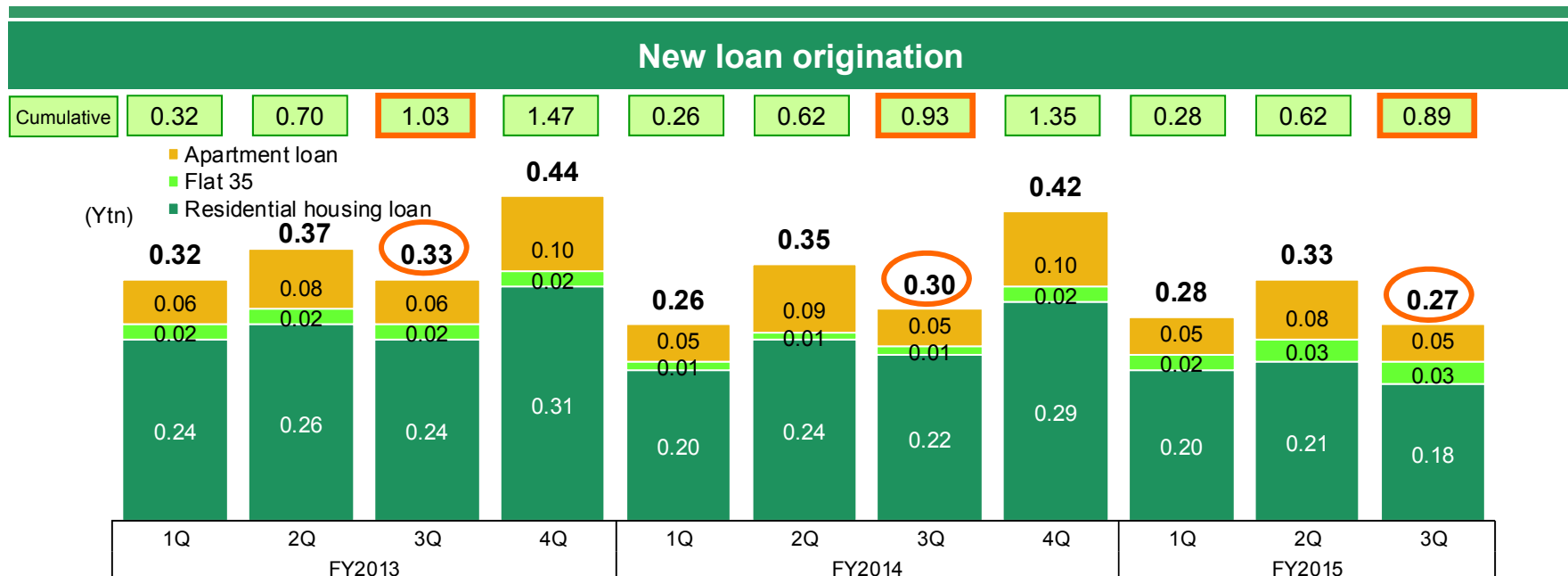
^{*1}. Data compiled for a management and administration purpose
^{*2}. Corporate Banking Business Unit : corporate loans(excluding loans to governments) + apartment loans
^{*3}. Personal Banking Business Unit: residential housing loans + consumer loans
^{*4}. Plan for the full year formulated by the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

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



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

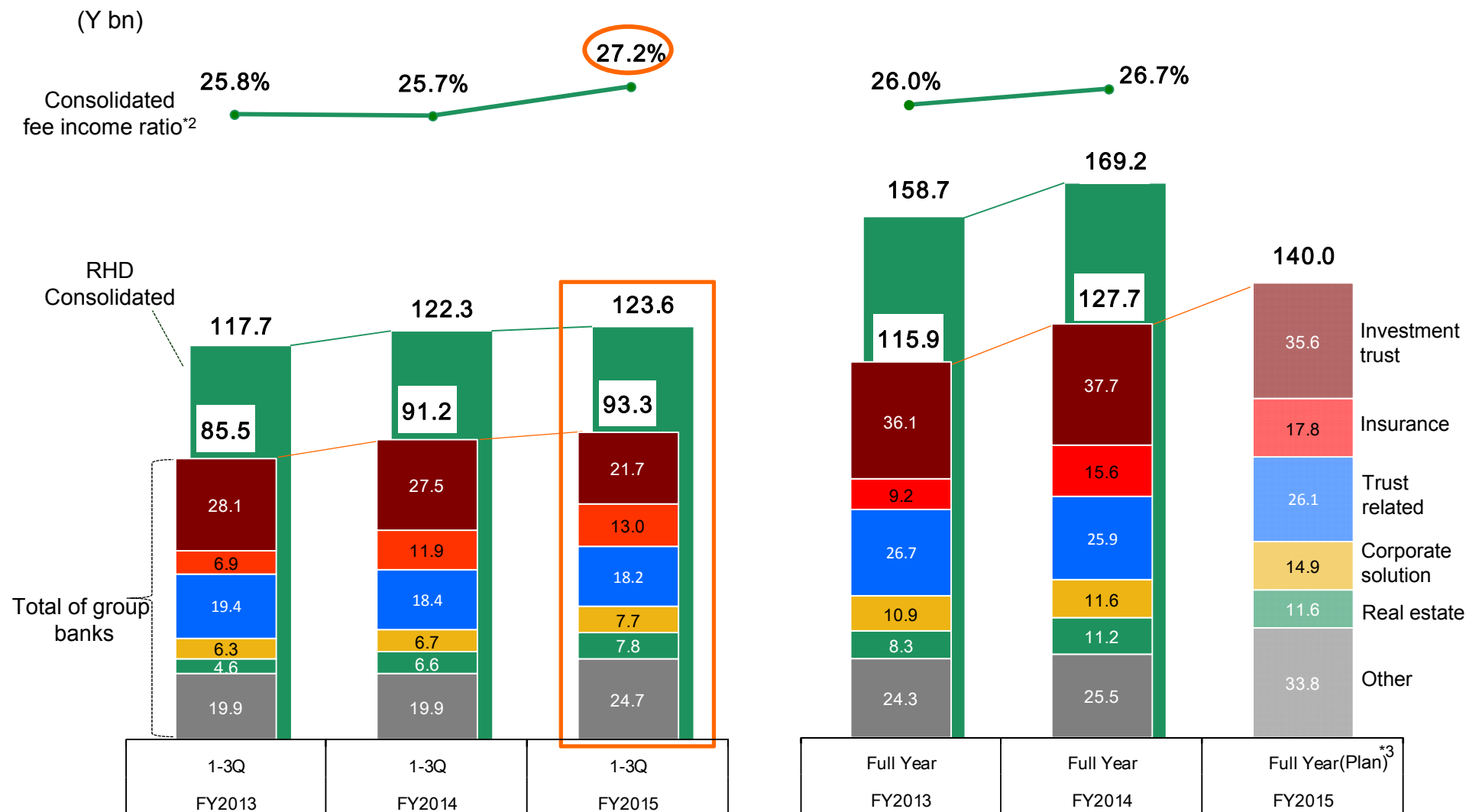
Trend of Residential Housing Loan and Apartment Loan (Total of Group Banks)



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

Trend of Fee Income

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



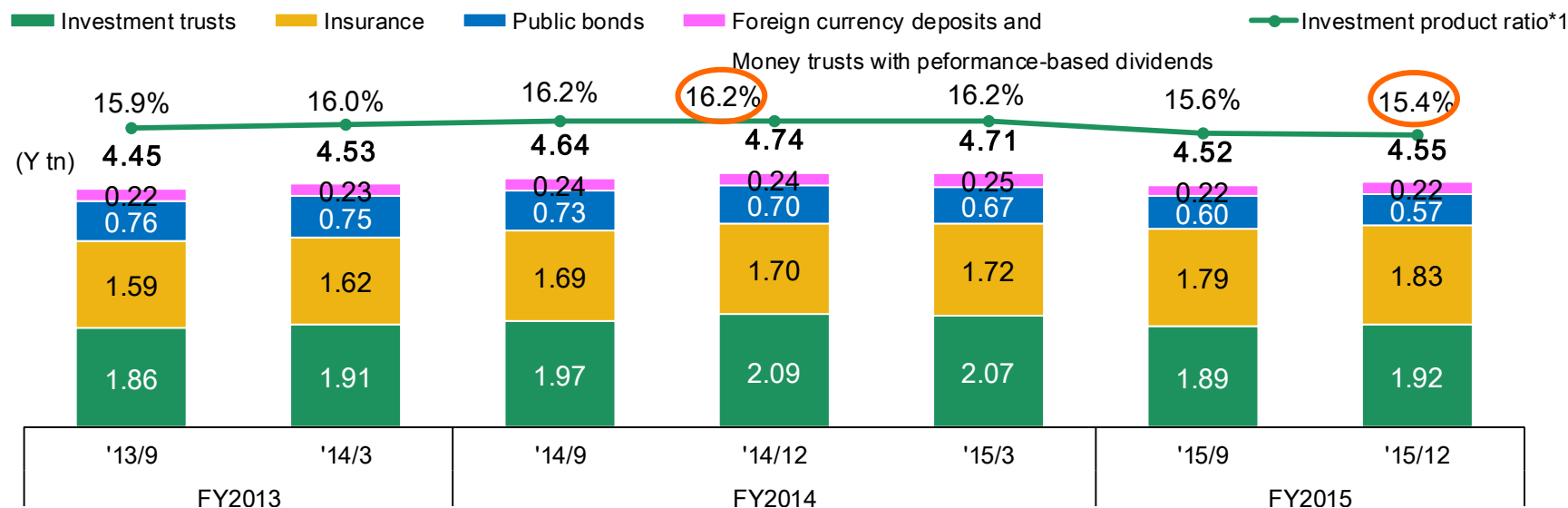
*1. Fees and commission income plus trust fees

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

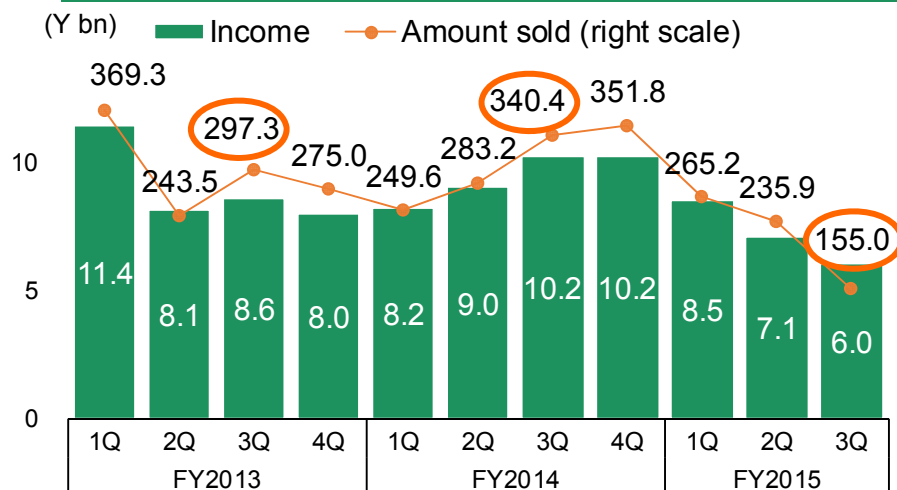
*3. Plan for the full year formulated by the Company in November 2015

Investment Products Sale Business (Total of Group Banks)

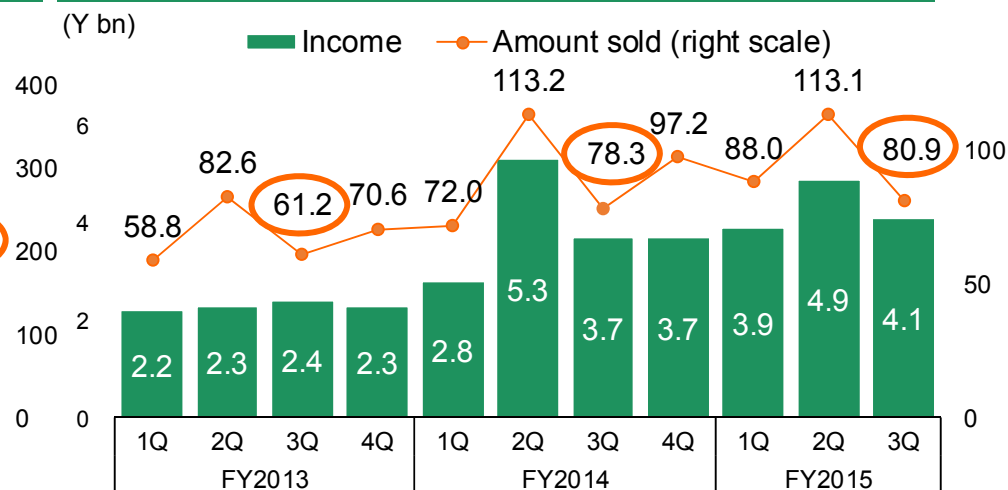
Balance of investment products sold to individuals



Investment trust



Insurance



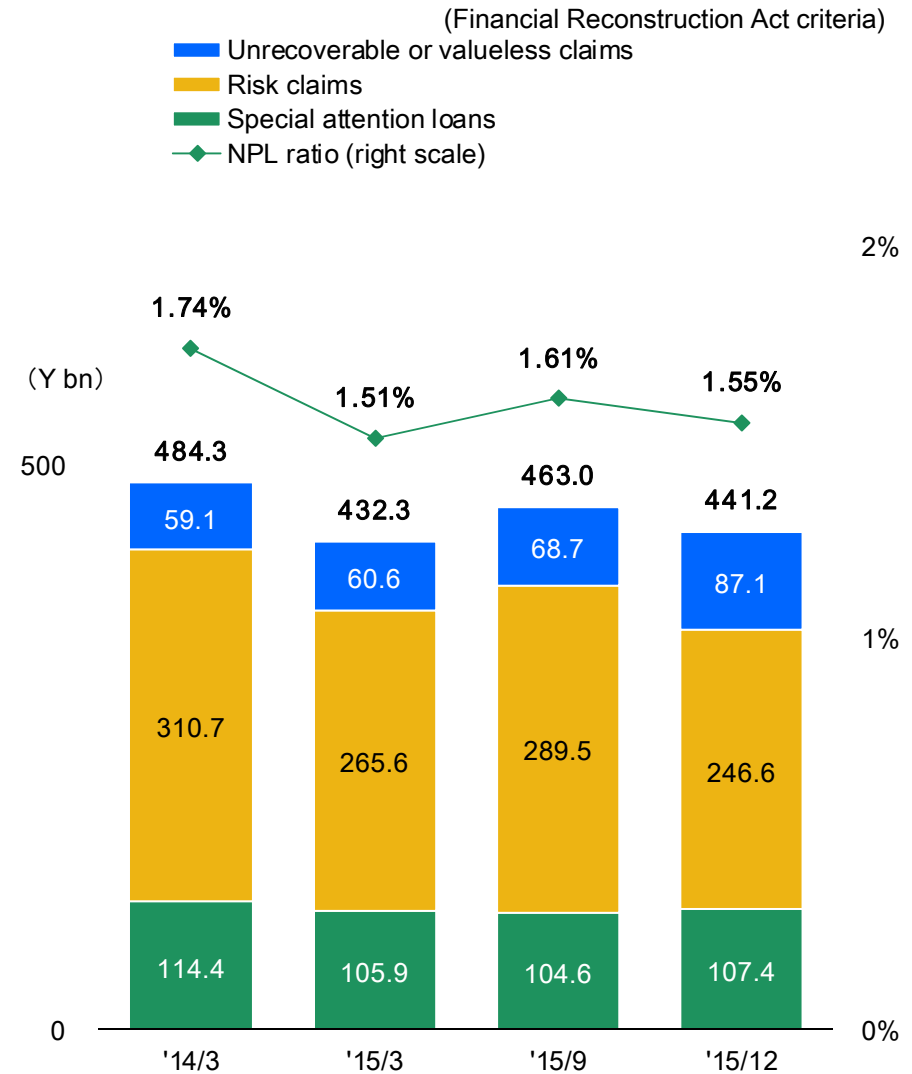
*1. Investment product ratio = balance of investment products sold to individuals / balance of investment products sold to individuals and yen deposits held by individuals

Credit Costs and NPL

Trend of credit costs

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

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



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

*2. Positive figures represent reversal gains

Securities Portfolio (Total of Group Banks)

Securities Portfolio

(Y bn)		Mar.'15	Sep.'15	Dec.'15	Unrealized gain/(loss)
Available-for-sale securities ^{*1}	(1)	3,827.6	3,286.5	3,298.0	564.6
Stocks	(2)	330.6	328.1	345.4	559.8
Bonds	(3)	3,186.9	2,544.7	2,196.8	9.6
JGBs	(4)	2,151.1	1,646.2	1,291.2	2.7
Average duration (years) ^{*2}	(5)	3.3	3.0	3.6	-
Basis Point Value (BPV)	(6)	(0.72)	(0.50)	(0.48)	-
Local government and corporate bonds	(7)	1,035.8	898.5	905.5	6.8
Other	(8)	310.0	413.5	755.8	(4.8)
Foreign securities	(9)	143.0	213.1	435.5	(6.2)
Net unrealized gain	(10)	573.1	498.5	564.6	
Bonds held to maturity ^{*3}	(11)	2,435.7	2,456.9	2,375.6	73.0
JGBs	(12)	1,962.0	1,961.8	1,881.7	57.6
Net unrealized gain	(13)	72.6	72.8	73.0	

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

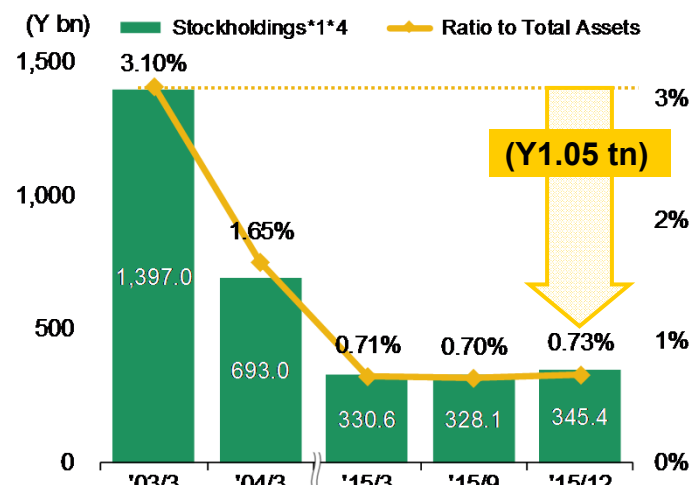
*2. Assuming the duration of floating-rate JGBs as zero

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

*4. Available-for- sales securities

Status of policy-oriented stocks held

- **Breakeven Nikkei average: Approx. 6,000 yen**
- **Listed stocks sold in 1-3Q period of FY2015: Y5.6 bn (acquisition cost basis), Net gain on sale: Y6.0 bn**
- **Consistently reduced the balance of stock holdings including those held in the Retirement Benefit Trust (RBT) thus far.**
=> Returned all stocks in the RBT to a banking book (totaling Y21.7 bn)
Balance of stocks held in the RBT:
Mar. 31, 2008 Y308.3 bn (peak in fair value) => Dec. 31, 2015 Zero
- **Policy for holding policy-oriented stocks**
After the injection of public funds, Resona reduced the balance of stockholdings in order to minimize the price fluctuation risk.



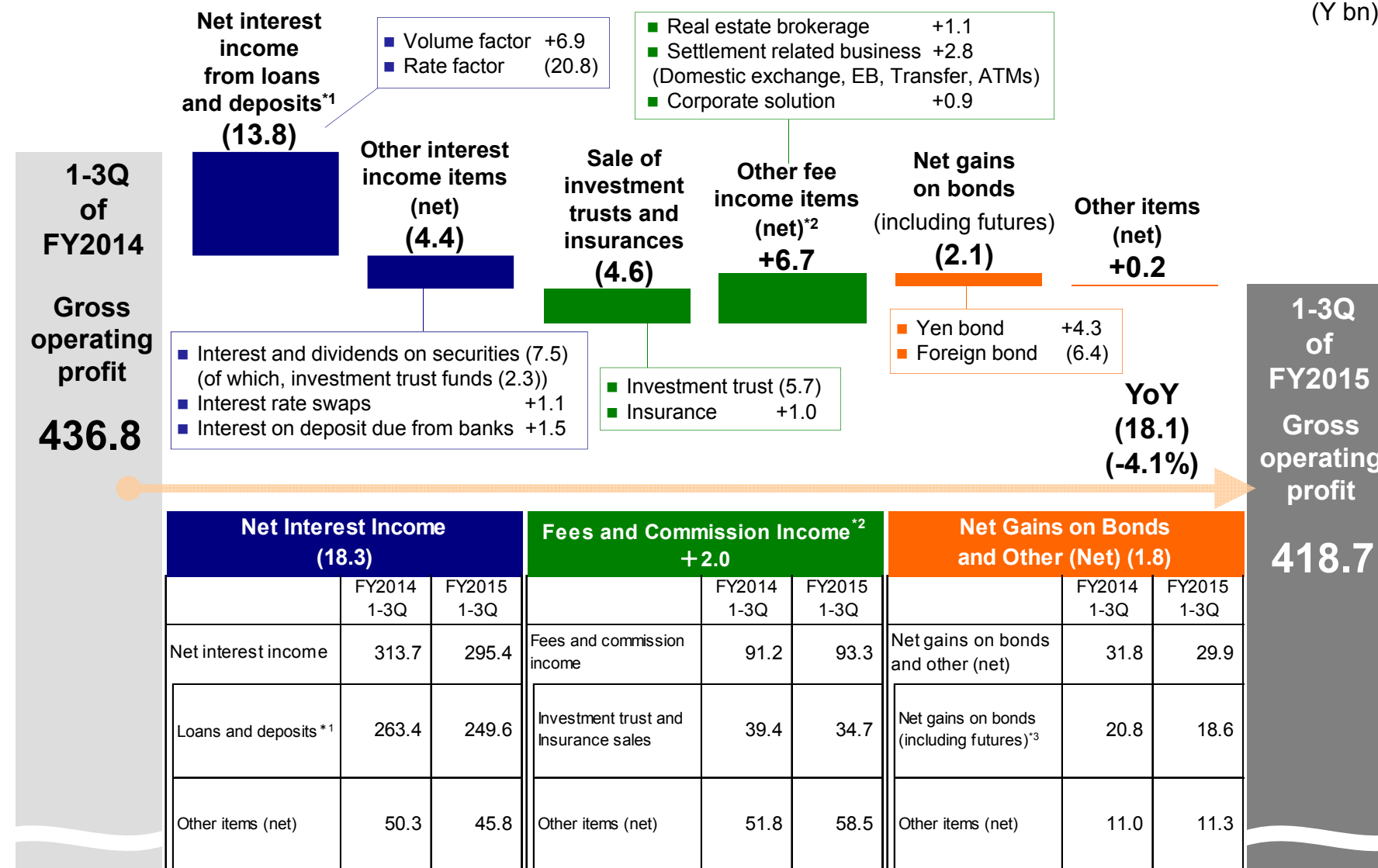
Resona will pursue appropriate returns for the risks taken as ever according to the following policies

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

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

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

(Y bn)



*1. Domestic banking account, deposits include NCDs.

*2. Fees and commission income plus trust fees

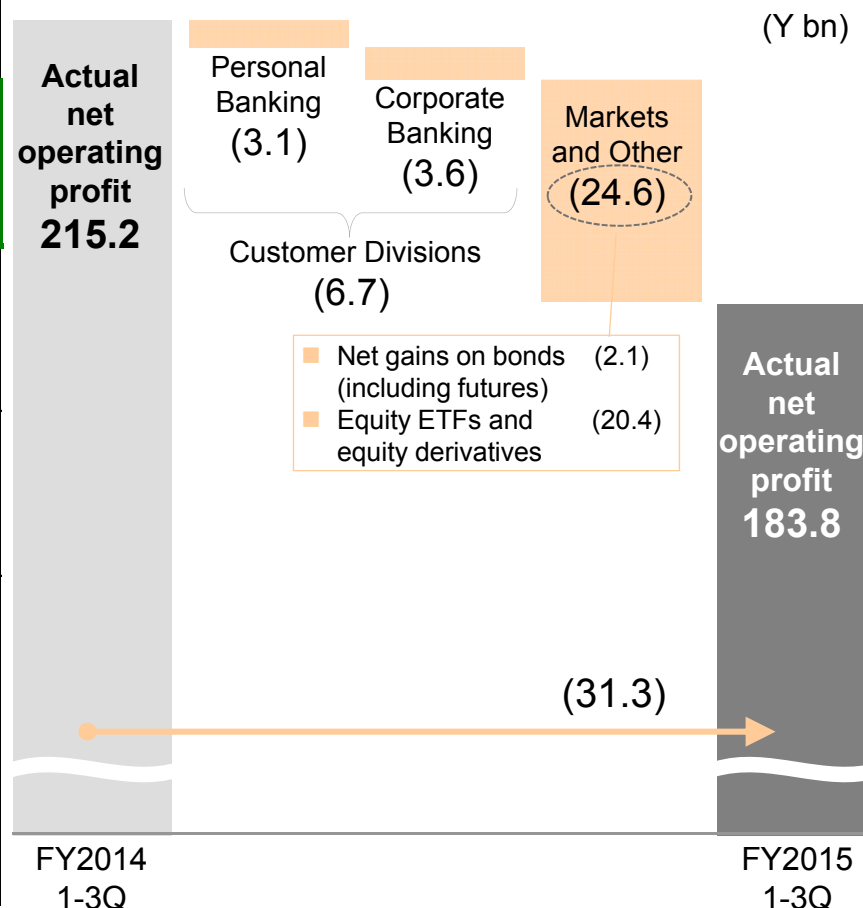
*3. Net gains /(losses) on bonds and bond-related derivative transactions

(Reference)

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

Actual net operating profit decreased by ¥31.3 bn, primarily due to slowdown of market division

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



Definition of management accounting

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

(Reference)

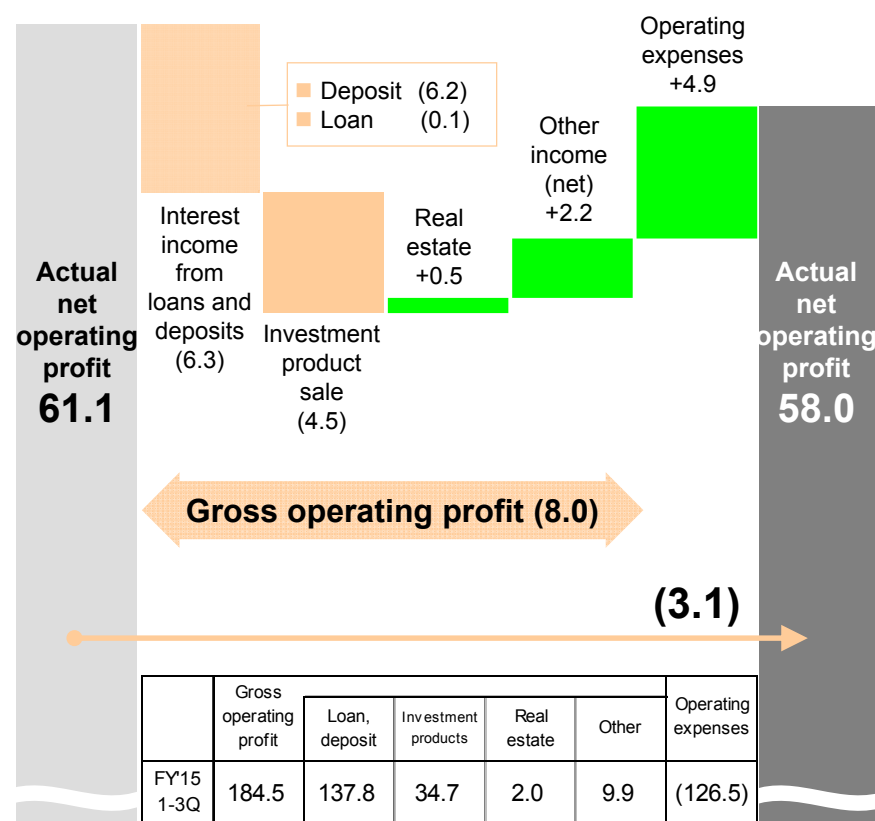
Results by Business Segments for the 1-3Q Period of FY2015 (2)

Personal Banking Segment

■ Actual net operating profit decreased by Y3.1 bn

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

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



FY2014
1-3Q

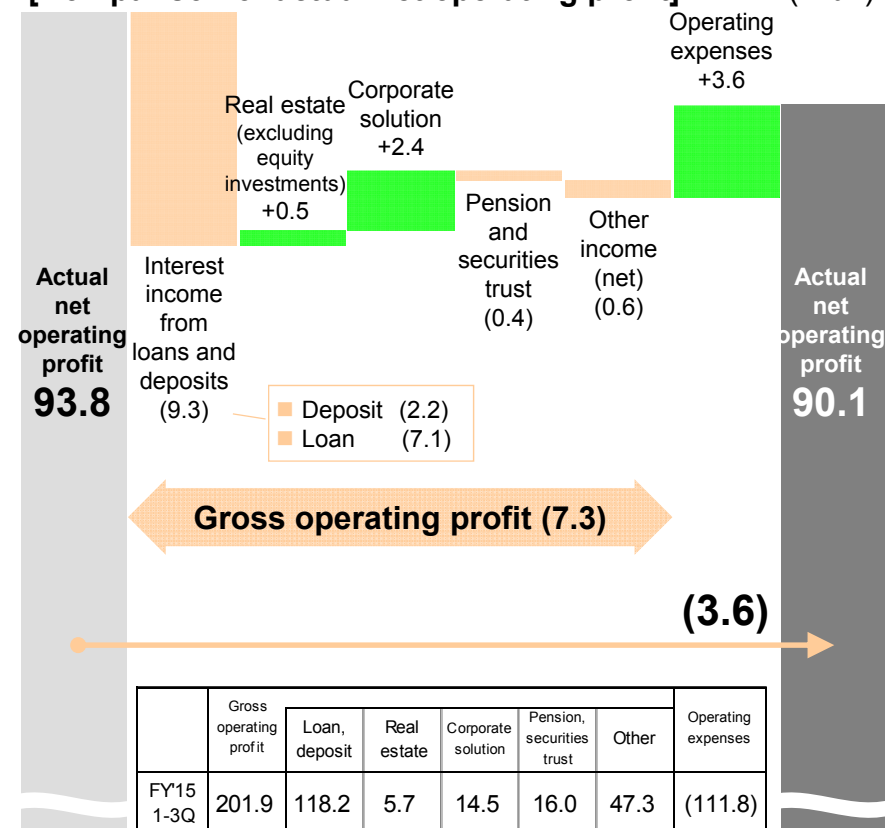
FY2015
1-3Q

Corporate Banking Segment

■ Actual net operating profit decreased by Y3.6 bn

- Decline in net interest income from loans and deposits was partially covered by an increase in fee income from real estate brokerage and corporate solution business and by a reduction in operating expense

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



FY2014
1-3Q

FY2015
1-3Q

The forward-looking statements contained in this presentation may be subject to material change due to the following factors.

These factors may include changes in the level of stock price in Japan, any development and change related to the government's policies, laws, business practices and their interpretation, emergence of new corporate bankruptcies, changes in the economic environment in Japan and abroad and any other factors which are beyond control of the Resona Group.

These forward-looking statements are not intended to provide any guarantees of the Group's future performance. Please also note that the actual performance may differ from these statements.

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