



Resona Holdings, Inc.

Consolidated Financial Results for the Third Quarter of Fiscal Year 2016 (Nine months ended December 31, 2016/ Unaudited) <under Japanese GAAP>



Code number: 8308

Stock exchange listings: Tokyo

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

Representative: Kazuhiro Higashi, President and Representative Executive Officer

Annual securities report issuing date: February 8, 2017 Dividends payment date: -

Trading accounts: Established

Supplemental information for the financial results: Available

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

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

1. Consolidated Financial Results for the Third Quarter of Fiscal Year 2016 (April 1, 2016- December 31, 2016)

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

	Ordinary Income		Ordinary Profits		Net Income Attributable to Owners of the Parent	
	Million yen	%	Million yen	%	Million yen	%
1-3Q of FY2016	581,468	(-1.0)	179,868	(-3.0)	129,813	(-0.3)
1-3Q of FY2015	587,243	(-11.4)	185,369	(-33.4)	130,140	(-32.0)

Note: Comprehensive Income: 1-3Q of FY2016: 170,150 million yen (+53.5%) 1-3Q of FY2015: 110,851 million yen (-66.6%)

	Net Income per Share of Common Stock	Diluted Net Income per Share of Common Stock
	Yen	Yen
1-3Q of FY2016	54.04	-
1-3Q of FY2015	54.17	-

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

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Net Assets Attributable to Stockholders to Total Assets Ratio
	Million yen	Million yen	%
December 31, 2016	47,902,331	1,879,114	3.9
March 31, 2016	49,126,435	1,833,470	3.7

(Reference) Net Assets Attributable to Stockholders: December 31, 2016: 1,863,126 million yen March 31, 2016: 1,816,002 million yen

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

2. Dividends on Common Stock

	Dividends per Share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	-	8.50	-	8.50	17.00
FY2016	-	9.50	-	-	-
FY2016(Forecast)	-	-	-	9.50	19.00

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

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

3. Earnings Targets for Fiscal Year 2016 (April 1, 2016 - March 31, 2017)

(% represents the change from the previous fiscal year)

	Net Income Attributable to Owners of the Parent		Net Income per Share of Common Stock
	Million yen	%	Yen
Fiscal Year 2016 (Full year)	170,000	(-7.5)	70.56

- Note: 1. Revision of earnings forecast from the latest announcement: No
 2. For calculation of targeted net income per common share, please refer to following "Formula for Targeted Net Income Attributable to Owners of the Parent per Share of Common Stock".
 3. The Group provides financial services, including credit card administration, etc. in addition to the banking and trust asset management and a variety of uncertainty caused by the economic environment, such as a negative interest rate introduced by the Bank of Japan, exists in the financial operation. Therefore, the Company discloses "Earnings targets" instead of "Earnings forecasts."

4. Other

- (1) Changes in significant subsidiaries during the period : No
 (2) Adoption of any particular accounting methods for quarterly consolidated financial statements: No
 (3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements
 A) Changes due to revision of accounting standards : Yes
 B) Changes due to other reasons : No
 C) Changes in accounting estimates : No
 D) Restatements : No
- (4) Number of Shares of Common Stock Outstanding
 A) Total outstanding shares including treasury stock at the end of the period
 December 31, 2016 : 2,324,118,091 shares
 March 31, 2016 : 2,324,118,091 shares
 B) Treasury stock at the end of the period
 December 31, 2016 : 2,705,862 shares
 March 31, 2016 : 4,379,191 shares
 C) Average outstanding shares during the period
 1-3Q of FY2016 : 2,320,520,652 shares
 1-3Q of FY2015 : 2,318,603,784 shares

- Note: Treasury stock at the end of the period included the stocks owned by ESOP-type Stock Benefit Trust for the Employee Shareholding Association.
 December 31, 2016 : 1,746,700 shares
 March 31, 2016 : 3,427,100 shares

Note: Status of the quarterly review process

At the time when this "Consolidated Financial Results for the Third Quarter of Fiscal Year 2016" is disclosed, the quarterly review process based on "Financial Instruments and Exchange Act" has been in process.

Note: Disclaimer regarding Forward-looking Statements

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable. Risks, uncertainties and other factors may cause actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Resona Holdings does not revise the full year targets announced in November 2016, at this point in time.

○ **Dividends on Classified Stock**

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

		Dividends per Share				
		1 st Quarter-end	2 nd Quarter-end	3 rd Quarter-end	Fiscal Year-end	Total
Class Five Preferred Stock		<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>
	FY 2015	-	459.375	-	459.375	918.75
	FY 2016	-	459.375	-	-	-
	FY 2016 (Forecast)	-	-	-	459.375	918.75
Class Six Preferred Stock	FY 2015	-	618.75	-	618.75	1,237.50
	FY 2016	-	618.75	-	-	-
	FY 2016 (Forecast)	-	-	-	-	618.75

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

(Reference)

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

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

- Forecasted average number of shares of common stock (excluding treasury stock)	: 2,320,878,802 shares
- Forecasted total dividend for preferred stock	: 6,238 million yen
Total amount of forecasted total dividend for preferred stock	: 5,531 million yen
Retirement difference on preferred stock	: 706 million yen

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1. Information Regarding "4. Other"

(1) Changes in accounting policies, changes in accounting estimates and restatements

Change in Accounting Policies

In accordance with the revision to the Corporation Tax Act, the Group applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force No. 32, issued on June 17, 2016) and changed the depreciation method for buildings and accompanying facilities and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method, from 1Q of FY2016. Effects of this change are immaterial.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2016	December 31, 2016
Assets		
Cash and due from banks	¥ 13,514,516	¥ 12,444,245
Call loans and bills bought	191,938	91,877
Monetary claims bought	391,804	392,729
Trading assets	475,382	406,622
Money held in trust	178	800
Securities	5,346,725	5,455,971
Loans and bills discounted	27,664,964	27,688,725
Foreign exchange assets	68,866	93,054
Other assets	872,845	718,228
Tangible fixed assets	307,610	303,438
Intangible fixed assets	32,389	31,265
Net defined benefit asset	4,248	7,298
Deferred tax assets	25,664	1,771
Customers' liabilities for acceptances and guarantees	431,439	434,414
Reserve for possible loan losses	△202,081	△168,048
Reserve for possible losses on investments	△57	△62
Total Assets	49,126,435	47,902,331
Liabilities and Net Assets		
Liabilities		
Deposits	38,228,820	39,382,209
Negotiable certificates of deposit	1,344,500	1,078,470
Call money and bills sold	606,916	821,767
Payables under repurchase agreements	5,999	5,000
Payables under securities lending transactions	145,107	982,048
Trading liabilities	291,639	213,607
Borrowed money	809,049	685,336
Foreign exchange liabilities	1,991	7,544
Bonds	624,812	432,056
Due to trust account	3,707,658	949,791
Other liabilities	985,007	939,594
Reserve for employees' bonuses	16,908	9,198
Net defined benefit liability	32,534	14,247
Other reserves	40,276	46,283
Deferred tax liabilities	181	1,527
Deferred tax liabilities for land revaluation	20,120	20,120
Acceptances and guarantees	431,439	434,414
Total Liabilities	47,292,964	46,023,216
Net Assets		
Capital stock	50,472	50,472
Retained earnings	1,399,576	1,404,478
Treasury stock	△1,902	△1,300
Total stockholders' equity	1,448,147	1,453,651
Net unrealized gains on available-for-sale securities	347,491	389,367
Net deferred gains on hedges	49,540	42,888
Revaluation reserve for land	44,025	44,025
Foreign currency translation adjustments	△3,012	△5,312
Remeasurements of defined benefit plans	△70,190	△61,494
Total accumulated other comprehensive income	367,855	409,474
Minority interests in consolidated subsidiaries	17,468	15,988
Total Net Assets	1,833,470	1,879,114
Total Liabilities and Net Assets	¥ 49,126,435	¥ 47,902,331

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

[Consolidated Statements of Income]

(Millions of yen)

	Third Quarter of FY2015 From April 1, 2015 to December 31, 2015	Third Quarter of FY2016 From April 1, 2016 to December 31, 2016
Ordinary income	¥ 587,243	¥ 581,468
Interest income	331,370	300,117
Interest on loans and bills discounted	266,432	244,050
Interest and dividends on securities	38,212	32,229
Trust fees	16,237	13,381
Fees and commissions	147,602	145,278
Trading income	5,735	5,393
Other operating income	32,402	41,240
Other ordinary income	53,895	76,056
Ordinary expenses	401,873	401,599
Interest expenses	31,712	20,981
Interest on deposits	10,947	7,805
Fees and commissions	40,234	41,362
Trading expenses	168	181
Other operating expenses	7,031	20,493
General and administrative expenses	257,969	269,929
Other ordinary expenses	64,756	48,653
Ordinary profits	185,369	179,868
Extraordinary gains	73	3,896
Gains on disposal of fixed assets	73	3,896
Extraordinary losses	1,170	1,362
Losses on disposal of fixed assets	577	914
Impairment losses on fixed assets	592	448
Income before income taxes	184,272	182,402
Income taxes – current	31,412	43,355
Income taxes – deferred	22,526	7,443
Total income taxes	53,939	50,798
Net income	130,333	131,603
Net income attributable to non-controlling interests	193	1,790
Net income attributable to owners of the parent	¥ 130,140	¥ 129,813

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Third Quarter of FY2015 From April 1, 2015 to December 31, 2015	Third Quarter of FY2016 From April 1, 2016 to December 31, 2016
Net income	¥ 130,333	¥ 131,603
Other comprehensive income	(19,481)	38,547
Net unrealized gains (losses) on available-for-sale securities	(7,551)	41,894
Net deferred gains (losses) on hedges	2,542	(6,652)
Revaluation reserve for land	13	-
Foreign currency translation adjustments	(17,669)	(5,364)
Remeasurements of defined benefit plans	3,171	8,677
Share of other comprehensive income of affiliates accounted for using the equity method	12	(8)
Total comprehensive income	110,851	170,150
Comprehensive income attributable to:		
Shares of the parent	125,425	171,432
Non-controlling interests	¥ (14,573)	¥ (1,281)

(3) Note on Going-Concern Assumption

Not applicable

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

Third Quarter of FY2016 (from April 1, 2016 to December 31, 2016)

(Millions of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the term	50,472	-	1,399,576	(1,902)	1,448,147
Changes during the term (cumulative)					
Dividends paid			(49,204)		(49,204)
Net income attributable to owners of the parent (cumulative)			129,813		129,813
Purchase of treasury stock				(75,710)	(75,710)
Disposal of treasury shares		(0)		605	605
Cancellation of treasury stock		(75,706)		75,706	-
Transfer from retained earnings to capital surplus		75,706	(75,706)		-
Changes in total during the term (cumulative)	-	-	4,902	602	5,504
Balance at the end of the term	50,472	-	1,404,478	(1,300)	1,453,651

(5) Significant subsequent events

Resona Bank, one of the subsidiaries of Resona Holdings, Inc., at its Board of Directors meeting held on January 30, 2017, resolved to purchase all shares of Singapore-based AFC Merchant Bank (ASEAN FINANCE CORPORATION LIMITED) ("AFC") and to convert AFC into a wholly-owned subsidiary.

The acquisition of AFC shares is subject to the consent of AFC's shareholders and the necessary approvals from related authorities and courts, among other things.

1. Purpose of the Share Acquisition

In addition to P.T. Bank Resona Perdania in Indonesia, Resona Group's Resona Bank has representative offices in five Asian countries and regions where many Japanese companies operate (Singapore, Bangkok, Ho Chi Minh City, Shanghai, and Hong Kong), and provides detailed support services that meet clients' needs, including overseas expansion and solutions to the assorted local challenges they face. In addition, we have made business alliances with leading banks in 14 countries and areas in the Asia region and the United States in order to supplement our overseas loan and foreign exchange services and other financial functions.

In recent years, clients coming to us for consultations regarding international operations, are increasingly asking about the ASEAN region ("the Region"), and the nature of these consultations is wide-ranging. Under these circumstances, with an aim of providing an even more robust level of service in the Region and elsewhere, we have decided to convert AFC—located in Singapore—into a wholly-owned subsidiary.

AFC is a financial institution established in 1981 by major financial institutions in Singapore, Malaysia, Thailand, Indonesia and the Philippines for the purpose of infrastructure development in the Region; it possesses an established customer base and a wealth of local information in the Region. Going forward, Resona Group will work through AFC to conduct lending and M&A advisory operations and to provide other financial services from Singapore, a financial hub for the Region, and thereby expand our overseas services mainly to Japanese companies and our other clients operating in the Region and elsewhere.

2. Overview of AFC (as of end of December 2015)

(1) Trade Name	AFC Merchant Bank (registered name: ASEAN FINANCE CORPORATION LIMITED)
(2) Location of Headquarters	180 Cecil Street, #17-01, Bangkok Bank Building, Singapore 069546
(3) Name and Title of Representative	Mrs. Teh—Kwok Chui Lian President & CEO

(4) Nature of Business	Financial Business		
(5) Issued Paid-up Shares	SGD 68,845,190 (JPY 5,537 million)		
(6) Date Established	May 19, 1981		
(7) Management Performance and Financial Conditions of the Relevant Company for the Previous Three Years (Unit: thou. SGD)			
Fiscal Year	Fiscal year ended December 2013	Fiscal year ended December 2014	Fiscal year ended December 2015
Net Assets	80,010 (JPY 6,436million)	81,179 (JPY 6,530 million)	81,918 (JPY 6,589 million)
Total Assets	87,511 (JPY 7,039 million)	93,434 (JPY 7,515 million)	91,415 (JPY 7,353 million)
Total Income	6,233 (JPY 501 million)	5,828 (JPY 468 million)	6,134 (JPY 493 million)
Net Income in Fiscal Year	3,331 (JPY 267 million)	2,710 (JPY 217 million)	2,869 (JPY 230 million)
Dividends	1,000 (JPY 80 million)	1,000 (JPY 80 million)	1,000 (JPY 80 million)

(Note) Calculated at SGD 1 = JPY 80.44 (T.T.M on January 27, 2017).

3. Acquisition Method, Number of Shares to be Acquired, and Shareholding Ratio Before and After Acquisition

In order to ensure that Resona Bank converts AFC into its wholly-owned subsidiary, we will acquire the shares through a new share issue pursuant to certain procedures under the laws of Singapore that require court permission (scheme of arrangement, cancellation scheme).

(1) Number of shares held before the change	0 shares(number of voting rights : 0)
(2) Number of shares to be acquired	100,000,000 shares (number of voting rights : 100,000,000)
(3) Number of shares to be held after the change	100,000,000 shares (number of voting rights : 100,000,000) (Voting rights holding ratio: 100.0%)

(Note) The acquisition price will be decided on the basis of investigation results by a third party organization.

4. Date of Acquisition

Assuming that we obtain the consent of AFC's shareholders and the necessary approvals from related authorities and courts, among other things, we are planning to complete the acquisition of the shares sometime in the early part of fiscal year 2017.

[Reference]

Statement of Trust Assets and Liabilities

Assets				
	March 31, 2016		December 31, 2016	
	Million yen	%	Million yen	%
Loans and bills discounted	¥ 37,571	0.13	¥ 32,828	0.12
Securities	177	0.00	0	0.00
Beneficiary rights	25,424,109	85.40	25,318,508	94.18
Securities held in custody account	14,511	0.05	13,579	0.05
Monetary claims	207,320	0.70	185,028	0.69
Tangible fixed assets	354,768	1.19	361,987	1.35
Intangible fixed assets	2,953	0.01	2,952	0.01
Other claims	7,578	0.03	5,099	0.02
Due from banking account	3,707,658	12.45	949,791	3.53
Cash and due from banks	12,232	0.04	12,912	0.05
Total assets	¥ 29,768,881	100.00	¥ 26,882,690	100.00

Liabilities				
	March 31, 2016		December 31, 2016	
	Million yen	%	Million yen	%
Money trusts	¥ 11,939,397	40.11	¥ 9,118,636	33.92
Pension trusts	3,239,216	10.88	2,774,303	10.32
Property formation benefit trusts	972	0.00	1,011	0.00
Securities investment trusts	13,402,975	45.02	13,805,123	51.35
Money entrusted, other than money trusts	335,424	1.13	338,186	1.26
Securities trusts	14,552	0.05	13,621	0.05
Monetary claims trusts	226,106	0.76	192,935	0.72
Land and fixtures trusts	33,623	0.11	28,865	0.11
Composite trusts	576,610	1.94	610,006	2.27
Total liabilities	¥ 29,768,881	100.00	¥ 26,882,690	100.00

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

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

Reference Material for the Third Quarter of FY2016

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Note.1: Figures reported herein are unaudited.

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

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

1. Statements of income

(1)Resona Holdings (Consolidated)

(Millions of yen)

		1-3Q FY 2016	Change	1-3Q FY 2015
Ordinary income	1	581,468	(5,774)	587,243
Consolidated gross operating profit	2	422,394	(31,806)	454,200
Interest income	3	279,136	(20,521)	299,657
Trust fees (after disposal of problem loans in the trust account)	4	13,381	(2,855)	16,237
<Disposal of problem loans in the trust account>	5	2	(2)	5
Fees and commissions	6	103,916	(3,451)	107,367
Trading income	7	5,212	(354)	5,567
Other operating income	8	20,747	(4,623)	25,370
Expenses(excluding non-recurring items)	9	(256,804)	(369)	(256,435)
Personnel expenses	10	(123,279)	2,952	(126,232)
Non-personnel expenses	11	(115,354)	(797)	(114,556)
Taxes	12	(18,170)	(2,524)	(15,645)
Actual net operating profit (2-5+9+19)	13	165,667	(32,189)	197,857
Provision to general reserve for possible loan losses	14	-	(3,385)	3,385
Other gains/(losses), net	15	14,279	30,060	(15,781)
Net gains/(losses) on stocks	16	22,216	17,906	4,310
Disposal of problem loans	17	(9,832)	21,580	(31,412)
Reversal of credit expenses	18	31,496	20,485	11,011
Equity in earnings of investments in affiliates	19	80	(16)	97
Ordinary profit	20	179,868	(5,500)	185,369
Extraordinary gains	21	3,896	3,822	73
Extraordinary losses	22	(1,362)	(192)	(1,170)
Income before income taxes	23	182,402	(1,869)	184,272
Income taxes - current	24	(43,355)	(11,942)	(31,412)
Income taxes - deferred	25	(7,443)	15,082	(22,526)
Net income	26	131,603	1,270	130,333
Net income attributable to non-controlling interests	27	(1,790)	(1,596)	(193)
Net income attributable to owners of the parent	28	129,813	(326)	130,140
Credit expense (5+14+17+18)	29	21,666	38,676	(17,010)
Disposal of problem loans in the trust account	30	2	(2)	5
Provision to general reserve for possible loan losses	31	15,411	12,026	3,385
Write-off of loans	32	(9,353)	9,717	(19,070)
Provision to specific reserve for possible loan losses	33	4,254	16,583	(12,328)
Provision to special reserve for certain overseas loans	34	0	1	(0)
Other disposal of problem loans	35	(479)	(466)	(12)
Gains on recoveries of written-off loans	36	11,830	818	11,011

○ ROE

(%)

	1-3Q FY 2016	Change	1-3Q FY 2015
ROE based on net income attributable to owners of the parent	12.67	(1.31)	13.99

(Note)

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

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

(Millions of yen)

		Total of three banks [Non-consolidated]			Resona Bank			
		1-3Q		1-3Q	1-3Q		1-3Q	
		FY 2016	Change	FY 2015	FY 2016	Change	FY 2015	
Gross operating profit	(2+4+6+7+8)	1	388,585	(30,183)	418,769	264,629	(12,872)	277,501
Interest income		2	275,753	(19,701)	295,454	177,506	(10,995)	188,501
<Net interest income from loans and deposits (Domestic operations, including NCDs)>		3	231,693	(17,938)	249,632	146,197	(11,195)	157,393
Trust fees (after disposal of problem loans in trust account)		4	13,383	(2,855)	16,239	13,383	(2,855)	16,239
<Disposal of problem loans in the trust account>		5	2	(2)	5	2	(2)	5
Fees and commissions		6	74,157	(2,970)	77,128	52,805	(2,491)	55,297
Trading income		7	5,102	(223)	5,326	5,102	(223)	5,326
Other operating income		8	20,188	(4,432)	24,620	15,830	3,694	12,136
Net gains/(losses) on bonds		9	1,106	(21,016)	22,122	(1,347)	(11,579)	10,231
Expenses (excluding non-recurring items)		10	(243,255)	(29)	(243,226)	(159,412)	3	(159,415)
Personnel expenses		11	(109,291)	2,974	(112,266)	(70,115)	2,104	(72,220)
Non-personnel expenses		12	(116,786)	(631)	(116,155)	(78,303)	(291)	(78,012)
Taxes		13	(17,177)	(2,373)	(14,804)	(10,993)	(1,810)	(9,183)
Actual net operating profit	(1+10-5)	14	145,327	(30,210)	175,537	105,214	(12,866)	118,080
Core net operating profit	(14-9)	15	144,221	(9,193)	153,415	106,562	(1,286)	107,848
Provision to general reserve for possible loan losses		16	-	1,639	(1,639)	-	1,639	(1,639)
Net operating profit	(1+10+16)	17	145,330	(28,574)	173,904	105,216	(11,229)	116,446
Other gains/(losses), net		18	11,394	21,978	(10,583)	6,999	23,164	(16,164)
Net gains/(losses) on stocks		19	22,208	18,108	4,100	19,346	18,263	1,082
Gains on sale		20	27,316	4,574	22,742	24,225	4,523	19,701
Losses on sale		21	(5,106)	11,423	(16,529)	(4,877)	11,632	(16,509)
Losses on devaluation		22	(1)	2,110	(2,112)	(1)	2,106	(2,108)
Disposal of problem loans		23	(8,246)	19,623	(27,870)	(6,149)	19,268	(25,418)
Reversal of credit expenses		24	26,707	12,098	14,608	19,623	11,499	8,123
Other		25	(29,274)	(27,852)	(1,421)	(25,820)	(25,867)	46
Ordinary profit	(17+18)	26	156,724	(6,595)	163,320	112,216	11,934	100,281
Extraordinary gains/(losses), net		27	2,448	3,536	(1,088)	(749)	92	(842)
Net gains/(losses) on disposal of fixed assets		28	2,896	3,392	(495)	(320)	36	(356)
Impairment losses on fixed assets		29	(448)	144	(592)	(429)	56	(485)
Income before income taxes	(26+27)	30	159,173	(3,059)	162,232	111,466	12,027	99,439
Income taxes-current		31	(38,098)	(12,683)	(25,415)	(28,770)	(19,060)	(9,709)
Income taxes-deferred		32	(6,515)	14,967	(21,483)	(2,305)	16,352	(18,658)
Net income	(30+31+32)	33	114,559	(774)	115,334	80,390	9,319	71,071

Credit expense	(5+16+23+24)	34	18,462	33,358	(14,895)	13,476	32,404	(18,928)
Disposal of problem loans in the trust account		35	2	(2)	5	2	(2)	5
Provision to general reserve for possible loan losses		36	8,939	9,137	(198)	6,034	7,673	(1,639)
Write-off of loans		37	(7,797)	9,635	(17,432)	(6,030)	9,010	(15,040)
Provision to specific reserve for possible loan losses		38	7,176	15,107	(7,931)	5,876	16,301	(10,424)
Provision to special reserve for certain overseas loans		39	0	1	(0)	0	1	(0)
Other disposal of problem loans		40	(449)	(437)	(12)	(119)	(167)	47
Gains on recoveries of written-off claims		41	10,590	(83)	10,674	7,712	(411)	8,123

(Notes)

- Actual net operating profit: Net operating profit before provision to general reserve for possible loan losses and disposal of problem loans in the trust account.
- Core net operating profit: Actual net operating profit less net gains/(losses) on bonds.
- The figures of "Welfare expenses", which were included in "Non-personnel expenses", are defined as "Personnel expenses" from FY2016.
The figures of 1-3Q of FY2015 reflect the above change.

○ Interest rate spreads (domestic operations)

(%)

	Total of three banks [Non-consolidated]			Resona Bank		
	1-3Q		1-3Q	1-3Q		1-3Q
	FY 2016	Change	FY 2015	FY 2016	Change	FY 2015
Average interest rate of loans and bills discounted (A)	1.15	(0.13)	1.28	1.10	(0.13)	1.24
Average interest rate of deposits and negotiable CDs (B)	0.01	(0.01)	0.03	0.01	(0.02)	0.03
Loan-to-deposit spread (A) - (B)	1.14	(0.11)	1.25	1.09	(0.10)	1.20

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

(Millions of yen)

		Saitama Resona Bank			Kinki Osaka Bank		
		1-3Q		1-3Q	1-3Q		1-3Q
		FY 2016	Change	FY 2015	FY 2016	Change	FY 2015
Gross operating profit (2+4+6+7+8)	1	92,290	(11,582)	103,872	31,665	(5,728)	37,394
Interest income	2	73,822	(5,509)	79,331	24,424	(3,196)	27,621
<Net interest income from loans and deposits (Domestic operations, including NCDs)>	3	63,482	(4,329)	67,812	22,013	(2,413)	24,426
Trust fees (after disposal of problem loans in trust account)	4	-	-	-	-	-	-
<Disposal of problem loans in the trust account>	5	-	-	-	-	-	-
Fees and commissions	6	15,818	737	15,080	5,533	(1,216)	6,749
Trading income	7	-	-	-	-	-	-
Other operating income	8	2,649	(6,810)	9,460	1,708	(1,315)	3,023
Net gains/(losses) on bonds	9	969	(8,081)	9,050	1,484	(1,355)	2,840
Expenses (excluding non-recurring items)	10	(55,806)	(31)	(55,774)	(28,036)	(1)	(28,035)
Personnel expenses	11	(24,636)	569	(25,205)	(14,539)	300	(14,840)
Non-personnel expenses	12	(27,030)	(319)	(26,711)	(11,452)	(20)	(11,431)
Taxes	13	(4,139)	(281)	(3,857)	(2,044)	(281)	(1,763)
Actual net operating profit (1+10-5)	14	36,484	(11,614)	48,098	3,629	(5,729)	9,359
Core net operating profit (14-9)	15	35,514	(3,532)	39,047	2,144	(4,374)	6,519
Provision to general reserve for possible loan losses	16	-	-	-	-	-	-
Net operating profit (1+10+16)	17	36,484	(11,614)	48,098	3,629	(5,729)	9,359
Other gains/(losses), net	18	2,211	486	1,725	2,183	(1,672)	3,856
Net gains/(losses) on stocks	19	1,905	(401)	2,307	956	246	710
Gains on sale	20	2,135	(183)	2,318	956	234	722
Losses on sale	21	(229)	(217)	(11)	-	8	(8)
Losses on devaluation	22	-	-	-	-	3	(3)
Disposal of problem loans	23	(1,036)	657	(1,693)	(1,060)	(302)	(757)
Reversal of credit expenses	24	2,869	583	2,286	4,213	15	4,197
Other	25	(1,527)	(353)	(1,174)	(1,926)	(1,631)	(294)
Ordinary profit (17+18)	26	38,695	(11,127)	49,823	5,812	(7,402)	13,215
Extraordinary gains/(losses), net	27	(84)	47	(131)	3,282	3,396	(113)
Net gains/(losses) on disposal of fixed assets	28	(68)	49	(118)	3,285	3,306	(20)
Impairment losses on fixed assets	29	(15)	(2)	(13)	(3)	89	(93)
Income before income taxes (26+27)	30	38,611	(11,080)	49,692	9,095	(4,006)	13,101
Income taxes-current	31	(8,879)	5,498	(14,378)	(449)	878	(1,327)
Income taxes-deferred	32	(2,510)	(920)	(1,590)	(1,700)	(465)	(1,235)
Net income (30+31+32)	33	27,222	(6,501)	33,724	6,946	(3,592)	10,538

Credit expense (5+16+23+24)	34	1,833	1,240	592	3,153	(286)	3,440
Disposal of problem loans in the trust account	35	-	-	-	-	-	-
Provision to general reserve for possible loan losses	36	1,958	2,422	(464)	947	(957)	1,904
Write-off of loans	37	(883)	801	(1,684)	(884)	(176)	(707)
Provision to specific reserve for possible loan losses	38	(363)	(1,576)	1,213	1,662	383	1,279
Provision to special reserve for certain overseas loans	39	-	-	-	-	-	-
Other disposal of problem loans	40	(153)	(143)	(9)	(176)	(126)	(50)
Gains on recoveries of written-off claims	41	1,274	(262)	1,536	1,603	589	1,013

(Notes)

- Actual net operating profit: Net operating profit before provision to general reserve for possible loan losses and disposal of problem loans in the trust account.
- Core net operating profit: Actual net operating profit less net gains/(losses) on bonds.
- The figures of "Welfare expenses", which were included in "Non-personnel expenses", are defined as "Personnel expenses" from FY2016.
The figures of 1-3Q of FY2015 reflect the above change.

○ Interest rate spreads (domestic operations)

(%)

	Saitama Resona Bank			Kinki Osaka Bank		
	1-3Q		1-3Q	1-3Q		1-3Q
	FY 2016	Change	FY 2015	FY 2016	Change	FY 2015
Average interest rate of loans and bills discounted (A)	1.22	(0.13)	1.35	1.29	(0.14)	1.44
Average interest rate of deposits and negotiable CDs (B)	0.01	(0.01)	0.02	0.03	(0.02)	0.05
Loan-to-deposit spread (A) - (B)	1.21	(0.11)	1.33	1.25	(0.12)	1.38

2. Claims disclosure according to the Financial Reconstruction Act

(Millions of yen, %)

<Total of three banks>	End of Dec.			End of Mar.	End of Dec.
	2016 (A)	(A)-(B)	(A)-(C)	2016 (B)	2015 (C)
Unrecoverable or valueless claims	66,999	(10,713)	(20,161)	77,713	87,161
Risk claims	237,199	(10,931)	(9,432)	248,131	246,632
Special attention loans	105,744	(3,400)	(1,685)	109,144	107,429
Financial Reconstruction Act subtotal [A]	409,943	(25,045)	(31,279)	434,989	441,223
Normal claims	28,318,566	55,255	432,538	28,263,311	27,886,028
Financial Reconstruction Act total [B]	28,728,510	30,210	401,259	28,698,300	28,327,251
Partial direct write-offs	150,030	(5,526)	(24,169)	155,556	174,200
NPL Ratio [A] / [B]	1.42	(0.08)	(0.13)	1.51	1.55

<Resona Bank>

Unrecoverable or valueless claims	40,378	(10,077)	(20,242)	50,456	60,621
Risk claims	121,289	(4,939)	(10,397)	126,228	131,686
Special attention loans	75,182	281	2,117	74,900	73,064
Financial Reconstruction Act subtotal [A]	236,850	(14,736)	(28,522)	251,586	265,372
Normal claims	18,978,372	30,860	331,865	18,947,512	18,646,506
Financial Reconstruction Act total [B]	19,215,222	16,124	303,343	19,199,098	18,911,879
Partial direct write-offs	119,123	(2,742)	(18,641)	121,865	137,764
NPL Ratio [A] / [B]	1.23	(0.07)	(0.17)	1.31	1.40

<Saitama Resona Bank>

Unrecoverable or valueless claims	18,337	(867)	388	19,204	17,948
Risk claims	70,567	963	6,988	69,603	63,579
Special attention loans	21,671	(3,241)	(2,675)	24,913	24,347
Financial Reconstruction Act subtotal [A]	110,577	(3,144)	4,701	113,721	105,875
Normal claims	7,008,051	88,819	128,836	6,919,231	6,879,214
Financial Reconstruction Act total [B]	7,118,628	85,674	133,537	7,032,953	6,985,090
Partial direct write-offs	18,560	(2,355)	(3,257)	20,916	21,817
NPL Ratio [A] / [B]	1.55	(0.06)	0.03	1.61	1.51

<Kinki Osaka Bank>

Unrecoverable or valueless claims	8,284	231	(307)	8,052	8,591
Risk claims	45,342	(6,956)	(6,023)	52,298	51,365
Special attention loans	8,890	(440)	(1,127)	9,330	10,017
Financial Reconstruction Act subtotal [A]	62,516	(7,164)	(7,458)	69,681	69,975
Normal claims	2,332,142	(64,424)	(28,164)	2,396,567	2,360,307
Financial Reconstruction Act total [B]	2,394,659	(71,588)	(35,622)	2,466,248	2,430,282
Partial direct write-offs	12,346	(428)	(2,271)	12,774	14,617
NPL Ratio [A] / [B]	2.61	(0.21)	(0.26)	2.82	2.87

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

(Millions of yen)

<Consolidated>	B/S Amount (End of Dec. 2016)	Change from End of Mar. 2016	Unrealized gains/(losses)			Change from End of Mar. 2016
			(End of Dec. 2016)	Gain	Loss	
Bonds held to maturity	2,289,583	(93,937)	72,151	73,389	(1,237)	(21,493)
Available-for-sale securities	3,118,640	195,723	519,368	545,591	(26,223)	58,724
Stocks	875,984	77,326	527,091	529,711	(2,620)	80,258
Bonds	1,621,716	(74,867)	(1,199)	6,442	(7,642)	(15,836)
JGB	620,000	(146,441)	(5,608)	835	(6,443)	(11,805)
Other	620,940	193,264	(6,523)	9,437	(15,960)	(5,696)

Note: The figures presented in the table above include securities, negotiable certificates of deposit (NCDs) included in "cash and due from banks" and a portion of "monetary claims bought." The presented figures only include marketable securities.

A reconciliation of net unrealized gains on available-for-sale securities to the amount reported on the Resona Holdings' consolidated balance sheet as of December 31, 2016 is as follows:

	(Millions of yen)
Net unrealized gains on available-for-sale securities	519,368
Fair value hedge gains recorded as income	(less) 7,662
Deferred tax liabilities	(less) 122,293
Unrealized gains on available-for-sale securities (before adjustment)	389,412
Amounts attributable to minority interests	(less) 72
Parent's portion of unrealized gains on available-for-sale securities of equity method investees	27
Amount reported on the Consolidated Balance Sheet	389,367

(Millions of yen)

<Total of three banks>	B/S Amount (End of Dec. 2016)	Change from End of Mar. 2016	Unrealized gains/(losses)			Change from End of Mar. 2016
			(End of Dec. 2016)	Gain	Loss	
Bonds held to maturity	2,289,583	(93,937)	72,151	73,389	(1,237)	(21,493)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	3,115,145	195,165	518,872	545,095	(26,223)	58,676
Stocks	875,226	77,277	526,623	529,243	(2,620)	80,209
Bonds	1,621,712	(74,867)	(1,199)	6,442	(7,642)	(15,836)
Other	618,206	192,755	(6,551)	9,409	(15,960)	(5,696)

<Resona Bank>

Bonds held to maturity	1,452,631	(102,217)	49,873	49,873	-	(15,649)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	1,743,969	263,575	417,585	434,945	(17,360)	64,865
Stocks	708,156	73,461	425,210	427,584	(2,374)	75,911
Bonds	623,621	56,697	872	3,793	(2,921)	(5,662)
Other	412,191	133,416	(8,497)	3,567	(12,064)	(5,384)

<Saitama Resona Bank>

Bonds held to maturity	632,856	(31,338)	19,087	19,087	-	(3,696)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	782,220	(214,477)	88,774	96,396	(7,621)	(5,479)
Stocks	155,130	2,804	93,442	93,647	(204)	3,285
Bonds	503,583	(270,751)	(3,058)	1,065	(4,124)	(9,353)
Other	123,505	53,469	(1,608)	1,684	(3,292)	588

<Kinki Osaka Bank>

Bonds held to maturity	204,094	39,617	3,190	4,428	(1,237)	(2,146)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	588,955	146,067	12,512	13,753	(1,241)	(709)
Stocks	11,938	1,012	7,971	8,012	(41)	1,012
Bonds	494,507	139,185	986	1,583	(596)	(820)
Other	82,509	5,869	3,554	4,157	(603)	(900)

Note: The figures presented in the table above include securities, negotiable certificates of deposit (NCDs) included in "cash and due from banks" and a portion of "monetary claims bought."

The presented figures only include marketable securities.

4. Balance of deposits and loans

(Millions of yen)

	End of Dec. 2016 (A)	(A)-(B)	(A)-(C)	End of Mar. 2016 (B)	End of Dec. 2015 (C)
<Total of three banks>					
Deposits (Term-end)	39,450,484	1,179,014	2,688,533	38,271,469	36,761,950
Deposits (average balance)	38,486,915	2,110,924	2,212,538	36,375,991	36,274,377
Trust principal (Term-end)	976,081	(2,752,175)	332,185	3,728,256	643,896
Trust principal (average balance)	1,036,098	132,769	376,719	903,329	659,378
Loans and bills discounted (Term-end)	27,929,953	(2,193)	375,444	27,932,147	27,554,508
Banking account	27,897,124	2,548	374,648	27,894,575	27,522,475
Trust account	32,828	(4,742)	795	37,571	32,033
Loans and bills discounted (average balance)	27,596,290	308,173	352,669	27,288,116	27,243,620
Banking account	27,561,089	307,929	352,027	27,253,160	27,209,062
Trust account	35,200	244	641	34,956	34,558

<Resona Bank>

Deposits (Term-end)	23,975,983	973,174	2,112,118	23,002,808	21,863,864
Deposits (average balance)	23,223,663	1,632,089	1,724,423	21,591,574	21,499,240
Trust principal (Term-end)	976,081	(2,752,175)	332,185	3,728,256	643,896
Trust principal (average balance)	1,036,098	132,769	376,719	903,329	659,378
Loans and bills discounted (Term-end)	18,510,874	(8,654)	284,187	18,519,528	18,226,686
Banking account	18,478,045	(3,912)	283,391	18,481,957	18,194,653
Trust account	32,828	(4,742)	795	37,571	32,033
Loans and bills discounted (average balance)	18,266,986	223,967	269,895	18,043,019	17,997,091
Banking account	18,231,786	223,723	269,253	18,008,062	17,962,532
Trust account	35,200	244	641	34,956	34,558

<Saitama Resona Bank>

Deposits (Term-end)	12,242,237	186,703	563,541	12,055,533	11,678,695
Deposits (average balance)	12,077,679	498,469	516,144	11,579,210	11,561,535
Loans and bills discounted (Term-end)	7,056,707	79,746	127,163	6,976,960	6,929,543
Loans and bills discounted (average balance)	6,978,284	116,587	121,779	6,861,696	6,856,504

<Kinki Osaka Bank>

Deposits (Term-end)	3,232,263	19,136	12,873	3,213,127	3,219,390
Deposits (average balance)	3,185,572	(19,634)	(28,029)	3,205,207	3,213,601
Loans and bills discounted (Term-end)	2,362,372	(73,286)	(35,906)	2,435,658	2,398,278
Loans and bills discounted (average balance)	2,351,019	(32,381)	(39,005)	2,383,400	2,390,025

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

<Total of three banks>	End of Dec. 2016 (A)	(A)-(B)	(A)-(C)	End of Mar. 2016 (B)	End of Dec. 2015 (C)
Domestic individual deposits (Term-end)	25,501,118	980,267	713,291	24,520,850	24,787,826
Liquid deposits	17,418,253	1,112,054	939,514	16,306,199	16,478,738
Time deposits	7,844,294	(160,242)	(270,445)	8,004,537	8,114,740
Domestic corporate deposits (Term-end)	11,931,142	679,042	1,539,823	11,252,099	10,391,318
Liquid deposits	8,980,898	826,538	1,346,791	8,154,359	7,634,106
Time deposits	2,534,500	(64,516)	177,804	2,599,016	2,356,695

<Resona Bank>

Domestic individual deposits (Term-end)	13,444,035	512,943	401,879	12,931,091	13,042,155
Liquid deposits	9,336,820	584,175	520,164	8,752,644	8,816,655
Time deposits	3,906,648	(97,995)	(158,595)	4,004,643	4,065,244
Domestic corporate deposits (Term-end)	9,060,227	663,750	1,370,298	8,396,477	7,689,929
Liquid deposits	6,945,246	747,324	1,220,831	6,197,921	5,724,415
Time deposits	1,729,783	(20,065)	133,938	1,749,849	1,595,844

<Saitama Resona Bank>

Domestic individual deposits (Term-end)	9,531,426	436,209	320,506	9,095,216	9,210,919
Liquid deposits	6,638,301	449,324	362,307	6,188,976	6,275,993
Time deposits	2,862,595	(14,163)	(44,671)	2,876,758	2,907,266
Domestic corporate deposits (Term-end)	2,198,075	38,636	141,391	2,159,438	2,056,683
Liquid deposits	1,572,026	94,261	103,811	1,477,764	1,468,214
Time deposits	607,290	(46,383)	39,284	653,673	568,005

<Kinki Osaka Bank>

Domestic individual deposits (Term-end)	2,525,656	31,113	(9,094)	2,494,542	2,534,750
Liquid deposits	1,443,132	78,554	57,042	1,364,577	1,386,090
Time deposits	1,075,050	(48,084)	(67,178)	1,123,134	1,142,228
Domestic corporate deposits (Term-end)	672,839	(23,344)	28,133	696,183	644,705
Liquid deposits	463,625	(15,048)	22,148	478,674	441,476
Time deposits	197,427	1,933	4,582	195,494	192,845

(Notes)

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

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

<Total of three banks>	End of Dec. 2016 (A)	(A)-(B)	(A)-(C)	End of Mar. 2016 (B)	End of Dec. 2015 (C)
Investment trust	1,772,816	(98,344)	(148,535)	1,871,160	1,921,351
Public bond	462,231	(87,552)	(109,396)	549,783	571,628
Insurance	1,900,582	19,948	64,764	1,880,633	1,835,817

<Resona Bank>

Investment trust	982,391	(56,399)	(81,482)	1,038,791	1,063,874
Public bond	168,403	(34,965)	(44,401)	203,369	212,805
Insurance	925,541	5,487	34,835	920,053	890,705

<Saitama Resona Bank>

Investment trust	548,859	(24,878)	(39,861)	573,738	588,721
Public bond	287,181	(50,374)	(62,273)	337,555	349,454
Insurance	726,682	10,833	23,347	715,848	703,334

<Kinki Osaka Bank>

Investment trust	241,565	(17,066)	(27,191)	258,631	268,756
Public bond	6,646	(2,211)	(2,721)	8,858	9,367
Insurance	248,358	3,627	6,581	244,731	241,777

(Note)

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

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

Insurance: based on insurance premiums paid (yen equivalent)