MAY 11, 2012

Resona Holdings, Inc.

Consolidated Financial Results for Fiscal Year 2011
(April 1, 2011- March 31, 2012/ Unaudited)
<under Japanese GAAP>

Code number: 8308 Stock exchange listings: Tokyo, Osaka
URL: http://www.resona-gr.co.jp
Representative: Seiji Higaki, President and Representative Executive Officer
General Meeting of Shareholders: June 22, 2012 Dividends payment date: June 6, 2012
Securities report issuing date: June 27, 2012 Trading accounts: Established
Supplemental information for the financial results: Available
Investor relations meeting: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for Fiscal Year 2011 (April 1, 2011- March 31, 2012)

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

	Ordinary Income		Ordinary Profits		Net Income	
	Million yen	*%*	*Million yen*	*%*	*Million yen*	*%*
Fiscal Year 2011	850,350	(1.1)	274,872	30.7	253,662	58.5
Fiscal Year 2010	859,898	(1.7)	210,290	38.1	160,079	21.1

Note: Comprehensive Income: FY 2011: 300,884 million yen (+127.1%) FY 2010: 132,513 million yen (-44.6%)

	Net Income per Common Share	Diluted Net Income per Common Share	Net Income to Net Assets Attributable to Shareholders Ratio	Ordinary Profits to Total Assets Ratio	Ordinary Profits to Ordinary Income Ratio
	Yen	*Yen*	*%*	*%*	*%*
Fiscal Year 2011	96.56	68.36	15.8	0.6	32.3
Fiscal Year 2010	73.14	39.62	8.8	0.5	24.5

(Reference) Equity in earnings of investments in affiliates: FY 2011: 191 million yen FY 2010: 400 million yen

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Net Assets Attributable to Shareholders to Total Assets Ratio	Net Assets per Common Share	Consolidated Capital Adequacy Ratio (Japanese domestic standard)
	Million yen	*Million yen*	*%*	*Yen*	*%*
March 31, 2012	43,199,830	1,843,329	4.0	354.35	13.19
March 31, 2011	42,706,848	1,592,553	3.5	251.67	11.21

(Reference) Net Assets Attributable to Shareholders: March 31, 2012: 1,733,439 million yen March 31, 2011: 1,482,279 million yen

1. "Net Assets Attributable to Shareholders to Total Assets Ratio" is (Net assets at year-end minus Stock option at year-end minus Minority interests at year-end) divided by Total assets at year-end.
2. "Consolidated Capital Adequacy Ratio" is computed in accordance with the "Standards for Consolidated Capital Adequacy Ratio of Bank Holding Company under Article 52-25 of the Banking Act" (the Notification of the Financial Services Agency No. 20, 2006). Consolidated Capital Adequacy Ratio (Japanese domestic standard) as of March 31, 2012 is a preliminary figure.

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Fiscal Year-end
	Million yen	*Million yen*	*Million yen*	*Million yen*
Fiscal Year 2011	1,155,398	(1,306,760)	59,461	2,590,131
Fiscal Year 2010	3,465,449	(1,159,614)	(909,124)	2,682,038

2. Dividends on Common Stock

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividends to Net Assets Ratio (Consolidated)
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Fiscal Year-end	Total			
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Million yen*	*%*	*%*
Fiscal Year 2010	-	0.00	-	12.00	12.00	29,409	16.4	8.1
Fiscal Year 2011	-	0.00	-	12.00	12.00	29,409	12.4	4.0
Fiscal Year 2012 (Forecast)	-	0.00	-	12.00	12.00		23.9	

Note: 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 Forecasts for Fiscal Year 2012 (April 1, 2012 - March 31, 2013)

(% represents the change from the same period in the previous fiscal year)

	Ordinary Profits		Net Income		Net Income per Common Share
	Million yen	*%*	*Million yen*	*%*	*Yen*
1st Half of Fiscal Year 2012	110,000	(29.8)	70,000	(45.4)	28.56
Fiscal Year 2012 (Full year)	220,000	(20.0)	140,000	(44.8)	50.22

4. Other

(1) Changes in Significant Subsidiaries during the Fiscal Year: No

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatement during the Fiscal Year
- A) Changes due to revision of accounting standards: Yes
- B) Changes due to other reasons: No
- C) Changes in accounting estimates: No
- D) Restatement: No

(3) Number of Common Shares Outstanding
- A) Total outstanding shares including treasury shares at the fiscal year-end
  March 31, 2012: 2,514,957,691 March 31, 2011: 2,514,957,691
- B) Treasury shares at the fiscal year-end
  March 31, 2012: 64,185,059 March 31, 2011: 64,179,183
- C) Average outstanding shares during the fiscal year
  Fiscal Year 2011: 2,450,775,746 Fiscal Year 2010: 1,361,375,809

(Reference) Summary of Non-Consolidated Financial Results
1. Non-Consolidated Financial Results for Fiscal Year 2011 (April 1, 2011 - March 31, 2012)

(1) Operating Results

(% represents the change from the previous fiscal year)

	Operating Income		Operating Profits		Ordinary Profits	
	Million yen	*%*	*Million yen*	*%*	*Million yen*	*%*
Fiscal Year 2011	158,322	404.5	150,877	479.0	151,117	546.3
Fiscal Year 2010	31,380	(19.6)	26,059	(20.3)	23,381	(28.3)

	Net Income		Net Income per Common Share	Diluted Net Income per Common Share
	Million yen	*%*	*Yen*	*Yen*
Fiscal Year 2011	151,165	476.4	54.74	39.54
Fiscal Year 2010	26,223	(25.0)	(25.17)	-

(2) Financial Conditions

	Total Assets	Net Assets	Net Assets Attributable to Shareholders to Total Assets Ratio	Net Assets per Common Share
	Million yen	*Million yen*	*%*	*Yen*
March 31, 2012	1,350,339	1,023,423	75.8	64.64
March 31, 2011	1,260,278	919,155	72.9	21.89

(Reference) Net Assets Attributable to Shareholders: March 31, 2012: 1,023,423 million yen March 31, 2011: 919,155 million yen

2. Non- Consolidated Earnings Forecasts for Fiscal Year 2012 (April 1, 2012 - March 31, 2013)

(% represents the change from the same period in the previous fiscal year)

	Operating Income		Operating Profits		Ordinary Profits		Net Income		Net Income per Common Share
	Million yen	*%*	*Million yen*	*%*	*Million yen*	*%*	*Million yen*	*%*	*Yen*
1st Half of Fiscal Year 2012	121,000	51.1	117,000	53.6	117,000	53.5	117,000	53.5	47.74
Fiscal Year 2012 (Full year)	243,000	53.5	235,000	55.8	235,000	55.5	235,000	55.5	88.98

Note: Disclaimer regarding Audit status
Audit of the consolidated and non-consolidated financial results in accordance with Financial Instruments and Exchange Act ("FIEA") is still in process at the time of disclosing this report.

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.

Please refer to attachment "1. Operating Results and Financial Condition (4) Risk factors" for important factors which may have an effect on actual financial results. Also, please refer to attachment "1. Operating Results and Financial Condition (1) Operating Results" for the assumptions used for the Earnings Forecasts.

Note: How to get supplemental information for the financial results
Supplemental information for the financial results is disclosed through TD net. Investor relations meeting for institutional investor or analyst is scheduled on May 23, 2012. Materials for the meeting will be available on the web site after the meeting.

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

		Dividends per Share				
		1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Fiscal Year-end	Total
		Yen	*Yen*	*Yen*	*Yen*	*Yen*
Class C No.1 Preferred Stock	FY 2010	-	0.00	-	68.00	68.00
	FY 2011	-	0.00	-	68.00	68.00
	FY 2012 (Forecast)	-	0.00	-	68.00	68.00
Class F No.1 Preferred Stock	FY 2010	-	0.00	-	185.00	185.00
	FY 2011	-	0.00	-	185.00	185.00
	FY 2012 (Forecast)	-	0.00	-	185.00	185.00
Class Three No.1 Preferred Stock	FY 2010	-	0.00	-	23.56	23.56
	FY 2011	-	0.00	-	21.38	21.38
	FY 2012 (Forecast)	-	0.00	-	21.04	21.04
Class Four Preferred Stock	FY 2010	-	0.00	-	992.50	992.50
	FY 2011	-	0.00	-	992.50	992.50
	FY 2012 (Forecast)	-	0.00	-	992.50	992.50
Class Five Preferred Stock	FY 2010	-	0.00	-	918.75	918.75
	FY 2011	-	0.00	-	918.75	918.75
	FY 2012 (Forecast)	-	0.00	-	918.75	918.75
Class Six Preferred Stock	FY 2010	-	0.00	-	1,237.50	1,237.50
	FY 2011	-	0.00	-	1,237.50	1,237.50
	FY 2012 (Forecast)	-	0.00	-	1,237.50	1,237.50

(Reference)
Formula for Forecasted Net Income per Common Share

$$\frac{\text{Forecasted net income – Forecasted total dividend for preferred stock}}{\text{Forecasted average number of common shares (excluding treasury shares)}}$$

* Forecasted average number of common shares (excluding treasury shares): 2,450,772,632 shares
* Forecasted total dividend for preferred stock: 2nd Quarter: - million yen Full year: 16,918 million yen

Contents of Attachment

1. Operating Results and Financial Conditions

(1) Operating Results

Ordinary profits and net income for the fiscal year 2011 were ¥274.8 billion and ¥253.6 billion, respectively.

Consolidated gross operating profit decreased by ¥11.8 billion from the previous fiscal year to ¥655.2 billion due to a decrease in net interest income. However, general and administrative expenses decreased by ¥8.4 billion from the previous year to ¥360.9 billion and total credit costs decreased by ¥47.7 billion from the previous fiscal year to ¥13.8 billion. As a result, income before income taxes and minority interests increased by ¥36.1 billion from the previous fiscal year to ¥273.2 billion. On the other hand, income taxes decreased by ¥57.3 billion from the previous fiscal year to ¥19.6 billion mainly due to a change in the tax effect treatment of loan loss reserves. As a result, consolidated net income increased by ¥93.5 billion from the previous fiscal year to ¥253.6 billion.

Total actual net operating profit of three group banks (Resona Bank, Ltd., Saitama Resona Bank, Ltd. and The Kinki Osaka Bank, Ltd.) decreased by ¥0.2 billion from the previous fiscal year to ¥259.7 billion, but total credit costs of the three group banks decreased by ¥32.3 billion from the previous fiscal year to ¥4.4 billion. As a result, total income before income taxes and minority interests of the three group banks increased by ¥24.9 billion from the previous fiscal year to ¥242.6 billion and total net income after income taxes of the three group banks increased by ¥88.9 billion from the previous fiscal year to ¥239.4 billion.

As for operating results of Resona Holdings, Inc. (“the Company”) on a non-consolidated basis, operating income increased by ¥126.9 billion from the previous fiscal year to ¥158.3 billion due to increase in dividends from the three group banks, and ordinary profits and net income increased by ¥127.7 billion and ¥124.9 billion from the previous fiscal year to ¥151.1 billion and ¥151.1 billion, respectively.

(Earnings Forecasts for the Fiscal Year 2012)

As for earnings forecasts on a consolidated basis for the fiscal year 2012, ordinary profits and net income are expected to amount to ¥220.0 billion and ¥140.0 billion, respectively, which are mostly comprised of the three group banks’ earnings. As for earnings forecasts of the three group banks, total actual net operating profit and total net income are expected to amount to ¥238.0 billion and ¥130.0 billion, respectively.

As for earnings forecasts of the Company on a non-consolidated basis, operating income, ordinary profits and net income are expected to amount to ¥243.0 billion, ¥235.0 billion and ¥235.0 billion, respectively.

(2) Financial Conditions

Total assets on a consolidated basis increased by ¥492.9 billion from the previous fiscal year-end to ¥43,199.8 billion. With regards to major items of assets, securities increased by ¥1,435.9 billion from the previous fiscal year-end to ¥11,335.8 billion, but loans and bills discounted decreased by ¥70.3 billion from the previous fiscal year-end to ¥25,782.6 billion. With regards to major items of liabilities, deposits increased by ¥343.6 billion from the previous fiscal year-end to ¥34,523.6 billion.

Net assets increased by ¥250.7 billion from the previous fiscal year-end to ¥1,843.3 billion mainly due to net income for the fiscal year 2011.

Total trust assets decreased by ¥2,119.9 billion from the previous fiscal year-end to ¥23,973.6 billion.

Consolidated Capital Adequacy Ratio (Japanese domestic standard) was 13.19% (preliminary figures).

With regards to cash flows on a consolidated basis, cash flows from operating activities was provided by ¥1,155.3 billion mainly due to an increase in deposits and payables under securities lending transactions, cash flows from investing activities was used in ¥1,306.7 billion mainly due to purchase of securities, and cash flows from financing activities was provided by ¥59.4 billion mainly due to proceeds from issuance of subordinated bonds.

As a result, cash and cash equivalents decreased by ¥91.9 billion from the beginning of the fiscal year 2011 to ¥2,590.1 billion.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal Year 2011 and 2012

The Resona Group (“the Group”) intends to pay stable dividends to shareholders, maintaining its basic policy of refraining outflows of profits and prioritizing accumulation of retained earnings while continuing the management reforms to enhance its corporate value with a view to realizing the repayment of public funds at an early date.

(4) Risk Factors

Operational and other risks faced by the Company and the Group that could materially affect the decisions of investors are set out as follows. The Company recognizes probability of these risks, takes necessary actions to prevent these risks from occurring, and responds appropriately when these risks do occur.

- Risk of an increase in credit cost
- Risk associated with market transactions
- Risks associated with fluctuations in foreign currency exchange rates
- Risk associated with holding securities
- Risk associated with funding and liquidity
- Risk associated with market turbulence

- Risk associated with business strategy
- Risk of worsening net assets attributable to shareholders to total assets ratio
- Matters related to public funds
- Risks associated with credit ratings
- Risks associated with deferred tax assets
- Risks associated with projected benefit obligation
- Risk associated with trust asset management
- Risk associated with processing errors or fraud by directors and employees
- Risk associated with systems failure
- Risk associated with leakage of Information
- Risk associated with outsourcing
- Risk associated with financial crimes
- Risk associated with natural disasters
- Risk associated with violation of laws
- Risk associated with significant lawsuits
- Risk associated with failure of keeping human resources
- Risk associated with rumors and unfounded information
- Risk associated with holding company system
- Risk associated with changes in regulations
- Risk associated with effectiveness of risk management policies and procedures
- Assessment concerning internal control over financial reporting

The risk factors were disclosed in the latest Annual Security Report. Details of the above risk factors will be disclosed in 11th Annual Security Report for the fiscal year 2011.

2. Information on Resona Group

Overview of the Group is omitted because there have been no significant change from “the Group organization chart” and “Information of the affiliates” included in the latest Annual Securities Report submitted on June 28th 2011.

Resona Servicer Co., Ltd was liquidated on December 22, 2011.

3. Management Policy

(1) Principle Management Policy

The Group, based on the CORPORATE MISSION stated below, will make the utmost efforts to become a financial group which is trusted by regional societies and appreciated by shareholders and the market. The Group will continue to implement reforms for further progression and work to maximize its corporate value.

[CORPORATE MISSION]

> The Resona Group aims at becoming a true “financial services group full of creativity.”
> Towards this goal, the Resona Group will:
> - Live up to customers’ expectations,
> - Renovate its organization,
> - Implement transparent management, and
> - Develop further with regional societies

(2) Management Targets

Quantitative targets in aggregate for the three group banks for the fiscal year 2013 are as follows:

	Quantitative targets
Actual net operating profit	280.0 billion yen
Income before income taxes	225.0 billion yen
Actual net operating profit RORA (Note 1)	1.13%
Cost-to-Income Ratio (OHR)	55.05%
Non-Performing Loan (NPL) Ratio	Around 2.2%

Notes
1. Actual net operating profit RORA
   = Income before income taxes / [(Risk assets balance at beginning + Risk assets balance at ending) / 2]
2. Above quantitative targets are stated in “Business Revitalization Plan” announced in November 2010.

(3) Medium-to Long-Term Management Strategy

The Group takes seriously obligations as a recipient of substantial public funding for capital reinforcement. To expeditiously revitalize our operations, the Group announced “Business Revitalization Plan” (hereinafter, “Revitalization plan”) in November 2003 as a plan of intensive revitalization period and established a foundation for its revitalization targeting thorough financial reforms.

After this Revitalization Plan, “From restructuring to boosting sales capabilities “announced in November 2004 and “Continuing growth of the core differentiation strategy” announced in November 2006 were released in the subsequent Revitalization Plans, and the Group has focused our efforts on boosting sales capabilities to maintain continuous profitability and continuing growth for the repayment of public funds. Under Revitalization Plan announced in November 2008, the Group has been implementing various operational reforms towards our management which has a customer-centric business orientation aiming at becoming “True Retail Bank Group,” by further implementing ”Business-domain selection and focus” and “Establishment of a distinctive Resona style” based on thoroughness of Rosona’s differentiation strategies.

Through those reforms, the Group has aimed at improving NPL Ratio and Cost-to-Income Ratio substantially, strengthening management system, and evolving from a traditional bank to a service company. While the management, which has a customer-centric business orientation and is rooted in local communities, has been making steady progress, the business environment surrounding financial institutions has also changed significantly with substantial changes in the economic situations at home and abroad, including the global turmoil of the financial markets as well as the outbreak of economic uncertainties in Europe after announcement of Revitalization Plan in November 2008. Given such an economic climate and our responses to the management environment, the Group announced a new Revitalization Plan (the “New Plan”) extending through the fiscal year ending March 31, 2014.

The Group will continue to implement its strategies of “Business-domain selection and focus” and “Establishment of a distinctive Resona style,” while “Exertion of trust banking functions” will be set as the core differentiation strategy in addition to “Area management,” “Alliances,” and “Operational reform.” By enhancing an approach of responsively catering to customer needs to realize customer-centric operations, the Group aim to become a “smart” and customer-friendly “True Retail Bank Group.”

The “smartness” that Resona aspires to means the provision of financial services equipped with both sophisticated wisdom based on advanced knowledge and skills, and speed and convenience realized through operational reforms, etc. We will conduct “Life designing support business” for individual customers by providing optimal financial products and services available at various life stages, while implementing “Business offering solutions to management challenges” for corporate customers by offering optimal proposals towards solutions to managerial challenges at their various business stages and supporting their business growth. The Group will make the utmost efforts to become a “smart” and customer-friendly “True Retail Bank Group”, to serve our customers, both individual and corporate, through the establishment of finely tuned relationship linked to the local community.

Through above implementations, the Group aims at establishing a position of the unrivaled front-runner of retail bank as a financial services company and realizing “expanding retail profit” and “improving RORA (Return on Risk weighted Asset)” which is an indicator to measure qualitative profitability.

The Group aims to maximize the Group’s corporate value through the contributions of subsidiaries and affiliates, capitalizing on their respective strengths. The three group banks will endeavor to increase long-term customers by meeting broad-ranged customer needs through the provision of high-quality financial services. In addition, through appropriate allocation and efficient use of management resources, we will implement further reforms centering on the improvement of on-the-spot capabilities from the perspectives of our customers. The Group’s subsidiaries and affiliates other than banks will further endeavor to deepen their expertise and improve productivity in cooperation with each group banks, to realize sustainable growth and enhance the Group’s corporate value.

(4) Key Issues

① Business-domain selection and focus

Under the New Plan, the Group will further deepen the existing priority strategies of “Business-domain selection and focus” (priority areas and priority business) to focus on five priority strategies. The Group will focus on organic combination of the comprehensive financial functions (exhibition of “All Resona”) and promote cross-selling activities through cooperation between the individual and corporate divisions in connecting the priority products and services.

(Enhancement of customer relations integrally linked to local communities)

Priority areas under the New Plan are Osaka, Saitama and Tokyo. The Group will implement optimal allocation of management resources more than ever based on market analysis of the respective areas, taking into consideration the characteristics of the business and areas concerned. The Group’s goal is to expand the regional market share through close relationships with customers generated through finely tuned sales activities, and by providing services beyond customer satisfaction.

(Exploiting synergies from fusion of retail and trust banking operations)

The Group has set the strategy “Exertion of trust banking functions” as the pillar of differentiation strategies, and will implement unique business models by providing optimal solutions, which are based on the retail base and trust banking function combined, to customers’ increasingly diverse and sophisticated management challenges.

(Aiming for No.1 in the provision of financial products and loans to individuals)

The Group will focus on reinforcing the capability to provide optimal financial products (investment trusts and insurance) by making the most of our alliances and responses to customers’ needs for loans, according to individual customer’s diverse asset management and fund raising needs at various life events. The Group aims to become the leading banking group in terms of capability to provide financial products and loans, engaging in finely tuned consultative sales activities closely linked to local community.

(Establishment of a brand for asset inheritance and business succession)
The Group will propose finely tuned plans for testamentary trusts and asset inheritance through the inheritance coordination service to individual customers, while proposing business succession plans to company owners. Thus, the Group's focus will be placed on proposals and recommendations reflecting needs of each customer by making the most of the comprehensive trust banking functions of Resona Bank. By strengthening the relationships with individual customers as well as company owners, the Group will establish the Resona brand in the areas of asset inheritance and business succession.

(Expansion of the corporate business base by exerting comprehensive strength)
The Group focuses on the swift provision of optimal solutions generated from comprehensive financial functions by strengthening a relationship with corporate customers, and recognizing correctly their management challenges.

② Establishment of a distinctive Resona style
The Group will establish a distinctive "Resona Style" as a financial service company free from traditional common practice and established practices, by "Creating new corporate culture," "Focusing on individuals," and "Endeavoring to become Japan's most trusted company." Through this approach, the Group aims to become Japan's retail banking leader. The Group will continue to strengthen efforts toward establishing the "Resona Style," through which the Group will be able to break down the high-cost nature of retail business, and implement a comprehensiveness based on cost advantage.

③ Resona Capital Restructuring Plan
Together with the submission of the new Revitalization Plan, the Group has formulated its "Resona Capital Restructuring Plan ("the Plan")," which will restructure its financial base to establish a common stock-centered and easy-to-understand capital structure, as well as present a vision for the full repayment of public funds and ensuring the quality of future capital in light of expected reforms based on the new Basel Capital Accord (Basel III).

Based on the Plan, the Group secured funds available of ¥ 547.7 billion for repayment of public funds (total proceeds of issuance) by the issuance of common shares through a public offering until February 2011 and retained earnings.

As a result, the Group completed to repay ¥ 813.5 billion of the Deposit Insurance Law Preferred Shares on an infusion amount basis (approximately ¥ 881.9 billion equivalent of its fair value) in March 2011.

Background and key issues are as follows.

1. Background of Formulation of the Plan
   The Group has engaged in reforms towards revitalization of its business and has stepped up management efforts to make significant advances as a "True Retail Bank Group" since the infusion of public funds that was implemented in 2003 pursuant to the Deposit Insurance Law. During that period, the Group has worked to steadily accumulate surplus as funds available for repayment of public funds and has reduced the total amount of the public funds.

   Until now, the Deposit Law Preferred Shares have supported the revitalization and growth of the Group. On the other hand, the Deposit Law Preferred Shares have complicated the assessment of Resona's common stock shareholder value because of their terms. The Group formulated the Plan in order to dispel concerns relating to the above-mentioned complications in assessing the value of our common stock and to further gain shareholders' trust as the most unique "True Retail Bank Group" in Japan capable of generating stable returns from sound assets through strengths such as its well-diversified loans, stable deposit funding, market operations with limited risks, and extensive branch network and services.

   The Group will make a bold policy shift in respect of its capital policy from the "repayment of public funds" to the "improvement of common stock shareholder value" in the future.

2. The details of the measures and policies of the Plan
   (A) Medium-to Long-Term Dividend Policy
   The Resona Group ("the Group") intends to pay stable dividends to shareholders, maintaining its basic policy of refraining outflows of profits and prioritizing accumulation of retained earnings while continuing the management reforms to enhance its corporate value with a view to realizing the repayment of public funds at an early date.Please note that, after completing the repayment of the Deposit Insurance Law Preferred Shares, the Group plans to clarify our dividend policy, including the dividend payout ratio and other related matters.

   (B) Policy for Future Repayment of Public Funds
   a. Preferred Shares issued under the Deposit Insurance Law (Deposit Insurance Law Preferred Shares)
      The Group aims for full repayment of the remaining balance of ¥ 450 billion (on an infusion amount basis) as of March 31, 2012 through further accumulation of profits (retained earnings). However, the specific timing of future repayments will take into account capital adequacy regulations, etc. and will be executed in an appropriate and flexible manner.

b. Common Shares issued under the Deposit Insurance Law
Priority will be given to the repayment of Deposit Insurance Law Preferred Shares and the Group has no current plans to apply for a secondary offering of these shares.

c. Early Strengthening Law Preferred Shares (Class C and Class F Preferred Shares)
The increase in outstanding common shares upon mandatory conversions is expected to be minimal, since almost equivalent shares that could arise from mandatory conversions have already been repurchased from the market and are being held as treasury shares.

(C) Policy for Responding to Strengthened Capital Adequacy Requirements (“Basel III”)

Since the Group will focus sharply on its “True Retail Bank Group” strategy in the domestic market, it will continue to apply capital adequacy criteria for domestic banks (the Japanese domestic standards). However, in order to secure reliable capital strength, it will manage its capital adequacy taking reference to the international capital adequacy standards.

Please note that, as a bank subject to domestic capital adequacy requirements, the Group will work to strengthen our capability for providing the highest level of services to our customers doing business overseas through its existing overseas network and alliances.

The Group will be thoroughly aware of its attitude as a finely tuned financial institution closely linked to local communities and the policies of a customer-centric business orientation and, which outline the basic stance of “Resona” more than ever. In addition, the Group aims to become a “True Retail Bank” by implementing various operational reforms. The Group appreciates your continuous support and encouragement.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	March 31, 2012
Assets		
Cash and due from banks	¥ 3,027,781	¥ 2,707,761
Call loans and bills bought	356,676	246,323
Monetary claims bought	427,467	439,726
Trading assets	637,508	696,538
Securities	9,899,960	11,335,875
Loans and bills discounted	25,853,022	25,782,695
Foreign exchange assets	63,472	76,340
Other assets	1,634,261	1,158,028
Tangible fixed assets	313,231	307,088
Buildings	104,481	103,271
Land	193,038	190,081
Leased assets	1,174	1,504
Construction in progress	1,511	1,146
Other tangible fixed assets	13,025	11,084
Intangible fixed assets	53,836	51,860
Software	10,915	10,844
Leased assets	37,557	35,647
Other intangible fixed assets	5,364	5,368
Deferred tax assets	186,891	169,357
Customers' liabilities for acceptances and guarantees	678,495	608,435
Reserve for possible loan losses	(424,619)	(379,863)
Reserve for possible losses on investments	(1,139)	(338)
Total assets	42,706,848	43,199,830
Liabilities		
Deposits	34,179,947	34,523,604
Negotiable certificates of deposit	1,424,610	1,337,560
Call money and bills sold	277,916	408,527
Payables under repurchase agreements	142,972	11,998
Payables under securities lending transactions	—	345,063
Trading liabilities	244,282	273,269
Borrowed money	1,700,813	1,512,904
Foreign exchange liabilities	1,755	2,051
Bonds	678,071	797,076
Due to trust account	375,866	354,818
Other liabilities	1,320,538	1,089,568
Reserve for employees' bonuses	14,603	13,943
Reserve for employees' retirement benefits	11,591	12,481
Other reserves	34,552	41,358
Deferred tax liabilities	—	125
Deferred tax liabilities for land revaluation	28,277	23,713
Acceptances and guarantees	678,495	608,435
Total liabilities	41,114,294	41,356,500
Net assets		
Capital stock	340,472	340,472
Capital surplus	237,082	237,082
Retained earnings	879,381	1,086,691
Treasury stock	(86,847)	(86,849)
Total shareholders' equity	1,370,089	1,577,397
Net unrealized gains on available-for-sale securities	61,826	92,243
Net deferred gains on hedges	16,352	27,124
Revaluation reserve for land	38,479	41,303
Foreign currency translation adjustments	(4,468)	△4,629
Total accumulated other comprehensive income	112,190	156,042
Minority interests in consolidated subsidiaries	110,273	109,890
Total net assets	1,592,553	1,843,329
Total liabilities and net assets	¥ 42,706,848	¥ 43,199,830

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

[Consolidated Statements of Income] *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Ordinary income	¥ 859,898	¥ 850,350
Interest income	551,097	520,239
Interest on loans and bills discounted	469,470	441,565
Interest and dividends on securities	58,305	59,402
Interest on call loans and bills bought	1,863	863
Interest on receivables under securities borrowing transactions	54	2
Interest on deposits	2,021	2,536
Other interest income	19,382	15,867
Trust fees	25,937	23,497
Fees and commissions	172,420	171,696
Trading income	28,900	11,558
Other operating income	50,554	52,212
Other ordinary income	30,988	71,147
Reversal of reserve for possible loan losses	-	9,573
Gains on recoveries of written-off loans	-	31,243
Other	30,988	30,330
Ordinary expenses	649,608	575,478
Interest expenses	67,004	56,257
Interest on deposits	38,695	29,841
Interest on negotiable certificates of deposit	1,770	1,886
Interest on call money and bills sold	437	205
Interest on payables under repurchase agreements	69	37
Interest on payables under securities lending transactions	140	167
Interest on borrowed money	2,454	2,897
Interest on bonds	21,177	19,127
Other interest expenses	2,258	2,095
Fees and commissions	51,555	52,010
Trading expenses	365	—
Other operating expenses	42,937	15,709
General and administrative expenses	369,413	360,914
Other ordinary expenses	118,332	90,585
Provision for reserve for possible loan losses	33,511	—
Other	84,821	90,585
Ordinary profits	210,290	274,872
Extraordinary gains	32,652	2,069
Gains on disposal of fixed assets	1,711	2,069
Gains on negative goodwill	1,578	—
Gains on recoveries of written-off loans	29,362	—
Extraordinary losses	5,831	3,645
Losses on disposal of fixed assets	1,576	1,039
Impairment losses on fixed assets	3,659	2,606
Other extraordinary losses	595	—
Income before income taxes and minority interests	237,111	273,297
Income taxes – current	10,523	12,522
Income taxes – deferred	62,189	2,593
Total income taxes	72,713	15,116
Income before minority interests	164,397	258,180
Minority interests in net income	4,318	4,518
Net income	¥ 160,079	¥ 253,662

[Consolidated Statements of Comprehensive Income] *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Income before minority interests	¥ 164,397	¥ 258,180
Other comprehensive income	(31,884)	42,703
Net unrealized gains (losses) on available-for-sale securities	(21,445)	30,463
Net deferred gains (losses) on hedges	2,563	10,772
Revaluation reserve for land	-	3,366
Foreign currency translation adjustments	(12,979)	(1,872)
Share of other comprehensive income of affiliates accounted for using the equity method	(22)	(26)
Total comprehensive income	¥ 132,513	¥ 300,884
Comprehensive income attributable to:		
Owners of the parent	¥ 140,679	¥ 298,056
Minority interests	¥ (8,166)	¥ 2,827

(3) Consolidated Statements of Changes in Net Assets *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Shareholders' equity		
Capital stock		
Balance at beginning of the fiscal year	¥ 327,201	¥ 340,472
Changes during the period		
Issuance of new stock	13,271	—
Total changes during the period	13,271	—
Balance at end of the fiscal year	340,472	340,472
Capital surplus		
Balance at beginning of the fiscal year	400,709	237,082
Changes during the period		
Issuance of new stock	534,444	—
Disposal of treasury stock	(1)	(0)
Retirement of treasury stock	(1,307,683)	—
Transfer from retained earnings to capital surplus	609,613	0
Total changes during the period	(163,626)	—
Balance at end of the fiscal year	237,082	237,082
Retained earnings		
Balance at beginning of the fiscal year	1,372,119	879,381
Changes during the period		
Dividends from retained earnings	(44,994)	(46,894)
Net income	160,079	253,662
Reversal of revaluation reserve for land	1,792	542
Transfer from retained earnings to capital surplus	(609,613)	(0)
Total changes during the period	(492,737)	207,309
Balance at end of the fiscal year	879,381	1,086,691
Treasury stock		
Balance at beginning of the fiscal year	(86,840)	(86,847)
Changes during the period		
Purchase of treasury stock	(1,307,693)	(2)
Disposal of treasury stock	2	0
Retirement of treasury stock	1,307,683	—
Total changes during the period	(7)	(1)
Balance at end of the fiscal year	(86,847)	(86,849)
Total shareholders' equity		
Balance at beginning of the fiscal year	2,013,189	1,370,089
Changes during the period		
Issuance of new stock	547,716	—
Dividends from retained earnings	(44,994)	(46,894)
Net income	160,079	253,662
Purchase of treasury stock	(1,307,693)	(2)
Disposal of treasury stock	0	0
Reversal of revaluation reserve for land	1,792	542
Total changes during the period	(643,099)	207,307
Balance at end of the fiscal year	¥ 1,370,089	¥ 1,577,397

(3) Consolidated Statements of Changes in Net Assets (Continued) *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities		
Balance at beginning of the fiscal year	¥ 83,129	¥ 61,826
Changes during the period		
Net changes of items other than shareholders' equity	(21,303)	30,416
Total changes during the period	(21,303)	30,416
Balance at end of the fiscal year	61,826	92,243
Net deferred gains on hedges		
Balance at beginning of the fiscal year	13,789	16,352
Changes during the period		
Net changes of items other than shareholders' equity	2,563	10,772
Total changes during the period	2,563	10,772
Balance at end of the fiscal year	16,352	27,124
Revaluation reserve for land		
Balance at beginning of the fiscal year	40,271	38,479
Changes during the period		
Net changes of items other than shareholders' equity	(1,792)	2,824
Total changes during the period	(1,792)	2,824
Balance at end of the fiscal year	38,479	41,303
Foreign currency translation adjustments		
Balance at beginning of the fiscal year	(3,807)	(4,468)
Changes during the period		
Net changes of items other than shareholders' equity	(660)	(161)
Total changes during the period	(660)	(161)
Balance at end of the fiscal year	(4,468)	(4,629)
Total accumulated other comprehensive income		
Balance at beginning of the fiscal year	133,382	112,190
Changes during the period		
Net changes of items other than shareholders' equity	(21,192)	43,851
Total changes during the period	(21,192)	43,851
Balance at end of the fiscal year	112,190	156,042
Minority interests in consolidated subsidiaries		
Balance at beginning of the fiscal year	125,326	110,273
Changes during the period		
Net changes of items other than shareholders' equity	(15,052)	(383)
Total changes during the period	(15,052)	(383)
Balance at end of the fiscal year	110,273	109,890
Total net assets		
Balance at beginning of the fiscal year	2,271,897	1,592,553
Changes during the period		
Issuance of new stock	547,716	—
Dividends from retained earnings	(44,994)	(46,894)
Net income	160,079	253,662
Purchase of treasury stock	(1,307,693)	(2)
Disposal of treasury stock	0	0
Reversal of revaluation reserve for land	1,792	542
Net changes of items other than shareholders' equity	(36,244)	43,468
Total changes during the period	(679,344)	250,776
Balance at end of the fiscal year	¥ 1,592,553	¥ 1,843,329

(4) Consolidated Statements of Cash Flows *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Cash flows from operating activities		
Income before income taxes and minority interests	¥ 237,111	¥ 273,297
Depreciation and amortization	25,258	27,743
Impairment losses on fixed assets	3,659	2,606
Gains on negative goodwill	(1,578)	—
Equity in earnings of investments in affiliates	(400)	△191
Increase/(decrease) in reserve for possible loan losses	(14,985)	(44,755)
Increase/(decrease) in reserve for possible losses on investments	(1,786)	(800)
Increase/(decrease) in reserve for employees' bonuses	2,191	(660)
Increase/(decrease) in reserve for employees' retirement benefits	1,769	889
Interest income	(551,097)	(520,239)
Interest expenses	67,004	56,257
Net (gains)/losses on securities	(25,059)	(23,024)
Net foreign exchange (gains)/losses	(47,688)	(54,714)
Net (gains)/losses on disposal of fixed assets	(134)	(1,030)
Net (increase)/decrease in trading assets	(114,712)	(59,029)
Net increase/(decrease) in trading liabilities	89,879	28,987
Net (increase)/decrease in loans and bills discounted	410,526	70,326
Net increase/(decrease) in deposits	1,224,337	343,657
Net increase/(decrease) in negotiable certificates of deposit	305,020	(87,050)
Net increase/(decrease) in borrowed money (excluding subordinated borrowed money)	1,080,193	(177,909)
Net (increase)/decrease in due from banks (excluding those deposited at BOJ)	(23,422)	228,113
Net (increase)/decrease in call loans and other	507,510	98,095
Net (increase)/decrease in receivables under securities borrowing transactions	56,541	—
Net increase/(decrease) in call money and other	(105,331)	(363)
Net increase /(decrease) in payables under securities lending transactions	(55,933)	345,063
Net (increase)/decrease in foreign exchange assets	(2,202)	(12,868)
Net increase/(decrease) in foreign exchange liabilities	(1,330)	295
Net increase/(decrease) relating to issuance and redemption of straight bonds	(58,686)	8,954
Net increase/(decrease) in due to trust account	(821)	(21,048)
Interest receipts	560,256	520,729
Interest payments	(74,960)	(63,117)
Other, net	(12,643)	251,813
Subtotal	3,478,486	1,190,025
Income taxes paid or tax refund	(13,036)	(34,627)
Net cash provided by/(used in) operating activities	¥ 3,465,449	¥ 1,155,398

(4) Consolidated Statements of Cash Flows (Continued) *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Cash flows from investing activities		
Purchases of securities	¥ (35,734,686)	¥ (41,237,703)
Proceeds from sales of securities	30,896,522	36,553,559
Proceeds from redemption of securities	3,685,233	3,385,689
Purchases of tangible fixed assets	(8,156)	(9,283)
Proceeds from sales of tangible fixed assets	5,844	5,873
Purchases of intangible fixed assets	(2,070)	(4,546)
Proceeds from sales of intangible fixed assets	115	—
Acquisitions of subsidiaries' stocks	(2,126)	—
Other, net	(288)	(348)
Net cash provided by/(used in) investing activities	(1,159,614)	(1,306,760)
Cash flows from financing activities		
Proceeds from subordinated borrowed money	1,000	—
Repayment of subordinated borrowed money	(4,000)	(10,000)
Proceeds from issuance of subordinated bonds	49,753	210,876
Repayment of subordinated bonds	(147,550)	(94,096)
Proceeds from issuance of common stock	544,706	—
Dividends paid	(44,994)	(46,894)
Dividends paid to minority shareholders	(347)	(421)
Purchases of treasury stock	(1,307,693)	(2)
Proceeds from sales of treasury stock	0	0
Net cash provided by/(used in) financing activities	(909,124)	59,461
Effect of exchange rate changes on cash and cash equivalents	(43)	(7)
Net increase/(decrease) in cash and cash equivalents	1,396,667	(91,907)
Cash and cash equivalents at beginning of the fiscal year	1,285,371	2,682,038
Cash and cash equivalents at end of the fiscal year	¥ 2,682,038	¥ 2,590,131

(5) Note on Going-Concern Assumption

Not applicable

(6) Significant Accounting Policies Applied in Preparing Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated Subsidiaries: 16
Names of principal companies: Resona Bank, Ltd.
Saitama Resona Bank, Ltd.
The Kinki Osaka Bank, Ltd.

Resona Servicer Co., Ltd. completed the liquidation on December 22, 2011.

(2) Non-consolidated Subsidiaries
Name of principal company: Asahi Servicos e Representacoes Ltda.

Non-consolidated subsidiaries are immaterial with respect to assets, ordinary income, net income/loss (based on the owned interest) and retained earnings (based on the owned interest), net deferred gains/losses on hedges (based on the owned interest), etc. They are excluded from the consolidation as reasonable judgment on the financial conditions and operating results can still be expected even if they were not consolidated.

2. Application of the Equity Method

(1) Number of Non-consolidated Subsidiaries accounted for by the Equity Method: None

(2) Number of Affiliates accounted for by the Equity Method: 1 company
Name of the company: Japan Trustee Services Bank, Ltd.

(3) Non-consolidated Subsidiaries not accounted for by the Equity Method
Name of principal company: Asahi Servicos e Representacoes Ltda.

(4) Affiliates not accounted for by the Equity Method
Name of principal company: Arise Capital Partners, Inc.

Non-consolidated subsidiaries and affiliates, which are not accounted for by the equity method, are not material to the consolidated financial statements with respect to net income/loss (based on the owned interest), retained earnings (based on the owned interest), net deferred gains/losses on hedges (based on owned interest), etc. and accordingly, the equity method is not applied to them.

(5) Entities not recognized as Affiliates which the Company owns from 20% to 50% of the Voting Rights
Name of entity: Kinai Sogo Shinyo Hosho Co., Ltd.

The entity is established as joint venture by the banks registered to the second association of regional banks in Kinki region to guarantee mortgage. The entity is administered by all those banks' discussion and unanimous vote, and the Company's intent is not to control it. Therefore the entity is not recognized as affiliate.

3. Balance Sheet Dates of Consolidated Subsidiaries

(1) Balance sheet dates of the consolidated subsidiaries are as follows:
End of December: 4 companies
End of March: 12 companies

(2) All subsidiaries have been consolidated based on their accounts at their respective balance sheet date.
Appropriate adjustments have been made for significant transactions during the period from the respective balance sheet date of the above subsidiaries to the consolidated balance sheet date.

4. Accounting Policies

(1) Trading assets/trading liabilities and trading income/trading expenses

Transactions whose purpose is to earn a profit by taking advantage of short-term fluctuations in the market or discrepancies in interest rates, currency exchange rates, financial instruments or other indices on different markets ("transactions for trading purposes") are included in "Trading assets" or "Trading liabilities" in the consolidated balance sheets on a trade-date basis. Income and expenses on the transactions for trading purposes are included in "Trading income" and "Trading expenses" in the consolidated statements of income on a trade-date basis.

Securities and monetary claims etc. held for trading purposes are stated at fair value as of the consolidated balance sheet date. Derivatives, including swaps, futures and options, held for trading purposes, are stated at the close-out value calculated assuming the respective contract is closed-out on the consolidated balance sheet date.

Trading income and trading expenses include interest received and the interest paid during the fiscal year, changes in fair value of securities and monetary claims, etc., and changes in the close-out value of derivatives during the fiscal year.

(2) Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method (the amortization is calculated by the straight-line method).

Investments in non-consolidated subsidiaries and affiliates for which are not accounted for by the equity method are stated at cost determined by the moving average method.

Marketable available-for-sale equity securities are stated at fair value based on the average market price during the last month of the fiscal year. Other marketable available-for-sale securities are stated at their respective market value and the cost of sales of such securities is determined by the moving average method. Non-marketable available-for-sale securities whose fair value cannot be readily determined are stated at cost determined by the moving average method.

Net unrealized gains or losses, net of applicable taxes, on available-for-sale securities are included as a component of net assets.

(3) Derivative transactions

Derivative transactions (excluding “transactions for trading purposes”) are stated at market value.

(4) Depreciation

(i) Tangible fixed assets (except for lease assets)
Depreciation of tangible fixed assets is calculated mainly by the straight-line method for buildings and by the declining-balance method for equipment. The estimated useful lives adopted for major tangible fixed assets are as follows:
• Buildings: 2 ~ 50 years
• Equipment: 2 ~ 20 years

(ii) Intangible fixed assets (except for lease assets)
Amortization of intangible fixed assets is calculated by the straight-line method. Software for internal use is amortized over the estimated useful lives (mainly 5 years) determined by the Company and its consolidated subsidiaries.

(iii) Leased assets
Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee are depreciated by a straight-line method over the lease term. Residual value of those leased assets is zero unless any guaranteed amount is stated on the lease agreement.

Finance leases which transfer the ownership of the leased assets to the lessee are depreciated by the same method used for owned assets.

(5) Deferred assets

Bond issuance costs are charged to expense as incurred.

(6) Reserve for possible loan losses

The principal consolidated subsidiaries have made provisions for reserve for possible loan losses in accordance with their internal standards for write-offs and reserves as follows:

For loans to insolvent customers who are undergoing bankruptcy or special liquidation, etc. (hereinafter, “borrowers under bankruptcy proceedings”) or who are in a similar financial condition, although not yet in bankruptcy (hereinafter “borrowers substantially in bankruptcy”), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deducting the amount of direct write-offs and excluding the amounts deemed collectible from the disposal of the collateral and the guarantees that are deemed recoverable.

For loans to customers not presently in the above circumstances, but in a high probability of becoming insolvent (hereinafter, “customers with high probability of becoming insolvent”) or loans to customers to be closely watched, which exceeds a certain threshold, the Discounted Cash Flows Method (the “DCF Method”) is applied to determine the reserve for possible loan losses, if cash flows on collection of principals of interests can be reasonably estimated. Under the DCF Method, reserve for possible loan losses is provided as the difference between future cash flows discounted by the original interest rate and carrying value of the loan.

For other loans, the reserve for possible loan losses is calculated based on the loss rates derived from the historical loss experience for a certain period and others.

The allowance for loans to specific foreign borrowers is provided based on the amount of expected losses determined considering the political and economic situation of their respective countries.

The Internal Audit Division, which is independent from the operating divisions, examines the operating divisions’ asset quality reviews of each loan for collectibility in accordance with self-assessment standards. The reserve for possible loan losses is based on the results of these reviews.

Regarding the loans with collateral or guarantees, etc. to the borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy, the unrecoverable amount of loans is directly written-off from loan balances.

The estimated unrecoverable amount is determined considering a valuation of the collateral and guarantees and is ¥420,113 million.

Other consolidated subsidiaries mainly provide the reserve for possible loan losses at amounts deemed necessary judged by the past write-off experience ratios for general loans and individually determined uncollectible amounts for specific loans, such as those to borrowers under bankruptcy proceedings.

(7) Reserve for possible losses on investments

Reserve for possible losses on investments is provided for possible losses on investments in securities based on assessment of the issuers' financial condition and other factors.

(8) Reserve for employees' bonuses

The reserve for employees' bonuses is provided for performance incentive bonuses to be paid to employees at an estimated amount accrued as of the consolidated balance sheet date.

(9) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is provided for the payment of retirement benefits to employees in the amount deemed necessary based on the projected benefit obligation and the fair value of plan assets as of the consolidated balance sheet date.

Prior service cost is charged to income as it is incurred.

Unfunded actuarial gains and losses are amortized from the next fiscal year after incurrence by the straight-line method over a period (10 years) defined within the average remaining service years of eligible employees.

(10) Other reserves

Other reserves are provided to cover future expenses and losses that can be reasonably estimated.
Major components are as follows:

(i) Reserve for losses on trust transactions: ¥11,348 million
A reserve for losses on trust transactions is provided for the estimated future losses on the trust transactions without the principal indemnification which certain consolidated domestic banking subsidiaries have been administrating and operating.

(ii) Reserve for losses on reimbursement of dormant deposits: ¥15,160 million
A reserve for losses on reimbursement of dormant deposits is provided for the estimated future losses resulting from reimbursements of dormant deposits subsequent to the period of derecognition of the related liabilities.

(iii) Reserve for losses on off balance sheet transactions: ¥5,362 million
A reserve for losses on off balance sheet transactions is provided for the estimated future losses which will occur contingently by off balance sheet transactions.

(iv) Reserve for losses on burden charge under the credit guarantee system: ¥5,346 million
A reserve for losses on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans.

(v) Reserve for Resona club points: ¥2,831 million
A reserve for Resona club points is provided for the estimated future losses by usage of the points awarded to the Resona club members.

(vi) Reserve for losses on interest repayments: ¥367 million
A reserve for losses on interest repayments is provided for the future losses on interest repayment claims based on the historical experience for such repayments.

(11) Assets and liabilities denominated in foreign currencies

Foreign-currency-denominated assets and liabilities of consolidated domestic banking subsidiaries, except for the investments in affiliates on which historical foreign exchange rates are used, are translated into yen, primarily at the exchange rates on the consolidated balance sheet date.

Foreign-currency-denominated assets and liabilities of the other consolidated subsidiaries are translated into yen at the exchange rate on the respective balance sheet dates.

(12) Leasing transactions

Finance leases other than those which are deemed to transfer ownership of the leased assets to the lessee of the Company and consolidated domestic subsidiaries, which started before April 1, 2008, are accounted for by a similar method that applicable to operating lease.

(13) Hedge accounting

(i) Hedges of interest rate risk

Consolidated domestic banking subsidiaries apply the deferral hedge accounting for interest rate risk associated with their financial assets and liabilities in accordance with the Japanese Institute of Certified Public Accountants ("JICPA") Industrial Audit Committee Report No. 24 "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry." In assessment of effectiveness of fair value hedge, the hedged instruments such as loans and deposits and hedging instruments such as interest swaps are specified as a group with similar remaining term. In assessing effectiveness of cash flow hedge, the correlation of the interest sensitivities of the hedged instruments and the hedging instruments are examined.

Net deferred gains or losses on hedges in consolidated balance sheet based on previous macro-hedge approach, under which derivatives are designated to hedge net interest risk of numerous financial assets and liabilities, such as loans and deposits, in accordance with JICPA Industry Audit Committee, Report No. 15 "Accounting and Auditing Present Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," are amortized at most 10 years starting from the year ended March 31, 2004 as interest income and expenses based on the remaining term and the notional amount of hedging instruments.

Net deferred gains on hedges based on the macro-hedge approach at the consolidated balance sheet date were ¥ 3 million (prior to deducting tax effect).

(ii) Hedges of foreign currency risk

Certain consolidated domestic banking subsidiaries apply the deferral hedge accounting to hedge of the foreign currency risk associated with their financial assets and liabilities denominated in foreign currencies in accordance with JICPA Industry Audit Committee Report No. 25 "Treatment in Accounting and Auditing Concerning the Accounting Treatment of Foreign Currency Transactions in the Banking Industry." Assessment of the effectiveness of these hedge transactions is conducted by confirming whether notional amount of hedging currency swaps, foreign exchange swaps, etc. is corresponding to hedged receivables or payables denominated in foreign currencies.

In addition, in application of the deferral hedge accounting or the fair value hedge accounting to hedges of foreign exchange risk of securities denominated in foreign currencies other than bonds, at the inception of each hedge, the hedge effectiveness is assessed by confirming whether the foreign currency payable amount of hedging spot or forward exchange contracts exceed the acquisition costs of the hedged securities denominated in foreign currencies.

(iii) Transaction among consolidated subsidiaries

Because internal interest swaps, currency swaps, and other derivative transactions specified as hedging instruments are strictly processed based the appropriate market pricing and covered by corresponding external transactions as required by the JICPA Industry Audit Committee, Report No. 24 and No. 25, gains and losses on these internal derivative transactions within consolidated banking subsidiaries or with their trading accounts, are not eliminated, and are recognized as profit or deferred.

The hedging of certain assets and liabilities are accounted for by the deferral hedge accounting, fair value hedge accounting and the special treatment of interest rate swaps.

(14) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows represent cash and due from the Bank of Japan included in "Cash and due from banks" on the consolidated balance sheets.

(15) Consumption taxes

The Company and consolidated domestic subsidiaries mainly account for consumption tax and local consumption tax with the tax-exclusion method.

(16) Consolidated corporate-tax system

The Company and certain consolidated subsidiaries adopt consolidated corporate-tax system with the Company being a parent company under the system.

(7) Changes in Significant Accounting Policies Applied in Preparing Consolidated Financial Statements

Changes in Accounting Policies

Starting from the fiscal year 2011, the Company has adopted, “Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2), “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4) and “Practical Solution on Accounting for Earnings Per Share” (ASBJ PITF No. 9) issued on June 30, 2010.

The Company reflected an adjustment of conversion price for preference shares during the fiscal year in the number of increased common shares to calculate the diluted net income per common share.

With the adoption of the aforesaid accounting standard, diluted net income per common share for the previous fiscal year was recalculated based on these accounting standards retrospectively. If these accounting standards had not been applied, diluted net income per common share for the previous fiscal year would have been ¥41.47.

(8) Additional Information

Adoption of Accounting Standard for Accounting Changes and Error Corrections

For changes in accounting policies and corrections of figures on or after April 1, 2011, the Group has adopted “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24) both issued on December 4, 2009. In accordance with, "Practical Guidelines on Accounting Standards for Financial Instruments" (Revision of JICPA Accounting Practice Committee Statement No.14), “Reversal of reserve for possible loan losses” and “Gains on recoveries of written-off claims” are presented as items of “Other ordinary income” on the consolidated statement of income for the fiscal year 2011. However those figures for the previous fiscal year are not reclassified retrospectively.

(9) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheet)
March 31, 2012

1. Securities include equity investments in non-consolidated subsidiaries and affiliates of ¥ 19,256 million and capital subscriptions to entities of ¥ 2,911 million.

2. There is no stock lent under consumption agreements in “Securities.” There is no portion of unsecured borrowed securities, securities purchased under resale agreements and securities borrowed with cash collateral.

3. Loans to borrowers in legal bankruptcy amounted to ¥ 13,970 million, and past due loans amounted to ¥ 457,844 million.

   Loans to borrowers in legal bankruptcy are loans for which payment of principals or interests has not been received for a substantial period or, for other reasons, there are no prospects for collection of principals or interests, and accordingly, no interest has been accrued (excluding balance already written off and hereinafter referred to as “nonaccrual loans”) and also certain specific condition stated in the Implementation Ordinances for the Corporation Tax Law (Cabinet Order No. 97, 1965), Items i through v in Article 96-1-3 or the circumstances stated in Article 96-1-4 exists.

   Past due loans are nonaccrual loans, other than loans to borrowers in legal bankruptcy and loans whose interest payments have been rescheduled in order to support the restructuring of the borrowers.

4. Loans past due 3 months or more amounted to ¥ 4,555 million.

   Loans past due 3 months or more are loans on which payment of principal or interest is overdue for 3 months or more from the contract payment date. These loans do not include “loans to borrowers in legal bankruptcy” nor “past due loans.”

5. Restructured loans amounted to ¥ 274,523 million.

   Restructured loans are those which consolidated subsidiaries have provided special terms and conditions: - including reduction of the interest rates, reschedule of the interest and principal payments, or waiver of claims on the borrowers, all of which are more favorable to the borrowers than the corresponding terms in the original loan agreements. These loans do not include “loans to borrowers in legal bankruptcy”, “past due loans” and “loans past due 3 months or more.”

6. Loans to borrowers in legal bankruptcy, past due loans, loans past due 3 months or more and restructured loans amounted to ¥ 750,893 million in the aggregate. The amounts presented in above 3. to 6. are stated at the amounts before net of the reserve for possible loan losses.

7. Bills discounted are recorded as lending/borrowing transactions in accordance with the JICPA Industry Audit Committee Report No. 24. Consolidated banking subsidiaries have a right to sell or collateralize such bills at their discretion. The total face value of bank acceptance bills, commercial bills and documentary bills obtained as a result of discounting and foreign exchange purchase was ¥ 206,969 million.

8. Assets pledged as collateral were as follows:

Assets pledged as collateral:

• Cash and due from banks	¥ 1,747 million
• Trading assets	¥ 11,996 million
• Securities	¥ 8,335,942 million
• Loans and bills discounted	¥ 162,626 million
• Other assets	¥ 3,927 million

Liabilities corresponding to assets pledged as collateral:

• Deposits	¥ 98,141 million
• Payables under repurchase agreements	¥ 11,998 million
• Payables under securities lending transactions	¥ 345,063 million
• Borrowed money	¥ 1,449,490 million

Other than noted on the table, “Cash and due from banks”, “Securities” and “Other assets”, in the amount of ¥ 80 million, ¥ 798,101 million, and ¥ 142,427 million, respectively, were pledged as collateral for settlement of foreign exchange, derivatives transactions or for futures transactions and others.

“Other assets” include the deposits for future transactions in the amount of ¥ 1,426 million and for leasehold deposits in the amount of ¥ 21,641 million.

9. Overdrafts and loans commitment agreement is an agreement under which the Company extends loans to customers up to the certain amount at the request of customer unless the customer violates the conditions of the agreement. Unused balances of such agreements are amounted to ¥ 8,010,389 million including ¥ 7,756,264 million of balances under the agreements expiring within a year or agreements cancelable at any time without penalty.

The unused commitment does not necessarily impact on the future cash flows of consolidated subsidiaries because most of those agreements will be terminated without used. In addition, most agreements contain provisions, which allow consolidated subsidiaries to refuse making loans or decrease the limit, if there are any reasons such as changes in the financial condition, the credit management policies or for other reasons.

When extending loans to customers, consolidated subsidiaries request collateral such as premises or securities if necessary. After entering into the agreement, consolidated subsidiaries periodically check the financial condition of the customers based on its internal rules and, if necessary, take certain measures from credit risk management perspectives.

10. Certain consolidated domestic subsidiaries revalued land used for business purposes based on the Law Concerning Land Revaluation (Law No.34, announced on March 31, 1998). “Deferred tax liabilities for land revaluation” is presented in liabilities and “Revaluation reserve for land” is presented in net assets.

Revaluation date: March 31, 1998

The revaluation method as stated in Article 3-3 of the Law Concerning Land Revaluation:

The value of land is based on the official notice prices stated in the Law of Public Notice of Land Prices (assessed date, January 1, 1998) as stipulated in Article 2-1 of the Ordinance for the Law Concerning Land Revaluation (Cabinet Office Ordinance No. 119, announced on March 31, 1998) after making reasonable adjustments for the location and quality of the sites.

The difference between the total fair values and total book values, which were revaluated, of the land owned for business purposes at the fiscal year-end: ¥ 31,953 million

11. Accumulated depreciation of tangible fixed assets: ¥ 212,896 million

12. Deferred gains on tangible fixed assets deducted for tax purposes: ¥ 52,679 million

13. Borrowed money includes subordinated borrowed money of ¥ 39,000 million that are subordinated to other debt in repayment by special covenants.

14. Bonds include subordinated bonds of ¥ 734,521 million.

15. The principal amount of trust with the principal indemnification agreement which a consolidated domestic banking subsidiary as a trustee has been administrating and operating is ¥ 407,227 million.

16. Guarantees are provided on certain privately placed bonds, in accordance with Article 2-3 of FIEL, included in “Securities.” The amount of the guarantees is ¥ 284,351 million.

17. In addition to the lease assets recognized in the consolidated balance sheets, certain computers are held under finance leases which do not transfer ownership of the leased assets to lessees and are accounted for as operating lease.

18. Information related to the employees' retirement benefits as of the consolidated balance sheet date is as follows:

Projected benefit obligation	¥ (361,866)	million
Plan assets (fair value)	440,007	
Plan assets in excess of projected benefit obligation	78,141	
Unrecognized actuarial gain (loss)	38,038	
Net amount recorded on the consolidated balance sheet	¥ 116,180	
Prepaid pension cost	128,661	
Reserve for employees' retirement benefits	(12,481)	

(Notes to Consolidated Statement of Income)
For the fiscal year 2011

1. "Other ordinary income" includes gains on sales of stocks and other securities in the amount of ¥ 11,146 million.

2. "Other ordinary expenses" includes:
   - Write-offs of loans ¥ 49,853 million
   - Losses on sales of stocks and other securities ¥ 7,623 million
   - Impairment losses on stocks and other securities ¥ 1,215 million

(Notes to Consolidated Statement of Comprehensive Income)
For the fiscal year 2011

1. Reclassification adjustment and tax effect of other comprehensive income

Unrealized gains (losses) on available-for-sale securities		
Amount incurred during the fiscal year	¥ 66,796	million
Reclassification adjustment	(26,254)	
Prior to deducting tax effect	40,541	
Tax effect	(10,078)	
Net unrealized gains (losses) on available-for-sale securities	30,463	
Net deferred gains (losses) on hedges		
Amount incurred during the fiscal year	28,326	
Reclassification adjustment	(13,767)	
Prior to deducting tax effect	14,559	
Tax effect	(3,787)	
Net deferred gains (losses) on hedges	10,772	
Revaluation reserve for land		
Amount incurred during the fiscal year	—	
Reclassification adjustment	—	
Prior to deducting tax effect	—	
Tax effect	3,366	
Revaluation reserve for land	3,366	
Foreign currency translation adjustments		
Amount incurred during the fiscal year	(1,872)	
Reclassification adjustment	—	
Prior to deducting tax effect	(1,872)	
Tax effect	—	
Foreign currency translation adjustments	(1,872)	
Share of other comprehensive income of affiliates accounted for using equity method		
Amount incurred during the fiscal year	(26)	
Total other comprehensive income	¥ 42,703	

(Notes to Consolidated Statement of Changes in Net Assets)
For the fiscal year 2011

1. Number and type of shares issued and outstanding and treasury shares are as follows:

(Shares in thousand)

	Number of shares at beginning of the fiscal year	During the fiscal year 2011: Number of shares increased	During the fiscal year 2011: Number of shares decreased	Number of shares at end of the fiscal year	Remarks
Issued stock					
Common stock	2,514,957	—	—	2,514,957	
Classified stock					
Class C, No.1 Preferred stock	12,000	—	—	12,000	
Class F, No.1 Preferred stock	8,000	—	—	8,000	
Class Three, No.1 Preferred stock	225,000	—	—	225,000	
Class Four Preferred stock	2,520	—	—	2,520	
Class Five Preferred stock	4,000	—	—	4,000	
Class Six Preferred stock	3,000	—	—	3,000	
Total	2,769,477	—	—	2,769,477	
Treasury stock					
Common stock	64,179	6	0	64,185	(*1)
Total	64,179	6	0	64,185	

Note: (*1) The increase and decrease represent acquisitions and disposals of odd lot shares.

2. Detail of cash dividend

(1) Dividends paid in the fiscal year 2011

Resolution	Type of stock	Cash dividends (*Millions of yen*)	Dividend per share (*Yen*)	Dividend record date	Effective date
Board of directors' meeting on May 13, 2011	Common stock	29,409	12.00	March 31, 2011	June 9, 2011
	Classified stock				
	Class C, No.1 Preferred stock	816	68.00		
	Class F, No.1 Preferred stock	1,480	185.00		
	Class Three, No.1 Preferred stock	5,301	23.56		
	Class Four Preferred stock	2,501	992.50		
	Class Five Preferred stock	3,675	918.75		
	Class Six Preferred stock	3,712	1237.50		

(2) Dividends with record dates before March 31, 2012 and effective dates after April 1, 2012

The following dividends are proposed to the board of directors meeting to be held on May 11, 2012.

Type of shares	Cash dividends (*Millions of yen*)	Dividend per share (*Yen*)	Source of dividends	Dividend record date	Effective date
Common stock	29,409	12.00	Retained earnings	March 31, 2012	June 6, 2012
Classified stock					
Class C, No.1 Preferred stock	816	68.00			
Class F, No.1 Preferred stock	1,480	185.00			
Class Three, No.1 Preferred stock	4,810	21.38			
Class Four Preferred stock	2,501	992.50			
Class Five Preferred stock	3,675	918.75			
Class Six Preferred stock	3,712	1,237.50			

(Notes to Consolidated Statement of Cash Flows)
For the fiscal year 2011

Reconciliation between cash and cash equivalents in the consolidated statement of cash flows and cash and due from banks in the consolidated balance sheet is as follows:

Cash and due from banks	¥ 2,707,761	million
Due from banks other than The Bank of Japan	(117,629)	
Cash and cash equivalents	¥ 2,590,131	

(Financial Instruments)
For the fiscal year 2011

1. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

As a financial service group comprising three commercial banks with aggregate consolidated assets of approximately ¥43 trillion, the Group aims to render useful financial services to customers and provides various financial instruments corresponding to the customer needs. In addition, the Group utilizes financial instruments for risk-taking and risk-control in order to improve its profitability and secure soundness of operations.

The Group responds to customer's funding needs through providing credit such as lending, loans, undertaking private placement bonds and guarantees to individuals and corporate customers. It holds bonds such as Japanese government bonds as stable investments and securities such as stocks for keeping strong relationship with customers. Recently the Group provides interest rate-related and currency-related derivatives to meet sophisticated and diversified customer needs.

To provide these financial services, the Group raises funds by financial instruments such as customer deposits, bond issuance and funding from the inter-bank market.

Asset and Liability Management (ALM) is in place to manage interest rate gap between short-term and long-term and interest fluctuation risk resulting from its investment and funding activities, and to improve profitability management across business divisions. As part of ALM, the Group executes derivative transactions, which are designated to hedge the interest rate gap between short-term and long-term and interest fluctuation risk, and which covers transactions related to customers' derivative contracts.

Certain consolidated subsidiaries and affiliates conduct domestic banking services, credit guarantee, and foreign banking services under foreign regulations.

(2) Type of and risks associated with financial instruments

(i) Type of and risks associated with loans and bills discounted
The Group' primary geographical business area is mainly the metropolitan areas of Tokyo and Saitama, and the Kansai region mainly Osaka. Loans to small-to-mid-size companies and individual mortgages comprise a significant portion of our credit portfolio. These loans are exposed to credit risks in which the Group may suffer losses due to decline or disappearance of assets value as a result of deterioration of the financial position of obligors.

(ii) Type of and risks associated with securities
Securities, which each bank of the Group holds, are bonds, stocks, investment trusts, investment trusts in partnership and specified purpose funds. The Group holds them to promote business in addition to as net investments and smooth cash flow operation. Japanese government bonds occupy 80% of securities as of the fiscal year-end.

Securities are exposed to market risks in which the Group may suffer losses due to changes in values of assets and liabilities or revenues generated from them by variance of risk factors such as interest rate, stock market and foreign exchange market, and credit risks in which the Group may suffer losses due to decline or disappearance of assets value as a result of deterioration of the financial position of obligors.

(iii) Type of and risks associated with derivative transactions
The Group utilizes derivative instruments such as interest rate-related products, currency-related products, stock-related products and bond-related products.

- Interest rate-related products: futures, futures options, forward rate agreements, swaps, and options
- Currency-related products: forward exchange contracts, swaps and options
- Stock-related products: index futures, index options, and over-the-counter options
- Bond-related products: futures, futures options, and over-the-counter options

Derivative transactions are essential to satisfy sophisticated and diverse financial needs of customers and to control various risks to which each bank of the Group is exposed. The Group' basic policy is to execute derivative transactions in line with its business strategy and resources under the appropriate risk management system after accurately identifying risks associated with the transactions.

Each bank of the Group executes derivative transactions in order to respond to customers' risk hedge needs, hedging risks of financial assets and liabilities, and for trading purposes.

(a) Customers' risk hedging needs
Customers are exposed to various risks and, accordingly, their needs to hedge these risks are essential and diverse. One of the primary purposes of derivative transactions for each bank of the Group is to provide customers with financial products which enable them to achieve their objectives of hedging and mitigating risks. Each bank of the Group develops a variety of derivatives and makes an effort to increase its ability to provide those financial products in order to offer sophisticated financial solutions to customers.

Derivative transactions may, however, result in significant losses to customers depending upon the design and nature of the products. Accordingly, in offering such products to customers, each bank of the Group follows strict guidelines which ensure that:

- Sufficient explanation on the products and associated risks
  Customers are given sufficient explanation on the nature of products and their risks in writing. A description of the product, structure, hedge effectiveness (including explanation of which customers would not be able to gain expected economic effects and which the economic effects from the hedge transactions would be against customer's interests), market risk and credit risk associated with the product are required to be included in the explanation documents (proposal, written explanation of derivative risks).

  Customers are given explanation in accurate and simplified terms instead of difficult technical terms. Customers are given cooperation to confirm completeness of the explanation and full understanding by using designated documents with check column.
- Customer’s responsibility and capability to enter into a transaction
  Customers are ready to take responsibility for the products fully, and are capable and willing to enter into the transactions based on their own judgment.

  Customers are not engaged in transactions which are recognized as improper from the points of transaction amount, term, and level of risk of view, according to customers’ knowledge, experience, assets, purpose of transaction, capacity to meet loss and internal management systems.
- Providing relevant fair value information
  Customers are provided with relevant fair value information (i.e., unrealized gains and losses on customers’ positions) to assist them in evaluating the products and transactions, periodically or whenever considered necessary.

(b) Hedging risks of financial assets and liabilities
Each bank of the Group uses derivatives to manage interest rate and foreign currency risks associated with various financial assets and liabilities, such as loans and deposits.

Each bank of the Group uses fair value hedges to protect the fair value of assets and liabilities against risks such as interest rate fluctuations, and cash flow hedges to insure future cash flows from their variability on an individual and a portfolio basis. As for foreign currency risks, each bank of the Group uses foreign currency hedges to protect future fair value of assets and liabilities against risks such foreign currency fluctuations.

Derivative transactions designated as hedges are strictly monitored by assessing hedge effectiveness periodically in accordance with the relevant hedge accounting guidelines.

For a portfolio hedge of interest rate risks, hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming that high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge, hedge effectiveness is assessed individually.
For a foreign currency hedge, hedge effectiveness is assessed by confirming that the principal and interest amount of foreign-currency-denominated receivables and liabilities exceed the principal and interest amount of hedge instruments.

(c) Trading activities
Each bank of the Group engages in trading activities to earn profits by taking advantage of short-term fluctuations in market indices or market gaps.

Risks associated with derivative transactions are credit risks and market risks.

Each bank of the Group determines and monitors credit exposure by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with on-balance sheet transactions such as loans, and the Loan and Credit Division, independent from market divisions and operation divisions, establishing individual credit limits. The division reviews transaction and credit limits applicable to each of the counterparties, on an on-going basis, in response to the changes in creditworthiness of the counterparties.

Refer to following (3) (ii) “Market risk management.”

(iv) Type of and risks associated with financial liabilities
Each bank of the Group raises funds through customer deposits, funding in the market and bond issuance. Customer deposits comprise 83% of liabilities as of the fiscal year-end. Liabilities are exposed to liquidity risk and may be difficult to fund based on the fluctuation of the financial economic environment.

(v) Type of and risks associated with non-banking subsidiaries and affiliates accounted for by the equity method
Non-banking subsidiaries and affiliates accounted for by the equity method include Resona Guarantee Co., Ltd. which conducts a credit guarantee business and Resona Card Co., Ltd. which conducts a credit card administration and credit guarantee business. They are exposed to credit risk and market risk related to each business activity.

(3) Risk management system relating to financial instruments

The Company has established the Group Risk Management Policy that serves as the basic risk management policy. Based on the Policy and operational characteristics, each bank of the Group established its own risk management policy “Basic Policy for Risk Management” approved by the Board of Directors of each bank of the Group, including basic policies for credit risk management, market risk management and liquidity risk management. In accordance with the Basic Policy for Risk Management, each bank of the Group manages risks and establishes detailed rules over risk management activities.

Each bank of the Group plans and conducts internal audits depending on the degrees of intrinsic risks and risk management system.

(i) Credit risk management

In accordance with the Basic Policy for Risk Management, Credit Risk Management-related Departments, independent from sales promotion-related divisions, are responsible for determining and monitoring credit exposures. As an organization responsible for credit risk management, each bank of the Group sets up Credit Committee and Credit Risk Management-related Departments, which include the Credit Risk Management Division, Credit Analysis Division, and Administration of Problem Loans. The Credit Committee has been established to resolve, discuss and report significant credit matters as a whole. The Credit Risk Management Division is a division to propose policies and procedures over credit rating and a framework necessary for appropriate credit risk management such as credit analysis. The Credit Analysis Division is a division to review operational and financial conditions, qualitative factors, funding purpose, repayment plan etc. of counterparties, and determine credit exposures by considering the nature of risks associated with the transaction appropriately. The Administration of Problem Loans is a division to understand the business condition of the counterparties with problems and engage in rehabilitation, resolution and correction of the business.

To reduce credit risks, each bank of the Group makes an effort to include “offsetting” provisions of credit claims (i.e., unsecured portion of loans) into debt obligations (i.e., non-collateralized deposits) in case of customers’ insolvency under banking account agreements with customers. Collateral is composed of deposits with each bank of the Group, bonds such as Japanese government bonds, securities such as listed corporate stocks, commercial bills, and real estate. Other than the collateral, each bank of the Group reduces credit risks by utilizing guarantees, contracts to offset loans and deposits on each bank of the Group without collateral, and negotiated netting contracts of derivative transactions and repurchase transactions. Each bank of the Group controls credit risks within certain amounts by measuring credit risks from the perspective of managing the whole credit portfolio and setting credit limits.

(ii) Market risk management

(a) Market risk management system

In accordance with the Basic Policy for Risk Management, each bank of the Group established Risk Management Division (middle-office) and Office Management Division (back-office), Independent from Transaction Divisions (front-office), to enable mutual checks and balances. The ALM Committee has been established to manage changes and conditions of funding, revenue, risk and cost, and to discuss and report corresponding actions to the circumstances.

Each bank of the Group establishes policies such as “Market Risk Management Policy” to manage market risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

As for market risks resulting from fair market valuation of transactions or changes in risk factors such as interest, market prices, and foreign currency exchange, each bank of the Group measures risk exposures by Value at Risk (“VaR”), establishes limits of risk exposure, limits of loss and limits of sensitivity by product, and monitors those observance conditions. In addition, each bank of the Group regularly measures potential loss amounts based on stress-scenario testing.

Each bank of the Group monitors and reports to management about risk exposure and profit/loss conditions, including observance of the conditions of the credit limits. It also leads checks and balances by the Risk Management Division (middle-office) to the Transaction Divisions (front-office).

(b) Quantitative information on market risk

Each bank of the Group measures VaR of market risks by trading, banking and cross-held shares depending upon the purpose of holding financial instruments. Market risk exposure of the Group is measured by simply aggregating VaR of Resona Bank, Ltd., Saitama Resona Bank, Ltd. and The Kinki Osaka Bank, Ltd.

Risk exposures of certain products and affiliated companies are excluded from the market risk exposure of the Group, but the effect is confirmed to be immaterial.

(Trading)

The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments.

The market risk exposure of the Group in the trading operation as of the fiscal year-end is ¥2,689 million.

(Banking)

In the banking operation, each bank of the Group deals with financial instruments other than those held for trading and securities held for cross-shareholding, and other assets and liabilities. The Group adopts a historical simulation method (holding period is 20 or 125 business days, confidence interval is 99%, observation period is 1,250 business days) in order to measure VaR associated with the banking operation.

The market risk exposure of the Group in the banking operation as of the fiscal year-end is ¥ 68,417 million.

(Cross-held shares)

Each bank of the Group measures VaR or manages risks associated with securities held for cross-shareholding separately from the trading and the banking operation. The Group adopts a historical simulation method (holding period is 125 business days, confidence interval is 99%, observation period is 250 or 1,250 business days) in order to measure VaR associated with cross-held shares, and the risk exposure is measured considering unrealized gains/losses and impairment risks.

The market risk exposure of the Group on the cross-held shares as of the fiscal year-end is ¥ 66,014 million.

(Verification system of VaR)

Each bank of the Group performs a backtesting which reconciles VaR measured by the model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of the risk measurement model.

VaR represents a risk exposure under certain probability calculated statistically based on the historical market movements. In case that actual market fluctuates over the ranges anticipated by the historical market movements, fair market values may fluctuate over VaR.

(iii) Liquidity risk management

In accordance with the Basic Policy for Risk Management, each bank of the Group has established the Cash Management Division and the Liquidity Risk Management Division, to enable mutual checks and balances. The ALM Committee and the Liquidity Risk Management Committee monitors and reports to management timely and appropriately.

Each bank of the Group establishes policies such as the “Liquidity Risk Management Policy” to manage liquidity risk appropriately and strictly in accordance with the Basic Policies for Risk Management. For cash flow management, each bank of the Group establishes liquidity risk phases (normal and 3 levels under emergency condition) and carries out corresponding actions at each phase determined in advance.

Each bank of the Group monitors liquidity risks by defining a key indicator for liquidity risk management based on its size and nature of the business and circumstances over a liquidity risk. Each bank of the Group establishes guidelines of a key indicator for liquidity risk management as necessary.

As for market liquidity risks in which each bank of the Group may suffer losses because it can’t make transactions on market or is forced to make significantly unfavorable transactions due to market turmoil, each bank of the Group researches and reports conditions of the market liquidity risk on monthly basis and establishes necessary guidelines to monitor it on daily basis.

(4) Supplementary explanation relating to fair value of financial instruments and other

The fair value of financial instruments includes, in addition to the value determined based on the market price, a valuation calculated on a reasonable basis if no market price is available. Certain assumptions are used for the calculation of such amount. Accordingly, the result of such calculation may vary if different assumptions are used.

Refer to following “2. Fair value of financial instruments Note 1. Calculation method of fair value of financial instruments” for certain assumptions.

Fair value of financial instruments does not include transactions not recognized on the consolidated balance sheets, such as an investment trust sold to a customer.

2. Fair value of financial instruments

Amount on consolidated balance sheet, fair value and difference between them as of the fiscal year-end were as follows. Non-marketable securities whose fair values cannot be reliably determined such as non-listed equity securities are not included on the next table. (Refer to Note 2.)

(Millions of yen)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 2,707,761	¥ 2,707,761	¥ —
(2) Call loans and bills bought	246,323	246,323	—
(3) Monetary claims bought (*1)	439,634	440,804	1,169
(4) Trading assets			
Trading securities	409,690	409,690	—
(5) Securities			
Held-to-maturity debt securities	2,060,686	2,110,318	49,631
Available-for-sale securities	9,182,495	9,182,495	—
(6) Loans and bills discounted	25,782,695		
Reserve for possible loan losses (*1)	(313,375)		
	25,469,319	25,807,673	338,353
(7) Foreign exchange assets (*1)	76,340	76,340	—
Total assets	¥ 40,592,252	¥ 40,981,407	¥ 389,154
(1) Deposits	¥ 34,523,604	¥ 34,531,022	¥ 7,417
(2) Negotiable certificates of deposit	1,337,560	1,337,565	5
(3) Call money and bills sold	408,527	408,527	—
(4) Payables under repurchase agreements	11,998	11,998	—
(5) Payables under securities lending transactions	345,063	345,063	—
(6) Borrowed money	1,512,904	1,514,500	1,596
(7) Foreign exchange liabilities	2,051	2,051	—
(8) Bonds	797,076	813,385	16,308
(9) Due to trust account	354,818	354,818	—
Total liabilities	39,293,604	39,318,932	25,328
Derivative transactions (*2)			
Hedge accounting not applied	53,279	53,279	—
Hedge accounting applied	(1,721)	(1,896)	(175)
Total derivative transactions	¥ 51,558	¥ 51,383	¥ (175)

	Contractual amounts	Fair values
Other		
Guarantee contract (*3)	¥ 608,435	¥ (16,769)

Notes:

(*1) Reserve for possible loan losses corresponding to loans and bills discounted are deducted. Specific reserve for possible loan losses corresponding to monetary claims bought and foreign exchange assets are excluded from the balance sheet amount directly due to immateriality.

(*2) Derivative financial instruments included in trading assets/liabilities and other assets/liabilities are presented in total. Assets (positive amount) and liabilities (negative amount) arising from derivative transactions are presented on a net basis.

(*3) Contractual amount of guarantee contract is equal to acceptances and guarantees in consolidated balance sheets.

(Note 1) Calculation method of fair value of financial instruments

Assets

(1) Cash and due from banks

For due from banks which have no maturity, since fair value of these items approximates amount on consolidated balance sheet, the Group deems the amount on consolidated balance sheet to be fair value. For due from banks which have maturity, since contractual terms of these items are short (i.e., within one year) and fair value of these items approximates amount on consolidated balance sheet, the Group deems the amount on consolidated balance sheet to be fair value. Fair value of negotiable certificates of deposit is based on present value determined by discounting future cash flow.

(2) Call loans and bills bought

Since contractual terms of these items are short (i.e., within one year) and fair value of these items approximates amount on consolidated balance sheet, the Group deems the amount on consolidated balance sheet to be fair value.

(3) Monetary claims bought

Fair value for deed of beneficiary certificate of loan trust is based on the value provided by third parties (brokers) or calculated by a similar method used for loans and bills discounted (refer to (6)).

(4) Trading assets

Fair value of bonds held for trading is based on the value calculated by statistic of over-the-counter bonds released from Japan Securities Dealers Association, and fair value of short-term bonds is based on present value determined by discounting face value with market interest rate.

(5) Securities

Fair value of stocks is based on the one month weighted average of the market price prior to the end of the fiscal year. Fair value of bonds (excluding private placement bonds) is based on the value calculated by statistics released from Japan Securities Dealers Association or prices provided by financial institutions. Fair value of investment trusts is based on the disclosed net asset value. Fair value of private placement bounds is, in principal, determined by discounting the principal and interest amount with the interest rate used for new issuances for each category based on the internal rating. Refer to following "Securities" for note on the purpose of holding those securities.

(6) Loans and bills discounted

For fair value of loans with floating interest rates reflecting the market interest rates in a short-term period, the amount on consolidated balance sheet is presented as fair value as the fair value approximates such amount on consolidated balance sheet, unless creditworthiness of borrowers has changed significantly since the loan was executed. For fair value of loans with fixed interest rates, fair value is determined by discounting the principal and interest amount with the interest rate used for new loans for each category of loan, internal rating and loan period. For fair value of loans by maturity within one year, the amount on consolidated balance sheet is presented as fair value as the fair value approximates such amount on consolidated balance sheet.

For fair value of loans to borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy and borrowers with high probability of becoming insolvent, reserve for possible loan losses is estimated based on the present value of future cash flow and recoverable amount of collateral or guarantees. Since fair value of them approximates amount on consolidated balance sheet after deducting reserve for possible loan losses at the end of the fiscal year, the Group deems the amount on consolidated balance sheet to be fair value.

For fair value of the loans and bills discounted, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of pledged assets, the Group deems the amount on consolidated balance sheet to be fair value since fair value is expected to approximate amount on consolidated balance sheet based on the estimated loan periods, interest rates and other conditions.

(7) Foreign exchange assets

Fair value of foreign exchanges consists of foreign currency deposits with other banks (due from other foreign banks), short-term loans involving foreign currencies (due from other foreign banks), export bills and traveler's checks, etc. (purchased foreign bills), and loans on notes using import bills (foreign bills receivables), the amount on consolidated balance sheet is presented as fair value, as the fair value approximates such amount on consolidated balance sheet because most of these items are deposits without maturity or have short contract terms (one year or less).

<u>Liabilities</u>

(1) Deposits and (2) Negotiable certificates of deposit

For fair value of demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., amount on consolidated balance sheet) to be fair value. Fair value of time deposits and negotiable certificates of deposit is calculated by classifying them based on their terms and discounting the future cash flows. Discount rates used in such calculations are the interest rates that would be applied to newly accepted deposits. For fair value of deposits by maturity within one year, the amount on consolidated balance sheet is presented as fair value as the fair value approximates such amount on consolidated balance sheet.

(3) Call money and bills sold, (4) Payables under repurchase agreements and (5) Payables under securities lending transactions

Since contractual terms of these items are short (i.e., within one year) and fair value of these items approximates amount on consolidated balance sheet, the Group deems the amount on consolidated balance sheet to be fair value.

(5) Borrowed money

For fair value of borrowings with floating interest rates reflecting the market interest rates in a short-term period, the amount on consolidated balance sheet is presented as fair value as the fair value approximates such amount on consolidated balance sheet, unless creditworthiness of the Company and its consolidated subsidiaries have changed significantly since the borrowings. For fair value of borrowings with fixed interest rates, fair value is determined by discounting the principal and interest amount with the interest rate expected for similar borrowings. For fair value of borrowings by maturity within one year, the amount on consolidated balance sheet is presented as fair value as the fair value approximates such amount on consolidated balance sheet.

(6) Foreign exchange liabilities

Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident yen deposits are deposits without maturity (due to other foreign banks). Foreign currency short-term borrowings have short contract terms (one year or less). Thus, their amount on consolidated balance sheet is presented as fair value for these contracts as the fair value approximates such amount on consolidated balance sheet.

(7) Bonds

Fair value of corporate bonds issued by the Company and its consolidated subsidiaries is based on the value calculated by statistics released from Japan Securities Dealers Association, prices provided by financial institutions or value determined by discounting the principal and interest amount with the interest rate expected for used new bond issuance.

(8) Due to trust account

Due to trust account represents a short-term funding by accepting surplus in trust account and unused principal. The amount on consolidated balance sheet is presented as fair value as the fair value, which approximates such amount on consolidated balance sheet.

Derivative transactions

Derivatives transactions are Interest rate-related products (future, options, swaps, etc), Currency-related products (forward exchange contracts, options and swaps, etc) and Bond-related products (future, future options, etc). Derivative transactions are measured at market price, the discounted value of their future cash flows or option pricing models.

Other

Guarantee contract
For guarantee contract, the Group deems the difference between future cash flow of the contractual guarantee fee and future cash flow of the expected guarantee fee that would be applied as if a new contract was entered at the balance sheet date, to be fair value.

For the guarantee to borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy and borrowers with high probability of becoming insolvent, the Group deems the present values, which is calculated based on the estimated future cash flow or recoverable amounts from collateral and guarantee, as fair value.

(Note 2) Financial instruments whose fair values cannot be reliably determined

The financial instruments are not included in (5) Securities in (Note 1) Calculation method of fair values of financial instruments:

(Millions of yen)

Classification	Amount on consolidated balance sheet
Unlisted stocks (*1)(*2)	¥ 71,885
Investments in partnerships (*2)(*3)	20,808
Total	¥ 92,693

Notes:
(*1) Unlisted stocks do not carry quoted market prices. Since the fair values of these securities cannot be reliably determined, their fair values are not disclosed. Unlisted stocks are amount before reserve for possible losses on investments and the total of both domestic and foreign securities.
(*2) For the year ended March 31, 2012, impairment losses of unlisted stocks and investments in partnerships were amounted to ¥ 174 million and ¥ 59 million, respectively.
(*3) Investments in partnerships contain assets such as unlisted stocks which do not carry quoted market prices. Since the fair values of these securities cannot be reliably determined, their fair values are not disclosed. Investments in partnerships are the total of both domestic and foreign assets.

(Note 3) Maturity analysis for monetary claims and securities with contractual maturities

(Millions of yen)

	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	2,277,897	—	—	—	—	—
Call loans and bills bought	246,323	—	—	—	—	—
Monetary claims bought	272,679	4,718	8	—	—	162,937
Securities:						
Held-to-maturity debt securities	30,349	317,498	288,059	345,139	1,075,370	3,000
Japanese government bonds	—	260,000	200,000	284,300	945,200	3,000
Japanese local government bonds	26,809	55,785	86,200	60,815	130,170	—
Japanese corporate bonds	3,539	1,712	1,859	24	—	—
Available-for-sale securities	2,985,599	1,863,073	2,868,677	424,678	486,931	56,616
Japanese government bonds	2,796,600	1,406,000	2,430,900	335,000	387,100	20,000
Japanese local government bonds	4,162	28,710	49,637	23,540	77,575	—
Japanese corporate bonds	172,644	368,536	277,396	28,457	4,547	18,822
Loans and bills discounted (*)	6,891,480	4,195,989	2,797,954	1,871,183	2,187,841	7,662,677
Foreign exchange assets	76,340	—	—	—	—	—
Total	12,780,670	6,381,280	5,954,700	2,641,002	3,750,143	7,885,230

(*) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥ 175,567 million and are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.

(Note 4) Maturity analysis for bonds, borrowed money and other debts with interest

(Millions of yen)

	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Deposits (*1)	31,598,935	2,346,412	578,255	—	—	—
Negotiable certificates of deposit	1,335,720	1,840	—	—	—	—
Call money and bills sold	408,527	—	—	—	—	—
Payables under repurchase agreements	11,998	—	—	—	—	—
Payables under securities lending transactions	345,063	—	—	—	—	—
Borrowed money	1,470,317	2,169	1,390	2,020	37,006	—
Foreign exchange liabilities	2,051	—	—	—	—	—
Bonds (*2)	—	52,580	50,000	103,000	281,300	102,000
Due to trust account	354,818	—	—	—	—	—
Total	35,527,432	2,403,001	629,645	105,020	318,306	102,000

(*1) Demand deposits are included and presented in “one year or less” in the above table.
(*2) Bonds without term, which amounted to ¥ 208,252 million, are excluded.

(Securities)
For the fiscal year 2011

"Securities" in the consolidated balance sheet, negotiable certificates of deposit in "Cash and due from banks", trust beneficiary certificate in "Monetary claims bought", and trading securities and short-term bonds in "Trading assets" were included in the following tables.

1. Trading securities (As of March 31, 2012)

(Millions of yen)

	Net unrealized gains (losses) recorded in the consolidated statement of income during the fiscal year
Trading securities	¥ 203

2. Held-to-maturity debt securities (As of March 31, 2012)

(Millions of yen)

	Type	Amount on consolidated balance sheet	Market Value	Difference
Market value exceeding amount on consolidated balance sheet	Japanese government bonds	¥ 1,693,953	¥ 1,730,083	¥ 36,130
	Japanese local government bonds	340,494	353,978	13,483
	Japanese corporate bonds	6,318	6,423	105
	Total	2,040,766	2,090,485	49,718
Market value below amount on consolidated balance sheet	Japanese government bonds	—	—	—
	Japanese local government bonds	19,102	19,030	(72)
	Japanese corporate bonds	817	803	(14)
	Total	19,920	19,833	(86)
Grand Total		¥ 2,060,686	¥ 2,110,318	¥ 49,631

3. Available-for-sale securities (As of March 31, 2012)

(Millions of yen)

	Type	Amount on consolidated balance sheet	Acquisition cost	Difference
Amount on consolidated balance sheet exceeding acquisition cost	Stocks	350,918	203,258	147,660
	Bonds	4,113,181	4,096,273	16,908
	Japanese government bonds	3,284,836	3,278,280	6,556
	Japanese local government bonds	143,871	138,444	5,427
	Japanese corporate bonds	684,472	679,548	4,924
	Other	85,167	83,127	2,040
	Total	4,549,268	4,382,658	166,609
Amount on consolidated balance sheet below acquisition cost	Stocks	113,029	139,341	(26,312)
	Bonds	4,350,394	4,354,731	(4,337)
	Japanese government bonds	4,111,398	4,115,021	(3,623)
	Japanese local government bonds	44,986	45,109	(122)
	Japanese corporate bonds	194,009	194,600	(591)
	Other	277,961	282,021	(4,059)
	Total	4,741,385	4,776,094	(34,709)
Grand Total		9,290,653	9,158,753	131,900

Note: For unlisted stocks (¥ 52,605 million on the consolidated balance sheet) and investments in partnership (¥ 17,920 million on the consolidated balance sheet), fair value cannot be readily determined because they are not traded on market. Those unlisted stocks and investments in partnership are not included in available-for-sale securities on above.

4. Held-to-maturity debt securities sold during the fiscal year (from April 1, 2011 to March 31, 2012)
None

5. Available-for-sale securities Sold during the fiscal year (from April 1, 2011 to March 31, 2012)

(Millions of yen)

		Amount sold	Gains on sales	Losses on sales
Stocks		¥ 17,218	¥ 6,244	¥ 123
Bonds		34,353,052	26,423	4,592
	Japanese government bonds	33,789,945	25,101	4,559
	Japanese local government bonds	59,864	417	31
	Japanese corporate bonds	503,242	904	0
Other		1,821,334	13,159	8,687
Total		¥ 36,191,605	¥ 45,828	¥ 13,403

6. Impairment of Securities

Securities (excluding trading securities), of which market values significantly declined in comparison with acquisition cost and the market value rarely recovers to the acquisition cost, are recorded at the market value on the consolidated balance sheet and the valuation difference is recognized as an impairment loss.

For the year ended March 31, 2012, an impairment loss was amounted to ¥1,230 million.

A substantial decline in market value is determined based on classification of security issuer which is used in the self-assessment of asset quality for loan loss reserving, as follows:

(i) For issuers who are classified as borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy and borrowers with a high probability of becoming insolvent and borrowers under close watch: where market value is lower than acquisition cost.

(ii) For issuers who are classified as borrowers under close watch: where market value declined by 30% or more compared to acquisition cost

(iii) Others: where market value declined by 50% or more compared to acquisition cost

(Deferred Tax Accounting)

For the fiscal year 2011

Changes in Tax Rates Used to Determine Deferred Tax Assets and Liabilities

Following the promulgation on December 2, 2011 of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011), corporation tax rate will be reduced, and the special reconstruction corporation tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will be imposed from the fiscal years beginning on or after April 1, 2012.

In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities will be changed from 40.64% to 37.97% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2012 and to 35.60% for those expected to be eliminated in the fiscal years beginning on or after April 1, 2015.

As a result of this change, deferred tax assets decreased by ¥ 10,927 million, net unrealized gains on available-for-sale securities, net deferred gains on hedges and income taxes-deferred increased by ¥ 4,463 million, ¥ 2,126 million and ¥ 17,517 million, respectively. Deferred tax liabilities for land revaluation decreased by ¥ 3,366 million and revaluation reserve for land increased by the same amount.

【Segment Information】
For the fiscal year 2011

1. Segment Information

Principal operating activities of the segments are as follows:

Segment	Principal operating activity
Consumer banking	Mainly for individual customers, provide consulting services regarding consumer loan, asset management and asset succession
Corporate banking	Mainly for corporate customers, support their business growth by providing services regarding corporate loan, trust asset management, real estate business, corporate pension and business succession
Market trading	In financial markets, transact in short term lending, borrowing, bond purchase and sale, and derivatives trading

2. Profit and loss by segment

Profit and loss of each segment for the fiscal year 2011 were as follows:

(Millions of yen)

	Segment				Other	Total
	Consumer banking	Corporate banking	Market trading	Sub total		
Gross operating profit	¥ 298,105	¥ 260,773	¥ 55,399	¥ 614,277	¥ 7,121	¥ 621,398
General and administrative expenses	(186,376)	(146,139)	(9,690)	(342,206)	—	(342,206)
Actual net operating profit	111,728	114,585	45,708	272,023	7,121	279,144
Credit cost	(3,262)	(7,981)	—	(11,243)	—	(11,243)
Net operating profit less credit cost	¥ 108,466	¥ 106,604	¥ 45,708	¥ 260,779	¥ 7,121	¥ 267,900

Notes:
1. Total amount is aggregated by the figures of three consolidated subsidiary banks and three consolidated credit guarantee subsidiaries.
2. Consumer banking unit contains operating results of the three consolidated credit guarantee subsidiaries.
3. Gross operating profit of Corporate banking unit does not include credit cost incurred in trust accounts of ¥47 million.
4. Gross operating profit of Market trading unit contains some portion of gains/losses on equity securities.
5. “Other” includes all other departments, such as management office, which are not segments.
6. Depreciation expense is included in general and administrative expenses.

3. Difference between total amounts of net income reported for each segment and net income reported on consolidated statement of income, and main reasons for the difference

(Millions of yen)

Profit	Amount
Total amounts of segments	¥ 260,779
Profit classified as “Other”	7,121
Non-recurring gains (losses) other than credit cost	(4,426)
Extraordinary gains (losses)	(1,422)
Profit of consolidated subsidiaries which are not included in segments	11,245
Net income before income taxes and minority interests	¥ 273,297

Notes:
1. Non-recurring gains (losses) other than credit cost include some portion of gain/loss on equity securities and pension expense.
2. Extraordinary gains (losses) include impairment loss.

【Per Share Information】

For the fiscal year 2011

1. Net assets per common share and its calculation base

*(Millions of yen, except "*Net assets per common share" *and number of shares)*

	Fiscal Year 2010 From April 1, 2010 To March 31, 2011	Fiscal Year 2011 From April 1, 2011 To March 31, 2012
Net assets per common share	251.67 yen	354.35 yen
(Calculation base)		
Total net assets	¥ 1,592,553	¥ 1,843,329
Deductions from total net assets	975,759	974,885
Minority interests	110,273	109,890
Preferred stock	848,000	848,000
Dividends on preferred stock	17,485	16,995
Net assets attributable to common stock at fiscal year-end	¥ 616,794	¥ 868,444
Number of common shares at fiscal year-end used for the calculation of net assets per common share (shares in thousand)	2,450,778	2,450,772

2. Net income per common share, diluted net income per common share and those calculation bases

(Millions of yen, except "Net income per common share" and *number of shares)*

	Fiscal Year 2010 From April 1, 2010 To March 31, 2011	Fiscal Year 2011 From April 1, 2011 To March 31, 2012
(1) Net income per common share	73.14 yen	96.56 yen
(Calculation base)		
Net income	¥ 160,079	¥ 253,662
Amounts not attributable to common stock	60,500	16,995
Dividends on preferred stock	17,485	16,995
Retirement difference on preferred stock	43,014	—
Net income attributable to common stock	¥ 99,579	¥ 236,667
Average number of common shares during the fiscal year (shares in thousand)	1,361,375	2,450,775
(2) Diluted net income per common share	39,62 yen	68.36 yen
(Calculation base)		
Adjustments in net income	¥ 6,117	¥ 7,106
Dividends on preferred stock	¥ 6,117	¥ 7,106
Increase in number of common shares (shares in thousand)	1,305,926	1,114,810
Preferred stock (shares in thousand)	1,305,926	1,114,810
Outline of dilutive securities which were not included in the calculation of "Diluted net income per share" because they do not have dilutive effect.	Number of Class F, No.1 Preferred Stock (Outstanding 8,000 thousand shares)	Not applicable

Notes:

1. Retirement difference on preferred stock, amounting to ¥43,014 million, represents a retirement difference resulted by acquisition and retirement of Class One No.1 Preferred stock, Class Two No.1 Preferred stock and Class Three No.1 Preferred stock during the previous fiscal year, corresponding to a decrease in retained earnings.
2. Please refer to "(7) Changes in Significant Accounting Policies Applied in Preparing Consolidated Financial Statements" for the calculation of diluted net income per common share.

【Subsequent Events】

For the fiscal year 2011

Introduction of an Employee Stock Ownership Plan (Stock Benefit Trust) for the Employee Shareholding Association

The Company decided to introduce ESOP-type Stock Benefit Trust for the Employee Shareholding Association ("the ESOP Trust") on January 31, 2012 as an employee incentive plan with the intent of providing its employees with incentives to increase the Group's corporate value over the medium-to long-term. After deciding details including the timing of establishing the trust, trust period, and amount of the share acquisitions, the share acquisitions have been completed by April 19, 2012. Outlines are as follows:

1. Outline of the ESOP Trust

The Company creates a trust with certain eligible employees participating in the Employee Shareholding Association ("ESA") being beneficiaries. The designated trust account acquires, in a predetermined period for share acquisition, the equivalent number of its shares that the ESA is expected to purchase thereafter. The trust account will then sell the shares on a fixed day on a monthly basis to the ESA. If an increase in stock price or other related factors result in a profit for the trust by the end of the trust period, the excess amount will be distributed to the members of ESA that satisfy the beneficiary requirements in proportion to the number of shares they acquired during the trust period. If there remain borrowings owing to the loss on sale of shares to the ESA resulting from a fall in share price, the Company will act as a guarantor for the borrowing undertaken by the trust and repay the remaining loan balance in accordance with the indemnity clause stipulated in the loan agreement.

2. Outline of the Trust Agreement

(1) Trustor	Resona Holdings, Inc.
(2) Trustee	Resona Bank, Ltd.
(3) Beneficiary	Certain eligible employees participating in the ESA
(4) Trust effective date	April 9, 2012
(5) Trust period	From April 9, 2012 to March 31, 2017 (Planed)
(6) Exercising of voting rights	The Trustee will exercise the voting rights in accordance with the Trust Administrator, who will reflect the exercising of voting rights according to the guidelines set forth by the ESA.

*In case that the trust sells off all the share to the ESA, trust profits will be paid out to the beneficiary, and the trust itself will terminate before the trust period ends.

3. Outline of Acquired Shares

(1) Type of acquired share	Common stock of Resona Holdings
(2) Total amount of acquired shares	¥ 3,444 million
(3) Number of acquired shares	9,564 thousand shares
(4) Period of stock acquisition	From April 12, 2012 to April 19, 2012
(5) Method of stock acquisition	Acquired from the market

○ Notes to "Lease transactions", "Related party transactions", "Deferred tax accounting", "Derivative transactions" and "Employee's retirement benefits" are not included in this report due to significance because they are disclosed on EDINET. As for "Projected employees' retirement benefits obligation" and "Effective tax rate for deferred tax", please refer to "Notes to Consolidated Balance Sheet" (Consolidated balance sheet and Deferred tax accounting).

【Statement of Trust Assets and Liabilities】

March 31, 2012

(Millions of Yen)

Assets	Amount	Liabilities	Amount
Loans and bills discounted	¥ 61,909	Money trusts	¥ 7,169,755
Securities	0	Pension trusts	3,545,831
Beneficiary rights	22,587,612	Property formation benefit trusts	1,086
Securities held in custody account	4,512	Securities investment trusts	11,600,386
Monetary claims	391,346	Money entrusted other than money trusts	289,228
Tangible fixed assets	545,087	Securities trusts	149,602
Intangible fixed assets	2,139	Monetary claims trusts	402,747
Other claims	7,170	Land and fixtures trusts	119,037
Due from banking account	354,818	Land and fixtures lease trusts	2,812
Cash and due from banks	19,053	Composite trusts	693,161
Total assets	¥ 23,973,650	Total liabilities	¥ 23,973,650

Notes:

1. Amounts of less than one million yen have been rounded down.
2. The trust without readily determinable monetary values was excluded.
3. Beneficiary rights worth of ¥22,587,612 million were re-entrusted for asset administration purpose.
4. Co-managed trust funds under other trust bank's administration amounted to ¥ 927,052 million.
5. Loans and bills discounted where the Bank guarantees the principal is amounted to ¥ 61,909 million include followings:

	(Millions of Yen)
Loans to borrowers in legal bankruptcy	¥ 32
Past-due loans	2,014
Loans past due 3 months or more	0
Restructured loans	2,015
Total	¥ 4,153

6. Subsidiary subject to aggregation is Resona Bank, Ltd., only.

Appendix: The trust in the principal indemnification agreement, including the trust that was re-entrusted for operations, consists of followings.

Money trusts *(Millions of Yen)*

Assets	Amount	Liabilities	Amount
Loans and bills discounted	¥ 61,909	Principal	¥ 407,227
Other	345,579	Special loan loss reserve	186
		Other	76
Total assets	¥ 407,489	Total liabilities	¥ 407,489

【Comparison of Statements of Trust Assets and Liabilities】

(Millions of Yen)

Assets	March 31, 2011 (A)	March 31, 2012 (B)	Difference (A)-(B)
Loans and bills discounted	¥ 84,905	¥ 61,909	(22,995)
Securities	0	0	—
Beneficiary rights	24,588,199	22,587,612	(2,000,587)
Securities held in custody account	2,155	4,512	2,356
Monetary claims	390,246	391,346	1,099
Tangible fixed assets	615,281	545,087	(70,193)
Intangible fixed assets	3,366	2,139	(1,226)
Other claims	9,152	7,170	(1,982)
Due from banking account	375,866	354,818	(21,048)
Cash and due from banks	24,468	19,053	(5,414)
Total assets	26,093,642	23,973,650	(2,119,992)
Co-managed trust funds under other trust bank's administration	¥ 1,443,317	¥ 927,052	(516,265)

Liabilities	March 31, 2011 (A)	March 31, 2012 (B)	Difference (A)-(B)
Money trusts	¥ 7,202,983	¥ 7,169,755	(33,228)
Pension trusts	3,700,539	3,545,831	(154,708)
Property formation benefit trusts	1,071	1,086	15
Securities investment trusts	13,337,223	11,600,386	(1,736,837)
Money entrusted other than money trusts	280,155	289,228	9,073
Securities trusts	278,367	149,602	(128,764)
Monetary claims trusts	414,875	402,747	(12,127)
Land and fixtures trusts	123,205	119,037	(4,168)
Land and fixtures lease trusts	2,813	2,812	(0)
Composite trusts	752,406	693,161	(59,244)
Total liabilities	¥ 26,093,642	¥ 23,973,650	(2,119,992)

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

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets *(Millions of yen)*

	March 31, 2011	March 31, 2012
Assets		
Current assets		
Cash and due from banks	¥ 345	¥ 529
Securities	25,500	86,000
Prepaid expenses	7	8
Deferred tax assets	98	97
Accrued income	9	12
Other receivable	20,580	25,618
Consumption taxes receivable	12	—
Accrued income taxes refund	4,986	30,430
Total current assets	51,541	142,697
Non-current assets		
Tangible fixed assets		
Tools, furniture and fixtures, net	5	6
Leased assets, net	7	6
Total tangible fixed assets	12	12
Intangible fixed assets		
Trademarks	18	6
Software	18	13
Total intangible fixed assets	36	19
Investments and other assets		
Investments in subsidiaries and affiliates	1,122,362	1,121,170
Long-term loans to subsidiaries and affiliates	89,500	89,500
Other	1	1
Reserve for possible losses on investments	(3,176)	(3,062)
Total investments and other assets	1,208,687	1,207,609
Total non-current assets	1,208,737	1,207,642
Total assets	1,260,278	1,350,339
Liabilities		
Current liabilities		
Bonds scheduled for repayment within one year	20,000	—
Lease obligations	1	1
Other payable	20,078	25,408
Accrued expenses	440	717
Income taxes payable	9	25
Consumption taxes payable	0	65
Reserve for employees' bonuses	346	327
Other	240	366
Total current liabilities	41,117	26,911
Non-current liabilities		
Bonds	30,000	60,000
Long-term debts to subsidiaries and affiliates	270,000	240,000
Lease obligations	6	5
Total non-current liabilities	300,006	300,005
Total liabilities	341,123	326,916
Net assets		
Shareholder's equity		
Capital stock	340,472	340,472
Capital surplus		
Capital reserve	340,472	340,472
Total capital surplus	340,472	340,472
Retained earnings		
Other retained earnings		
Retained earnings carried forward	325,057	429,326
Total retained earnings	325,057	429,326
Treasury stock	(86,847)	(86,849)
Total shareholders' equity	919,155	1,023,423
Total net assets	919,155	1,023,423
Total liabilities and net assets	¥ 1,260,278	¥ 1,350,339

(2) Non-Consolidated Statements of Income *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31,2012
Operating income		
Dividends from subsidiaries and affiliates	¥ 24,771	¥ 151,597
Fees from subsidiaries and affiliates	4,338	4,523
Interest on loans to subsidiaries and affiliates	2,270	2,202
Total operating income	31,380	158,322
Operating expenses		
Interest on debts	142	2,442
Interest on bonds	1,120	846
Bond issuance costs	-	120
General and administrative expenses	4,058	4,035
Total operating expenses	5,320	7,445
Operating profits	26,059	150,877
Non-operating income		
Interest income on securities	152	23
Fees and commissions	255	108
Reversal of reserve for possible losses on investments	-	113
Interest on tax refunds	7	4
Other	155	1
Total non-operating income	569	251
Non-operating expenses		
Stock issuance costs	3,009	―
Other	238	11
Total non-operating expenses	3,247	11
Ordinary profits	23,381	151,117
Extraordinary gains		
Reversal of reserve for possible losses on investments	839	―
Total extraordinary gains	839	―
Extraordinary losses		
Losses on liquidation of subsidiaries	-	154
Losses on disposal of fixed assets	0	―
Total extraordinary losses	0	154
Income before income taxes	24,221	150,962
Income taxes－current	(560)	(204)
Prior year income taxes	(1,425)	―
Income taxes – deferred	(16)	1
Total income taxes	(2,002)	(202)
Net income	¥ 26,223	¥ 151,165

(3) Non-Consolidated Statements of Changes in Net Assets *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31,2012
Shareholders' equity		
Capital stock		
Balance at beginning of the fiscal year	¥ 327,201	¥ 340,472
Changes during the period		
Issuance of new stock	13,271	—
Total changes during the period	13,271	—
Balance at end of the fiscal year	340,472	340,472
Capital surplus		
Capital reserve		
Balance at beginning of the fiscal year	327,201	340,472
Changes during the period		
Issuance of new stock	13,271	—
Total changes during the period	13,271	—
Balance at end of the fiscal year	340,472	340,472
Other capital surplus		
Balance at beginning of the fiscal year	176,898	—
Changes during the period		
Issuance of new stock	521,172	—
Disposal of treasury stock	(1)	(0)
Retirement of treasury stock	(1,307,683)	—
Transfer from retained earnings to capital surplus	609,613	0
Total changes during the period	(176,898)	—
Balance at end of the fiscal year	-	—
Total capital surplus		
Balance at beginning of the fiscal year	504,099	340,472
Changes during the period		
Issuance of new stock	534,444	—
Disposal of treasury stock	(1)	(0)
Retirement of treasury stock	(1,307,683)	—
Transfer from retained earnings to capital surplus	609,613	0
Total changes during the period	(163,626)	—
Balance at end of the fiscal year	340,472	340,472
Retained earnings		
Other retained earnings		
Retained earnings carried forward		
Balance at beginning of the fiscal year	953,442	325,057
Changes during the period		
Dividends from retained earnings	(44,994)	(46,894)
Net income	26,223	151,165
Transfer from retained earnings to capital surplus	(609,613)	(0)
Total changes during the period	(628,385)	104,269
Balance at end of the fiscal year	325,057	429,326
Total retained earnings		
Balance at beginning of the fiscal year	953,442	325,057
Changes during the period		
Dividends from retained earnings	(44,994)	(46,894)
Net income	26,223	151,165
Transfer from retained earnings to capital surplus	(609,613)	(0)
Total changes during the period	(628,385)	104,269
Balance at end of the fiscal year	¥ 325,057	¥ 429,326

(3) Non-Consolidated Statements of Changes in Net Assets (Continued) *(Millions of yen)*

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Treasury stock		
Balance at beginning of the fiscal year	¥ (86,840)	¥ (86,847)
Changes during the period		
Purchase of treasury stock	(1,307,693)	(2)
Disposal of treasury stock	2	0
Retirement of treasury stock	1,307,683	—
Total changes during the period	(7)	(1)
Balance at end of the fiscal year	(86,847)	(86,849)
Total shareholders' equity		
Balance at beginning of the fiscal year	1,697,902	919,155
Changes during the period		
Issuance of new stock	547,716	—
Dividends from retained earnings	(44,994)	(46,894)
Net income	26,223	151,165
Purchase of treasury stock	(1,307,693)	(2)
Disposal of treasury stock	0	0
Total changes during the period	(778,747)	104,268
Balance at end of the fiscal year	919,155	1,023,423
Total Net assets		
Balance at beginning of the fiscal year	1,697,902	919,155
Changes during the period		
Issuance of new stock	547,716	—
Dividends from retained earnings	(44,994)	(46,894)
Net income	26,223	151,165
Purchase of treasury stock	(1,307,693)	(2)
Disposal of treasury stock	0	0
Total changes during the period	(778,747)	104,268
Balance at end of the fiscal year	¥ 919,155	¥ 1,023,423

(5) Note on Going-Concern Assumption

Not applicable