

Supplementary Explanatory Material for the Results of 1-3Q Period of FY 2012



RESONA

January 31, 2013



Resona Holdings, Inc.

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

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

Summary of Operating Results for the 1-3Q Period of FY2012 (9 Months from April 1 to December 31, 2012)

Operating results (Total of Group Banks) (A)	FY2011 1-3Q	FY2012 1-3Q	Change	Rate of Progress ^{*3}	Comments
Gross operating profit	446.1 bn	429.2 bn	(3.7)%	75.0%	<ul style="list-style-type: none"> ■ Net interest income decreased by Y16.7 bn YoY, mainly due to a decrease in income from loans and deposits attributable to a contraction of loan-to-deposit spread ■ Fee and commission income increased by Y2.9 bn, YoY <ul style="list-style-type: none"> ● Investment trust sales: +Y0.6 bn ● Insurance product sale: +Y1.0 bn ● Decrease in HL-related expenses: +1.6 bn ■ Net gains on bonds (including hedges) was Y23.6 bn, up Y10.8 bn YoY ■ Other income (net) decreased in the absence of one-off gain of Y13.4 bn posted in the previous fiscal year relating to special dividends on trust beneficiary right. ■ Sustained efforts to curtail operating expenses ■ Actual net operating profit decreased by Y13.3 bn YoY. ■ Net gain/(loss) on stocks improved by Y2.7 bn compared with 1H of FY2012. ■ Subsidiary banks posted a negative credit expense of Y22.7 bn primarily owing to a gain from reversal of general reserve for possible loan losses ■ Pre-tax Income increased by Y2.4bn ■ Net income increased by Y59.8bn YoY, supported by a reduction in income tax charge due to a change in applicable DTA recoverability category.
Net interest income	342.0 bn	325.3 bn	(4.8)%	—	
Fees and commission income ^{*1}	68.6 bn	71.5 bn	+4.2%	—	
Net gains on bonds	20.2 bn	27.1 bn	+34.2%	—	
Other income (net)	15.1 bn	5.0 bn	(66.8)%	—	
Operating expenses	(251.7) bn	(248.2) bn	(1.4)%	73.4%	
Actual net operating profit ^{*2}	194.3 bn	180.9 bn	(6.8)%	77.3%	
Net gain/(loss) on stocks	(6.1) bn	(15.0) bn	—	—	
Credit expenses, net	0.5 bn	22.7 bn	—	—	
Pre-tax income	189.2 bn	191.7 bn	+1.3%	97.3%	
Net income	147.8 bn	207.6 bn	+40.4%	96.5%	
Operating results (Resona HD Consolidated) (B)	FY 2011 1-3Q	FY 2012 1-3Q	Change	Rate of Progress^{*3}	Comments
Net Income	157.6 bn	229.2 bn	+45.4%	99.6%	<ul style="list-style-type: none"> ■ Posted Y229.2bn as consolidated net income, up Y71.5 bn YoY ■ Net income of subsidiaries other than 3 banks expanded primarily due to a reduction in their credit expenses.
Difference (B) – (A)	9.7 bn	21.5 bn	+120.3%	—	

*1. Fees and commission income plus trust fees

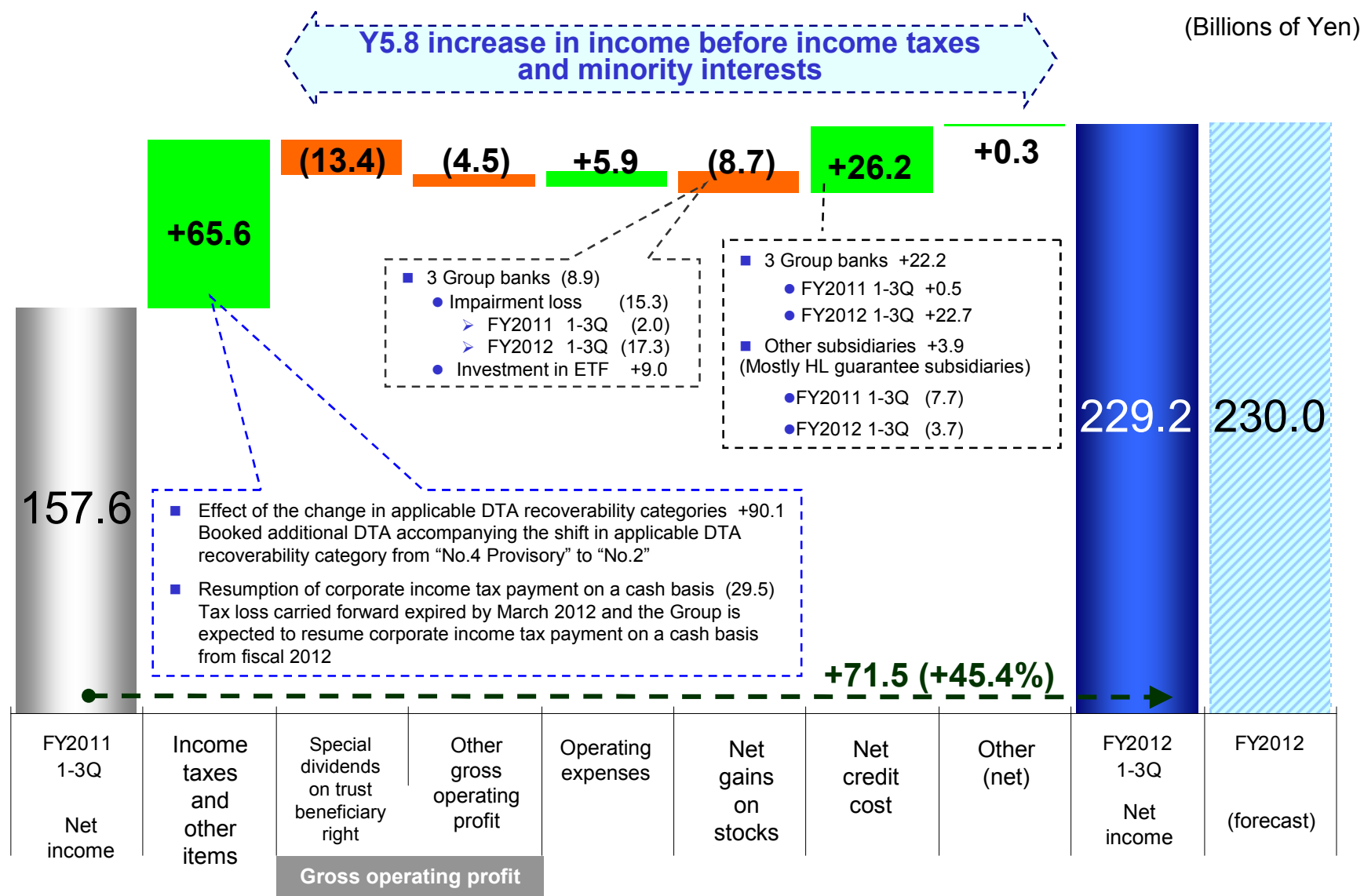
*2. Net operating profit before transfer to general reserve for possible loan losses and expenses related to NPL disposal in the trust account

*3. Rate of progress vis-à-vis the full-year guidance for FY2012 announced in November 2012.

*4. Figures in parentheses represent items that would reduce net income.

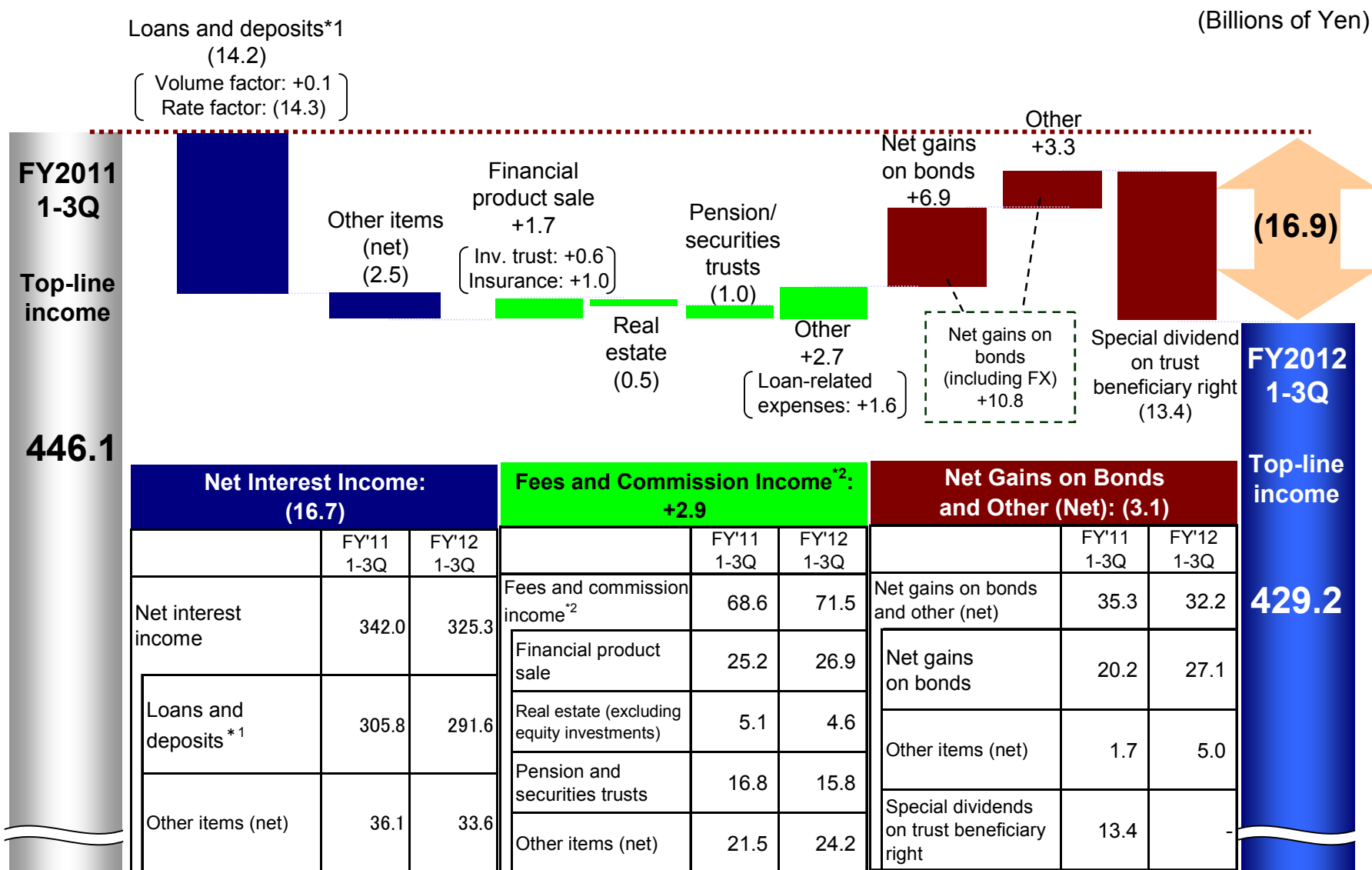
Consolidated Net Income for 1-3Q FY2012 Compared with 1-3Q FY2011

Y71.5 bn increase in consolidated income before income taxes and minority interests



Gross Operating Profits for 1-3Q FY2012 Compared with 1-3Q FY2011 (Total of Group Banks)

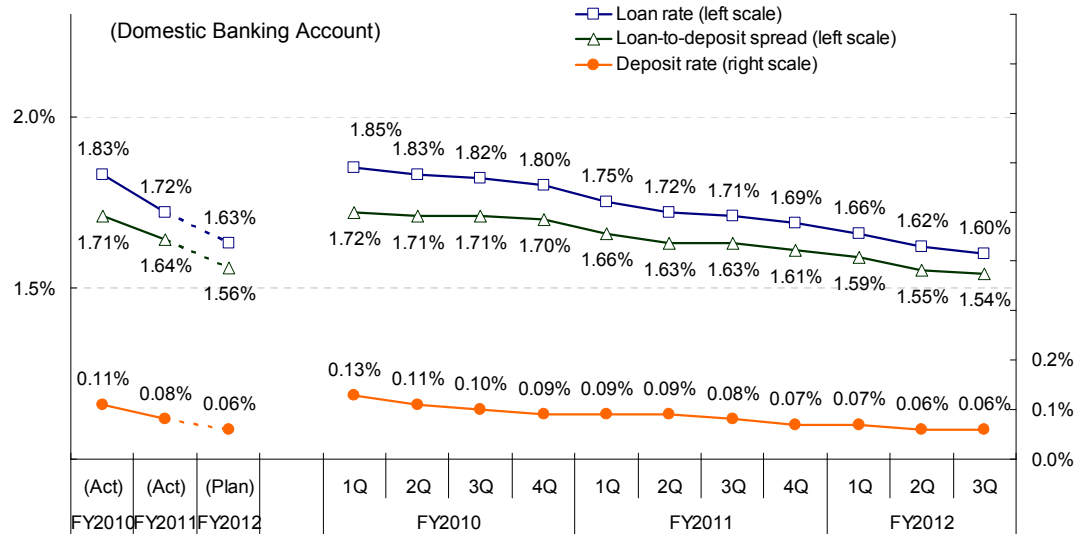
Top-line income decreased by ¥16.9 bn mainly due to drop of special dividend on trust beneficiary right



*1. Domestic operations (Deposits include NCDs) *2. Fees and commission income plus trust fees

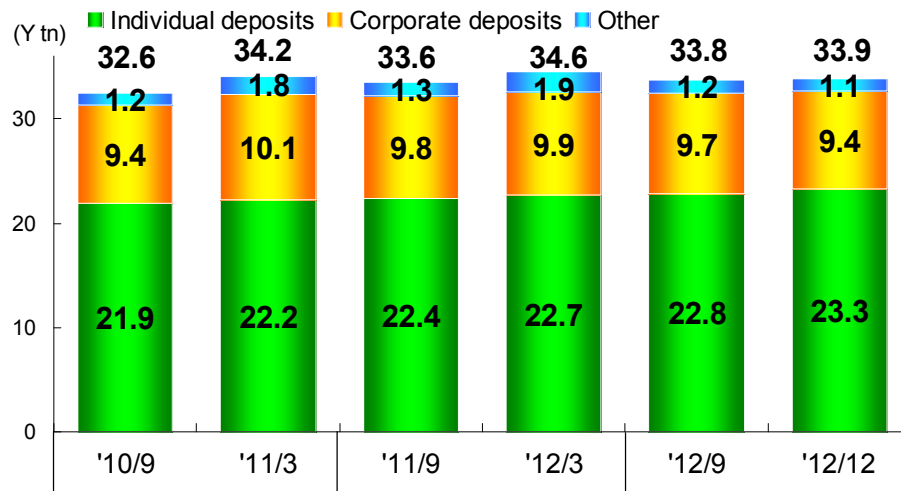
Trend of Loan and Deposit (Total of Group Banks)

Trend of loan and deposit rates and spread

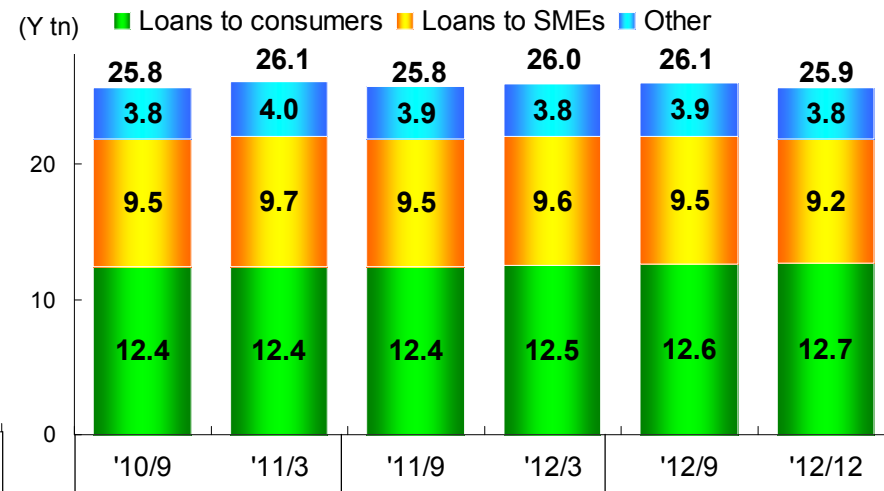


(Ytn)		FY2011 1-3Q	FY2012 1-3Q	Change
Loans	Avg. Bal	25.14	25.17	+0.02
	Yield	1.73%	1.63%	(0.10)%
Deposits (Including NCDs)	Avg. Bal	34.43	34.73	+0.29
	Cost	0.08%	0.06%	(0.01)%
Loan-to-deposit spread		1.64%	1.56%	(0.08)%

Trend of term-end deposit balance



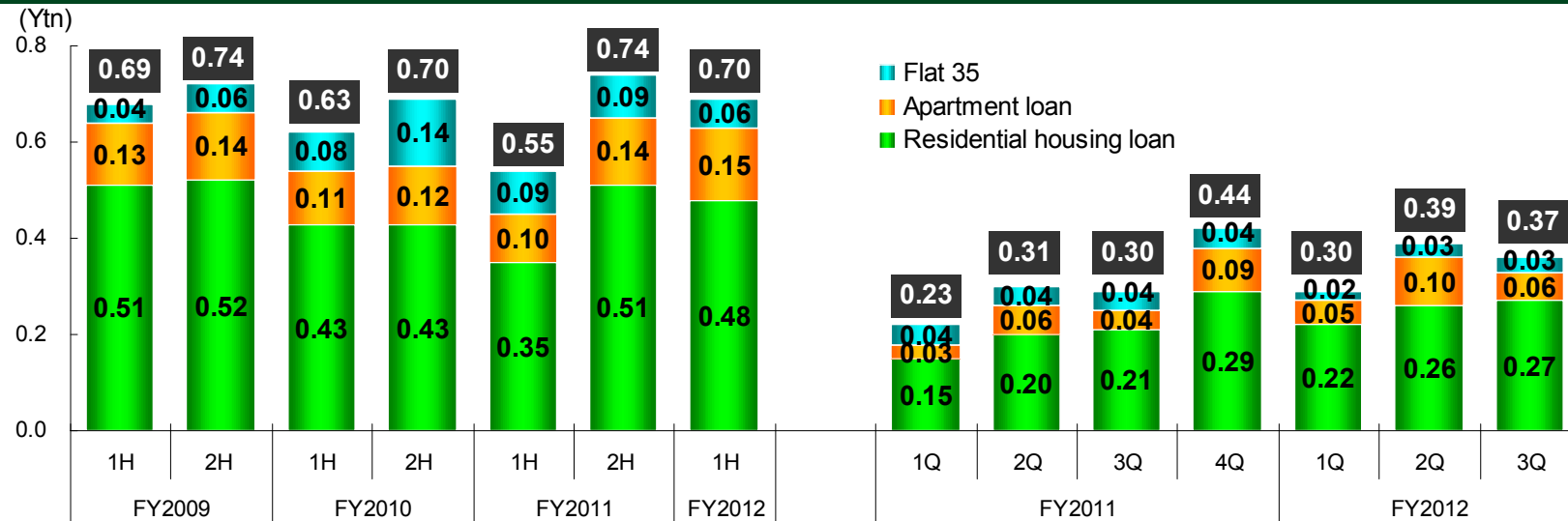
Trend of term-end loan balance



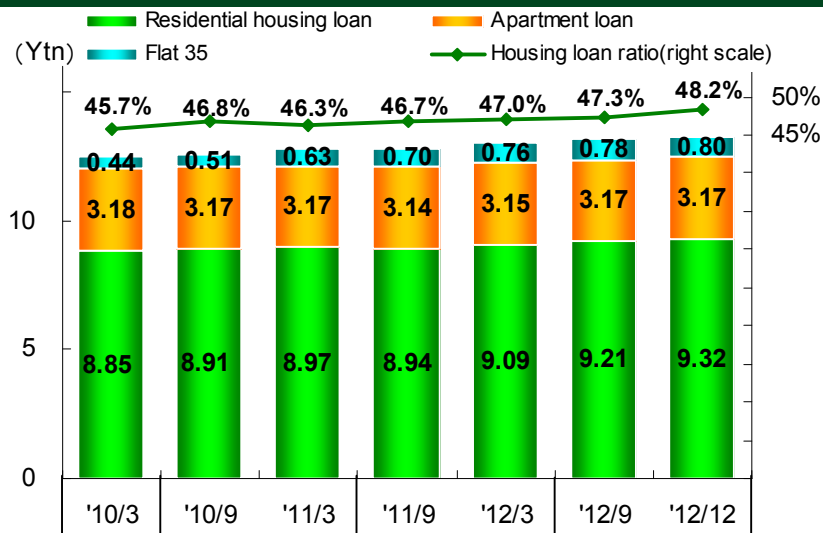
* Include the loan extended to Resona Holdings (Y0.27 trillion as of 2011/3 and 2011/9, Y0.24 trillion as of 2012/3 and 2012/9, Y0.19 trillion as of 2012/12)

Trend of Housing Loan Business (Total of Group Banks)

Trend of Housing Loan Origination



Trend of Housing Loan Balance



Indices to measure soundness

Ratio of subrogation payment*1
Approx. 0.3-0.4%

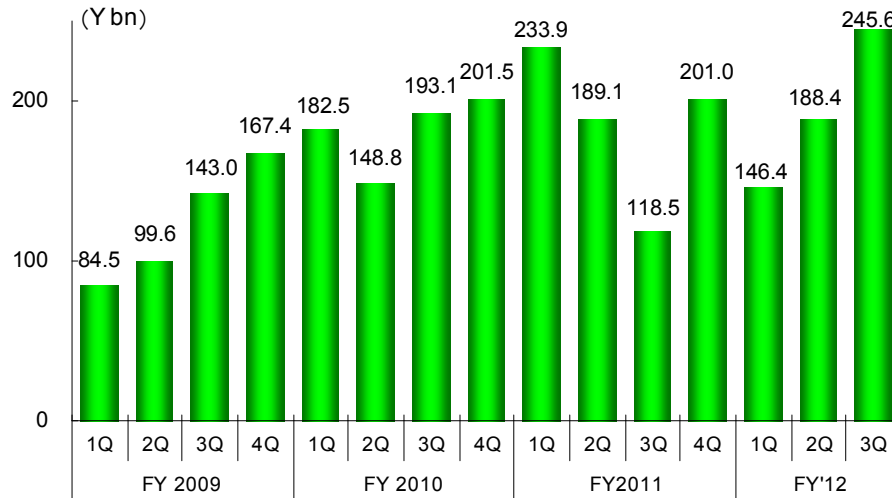
Net loss ratio *2
Approx. 0.1-0.2%

*1. Rate of subrogation repayment by loan guarantee subsidiaries

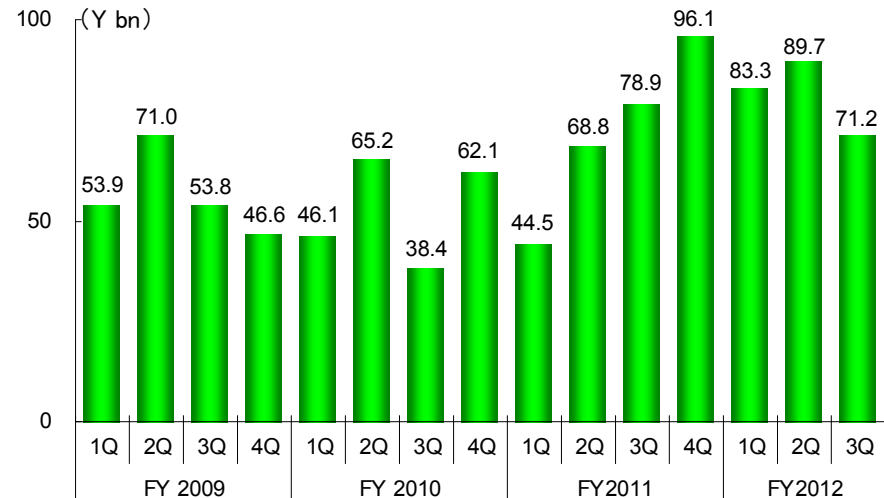
*2. Subrogation ratio x (1 – rate of recovery after subrogation)

Trend of Investment Product Sale Business (Total of Group Banks)

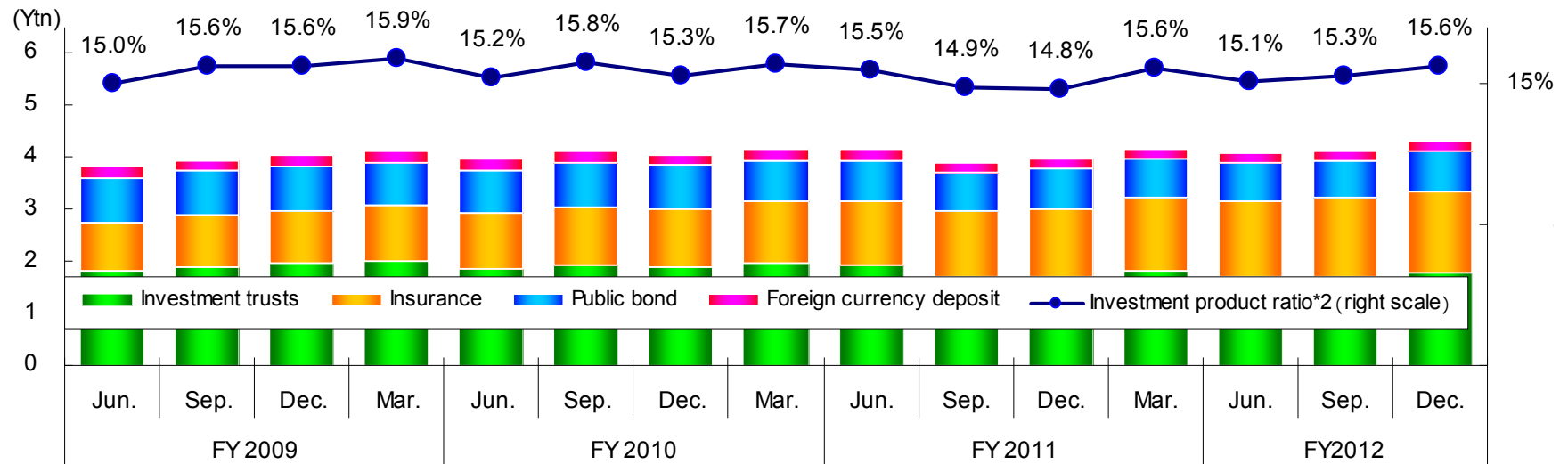
Investment Trusts



Insurance



Balance of Investment Products sold to Individual*1



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

Credit Costs and Securities (Total of Group Banks)

Trend of credit costs

(Y bn)

	FY2009		FY2010		FY2011		FY2012	
	1H	2H	1H	2H	1H	2H	1H	3Q
Total of group banks (A)								
General reserve	(9.5)	18.8	11.5	(5.8)	22.0	27.3	20.4	13.2
Specific reserve and other items	(41.7)	(49.5)	(29.6)	(12.8)	(21.5)	(32.2)	(9.1)	(1.7)
New bankruptcy, downward migration	(56.3)	(59.2)	(39.1)	(27.9)	(27.4)	(28.3)	(28.2)	(8.0)
Other	14.6	9.7	9.4	15.0	5.8	(3.9)	19.1	6.3
Net credit cost	(51.3)	(30.7)	(18.1)	(18.6)	0.4	(4.8)	11.2	11.4
Difference (B) - (A)	(17.4)	(15.1)	(14.1)	(10.6)	(7.1)	(2.1)	(5.9)	2.1
RHD consolidated (B)								
Net credit cost	(68.7)	(45.8)	(32.2)	(29.2)	(6.7)	(7.0)	5.3	13.6

Responses to obligors who already formulated or are preparing a “feasible” and “drastic” turnaround plan

- Specialized division examines and approves such a plan
- Monitor progress of the plan every three months and determine an obligor category

	Obligor classification	Criteria for providing loan loss reserves	Coverage ratio
Obligor category	Other watch	In reference to: 1) actual loan loss ratio observed 2) time period of turnaround plan	Approx. 50%
Obligor category		Special attention	Approx. 60%

- More rigorous reserve policy adopted in Q3 FY2012
- Reserve based on the same criteria as applied to “special attention” obligors

Securities portfolio

Available-for-sale securities

- Net unrealized gain as of Dec. 31, 2012 : Y141.0bn
- Stocks : Impairment loss Y17.3bn, improvement of Y0.3bn from 1H of FY2012
- JGB : Average duration 2.5 years, BPV Y1.62bn
 - Balance of floating-rate JGBs : Y232.0

[Total of three banks]

(Y bn)

	Mar.'10	Mar.'11	Mar.'12	Sep.'12	Dec.'12
Available-for-sale securities *1	7,726.4	8,150.6	9,157.2	8,254.3	8,033.4
Stocks	343.8	351.3	342.1	319.7	319.5
Bonds	7,055.0	7,529.9	8,450.9	7,548.0	7,354.9
JGBs	5,755.7	6,337.8	7,393.3	6,404.3	6,151.1
Average duration (years)	2.1	2.1	2.4	2.6	2.5
BPV	(1.19)	(1.35)	(1.81)	(1.68)	(1.62)
Local government bonds	146.2	150.4	183.5	201.4	205.9
Corporate bonds	1,153.0	1,041.7	874.1	942.2	997.8
Other	327.5	269.3	364.0	386.5	358.9
Foreign securities	135.3	96.4	236.5	243.3	227.0
Unrealized gains/(losses)	119.8	92.6	131.5	111.9	141.0

Bonds held to maturity *2	1,087.2	1,667.9	2,060.6	2,181.2	2,212.3
Unrealized gains/(losses)	24.8	24.5	49.6	66.0	63.2

*1. Acquisition cost basis

*2. Balance sheet amount basis