RESONA

Resona Holdings, Inc.

ANNUAL REPORT 2012

CORPORATE PROFILE

Company Name: Resona Holdings, Inc.

Head Office: (Tokyo Head Office)
Fukagawa Gatharia W2 Bldg.,
5-65, Kiba 1-chome,
Koto-ku, Tokyo 135-8582, Japan
(Osaka Head Office)
2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8608, Japan

Chairman: Eiji Hosoya (Concurrently serves as Chairman of Resona Bank, Ltd.)

President: Seiji Higaki

Establishment: December 12, 2001

Paid-in Capital: ¥340,472 million (As of March 31, 2012, Non-consolidated)

Lines of Business: Management and supervision of banking and other subsidiaries as well as other ancillary activities

Stock Exchange Listings:
(Common Shares) Tokyo Stock Exchange (First Section)
Osaka Securities Exchange (First Section)

Credit Ratings (As of June 30, 2012)**:**
Credit ratings for Resona Holdings and Resona Group banks are as follows:

	Long-term	Short-term
Resona Holdings, Inc.	Long-term	Short-term
R&I	A	—
Resona Bank, Ltd.	Long-term	Short-term
Moody's	A2	P-1
S&P	A	A-1
R&I	A+	a-1
JCR	A+	J-1+
Saitama Resona Bank, Ltd.	Long-term	Short-term
Moody's	A2	P-1
R&I	A+	—
JCR	A+	J-1+
The Kinki Osaka Bank, Ltd.	Long-term	Short-term
Moody's	A2	P-1

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CORPORATE MISSION

The Resona Group aims at becoming a true "financial services group full of creativity." Towards this goal, the Resona Group will:

1) live up to customers' expectations,
2) renovate its organization,
3) implement transparent management, and
4) develop further with regional societies.

RESONA

RESONA WAY (Resona Group Corporate Promises)

Customers and "Resona"

Resona cherishes relationships with customers.

- The Resona Group offers its customers services with integrity for their joy and happiness, placing highest priority on winning their confidence in Resona.
- The Resona Group makes every effort to respond fully to the needs of customers by offering high-quality services.
- The Resona Group always welcomes customers with gratitude.

Shareholders and "Resona"

Resona cherishes relationships with shareholders.

- The Resona Group aims at maximizing its corporate value by implementing sound management based on a long-term perspective.
- The Resona Group returns an appropriate amount of sound profits to its shareholders.
- The Resona Group seeks to offer timely solutions to customer needs in all situations, endeavors for transparent management, and actively upgrades its disclosure.

Society and "Resona"

Resona places importance on its ties with society.

- The Resona Group makes every effort for an extensive number of citizens to acknowledge the significance of Resona's existence.
- The Resona Group observes every rule of society.
- The Resona Group contributes to regional societies as a good corporate citizen.

Employees and "Resona"

Resona highly regards employees' dignity and personality.

- The Resona Group creates a workplace where employees can take pride in being a member of Resona.
- The Resona Group thinks highly of its employees' mind-set and endeavors to make the Group's business atmosphere challenging and creative.
- The Resona Group cherishes each employee's dignity and personality and evaluates ability and achievement in a fair manner.

About "Resona"

The Resona Group's corporate name was derived from the Latin word *resonus* meaning "resonate" or "resound." By adopting the corporate name Resona, we want to express our desire to build stronger ties with our customers by "resonating" or "resounding" with them. We designed our Group logo to suggest the resonance between the "R" in Resona and the "R" in the Resona Group's key word "Regional." We then enclosed the two "Rs" inside a perfect circle to express a sense of security and trust. We chose green as our principal Group color because it suggests "gentleness" and "transparency" and orange as the Group's sub-color to create a sense of "familiarity" and "warmth."

TOP MESSAGE

Eiji Hosoya
Director, Chairman and Executive Officer
Resona Holdings, Inc.

Seiji Higaki
Director, President and Representative Executive Officer
Resona Holdings, Inc.

We would like to express our thanks to you for your interest in and support of the Resona Group.

During the first half of the fiscal year ended March 31, 2012, the domestic economy moved into a temporary slump as a result of the Great East Japan Earthquake, the nuclear power accidents, and other circumstances. In the latter half of the fiscal year; however, economic conditions returned to the levels prevailing prior to the earthquake. While there were factors supporting economic expansion, including the demand for expenditures to promote reconstruction following the earthquake, the business environment surrounding the Japanese economy remained uncertain because of such factors as the declining growth in overseas economies and the appreciation of the yen.

Amid this operating environment, consolidated net income of the Resona Group for the fiscal year ended March 31, 2012, amounted to ¥253.6 billion, an increase of ¥93.5 billion from the previous fiscal year, primarily owing to a decline in net credit expenses and lower income taxes. The result surpassed the consolidated net income guidance that we announced in November 2011 by ¥83.6 billion. The Resona Group has registered a positive net income for eight consecutive fiscal years. We think this reflects the results of our drive, since the infusion of public funds in 2003, to make the transition to creating a new bank and becoming a “True Retail Bank Group.”

Owing to this favorable financial performance, the total retained earnings of Resona Holdings and Resona Group banks available for the repayment of public funds invested in the Group’s preferred shares rose to ¥1,028.8 billion, indicating that we have made steady progress toward the full repayment of public funds. By continuing to conduct profitable management supported by the maintenance of a strong balance sheet and strict cost controls, we will continue to work toward the full repayment of public funds at an early date as we maintain a high level of soundness in our activities.

We would like to fulfill our responsibilities as a “Metro Area-based Super Regional Bank” capable of providing trust services that are considered indispensable for an aged society. We will deliver trust banking solutions for senior citizens to transfer their assets to their offspring while we will help younger generations to build their assets by offering a variety of products and financial services. For our corporate customers facing management issues, we will promptly and responsibly provide specialized and professional financial solutions and work to contribute to the revitalization of regional economies.

In August 2011, we formulated our “Group CSR Policy” in compliance with the ISO26000 requirements. We have positioned CSR as one of the most important management activities and defined “CSR management” as “one of our main tasks to contribute to creating a sustainable society.” Each and every one of our staff members will put our CSR activities into practice in our day-to-day operations to win the support of all our stakeholders.

The Resona Group will continue to manage its activities with a high degree of transparency with the aim of becoming a “True Retail Bank Group,” developing together with our customers, and continuing to change. We look forward to your renewed support and encouragement in the years to come.

August 2012

Eiji Hosoya
Director, Chairman and Executive Officer
Resona Holdings, Inc.

Seiji Higaki
Director, President and Representative Executive Officer
Resona Holdings, Inc.

RESONA GROUP AT A GLANCE

Resona Group's Structure

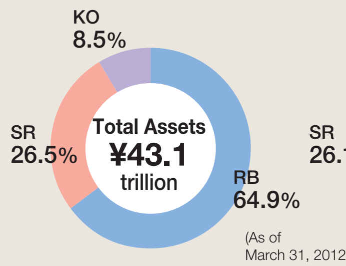
The Resona Group, with Resona Holdings as the Group holding company, is a financial services group comprising three banks with aggregate consolidated assets of approximately ¥43 trillion and trust assets of about ¥24 trillion. Members of the Group offer a full line of trust and real estate related services, and the Group comprises Resona Bank, which is the core institution in the Group; Saitama Resona Bank, which has dominant shares in Saitama Prefecture; and The Kinki Osaka Bank, which has 128 manned branches, mainly in the Kinki region. The Group is aiming to become a True Retail Bank Group by offering high-level services that are closely matched to the needs of the communities they serve with competitiveness based on a superior cost advantage.

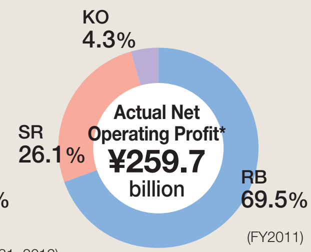
Corporate Structure

Resona Holdings
Banking assets: ¥43.1 trillion
Trust assets: ¥23.9 trillion

- **Saitama Resona Bank (SR)** — Banking assets: ¥11.3 trillion
- **Resona Bank (RB)** — Banking assets: ¥27.9 trillion; Trust assets: ¥23.9 trillion
- **The Kinki Osaka Bank (KO)** — Banking assets: ¥3.6 trillion

As of March 31, 2012





* Actual net operating profit: Net operating profit before transfer to general reserve for possible loan losses and expenses related to problem loan disposal in the trust account. (Total of three Group banks)

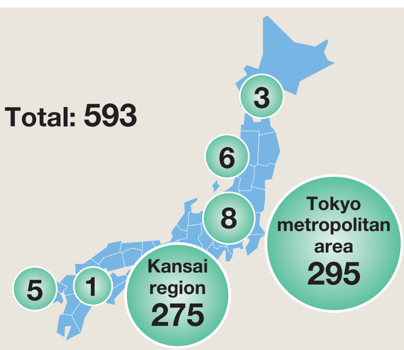
Competitive Strengths of Resona Group

(1) Strong franchise value

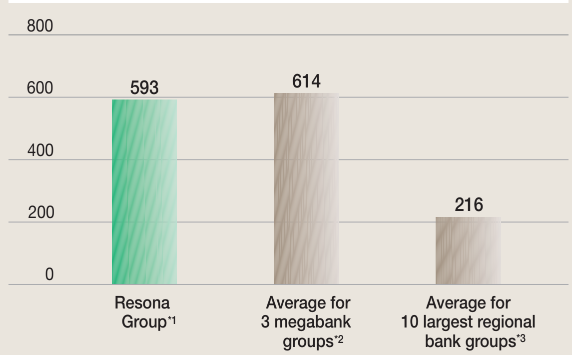
The Resona Group's key markets are the greater Tokyo metropolitan area and the Kansai region, where Japan's economic activities and population are concentrated. Our branch network in these two areas rivals those of Japanese megabank groups, and we have established strong operating bases there. Especially in Saitama and Osaka prefectures, our shares of deposits and loans are more than 40% and close to 20%, respectively.

Focus on Retail Banking Business

Number of Manned Branch Offices

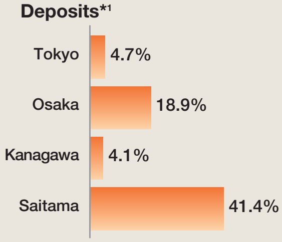


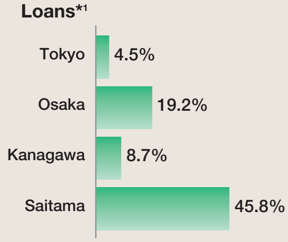
Comparison of Manned Branch Offices



*1 Total of three Group banks (RB, SR, KO)
*2 BTMU + MUTB, Mizuho BK + Mizuho CBK + Mizuho TBK, SMBC
*3 10 largest regional bank groups in terms of consolidated total assets (Fukuoka FG, Yokohama, Chiba, Hokuhoku FG, Shizuoka, Yamaguchi FG, Joyo, Sapporo Hokuyo HD, Nishinippon City, 77)

Market Share of Deposits and Loans





(As of March 31, 2012)

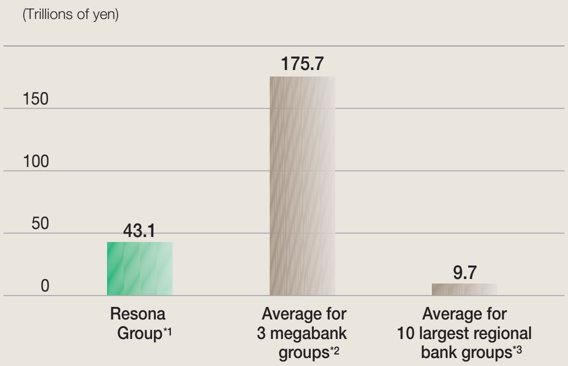
(2) Efficiencies derived from economies of scale

Compared with the major regional banks in Japan, the Resona Group, with aggregate consolidated total assets of approximately ¥43 trillion, can pursue economies of scale. Also, even though the Resona Group is closely focused on retail banking business, it has a superior operating expense ratio, compared to the Japanese megabank groups and top regional bank groups.

Efficiencies Derived from Economies of Scale

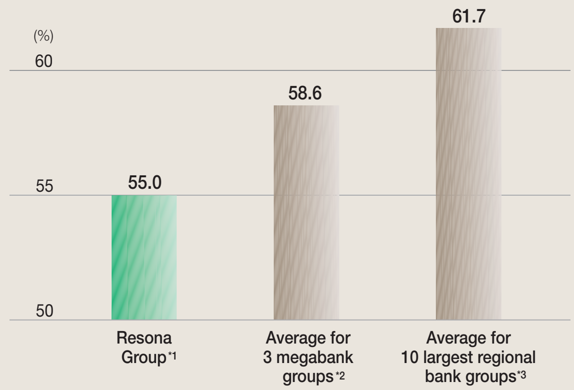
Consolidated Total Assets (As of March 31, 2012)

■ 4th largest banking group in Japan, with ¥43 trillion in assets



Consolidated Operating Expense Ratio (FY2011)

■ High operational efficiency



*1 Resona HD
*2 MUFG, Mizuho FG, SMFG
*3 10 largest regional banks in terms of consolidated total assets (Fukuoka FG, Yokohama, Chiba, Hokuhoku FG, Shizuoka, Yamaguchi FG, Joyo, Sapporo Hokuyo HD, Nishinippon City, 77)

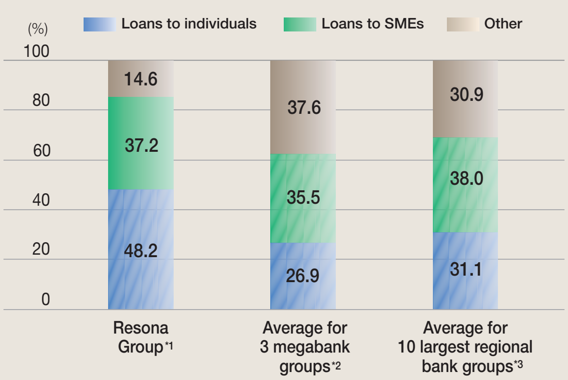
(3) Focus on retail banking business

Loans to small and medium-sized enterprises (SMEs) and individuals account for more than 80% of total loans and bills discounted. Deposits placed by individuals account for more than 60% of total deposits. As these figures on the composition of loans and deposits suggest, Resona is strongly focused on retail banking business.

Focus on Retail Banking Business

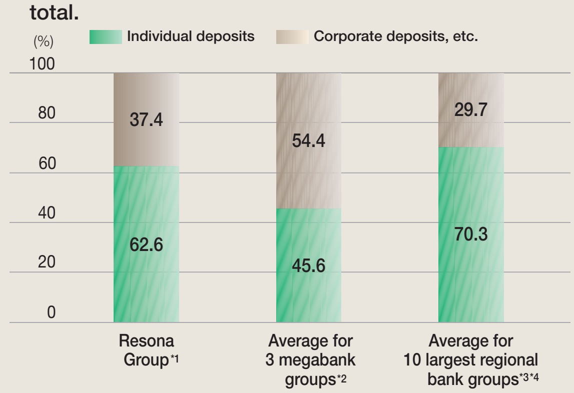
Comparison of Loan Portfolio Composition
(Loans in the domestic account)

■ Loan portfolio focused on retail banking business



Comparison of Deposit Composition
(Including negotiable certificates of deposit (NCDs))

■ Individual deposits account for more than 60% of the total.



*1 Total of three Group banks (RB, SR, KO)
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*4 Excluding certain regional bank groups for which relevant data are not publicly disclosed.

(As of March 31, 2012)

Results of Resona Reforms and Financial Soundness

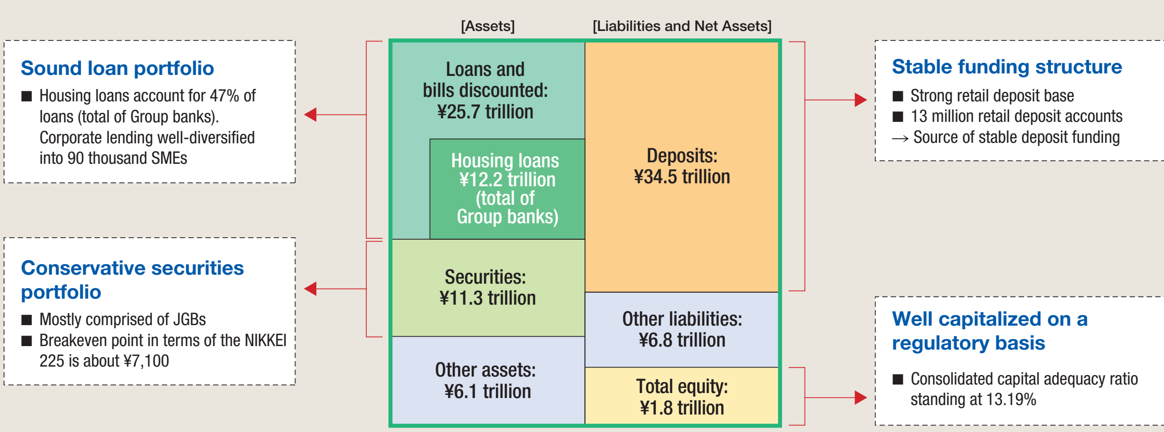
Since the infusion of public funds in 2003, we have been taking initiatives to implement "Resona Reforms." We have focused on retail banking business, the original core business, and worked to create management systems to maintain sustained growth. In addition, we are maintaining a sound financial position with limited downside risk by structuring a high-quality loan portfolio, through diversification mainly within housing loans and lending to SMEs, and by conservative management of our securities portfolio.

Results of Resona Reforms

		FY2002	FY2011	
Breaking away from negative legacies	Non-performing loan (NPL) ratio	11.19% (Sept. 30, 2003)	2.32%	Breaking away from NPLs
	Stockholdings	About ¥1.4 trillion	About ¥0.34 trillion	Reduced more than ¥1 trillion
	Operating expense ratio	66.3%	55.0%	Adhered to low cost management
	Number of affiliated companies	50	8	Return to our core business
	Credit rating*1	BB+	A	Significant improvement in credit rating (up five notches)
Realizing sustained growth	Housing loan balance (Percentage of total loans)	¥8.4 trillion (29%)	¥12.2 trillion (47%)	Built up high-quality loan assets
	Balance of investment products sold to individuals (Ratio of investment products*2)	¥0.79 trillion (4%)	¥3.91 trillion (15%)	Balance of investment products sold up fivefold
	Balance of individual deposits (Percentage of deposits)	¥20.2 trillion (58%)	¥22.7 trillion (65%)	Solid growth in individual deposits
		Sept. 30, 2003	Mar. 31, 2012	
Balance of public funds invested in the Group		¥3,128 billion	¥871.6 billion	Reduced to 1/4 of the peak amount

*1 Long-term debt rating of Resona Bank (Standard & Poor's)
*2 Balance of investment products sold to individuals/(Balance of individual deposits + Balance of investment products sold to individuals)

Consolidated Balance Sheet of Resona Holdings (As of March 31, 2012)



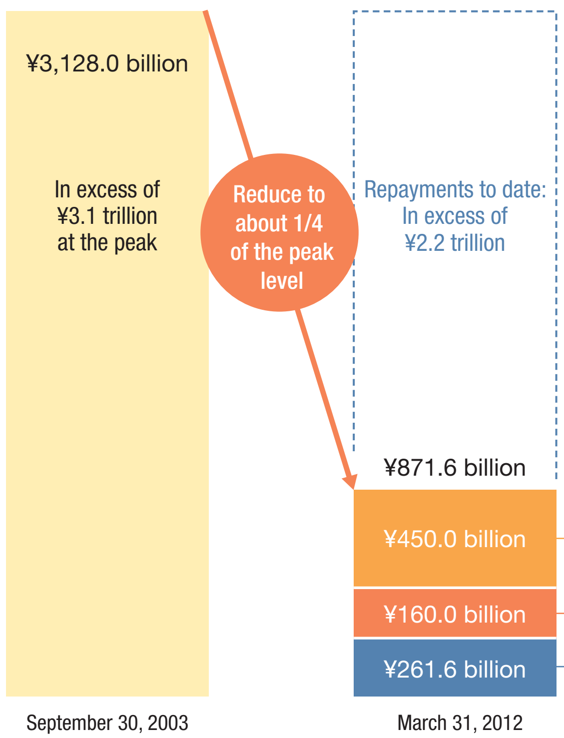
EFFORTS FOR EARLY REPAYMENT OF PUBLIC FUNDS

Repayment of Public Funds

Since the infusion of public funds under the Deposit Insurance Act in 2003, the Group has concentrated its management efforts on implementing reforms to revitalize its activities. Over this period, we have endeavored to accumulate retained earnings, which are the source of repaying public funds, and focused our efforts on early repayment of public funds. As a result, the Group has already repaid a total of ¥2,256.3 billion of the public funds, and the remainder outstanding has declined to ¥871.6 billion, or approximately one-fourth of the peak balance.

[Status of Repayment and Policy for Further Repayments]

Repayment of Public Funds (Original infusion amount basis)



Policy for Further Repayments

Preferred shares issued under the Deposit Insurance Act:
Remaining balance: **¥450.0** billion

- Intend to repay the remaining balance through further accumulation of profits (retained earnings)
- Aiming for full repayment within five years given current profit trends

Preferred shares issued under the Early Strengthening Act:
Remaining balance: **¥160.0** billion

- The increase in outstanding common shares upon mandatory conversion is expected to be minimal since an almost equivalent number of common shares that could arise from mandatory conversions has already been repurchased from the market, and they are being held as treasury shares.

Common shares issued under the Deposit Insurance Act:
Remaining balance: **¥261.6** billion

- The current priority is on repaying the preferred shares issued under the Deposit Insurance Act.
- There are no current plans to apply for a secondary offering of these common shares.

Resona Capital Restructuring Plan (Announced in November 2010)

The Plan aims to transform the Resona Group's financial base to a common stock focused, easy-to-understand capital structure, and, by presenting a road map toward the full repayment of public funds, improve the quality of capital with an eye to new capital adequacy requirements (Basel III). Based on this Plan, from January through May of 2011, the following measures were implemented.

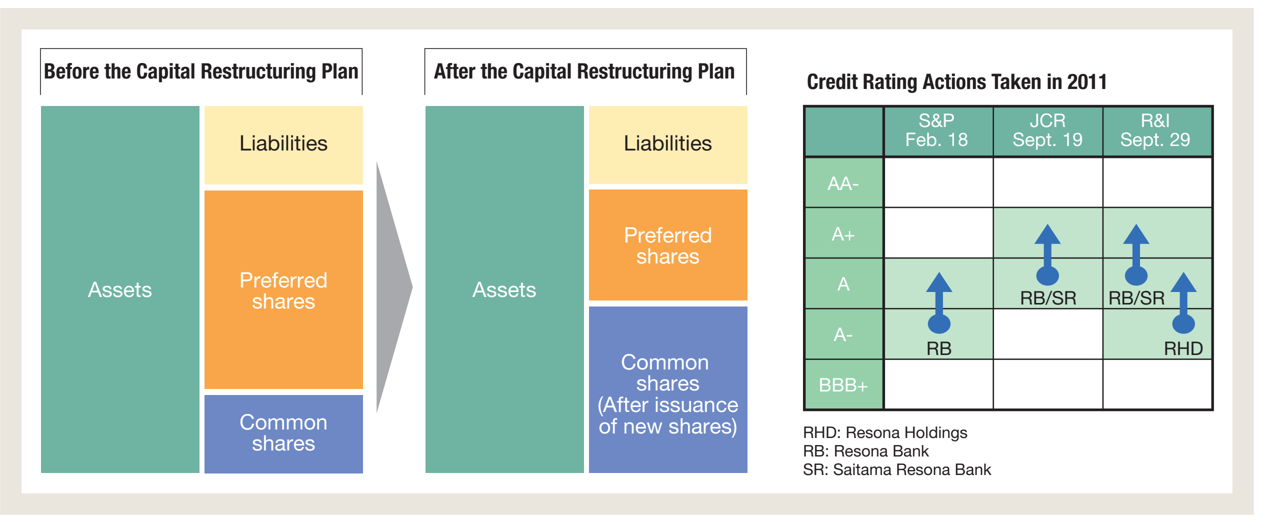
(1) Raised funds through a public offering of common shares, etc. (total net proceeds ¥547.7 billion).

(2) Using the proceeds from this issue of common shares (mentioned in (1)) and retained earnings, repurchased a part of the outstanding Deposit Insurance Act Preferred Shares amounting to ¥813.5 billion on an infusion amount basis.

(3) Increased the annual common dividends by 20%, from ¥10 per share to ¥12 per share.

As a result of the above measures, together with the repayment in August 2010 of ¥400.0 billion in the Deposit Insurance Act Preferred Shares, the total repayment of public funds during the fiscal year ended March 31, 2011, amounted to ¥1,213.5 billion. Credit rating organizations raised the Group's credit ratings because of the substantial improvement in the quality of capital as a result of the implementation of the Plan and the Group's sustained financial soundness.

[Change in Capital Composition]



Medium-to-Long Term Dividend Policy

Resona Holdings 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 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 Act Preferred Shares, we plan to clarify our dividend policy, including a target level for the dividend payout ratio and other related matters.

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

The Resona Group continues to pursue its "True Retail Bank" strategy focused on its domestic business and so expects to remain subject to the capital adequacy requirements for domestic financial institutions (the Japanese domestic standard). However, in order to secure reliable capital strength, the Group operates its business with a high capital adequacy ratio, taking reference to the international standard.

In addition, the Group intends to fully respond to the tightening of capital regulations (Basel III) that is being discussed and considered at the moment by maintaining a sufficient level of capital.

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

RESONA GROUP CORPORATE STRATEGY

Aiming to Become a "True Retail Bank Group"

Resona intends to establish its position as a financial services company that is an unrivaled front-runner in retail banking.

The Resona Group is implementing its own unique "Resona" business model by offering high-level services that are closely matched to community needs with competitiveness based on a superior cost advantage. Also, by "establishment of a Resona Style" to support this model, the Group is working to become a "True Retail Bank Group" that is both "smart" and "approachable."

[Key Points of Resona Group's Business Strategy and Five Priority Strategies]

Three Key Points of Resona Group's Business Strategy

Capitalize on the comprehensive financial functions of "Resona"
- Implement the "True Retail Bank" strategy more deeply and thoroughly
- Combine finance and trust functions

Promote cross-selling
- Respond to needs for multiple financial services
- Implement a regional strategy centered on the two largest metropolitan areas of greater Tokyo and Kansai

Capitalize on competitiveness based on cost advantage
- Operational reform
- The Six Smart Initiatives

Five Priority Strategies

- Enhance customer relations integrally linked to local communities
- Exploit synergies from fusion of retail and trust banking operations
- Aim to be No. 1 in the financial products sales and loans to individuals
- Establish a brand for estate planning and business succession
- Expand our corporate customer base by exerting our comprehensive strength

Priority Products and Services

Loans to individuals	Investment trusts	Solution-related business	Corporate pensions
Insurance	Estate planning	Real estate	Loans to SMEs

Introduction to Resona Group Products and Services

Resona Trust Products for Individuals

Resona offers a wide range of trust products that customers can select based on its "Retail x Trust" initiatives.

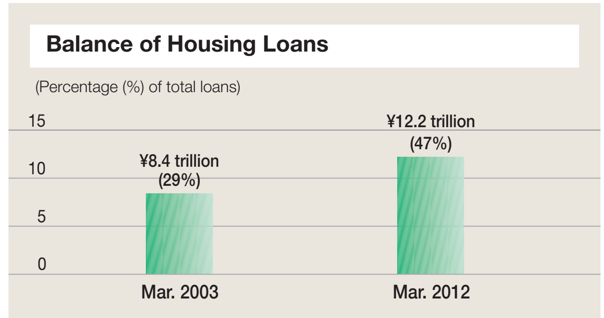
[Examples of trust products]

For customers who want to prepare for the future and eventualities
- Testamentary trust
- Trust for asset transfer

For customers who want to pass their business smoothly to the next generation
- Trust for transfer of own company stocks

Resona Housing Loans

More than 500,000 customers make use of the Group's housing loans, and the balance of these loans outstanding has expanded significantly. To further promote this service, Group banks are steadily increasing the number of Loan Plazas that are open on weekends to provide services to customers who find it difficult to pay a visit on weekdays.



Resona's Fees and Operating Hours

Resona has revised its fee schedules and operating hours from the customers' perspective and offers unique and original services.

- ATM usage fees are **free at all times of the day.**

* This zero fee service applies to customers using Resona Group cash cards at Resona ATMs.
* Regular fees apply for money transfers.
* Operating hours may differ from office to office.

- Resona Bank and Saitama Resona Bank: Bank counters are **open until 5pm on weekdays.**
- When individual customers use the Internet or telephone*, **fees for transfers** to Resona Bank accounts **are free.**

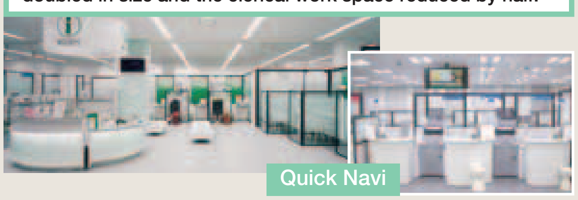
* Internet: Internet banking services
Telephone: Telephone banking services

Resona's Branch Offices

Resona is working to simplify procedures and improve services by introducing next-generation branch offices and communication terminals.

Next-Generation Branch Office

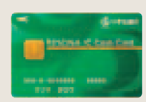
The space for providing customer advisory services has been doubled in size and the clerical work space reduced by half.

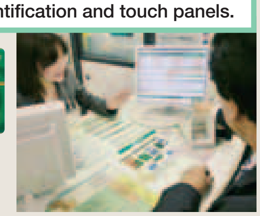


Communication Terminals

Transactions are safer and more convenient because of the use of IC cash cards with biometric authentification and touch panels.

Bringing bank passbooks and seals to the branch and filling out complicated forms are no longer necessary.





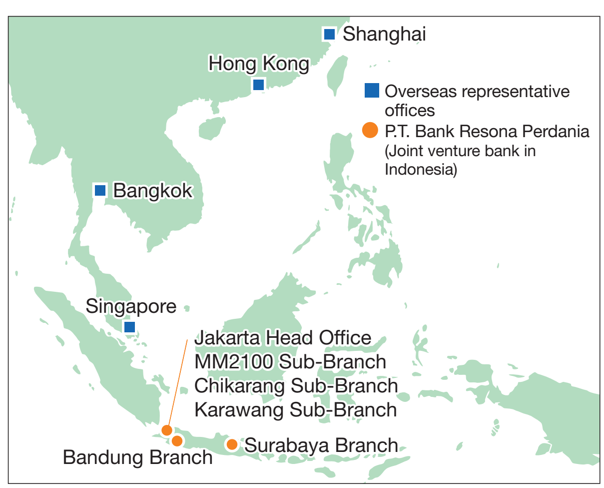
This is a typical example of these services. Actual services may differ depending on the bank and branch office.

Support for Overseas Market Entry

Along with the growth of the Asian economies, Resona Bank has established its Asia Business Promotion Center and draws on the capabilities of consolidated subsidiary P.T. Bank Resona Perdania to respond to the needs of Resona Group customers entering overseas markets, especially in Asia.

In addition, the Resona Group offers highly convenient services, including daily banking transactions in local markets and information through tie-ups with partner financial institutions that have well-established local branch networks and are well-versed in local market conditions.

[Network of Overseas Representative Offices of Resona Bank and Bank Resona Perdania]



FINANCIAL REVIEW

Selected Financial Data (Consolidated)

Resona Holdings, Inc.	Billions of Yen					
	FY2011 (A)	FY2010 (B)	FY2009	FY2008	FY2007	Change (A) – (B)
Scope of consolidation and application of the equity method:						
Consolidated subsidiaries	**16**	17	18	19	19	**(1)**
Affiliated companies accounted for by the equity method	**1**	1	2	2	2	—
Total	**17**	18	20	21	21	**(1)**
Income statement data:						
Net interest income	**463.9**	484.0	499.4	547.0	555.3	**(20.1)**
Trust fees	**23.4**	25.9	28.7	35.4	41.3	**(2.4)**
Net fees and commissions	**119.6**	120.8	116.4	117.8	147.0	**(1.1)**
Net trading income	**11.5**	28.5	26.3	21.0	67.8	**(16.9)**
Net other operating income (loss)	**36.5**	7.6	7.4	18.2	(42.3)	**28.8**
Gross operating profit	**655.2**	667.0	678.3	739.5	769.3	**(11.8)**
General and administrative expenses	**360.9**	369.4	387.5	384.4	385.9	**(8.4)**
Net credit expenses	**13.8**	61.5	114.6	181.4	58.4	**(47.7)**
Net income before income taxes and minority interests	**273.2**	237.1	176.0	234.1	322.6	**36.1**
Income taxes-current	**12.5**	10.5	11.9	9.5	15.2	**1.9**
Income taxes-deferred (benefit)	**2.5**	62.1	27.7	97.4	(4.4)	**(59.5)**
Minority interests in net income	**4.5**	4.3	4.0	3.2	9.1	**0.1**
Net income	**253.6**	160.0	132.2	123.9	302.8	**93.5**
Comprehensive income	**300.8**	132.5	—	—	—	**168.3**
Balance sheet data:						
Trading assets	**696.5**	637.5	522.7	519.5	445.9	**59.0**
Securities	**11,335.8**	9,899.9	8,915.3	8,011.7	6,718.6	**1,435.9**
Loans and bills discounted	**25,782.6**	25,853.0	26,263.5	26,509.2	26,052.4	**(70.3)**
Deferred tax assets	**169.3**	186.8	247.3	308.8	371.8	**(17.5)**
Customers' liabilities for acceptances and guarantees	**608.4**	678.4	760.3	870.3	969.3	**(70.0)**
Reserve for possible loan losses	**(379.8)**	(424.6)	(439.6)	(440.9)	(490.8)	**44.7**
Total assets	**43,199.8**	42,706.8	40,743.5	39,863.1	39,916.1	**492.9**
Deposits, including negotiable certificates of deposit	**35,861.1**	35,604.5	34,075.2	32,689.8	32,997.5	**256.6**
Trading liabilities	**273.2**	244.2	154.4	122.2	139.3	**28.9**
Borrowed money	**1,512.9**	1,700.8	623.6	647.5	684.1	**(187.9)**
Bonds	**797.0**	678.0	850.2	825.2	892.1	**119.0**
Deferred tax liabilities	**0.1**	—	0.0	0.0	0.0	**0.1**
Acceptances and guarantees	**608.4**	678.4	760.3	870.3	969.3	**(70.0)**
Total liabilities	**41,356.5**	41,114.2	38,471.6	37,685.0	37,391.5	**242.2**
Capital stock	**340.4**	340.4	327.2	327.2	327.2	**—**
Total net assets	**1,843.3**	1,592.5	2,271.8	2,178.0	2,524.6	**250.7**
Per common share data (yen):						
Net assets per share	**354.35**	251.67	44.77	(303.63)	(137.11)	**102.68**
Net income per share (Basic)	**96.56**	73.14	88.32	76.27	236.90	**23.42**
Net income per share (Diluted)	**68.36**	39.62	52.94	53.83	164.01	**28.74**
Capital adequacy data (%):						
Tier 1 capital ratio	**9.32**	7.51	10.20	9.92	10.33	**1.81**
Total capital adequacy ratio	**13.19**	11.21	13.81	13.45	14.28	**1.98**
Other data:						
Return on equity (%)	**15.77**	8.82	6.30	5.58	14.41	**6.95**
Price earnings ratio (x)	**3.94**	5.41	13.38	17.17	7.00	**(1.47)**
Cost-to-income ratio (%)	**55.08**	55.38	57.12	51.98	50.16	**(0.29)**
Net deferred tax assets as a percentage of Tier 1 capital (%)	**10.40**	13.17	11.90	14.86	16.50	**(2.77)**
Number of employees	**16,881**	16,941	16,756	16,498	16,344	**(60)**
Trust assets under management and custody	**23,973.6**	26,093.6	26,709.7	34,420.3	36,733.5	**(2,119.9)**

On January 4, 2009, the Company implemented a split of shares, dividing every one share into 100 shares for all outstanding common and preferred stock shares. Per share data presented for FY2007 are divided by 100 with a view to ensuring comparability of the per share data presented.

Resona Group Business Trends

The consolidated financial position and operating results of the Resona Group (Resona Holdings, Inc., and consolidated subsidiaries) were as follows.

Total assets increased ¥492.9 billion, compared with the previous fiscal year-end, to ¥43,199.8 billion.

In assets, securities increased ¥1,435.9 billion, to ¥11,335.8 billion, but loans and bills discounted decreased ¥70.3 billion, to ¥25,782.6 billion. In liabilities, deposits rose ¥343.6 billion, to ¥34,523.6 billion.

Total net assets rose ¥250.7 billion, to ¥1,843.3 billion, because of the reporting of net income for the fiscal year under review and other factors. Net assets per common share as calculated deducting the stockholders' equity accounted for by preferred shares amounted to ¥354.35.

Consolidated net income of Resona Holdings for the fiscal year ended March 31, 2012, amounted to ¥253.6 billion, ¥93.5 billion higher than in the previous fiscal year. The principal factors accounting for this increase were decreases in net credit expenses and income taxes.

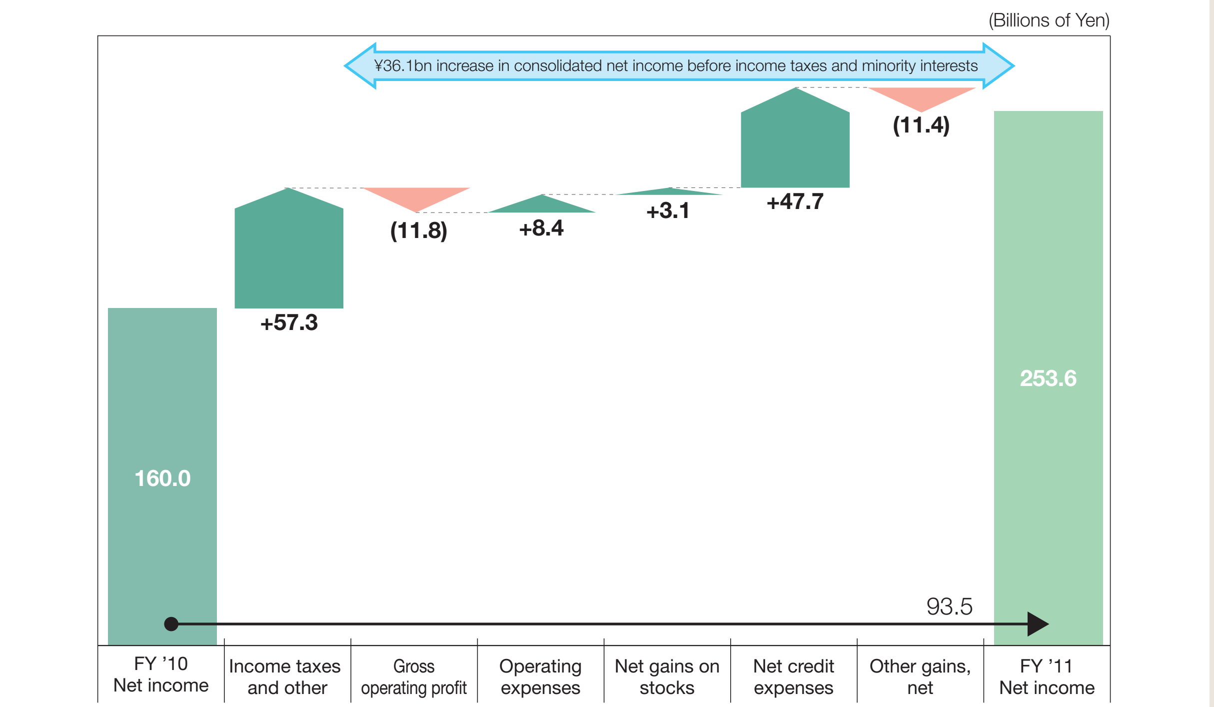
Consolidated gross operating profit decreased ¥11.8 billion, to ¥655.2 billion, due to a decline in net interest income caused primarily by a shrinkage in the loan to deposit spread and other factors. Operating expenses decreased ¥8.4 billion, to ¥360.9 billion, and the operating expense ratio*4 showed an improvement to 55.0%.

Net credit expenses decreased ¥47.7 billion compared with the previous fiscal year, to ¥13.8 billion, because new bankruptcies or downward migrations of borrowers were at a low level, and there was a net reversal of the general reserve for possible loan losses. On the other hand, income taxes and other declined ¥57.3 billion following a review of tax effects related to the reserve for possible loan losses. As a result, net income before income taxes and minority interests increased ¥36.1 billion, to ¥273.2 billion, and net income increased, as previously mentioned. Net income per common share amounted to ¥96.56.

The Resona Group's capital adequacy ratio (according to Basel II, Japanese domestic standard) was 13.19% at the end of the fiscal year.

[Consolidated Net Income for FY2011 Compared with FY2010]

Consolidated net income for FY2011 increased ¥93.5bn from the previous fiscal year.



Performance by business segment was as follows. In the consumer banking segment, gross operating profit decreased ¥13.9 billion from the previous fiscal year, to ¥298.1 billion. Net operating profit less credit expenses increased ¥28.4 billion, to ¥108.4 billion.

In the corporate banking segment, gross operating profit declined ¥0.7 billion, to ¥260.7 billion. Net operating profit less credit expenses rose ¥10.3 billion over the previous fiscal year, to ¥106.6 billion.

In the trading market segment, gross operating profit decreased ¥9.0 billion, to ¥55.3 billion. Net operating profit less credit expenses declined ¥9.0 billion, to ¥45.7 billion.

Cash flows provided by operating activities on a consolidated basis decreased ¥2,310.0 billion from the previous fiscal year, to ¥1,155.3 billion. This decrease was mainly due to a decrease in borrowed money.

Cash flows used in investment activities rose ¥147.1 billion from the prior fiscal year, to ¥1,306.7 billion. This increase was primarily owing to an increase in purchases of securities.

Cash flows used in financing activities decreased ¥968.5 billion from the previous fiscal year, and net cash flows from financing activities turned to a positive ¥59.4 billion. This decrease was mainly due to a reduction in repurchases of own stock.

As a result of these trends in cash flows, cash and cash equivalents at the end of the fiscal year amounted to ¥2,590.1 billion, which was ¥91.9 billion lower than at the end of the previous fiscal year.

[Outline of Financial Results for FY2011]

(Billions of yen)

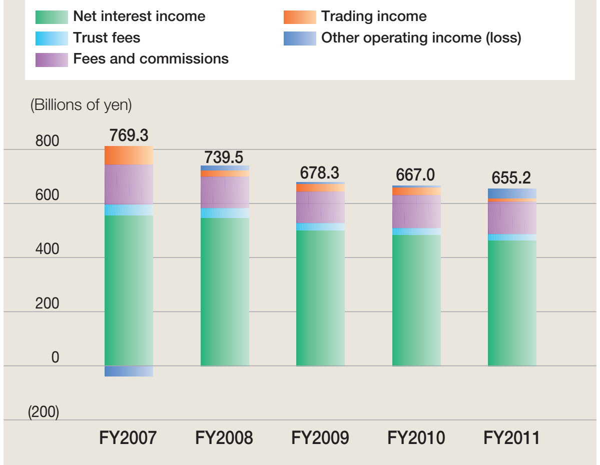
	Resona Holdings (Consolidated)		Difference (A)-(B)	Total of Group banks (Non-consolidated)				
	(A)	YoY Change		(B)	YoY Change	Resona (Non-consolidated)	Saitama Resona	The Kinki Osaka (Non-consolidated)
Gross operating profit	655.2	(11.8)	56.5	598.6	(7.0)	403.1	143.5	51.9
Net interest income	463.9	(20.1)	9.7	454.1	(16.9)	281.3	128.0	44.8
Income from loans and deposits (domestic operations)				405.0	(16.6)	253.6	110.6	40.7
Trust fees	23.4	(2.4)	—	23.4	(2.4)	23.4	—	—
Fees and commissions	119.6	(1.1)	46.2	73.4	0.4	54.9	12.7	5.6
Other operating income	48.0	11.9	0.4	47.5	11.9	43.3	2.7	1.4
Actual net operating profit				259.7	(0.2)	180.5	67.8	11.4
Operating expenses (including non-recurring items)	(360.9)	8.4	(18.3)	(342.5)	7.4	(223.1)	(77.3)	(42.0)
Net gain on stocks	2.3	3.1	0.1	2.2	3.9	1.1	0.9	0.1
Credit expenses, net	(13.8)	47.7	(9.3)	(4.4)	32.3	6.0	(4.3)	(6.1)
Other gains/(losses), net	(9.5)	(11.4)	1.5	(11.1)	(11.7)	(8.7)	(1.3)	(0.9)
Net income before income taxes and minority interests	273.2	36.1	30.6	242.6	24.9	178.4	61.3	2.9
Income taxes and other	(19.6)	57.3	(16.4)	(3.2)	64.0	8.5	(25.3)	13.5
Net income	253.6	93.5	14.1	239.4	88.9	186.9	35.9	16.5

Notes: 1. Net interest income is calculated by subtracting interest paid on deposits and other related expenses from interest received on loans and securities.
2. Fee and commission income is income received from clients related to the sale of investment trusts, monetary transfers, real estate intermediary services, and other services.
3. Credit expenses, net, are the provisions made to loan loss reserves and expenses related to write-offs of loans. Figures are shown on a net basis after subtracting gains from a reversal of loan loss reserves and recoveries of written-off claims.
4. The operating expense ratio is the ratio of operating expenses to consolidated gross operating profit. It is one indicator of the efficiency of the Group's operations, and the lower the ratio, the more efficiently the Group is conducting its activities.

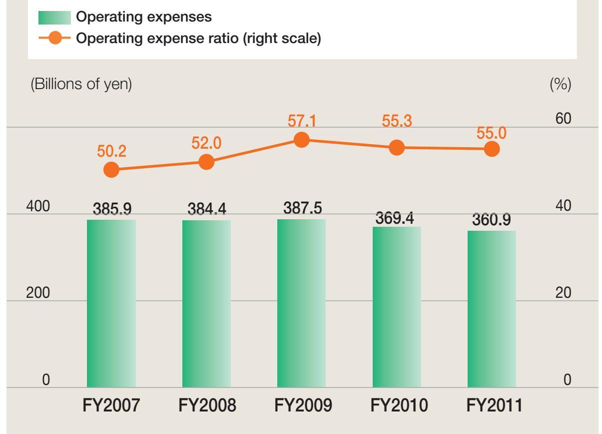
Highlights of Business Performance of the Resona Group

Trends in Performance

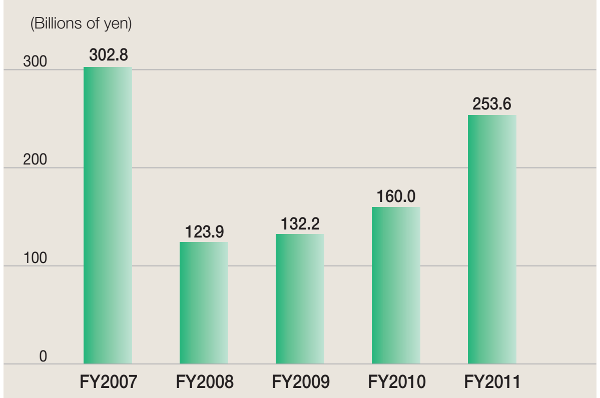
Gross Operating Profit



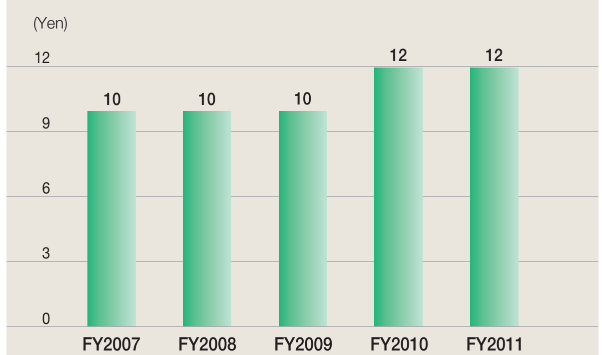
Operating Expenses (including non-recurring items), Operating Expense Ratio



Net Income



Cash Dividends per Share Applicable to the Fiscal Year

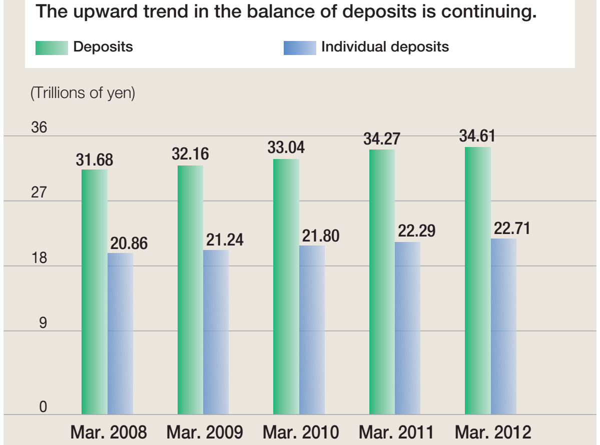


Note: Since the Group conducted a 100-for-1 stock split in January 2009, the figure for FY2007 has been multiplied by 100 for comparability.

Deposits and Loans

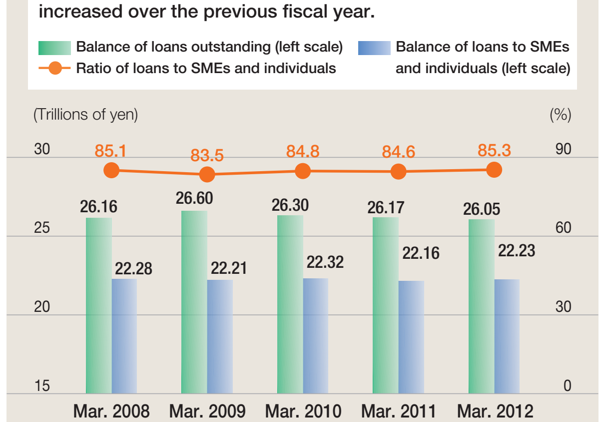
Balance of Deposits (Total of Group Banks)

The upward trend in the balance of deposits is continuing.



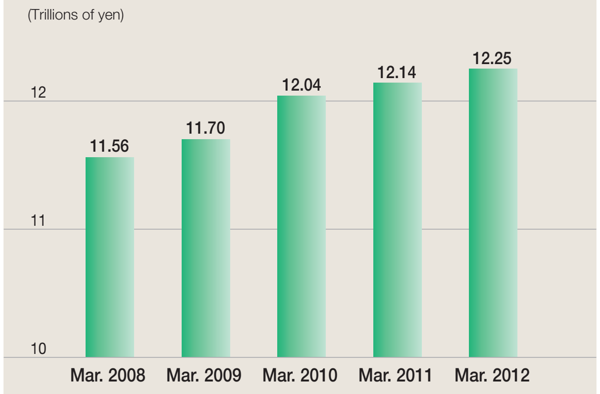
Balance of Loans (Total of Group Banks)

The balance of loans outstanding to SMEs and individuals increased over the previous fiscal year.



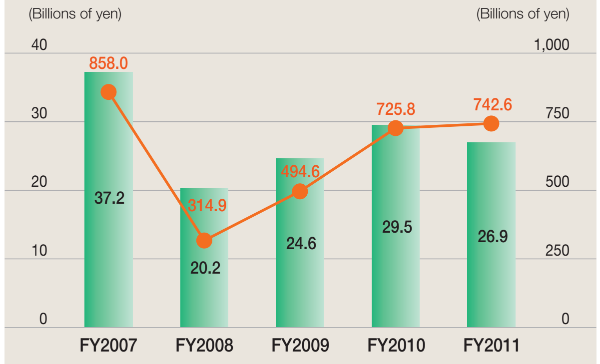
Trends in Principal Businesses

Balance of Housing Loans (Total of Group Banks)
The balance of housing loans outstanding has been on the rise.



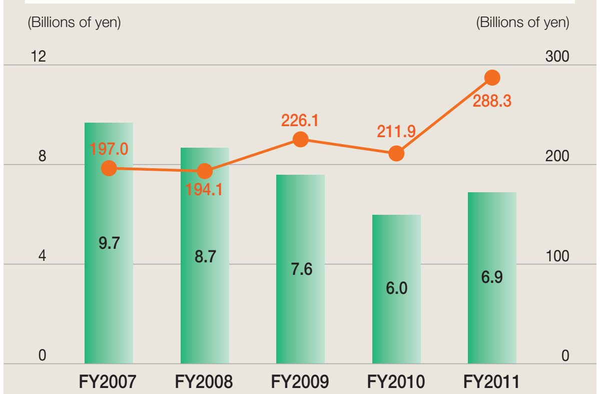
Sales of Investment Trusts (Total of Group Banks)
Sales are maintaining a rising trend.

Related income   Amount sold per year (right scale)

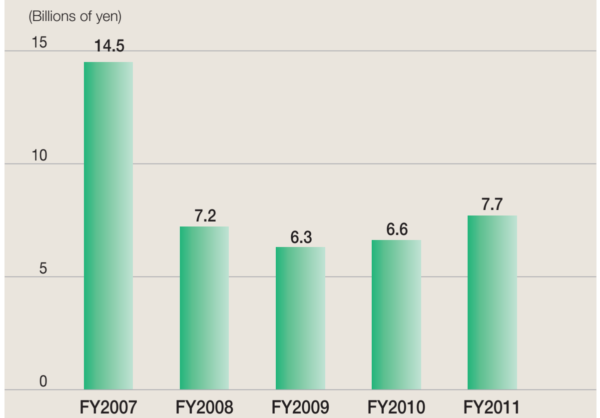


Sales of Insurance (Total of Group Banks)
Income has increased along with the expansion in the lineup of insurance products offered.

Related income   Amount sold per year (right scale)



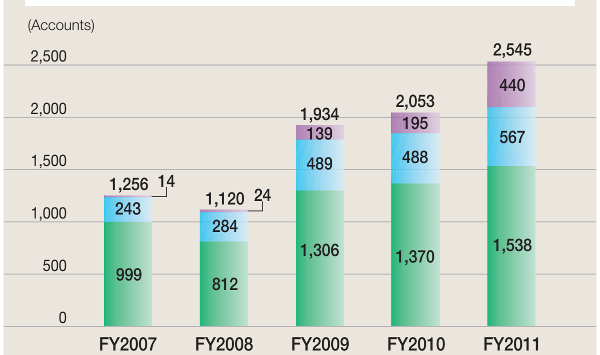
Real Estate Business (Resona Bank)
Real estate brokerage fees are on a rising trend.



Notes: Exclude gains from investments in real estate funds.

Asset Succession Business (Resona Bank)
The number of accounts has risen because of the introduction of new products and services.

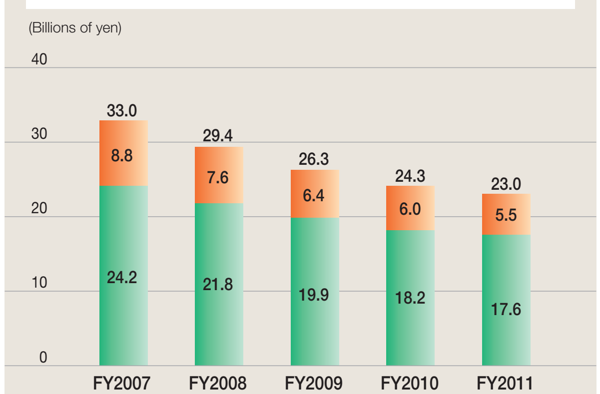
Testamentary trusts   Estate settlement
Trusts for asset transfer and transfer of own company stocks



Note: Data on new accounts for internal management purposes

Pension and Securities Trust Business (Resona Bank)
Income has declined because of a decline in market value of entrusted assets.

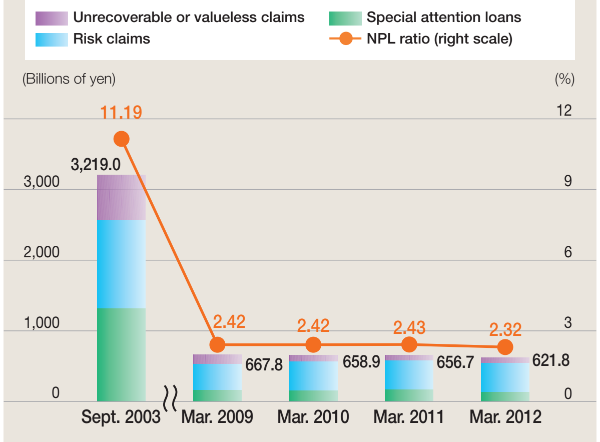
Pension trust   Securities trust



Trends in Indicators of Financial Soundness

NPL Balance and Ratio (Total of Group Banks)

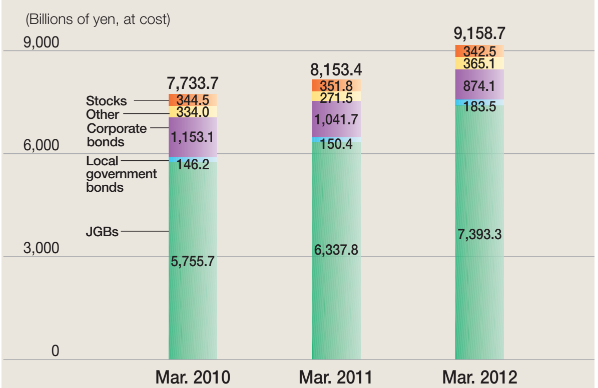
The NPL balance and the NPL ratio have both shown improvements.



NPL classification based on the Financial Reconstruction Law Criteria	Definitions
Unrecoverable or valueless claims	Claims against bankrupt and effectively bankrupt obligors under the self-assessment classifications
Risk claims	Claims against doubtful obligors under the self-assessment classifications
Special attention loans	Loans past due for three months or more as well as restructured loans
Normal claims	Claims against normal and watch obligors under the self-assessment classifications excluding special attention loans of which the definition is given above

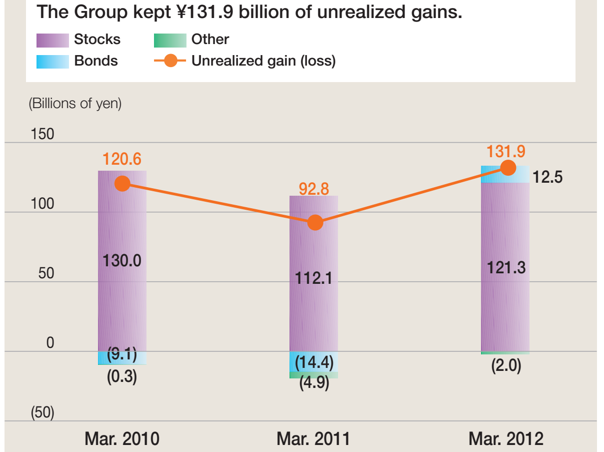
Trend of Non-Trading Marketable Securities Available for Sale

The Group manages its securities portfolio conservatively, investing mainly in Japanese government bonds.



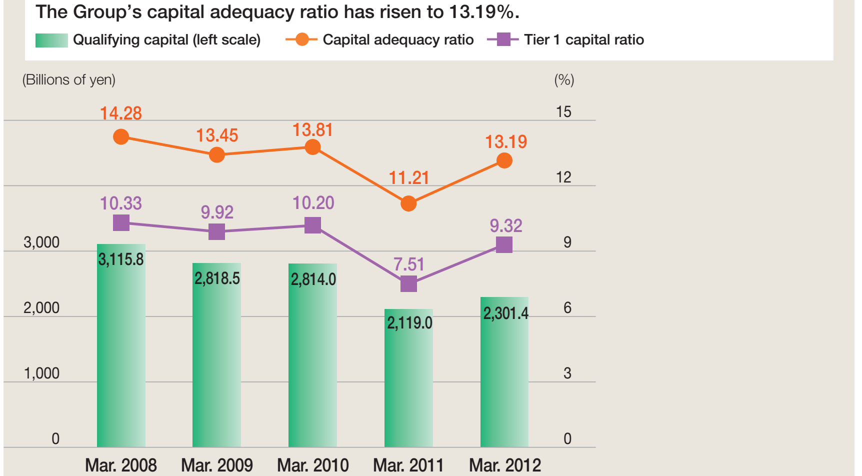
Unrealized Gain (Loss) on Non-Trading Marketable Securities Available for Sale

The Group kept ¥131.9 billion of unrealized gains.



Consolidated Capital Adequacy Ratio (Basel II, Japanese domestic standard)

The Group's capital adequacy ratio has risen to 13.19%.



RESONA GROUP'S CORPORATE SOCIAL RESPONSIBILITY (CSR)

Strengthening CSR Initiatives

■ **Resona Group**

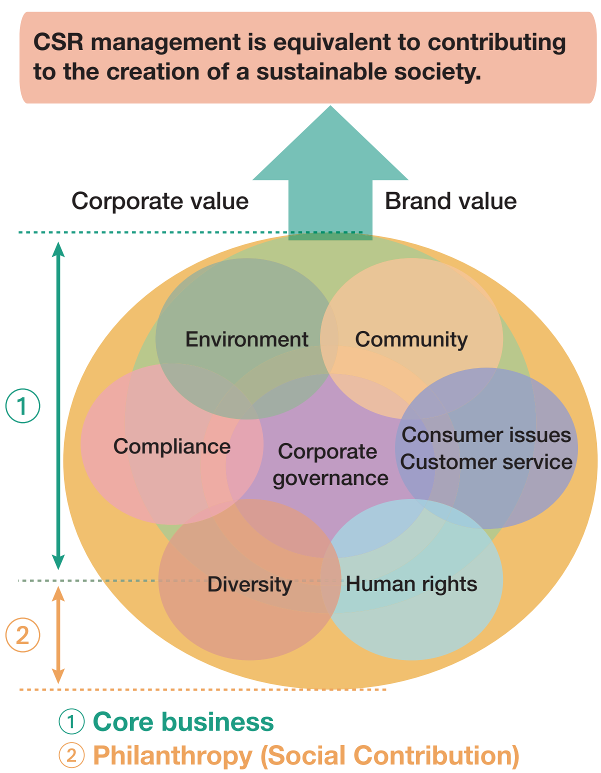
Preparation of a New Group CSR Policy

The Resona Group defines "CSR Management" as "contributing to the creation of a sustainable society." To further strengthen the development of its CSR activities, the Group prepared its "Group CSR Policy" in August 2011, which conforms to the ISO26000. The Group also sets CSR objectives each year and is working to strengthen its CSR promotion systems with the aim of creating an organization that can respond to a wide range of social issues as quickly as possible.

The Group is giving particular attention to "bonds of trust with customers," "relationships with its shareholders," "ties with society," and "respecting the humanity of its employees." To win the support of all its stakeholders, the Resona Group makes use of its management resources to conduct various CSR-related activities.

■ Relationship among Corporate Mission, Corporate Promises and CSR Policy

■ Concept of CSR Management



Resona Group CSR Policy

Issues	Policy
Corporate Governance	We work to strengthen oversight and supervision functions for responsible management systems as well as management and achieve accountability for all the stakeholders.
Human Rights	We build a corporate culture and working environment that respect fundamental human rights of all the stakeholders we have an impact on, such as customers, shareholders, and employees.
Diversity	We promote people development and its fair assessment through opportunities for capacity development and firm establishment of the organizational climate of diversity.
Compliance	We engage in responsible corporate activities for all the stakeholders through compliance with laws, rules, and social norms.
Consumer Issues/ Customer Service	We protect customers' valuable personal information as well as assets and provide high-quality financial services and opportunities for enlightenment from customers' perspective.
Community	We position symbiotic relationships with communities as our important mission and work on solving social issues by utilizing our experience and resources.
Environment	We value the irreplaceable global environment and properly conduct environmentally friendly corporate activities.

Efforts for Activating the Community

■ Resona Bank

"Resona DE Monitor" Meetings Held in Tokyo and Osaka

To provide support for the new product development activities of small and medium-sized enterprises (SMEs) among Resona Bank's customers, the Bank sponsored "Resona DE Monitor" meetings in Tokyo and Osaka. The meeting was held as a place for the SMEs to hear the views or opinions directly from "monitors" of various areas regarding new products and packages.

Monitors were recruited from among ordinary women and included employees of the Bank. As this initiative suggests, the Bank is going beyond the provision of conventional banking services and working in many ways to support the product development and other activities of its customers.

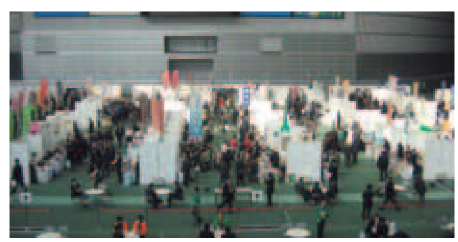
Resona DE Monitor meeting in progress

■ Saitama Resona Bank

Conducting Many Activities in Cooperation with the Community

In January 2012, Saitama Resona Bank, working together with the Saitama Industrial Development Corporation, Saitama Prefecture, and other interests, jointly sponsored "Business Arena 2012", one of the largest industrial exhibitions in Japan aimed at assisting SMEs in securing orders for their products, raising the level of their technology, and accomplishing other business objectives.

In February 2012, Saitama Resona Bank also sponsored, jointly with Saitama Prefecture, the "Agriculture and Food Exhibition and Business Fair 2012." The objective of this event was to contribute to expanding business opportunities for agricultural and food product companies in Saitama, including disseminating publicity related to Saitama food products and expanding sales channels. The theme "Saitama—A Supply Base for Food Products" was emphasized to 2,632 attendants, the potential buyers from the Tokyo metropolitan area.



The Agriculture and Food Exhibition and Business Fair

■ The Kinki Osaka Bank

Second SAKAI Environmental Business Fair Held

The Second SAKAI Environment Business Fair was held together with Sakai City (Osaka Prefecture), aiming to be a "Cool City" and an environmental model city, and the "SAKAI Eco-Finance Supporters Club", the organizing initiatives of The Kinki Osaka Bank, Resona Bank, and two other financial institutions.

A total of 47 companies and organizations presented exhibits, and 670 business meetings were held at the fair, for the business matching under the key word of "environment". Activities at the fair also included opportunities for business teleconferencing with companies located in Aomori Prefecture and an eco-car test driving event. The fair was declared a great success, with about 1,200 persons attending.

Second SAKAI Environmental Business Fair

Efforts for Normalization*

■ The Resona Group

Preparation of a New Group CSR Policy

Resona Group banks have introduced “Priority ATMs” from June 2011 and “Priority Seats” from January 2012 at all their branches as part of the activities toward normalization. The ATMs and seats allow customers using a wheelchair, the elderly, and pregnant women, etc. to preferentially use services. The Resona Group will continue to create branch offices where all customers can feel comfortable and have access to helpful and pleasant services.

* Efforts for normalization are the activities by the Group aiming to enable all customers, including the disabled, the elderly, and pregnant women, to use our branches at ease and enjoy our convenient services.

Priority ATMs

Priority seats

Activities for Children—The Leaders of the Next Generation

■ The Resona Group

“Resona Kids’ Academy 2011” Financial and Economic Course Held

“The Resona Kids’ Money Academy” financial program has become a regular summer event for the Resona Group. In fiscal 2011, as in previous years, the events were held 163 times and was attended by about 2,500 children. Participants learned about the importance of money and having an occupation through quizzes, games, and tours of bank offices. In addition, in cooperation with regional companies and organizations, seminars with additional content related to the “environment,” “food,” and “societies that are gentle to people” were also held. Now in its seventh year, the Kids’ Money Academy has expanded significantly in scale and content.

“Economics Koshien” Tournaments Held in Saitama, Kanto, and Kansai

The Resona Group, together with the NPO Association for the Promotion of Financial Literacy, sponsored the “Sixth Economics Koshien*,” the financial and economic quiz championship for high school students in Saitama, Kanto, and Kansai areas. A total of about 130 high school students participated in the three regional tournaments, and, after heated sessions to test their knowledge and intellectual capabilities, one team was selected as the winner in each of the three regions, and the three teams moved on to the national tournament. As this initiative suggests, the Resona Group is fulfilling its role as a financial institution living and working in local communities and helping to train the next generation.

* Named after the Koshien high school baseball tournament, which is held annually.

Saitama Tournament (Sponsored by Saitama Resona Bank)

Kanto Tournament (Sponsored by Resona Bank)

Kansai Tournament (Sponsored by The Kinki Osaka Bank and Resona Bank)

Environmental Initiatives

■ **Resona Group**

Initiatives for Electric Power Conservation

The Resona Group works on reduction of electricity usage on a year-round basis by using air-conditioning systems set at temperature levels that conserve energy, reducing the usage of lights, and taking other measures.

To raise awareness among employees of environmental issues as well as the need of reducing electricity usage and encouraging employees to return home early without working overtime, Resona Bank and Saitama Resona Bank set the third Wednesday of every month as "Resona Environment Day", and The Kinki Osaka Bank set the 16th of every month as "Stop Global Warming Day".

To substantially strengthen their environmental initiatives, the banks of the Resona Group have obtained ISO14001 certification for their environmental management at their Head Office buildings.

■ **Resona Bank**

Participating in Regional Environmental Initiatives

Resona Bank contributes to regional environmental initiatives through the participation of volunteers in local cleanup activities and through other activities.

The "Shushutto Arakawa Soujishitai" (Let's Clean Arakawa River) aims to restore nature by cleaning waste from the riverbank.

Employees of The Kinki Osaka Bank and Resona Research Institute participate as volunteers in the "Bridge Brush-Up Campaign" sponsored by the Chuo Ward Office of Osaka City.

■ **Saitama Resona Bank and The Kinki Osaka Bank**

Initiatives to Maintain and Plant Forests

Saitama Resona Bank has engaged in activities to grow forests in cooperation with Nagatoro-machi, Saitama Prefecture since fiscal 2010. In November 2010, participants, including officers and employees of the Bank and their families, planted 400 trees, such as acer palmatum (maple) in the Mt. Hodosan area of Nagatoro-machi. To protect and nurture the growth of these trees, Bank volunteers have cut and cleared away the weeds in this area each year since fiscal 2011.

Saitama Prefecture is actively engaged in environmental protection projects, such as the "Greenery and River Revitalization" project and the "Eco-Town Project." Saitama Resona Bank, as a local financial institution, engages in various activities with the aim of handing down a bountiful environment to future generations.

The Kinki Osaka Bank is engaged in a project entitled "The Kinki Osaka Bank Forest" in the Katano City area, based on the adopted forest system* of Osaka Prefecture. In May 2012, as part of training activities, 84 of the Bank's new employees participated in clearing weeds and thinning of some timber in the forest, planted a total of 89 trees and bushes, including cherry trees and azalea bushes. Through these activities, the Bank intends to continue to contribute to the preservation of the environment and biodiversity in undeveloped woodlands near urban areas.

* Under this system, Osaka Prefecture acts as the intermediary between owners of forestland and businesses (corporations, etc.) and promotes the growing of forests.

Saitama Resona Bank forest-growing activities

The Kinki Osaka Bank's forest-growing activities

CORPORATE GOVERNANCE

The Fundamental Approach to Corporate Governance

The Resona Group has never lost sight of the significance of the public fund injection the Resona Bank received in June 2003. Exerting our capabilities as a financial mediator and consulting institution, we strive to realize excellent corporate governance in order to meet the expectations of stakeholders and society have of us as a bank by cultivating soundness and user-friendliness.

Resona Holdings became the first Japanese banking institution to adopt the Committees Governance Model. We have separated management oversight and operation functions, shifting certain responsibilities to the executive officers to enable quick decision making while bolstering the Board of Directors' supervisory function. We increased management transparency and objectivity by appointing a majority of independent directors not only to the Nominating Committee, Audit Committee, and Compensation Committee, but also to the Board of Directors in the interest of realizing highly transparent as well as sound and efficient management.

In addition, all Group banks, which are wholly owned subsidiaries of the Company, shifted to a company with auditors structure. By unifying their basic approach to corporate governance, the members of the Resona Group have further strengthened corporate governance at all Group banks in line with the aim of ensuring and enhancing autonomous management at each bank.

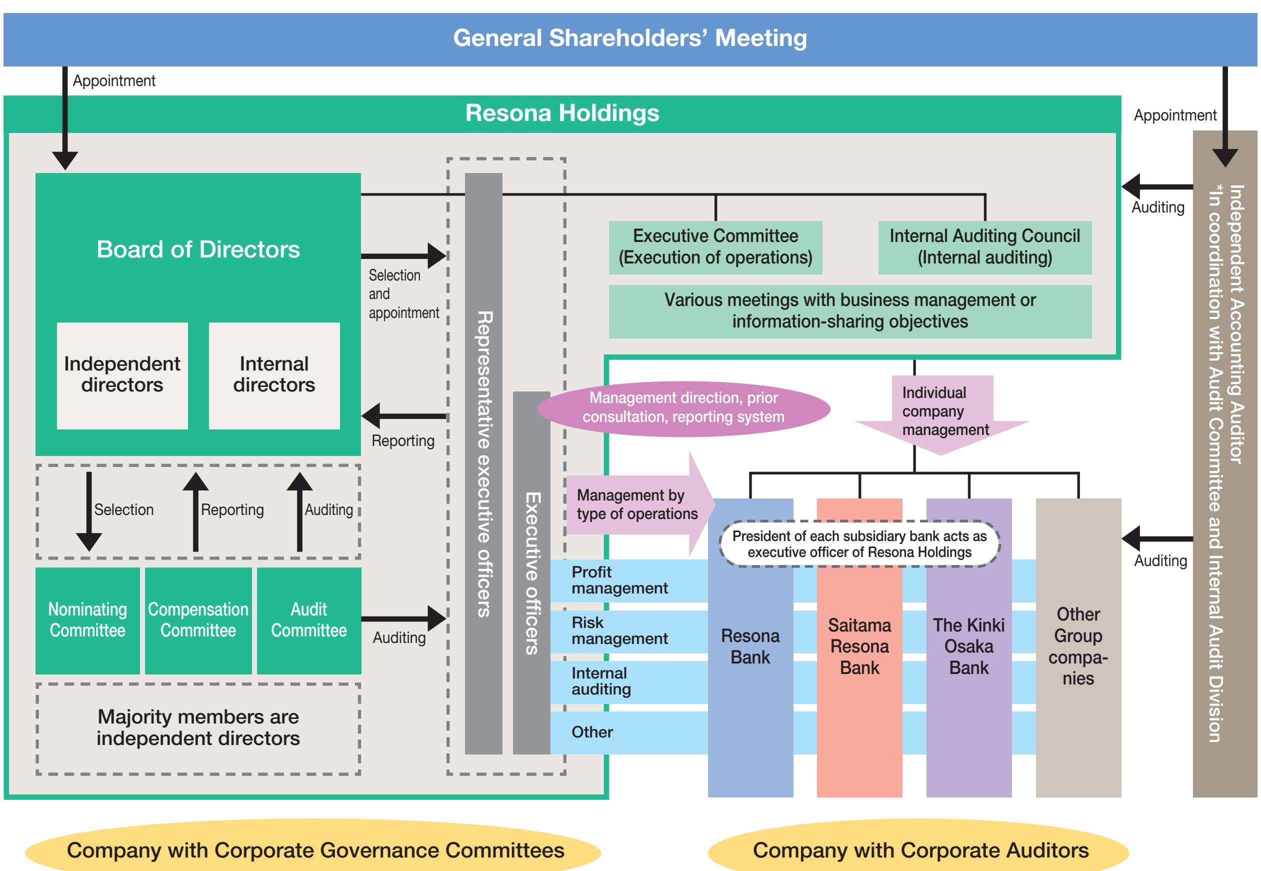
Toward the full repayment of public funds, we will work to maintain the soundness of the current management structure and promote corporate management in line with the Resona Group Corporate Mission, thereby maximizing our corporate value.

Activities at Resona Holdings

Board of Directors

The Board of Directors, with ten directors, six of whom are independent directors, fully ensures that management employs thorough discussion in making decisions about the Group's important management issues and supervising the execution of business activities by executive officers and directors. One of the unique features of the

[Group Corporate Governance Framework]



Committees Governance Model is that, while the Board of Directors makes decisions regarding important management issues and supervises the execution of operations, clearly defined roles give executive officers responsibility for the execution of operations, thus strengthening the Board of Directors' supervisory function and accelerating the execution of operations. In fiscal 2011, the Board of Directors met 15 times. In June 2005, a system was adopted under which the presidents of all subsidiary banks became executive officers of Resona Holdings, and steps are being taken to enhance the supervisory functions of the holding company vis-à-vis subsidiary banks.

Nominating Committee

The Nominating Committee comprises three directors, including two independent directors, one of whom chairs the committee. The committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the General Meeting of Shareholders, based on the specific qualities that the Group should seek in its directors as well as the Standards for Election of Candidates for Outside Directors, both of which have been discussed and decided at the committee's meetings. In fiscal 2011, the committee met five times. Please note that, to accelerate the Group's management reforms and attain sustained increases in corporate value, the Nominating Committee introduced a succession plan in June 2007, which serves as a mechanism to ensure that the most appropriate candidates are selected to fill top management roles and responsibilities.

Audit Committee

The Audit Committee comprises three directors, including two independent directors, one of whom chairs the committee. In addition to auditing the execution of operations by executive officers and directors, the committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors. In addition, the committee works with the Internal Audit Division, Compliance Division, Risk Management Division, Financial Accounting Division, and other internal control related divisions to supervise and verify internal control systems and make the necessary responses, urging executive officers and other responsible persons to make necessary improvements. This committee met 14 times in fiscal 2011.

Compensation Committee

The Compensation Committee comprises three directors, including two independent directors, one of whom chairs the committee. The committee makes decisions regarding policies for compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals. In addition, the committee considers the role a director compensation system should play in enhancing the Group's corporate value. In fiscal 2011, the committee met four times. Please note that the committee chose to eliminate the directors' retirement benefit system in fiscal 2004 and introduced a performance-based compensation system. In fiscal 2010, the committee introduced a stock purchase based compensation system.

Executive Committee

Resona Holdings has set up an Executive Committee as a body to deliberate and report on generally important management items and important matters in the execution of operations to support the decision-making process in the execution of operations. The Executive Committee consists of representative executive officers as well as executive officers and employs serious debate to ensure the transparency of decisions regarding significant management issues. In fiscal 2011, this committee met 40 times.

Internal Auditing Council

As a body to deliberate and report on important matters related to internal audits, Resona Holdings has established an Internal Auditing Council that is independent from the Executive Committee, which serves as a body for the execution of operations. The council is composed of all representative executive officers, the executive officer in charge of the Internal Audit Division, and a general manager of the Internal Audit Division. Contents of deliberations and reports are reported to the Board of Directors and the Audit Committee.

The council met 15 times in fiscal 2011 and, in addition to discussing the internal auditing plan, it reported on the results of internal audits.

Management Supervision of Group Companies

Resona Holdings, as the Group holding company, supervises the management of its subsidiary banks and other Group companies, with the objective of raising corporate value. The Company has established a system for managing and controlling Group companies, clearly identifying items for which prior discussion with Resona Holdings is necessary and items that require reporting.

Subsidiaries' Corporate Governance Systems

Subsidiary banks, which are managed as Group members by Resona Holdings, work together to raise corporate value.

The Board of Directors, which includes independent directors, fully ensures that management employs thorough discussion in making decisions regarding the execution of operations and supervises the execution of operations by directors and executive officers.

The Corporate Auditors Meeting, which comprises the corporate auditors, was established to carry out solid auditing functions in the subsidiary banks' operations.

In addition to this are the Executive Committee, a body that deliberates generally important issues related to management as well as important issues related to the execution of operations; the Credit Committee, which deliberates important items related to credit operations; and the Audit Committee, which deliberates important themes related to internal auditing.

Internal Control

Basic Stance

The Resona 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, we aim to become a "smart" and customer-friendly "True Retail Bank Group."

Moving toward the attainment of these business goals, Resona is working to secure greater efficacy and efficiency in its operations and to clarify processes related to compliance in its business activities. We are aiming to construct internal control systems befitting the Resona Group—systems that are understood and followed by the entire Group.

Basic Policy

To enhance corporate value, the Resona Group has established a basic policy on internal control, which has been passed by the Board of Directors, to realize an internal control system that is appropriate for the Group.

Status of Internal Control Systems

In accordance with its basic policy in Group internal control systems, the Resona Group is striving to ensure the efficacy of its internal control systems through appropriate development and operations of all internal control systems, including the Internal Auditing System, the Compliance System, and the Risk Management System.

Other Matters Related to Corporate Governance

Aiming for sustained improvements in corporate value, the Group introduced a succession plan in June 2007 that serves as a mechanism to ensure the successions of the top management roles and responsibilities and secure the transparency of the process of selecting and nurturing directors.

The scope of the succession plan covers various candidates, from those who are candidates for the next generation of top leadership to those who are new candidates for directorships. The process of selection and nurturing successors is carried out steadily according to a schedule, matching qualified candidates to the appropriate rank. The Group retains the objectivity of this process by drawing on the advice of external consultants. Evaluations of candidates undergoing the process are reported to the Nominating Committee. In addition to receiving reports on candidate evaluations, members of the Nominating Committee come into direct contact with candidates as part of the process, evaluating candidates' characters from various aspects.

The activities of the Nominating Committee are reported to the Board of Directors, of which outside directors are the majority, and are discussed from diverse perspectives. Through the entire process, which is highly transparent, each potential director's capabilities and competencies are closely studied and enhanced where appropriate.

In addition, Resona Holdings has set forth seven competencies that define the ideal candidate for the position of director. By ensuring that the directors in the Nominating Committee as well as the other directors share common ideals regarding candidates, the Company clarifies standards for the evaluation and nurturing of successors and thereby aims to realize impartiality during the entire process.

Independent Directors

Tsutomu Okuda
Chairman and CEO of J. FRONT RETAILING Co., Ltd. — Time in current position: Six years

Area(s) of Responsibility
Chairperson, Compensation Committee
Independent Director

Statements at Directors' Meetings and on Other Occasions
With his experience as a chief executive officer in the retail industry, Mr. Okuda brings to the Board of Directors and other committees new ideas, opinions, and advice, focusing particularly on marketing strategy and the promotion of business management innovation.

Message to Stakeholders
The Resona Group is seeking to adapt to the changing times and become a true retail bank. It will grow as it works to maintain good communication with its stakeholders, which include customers, shareholders, employees, and members of regional communities as it strives to make a profit and continue to increase its corporate value.

Shusai Nagai
Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School — Time in current position: Six years

Area(s) of Responsibility
Chairperson, Audit Committee
Independent Director

Statements at Directors' Meetings and on Other Occasions
As a specialist in the field of finance with a wealth of knowledge and experience, Mr. Nagai brings to the Board of Directors and other committees his invaluable opinions and advice across a wide spectrum of areas, focusing particularly on integrated risk and earnings management.

Message to Stakeholders
I am supervising the conduct of management based on my mandate from investors and working to increase the Company's corporate value in the medium-to-long term. Based on my experience in a private-sector bank, I am monitoring integrated risk management and earning management primarily. I want the Resona Group to be a corporate group that is truly useful to its customers and contributes to society.

Emi Osono
Professor of Hitotsubashi University Graduate School of International Corporate Strategy — Time in current position: One year

Area(s) of Responsibility
Member, Nominating Committee
Independent Director

Statements at Directors' Meetings and on Other Occasions
As a specialist in the field of corporate management with a wealth of knowledge and experience, Ms. Osono brings to the Board of Directors and other committees invaluable insight and advice spanning a wide spectrum of areas but focusing particularly on management strategy and organizational reforms.

Message to Stakeholders
In my role as an independent director, I ask myself the following questions over and over. Are the self-reform activities of the Resona Group, which is aiming to be a financial service company, responding to what customers really want? All these activities attaining a superior level that customers will sense are different from other financial institutions? Are the management and employees working together for the shared goal?

Toshio Arima
Chairman of the Board, Global Compact Japan Network — Time in current position: One year

Area(s) of Responsibility
Chairperson, Nominating Committee
Independent Director

Statements at Directors' Meetings and on Other Occasions
Mr. Arima brings to the Board of Directors and other committees his invaluable opinions and advice across a wide spectrum of areas, focusing on customer service and corporate social responsibility. He draws on concept-building capabilities and experience that he has nurtured through his service as the manager of manufacturing and sales businesses.

Message to Stakeholders
As an independent director coming from the IT industry and with a background in manufacturing and marketing, in addition to guiding directions and making judgments at the management level, I want to fulfill my mission by looking at issues and making suggestions from a broad perspective. This includes such issues as organizational operation, personnel training and selection, markets and customers, the use of IT, and the social mission of corporations.

Yoko Sanuki
Representative of NS Law Office — Time in current position: Since June 22, 2012

Area(s) of Responsibility
Member, Audit Committee
Independent Director

Statements at Directors' Meetings and on Other Occasions
Based on her knowledge and experience as an expert in law, Ms. Sanuki is expected to proactively bring to the Board of Directors and other committees sound opinions and advice, especially from the perspective of legal risk and customer service.

Message to Stakeholders
We cannot deny that the duties of independent directors are somewhat abstract and that their accomplishments may not be visible. I am always searching for ways to fulfill our mission. First, I have to read the materials the Company provides, and I think we have to build relationships of constructive mutual tension with the executive departments through discussion in the Board of Directors and other meetings.

Yasuhiro Maehara
Professor, School of International and Public Policy, Hitotsubashi University — Time in current position: Since June 22, 2012

Area(s) of Responsibility
Member, Compensation Committee
Independent Director

Statements at Directors' Meetings and on Other Occasions
As an expert in finance, Mr. Maehara is expected to proactively bring to the Board of Directors and other committees sound opinions and advice, especially from the perspective of financial markets and risk management, based on his extensive knowledge and experience.

Message to Stakeholders
As the trends toward globalization and demographic aging of the population become significantly more pronounced, it has become even more important than before in finance to secure trust. With this basic awareness, I would like to devote my efforts to establishing the "Resona Style" through stronger corporate governance.

Note: For periods of service of less than one month between the appointment of outside directors and July 1, 2012, the time in the current position has been rounded off.

(As of July 1, 2012)

COMPLIANCE SYSTEMS

The Resona Group is strongly aware of the responsibilities of financial institutions to society and to acting in the public interest. Under its basic principles of compliance, the Group defines compliance as the strict observance not only of laws and regulations but also social norms to strengthen the trust placed in the Group by society at large. Therefore, the Resona Group has positioned compliance as a key management issue and is working to implement effectively and enhance the compliance systems of the Group as a whole.

Basic Activities

The Resona Group has established its *Corporate Mission*, which forms the basis for the judgments and behavior of directors and employees; the *Resona Way* (the Resona Group Corporate Promises), which outlines the basic stance, based on the *Corporate Mission*, that directors and employees should take toward all Group stakeholders; and the *Resona Standards* (the Resona Group's Behavior Guidelines), specific guidelines about behavior expected from directors and employees under the *Corporate Mission* and the *Resona Way*. The *Corporate Mission,* the *Resona Way,* and the *Resona Standards* are applied uniformly across Group companies.

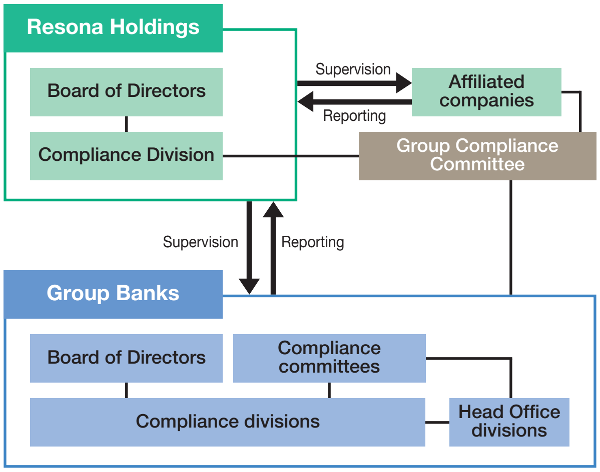
The introduction to the *Resona Standards* is "Aiming to Be a Good Company," a message from the chairman of Resona Holdings. It takes a clear stance on compliance at the Resona Group, stating that corporate ethics must be improved, and identifies the most important issues as 1) what the company can do for society as a member of society and 2) continuing to be a company that practices compliance.

Moreover, Resona Holdings and the Group banks have prepared a *Basic Compliance Policy*, which makes clear, from a compliance point of view, the roles of directors and employees as well as a basic framework for organizational systems based on the *Corporate Mission* and other statements. To put compliance into practice, we have also prepared a *Compliance Manual* that is distributed to all employees.

Group Management Systems

Group Compliance Management Systems

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems Groupwide. Resona Holdings, Group banks, and affiliated companies all have members on the Group Compliance Committee, which discusses and evaluates all issues related to Group compliance.



Systems for Protecting Group Customers

These days, amid such challenging developments as increasing investment needs from customers, the sophistication of information management required of businesses, and the development of such laws as the Act on the Protection of Personal Information and the Financial Instruments and Exchange Law, financial institutions must strive to provide customers with proper responses and improve user-friendliness, working harder than ever before to ensure that customers can use their services with peace of mind. Therefore, Resona Holdings and Group banks are working energetically to make improvements to their explanations to customers, responses to customer inquiries and complaints, the management of customer information, the management of outsourcers to which they have consigned operations, the management of conflicting interests in banking transactions on the part of Group banks and their customers, and other areas related to providing better responses and user-friendliness for customers.

Specifically, we have clearly defined the departments and individuals responsible for improving responses to and user-friendliness for customers. The Group Compliance Committee, of which these responsible divisions and individuals are members, discusses and deliberates initiatives for raising customer trust and improving user-friendliness.

Compliance Programs

The members of the Resona Group have prepared compliance programs for putting guidelines into everyday action that follow policies indicated by Resona Holdings. Progress reports on compliance matters are made periodically to the boards of directors of Group member companies, and Group companies undertake activities on their own initiative to systematically strengthen compliance systems.

Compliance Advisory Resources

Resona Legal Counsel Hotline and Resona Compliance Hotline

We recognize an understanding of the issues and clear communication among all employees are essential to a strong compliance system; therefore, we have established Group compliance advice and reporting systems using the Resona Legal Counsel Hotline and the Resona Compliance Hotline.

Moving forward, we will make continuous efforts to ensure that the systems take root while working to detect compliance issues early and create a transparent corporate culture.

In accordance with the Whistleblower Protection Act, which went into effect in April 2006, we endeavor to protect whistleblowers with the previously mentioned hotlines as well as establish rules for internal reporting at Resona Holdings and all other Group companies.

Resona Accounting Audit Hotline

Resona Holdings has established the Resona Accounting Audit Hotline for reporting fraudulent or improper processing related to accounting or accounting-related internal controls and internal audits.

Management of Customer Information

The protection of customer information is one of the most important factors in enabling customers to use the Resona Group with peace of mind. We strive to properly manage information in compliance with the Act on the Protection of Personal Information by publicizing the Promise to Protect Personal Information of All Group Companies, establishing a framework for protecting against leaks or the loss of personal information, and conducting ongoing and thorough employee education.

Elimination of Anti-Social Forces

The Resona Group believes that preventing and eradicating transactions with anti-social forces are critically important to its public mission and social responsibility as a financial institution. Our basic approach is not to engage in transactions with anti-social forces and to prevent them from intervening in transactions with customers through the corporate activities of Resona Holdings and Group companies.

The Resona Group has designated its compliance divisions as the departments responsible for countering anti-social forces and has set specific internal rules and regulations, as well as providing ongoing training and education on these compliance issues for directors and employees. To prevent and nullify transactions with anti-social forces, we have formed cooperative relationships with law-enforcement agencies, law firms, and other professional organizations.

Moreover, when commencing transactions with customers, we have the customers affirm and declare that they are not currently linked with anti-social forces and will not be so linked at any time in the future. If this affirmation should be violated, all Resona Group banks have introduced an “Anti-Social Force Clause” in their contracts that provides the legal basis for suspending transactions with such parties. Through these initiatives, the Group is strengthening its activities to prevent transactions with anti-social forces.

RISK MANAGEMENT SYSTEMS

RISK MANAGEMENT SYSTEMS

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the injection of public funds in June 2003 caused the people of Japan, our customers, and other stakeholders. Consequently, we have established the risk management principles below to enhance our risk management systems and methods as well as risk control. Resona Holdings and other Resona Group companies conduct their risk management activities with an eye to securing the soundness of operations and enhancing profitability.

1. We will not assume levels of risk in excess of our economic capital.
2. We will deal promptly with losses that we have incurred or expect to incur.
3. We will take risks appropriate for our earnings power.

Risk Management Policies and Systems

Resona Holdings has established the *Group Risk Management Policy* that serves as the Group's basic risk management policy.

Based on the *Group Risk Management Policy*, each Group bank has established its own risk management policy that is tailored to its operations, unique characteristics, and the risks it must address. The risk management policies of Resona Holdings and Group banks create a basic framework for managing risk by defining the types of risk that must be managed and establishing organizations or systems that manage risk.

Resona Holdings and Group banks have established risk management departments for managing different types of risk, along with a Risk Management Division, to integrate the management and control of all types of risk. Principal risk categories are outlined below, and each risk is managed using a method that is tailored to its characteristics.

Principal Group companies, other than the banks, have also established risk management policies that are tailored to their own operations, special characteristics, and risks. In addition to establishing risk management systems and frameworks, these policies establish guidelines for avoiding risks outside their fundamental business areas. These Group companies have also established risk management departments for managing different categories of risk and risk management divisions for comprehensive risk management.

Risk Category	Definition	Risk Management Methods
		Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, etc.)
Credit risk	Risk of losses that arises when the value of assets (including off balance sheet assets) declines or is destroyed as a result of the deterioration of the financial position of obligors	Setting risk limits, credit rating system, portfolio management, credit analysis and management, etc.
Market risk	Risk of losses that may occur when the price of assets and liabilities (including off balance sheet assets and liabilities) change because of fluctuations in market risk factors, including interest rates, foreign currency exchange rates, and stock prices	Setting risk limits, setting loss limits, setting position limits, etc.
Liquidity risk	Risk of losses that may occur when a party has difficulty in raising the necessary funds or is forced to raise such funds at higher than normal rates	Recognition of liquidity emergencies, response system for emergencies, guidelines for liquidity risk management indicators, etc.
Operational risk	Risk of losses that may occur when internal processes, personnel, and/or systems function improperly or fail to function and when external factors result in such losses	Control self-assessments (CSAs), analysis of loss data, etc.
Processing risk	Risk of losses that may occur when management and/or staff fail to perform processing work accurately and when they cause accidents or commit fraud	Improvements in business processes, training and education, guidance for clerical operations, etc.
Systems risk	Risk of losses that may occur when computer systems are down or perform improperly and when fraud occurs	Control through systems risk management standards, preparation of contingency plans, etc.
Legal and compliance risks	Risk of losses that may occur when legal regulations and contracts are violated and when fraudulent contracts are concluded	Compliance checks, improvements through compliance programs, etc.
Trust asset management risk	Risk of losses that may occur when a trustee fails to fulfill his/her fiduciary responsibilities and does not exercise the due care expected of a prudent manager and, as a result, the trust assets are lost or otherwise impaired and compensation must be provided to the owners of the assets	Improvement in business processes, training and education, guidance for clerical operations, etc.
Other operational risk	Risk of losses that may occur when tangible assets are damaged or destroyed as a result of natural disasters, fires, or other contingencies and the risk of losses resulting from external criminal activities that cause losses to clients and must be compensated	Improvements in facilities to minimize risks of natural disasters and financial crime by outsiders, strengthening procedures, etc.
Reputational risk	Risk of losses that may occur when reports in the media, rumors, false information, and unfounded reports have a detrimental effect on a company's reputation	Dissemination of timely and appropriate information, monitoring of media, etc., preparation of crisis management systems.

Group Management by Resona Holdings

Resona Holdings provides common guidance and direction to all Group companies regarding risk management policies, standards, and systems.

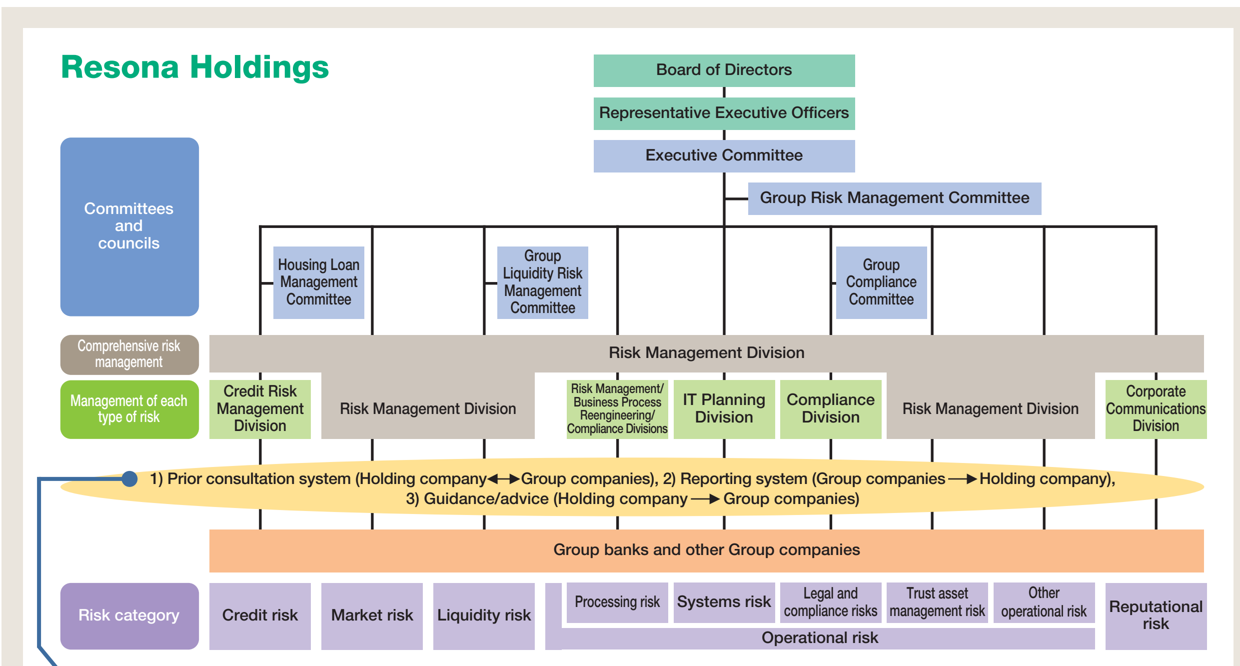
The Group management framework requires that Group companies confer with Resona Holdings in advance of making decisions on important matters related to risk management and base their decisions on those consultations.

In addition to providing direction to Group companies regarding risk management policies as well as rules, standards, and systems, Resona Holdings verifies risk management policies, rules, standards, and systems at all Group companies through prior consultation, thus controlling the Group risk management framework.

Furthermore, Resona Holdings controls risk taking by Group companies by requiring prior discussion of their limits and guidelines. Group companies must make reports to Resona Holdings regarding the risk conditions and their management on a regular and as-needed basis so that the holding company can provide guidance and direction as necessary.

As shown by the chart below, we have formed risk management divisions within Resona Holdings for managing each type of risk on a Groupwide basis.

[Group Risk Management Systems in Outline]



Resona Holdings Group Management Framework	
1) Prior discussion system	Group companies must engage in prior discussion with Resona Holdings in the situations listed below. • When establishing or revising important risk management policies or rules • When establishing all types of risk-related limits and guidelines • When making decisions about other important risk management matters
2) Reporting system	• All Group companies must make periodic reports to Resona Holdings regarding the status of risks and risk management. • Reports are made as needed, for example, when critical risk management issues arise.
3) Guidance and advice	• Resona Holdings presents such Groupwide risk management items as policies, standards, and systems to all Group companies. • Resona Holdings provides individual guidance and advice as necessary, based on reports from Group companies.

COMPREHENSIVE RISK MANAGEMENT

Basic Approach to Comprehensive Risk Management

Comprehensive risk management measures and controls differing kinds of risk from an overall perspective, and its objective is to maintain the sound management of the Resona Group as a whole. To secure such sound management, the fundamental approach is to manage operations so as to maintain major types of risk within the limits of core capital.

Comprehensive Risk Management Systems

Comprehensive risk management divisions have been formed within Resona Holdings and the Group banks, and each of these divisions is responsible for comprehensive risk management of the Group and the banks, respectively.

All Group banks measure the volume of credit risk, market risk, and operational risk using the risk management indicator value at risk (VaR*) and establish risk limits (make risk capital allocations) on these types of risk. Risk management is conducted to control risk within these established limits.

When the Group banks set their risk limits, Resona Holdings holds prior consultation with each bank and verifies the details of the limits to be established to confirm the soundness of the Group as a whole. In addition, Resona Holdings receives periodic reports from the Group banks regarding the status of risk management and confirms the status of comprehensive risk management of the Group.

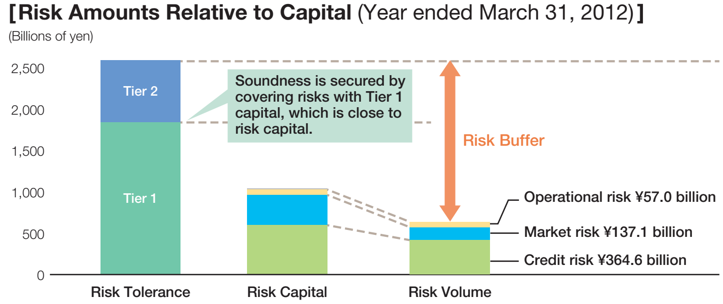
In addition, although the Resona Group is constantly working to improve the quality of risk measurement through various means, including the application of the VaR method, there are risks that cannot be quantified by statistical risk management methods. Based on this fact, Resona Holdings and Group banks strive to study and understand the incompleteness and specific weak points of the VaR method, thereby assessing and recognizing the impact of such limitations of their risk measurement. For risks that cannot be identified or quantified by the VaR method, Resona Holdings conducts qualitative assessment through various stress-testing and the use of risk-assessment mapping. In this way, Resona Holdings aims to enhance the quality of its comprehensive risk management.

* VaR, or value at risk, is a risk management indicator that is calculated using statistical methods to measure the maximum loss that may occur with a specified confidence interval (probability) and over a specified period.

[Resona Group's Allocation of Risk Capital (Establishment of Risk Limits)**]**

- Primary risks (credit risk, market risk (including equity investments), and operational risk) are controlled within the scope of Tier 1 capital.
- Sufficient risk buffers in the form of the remainder of Tier 1 and Tier 2 are provided against the risk volume assumed under a stress test or the risks that are difficult to measure.

[Risk Amounts Relative to Capital (Year ended March 31, 2012)**]**



The adequacy of capital is assessed on the basis of management of the capital adequacy ratio and comprehensive risk management.

Assumptions for measuring the VaR

■ Confidence interval 99%

* A 99.9% level is used as an auxiliary risk amount under stress conditions.

■ Holding period
Credit risk: 1 year
Market risk: 10 days to six months, depending on the nature of assets
Operational risk: 1 year

* Risk tolerance has been adjusted to capital (Tier 1 and Tier 2) for internal management purposes.

CREDIT RISK MANAGEMENT

Basic Approach to Credit Risk Management

We define credit risk as "a risk that arises when the value of assets declines or is destroyed as a result of the deterioration of the financial position of obligors."

The Resona Group manages credit risk by maintaining appropriate earnings in relation to credit costs by accumulating sound and profitable assets through appropriate credit analysis and management. At the same time, by promoting the thorough distribution of risk through accurate credit portfolio management and controlling the amount of credit risk within appropriate limits, we aim to maintain the soundness of our operations.

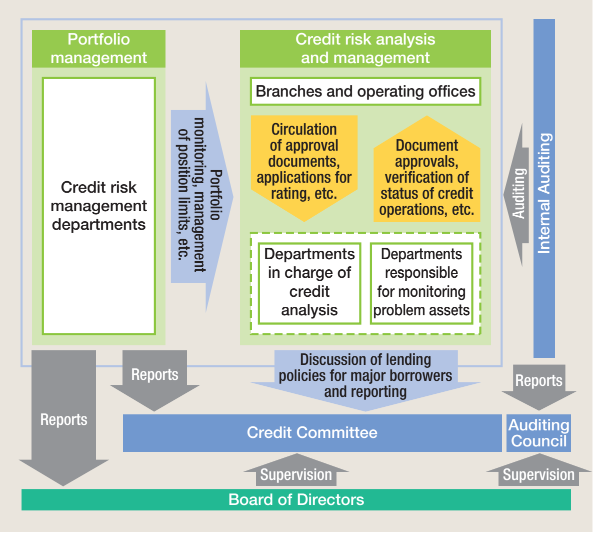
Positioning credit risk management as one of the most important management issues, Resona Holdings has formulated the *Group Risk Management Policy*. Based on this policy, the Resona Group establishes and upgrades its credit risk management systems and relevant procedures.

Credit Risk Management Frameworks and Systems

The Credit Risk Management Division is in charge of managing credit risk at Resona Holdings. This division collects information relating to credit and other risks from all Resona Group banks and controls credit risk management in the Resona Group while coordinating relevant activities through effective planning and strategy formulation. When the division identifies credit risk management issues through its operations, it collaborates with the Risk Management Division in charge of comprehensive risk management within the entire Group, on an as-required basis, to make appropriate responses, such as instructing relevant Resona Group banks and divisions to solve the issues. In addition, the Credit Risk Management Division, regularly or on an as-required basis, monitors the status of Groupwide credit risk and Group banks' management. The results of such monitoring are reported to the management of Resona Holdings through the Executive Committee and other relevant committees. Please note that for housing loans, which account for a high percentage of the loan portfolio, the Groupwide Housing Loan Management Committee meets periodically, with the objective of enhancing the sophistication of credit risk management.

With the aim of complementing the aforementioned Groupwide structure and systems, Resona Group banks have in place effective credit risk management frameworks and systems consistent with the nature of their credit risk management. Organizations responsible for credit risk management at Resona Group banks are credit committees and credit risk management-related departments, which include divisions responsible for credit risk management, credit analysis, and administration of problem loans.

[Credit Risk Management System of the Resona Group Banks]



Credit Policy

The Resona Group, reflecting upon its experience of receiving a capital infusion with public funds, has established a unified *Group Credit Policy*, which lays out a standard set of basic principles for credit management for the Group as a whole. The Credit Policy describes in detail principles and rules for credit operations with the objective of building a sound portfolio of loans to SMEs and individuals that is well diversified and yielding appropriate returns. *Group Credit Policy* is frequently referred to in the daily operating procedures as well as on the occasions of internal training.

Outline of Procedures for Credit Risk Management

■ Identification and Assessment of Credit Risk

To accurately assess and measure credit risk, each Group bank assigns a credit rating to every obligor and reviews this rating at least once a year. Also, in cases where claims are past due or the business performance of obligors deteriorates, timely and appropriate reviews are conducted.

Moreover, to accurately assess and measure the credit risk of the Group's credit portfolio, Group companies make use of measures of exposure, the average credit loss amount, credit risk amounts, etc.

■ Monitoring of Credit Risk

Group banks monitor the credit risk standing of their customers by monitoring their fulfillment of contractual repayment schedules, their business performance, financial position, qualitative factors, and other indicators. Especially for customers to which the Resona Group has major credit exposure and may have a major impact on the Group's management, monitoring is carried out more strictly and on a continuing basis.

To monitor the credit risk of the Group's portfolio, related data is classified according to assigned credit rating, industry, region, and other criteria. Based on this classification, Group banks calculate credit risk exposure, average credit loss amount, credit risk amounts, and other indicators and follow carefully and analyze changes in credit risk, concentrations of credit risk, and risk versus return conditions.

■ Control and Mitigation of Credit Risk

When screening applications for credit, Group banks examine and gain a firm grasp of the applicant's financial position, uses of funds, resources for the repayment of obligations, and other related matters, and, then taking account of special risk characteristics or other issues, perform appropriate credit analyses.

To deal with concentrations of exposure to specific customers or groups of customers, in view of possible repercussions for the Resona Group's management, Group banks set credit limits, or credit ceilings, and adopt other measures to manage such circumstances.

When we determine that certain customers need to be given special attention because of deterioration in performance or other circumstances, Group banks make appropriate provisions for potential credit losses and immediately take steps to revitalize the customer's business activities and recover credit to keep losses to an absolute minimum. In addition, Group banks are taking active initiatives to reduce credit risk by working to make improvements in the management of customers' business operations through providing support in the form of management consultation, management guidance, and management improvement activities.

Internal Credit Ratings

Outline of Internal Credit Ratings

Resona Group banks assess the credit risk of their customers based on their financial position and other factors in accordance with established rules, assigning one of 12 notch ratings. These credit ratings reflect the obligor's credit risk standing, and they are used as one important criterion in making judgments regarding the extension of credit. Assignment of customers to the obligor classification is based on their credit ratings. Since necessary write-offs and loan loss reserves are estimated based on the results of self-assessments of asset quality, the internal credit rating system occupies an extremely important position as a basic indicator for self-assessments as well as write-offs and provision of loan loss reserves. Expected credit costs are calculated based on the probability of default for each credit rating category, and such estimated credit costs are used to measure and manage the profitability of individual customer accounts. As a result, the Group works to obtain earnings that are commensurate with the credit risk taken.

Various models used in such internal credit ratings are verified at least once a year by the Credit Risk Management Division for adequacy. The results of such verification are reported to the management of Resona Holdings, and these risk models are subject to review and revision on an as-required basis.

[Credit Rating Scale]

Obligor Ratings	Obligor Category		Definition
SA	Normal	Outstanding	Very high probability of meeting obligations; operations are stable
A		Superior	High probability of meeting obligations; operations are stable
B		Good	Sufficient probability of meeting obligations but, if the economy and business environment deteriorate substantially, there is a possibility this will have an effect on the obligor
C		Above average	There are no problems regarding the probability of meeting obligations, but, if the economy and the business environment deteriorate substantially, there is a possibility that the probability of meeting future obligations will decrease.
D		Average	There are no problems regarding the probability of meeting obligations for the time being, but, if the economy and business environment deteriorate substantially, there is a possibility that the probability of meeting future obligations will decrease.
E		Below average	There are no problems regarding the probability of meeting obligations at present, but there are elements of uncertainty regarding business performance and financial position, and, as a result of changes or other developments related to economic trends and the business environment, there is concern that problems may arise related to meeting future obligations.
F	Watch	Watch I	Business performance is weak or uncertain, and there are problems related to financial position and other matters; therefore, monitoring and attention are necessary going forward.
G		Watch II	Business performance is weak or uncertain, and there are problems related to financial position and other matters; therefore, close monitoring and attention are necessary going forward.
H		Special attention	Business performance is weak or uncertain, there are problems related to financial position and other matters regarding the obligor, and there are problems regarding lending conditions and meeting obligations.
I	Doubtful		At present, the obligor is not in bankruptcy but is experiencing management difficulties, the state of progress toward the implementation of management reform plans is not satisfactory, and, going forward, there is a strong possibility of bankruptcy.
J	Effectively Bankrupt		Although not, in fact, legally or formally, in bankruptcy, the obligor is effectively in bankruptcy, as it is recognized to be experiencing serious management difficulties, and there are no prospects for restructuring.
K	Bankrupt		The obligor is legally and formally in bankruptcy.

Outline of Rating Procedures

■ Corporate Exposures

For industrial corporations in general, business proprietorships, financial institutions, and others, the Group uses a rating model to assign credit scores based on the obligor's financial information. The Group decides on credit ratings based also on qualitative factors, ratings by external agencies, the credit condition of related parties, and, the most important, the most up-to-date information that can be collected. In the case of governments, regional governments and entities, and other obligors for which scoring based on rating models is not appropriate, ratings are assigned based on financial strengths, taking account of the special features of these entities.

■ Specialised Lending

In the case of non-recourse loans for which the nonexempt property is public infrastructure, tangible assets (such as ships and aircraft), and/or commercial real estate, such loans are divided into four types—project finance, object finance, commercial real estate lending, and highly volatile commercial real estate lending—and scoring models for each of these four types are applied. For all of these four types, indicators that are used as the basis for scoring include the loan to value (LTV) ratio (ratio of the loan exposure to the value of the assets) and the debt service coverage ratio (DSCR, the ratio of the annual interest and principal to be paid to net income). In addition, qualitative and other information, such as the viability of the underlying business activities and information on the nonexempt property, is also taken into account in deciding on ratings.

■ Retail Exposures

Exposure other than that outstanding to industrial corporations is divided into three categories—residential mortgage exposures, qualified revolving retail exposures, and other retail exposure. Exposures in each category that have similar risk characteristics are then organized into pools and risk management is conducted for each of these pools.

■ Equity Exposures

The Group banks employ the PD/LGD method*1 for calculating risk assets for their equity investments for relationship purposes (with the exception of those stocks for which other methods of calculation have been specified) and use the same method that is used in calculating exposure to industrial corporations to assign credit ratings.

■ Funds, Etc. (Equivalent Exposure Basis)

The Resona Group makes investments in equity investment trusts, bond investment trusts, and various types of other funds. In calculating risk assets for funds, the Group conducts a look-through (examination of the individual assets underlying these funds) and, in principle, uses the total amount of underlying individual credit risk assets to calculate its credit risk exposure. When the PD/LGD method is used to calculate the credit risk assets of the underlying assets through the conduct of a look-through, the credit rating is determined using a similar approach as applied to exposures to industrial corporations.

■ LGD (Loss Given Default) Ratings

The Resona Group adopts an LGD rating approach which assigns a rating to an individual credit. Together with the internal credit ratings, LGD ratings are used as criteria for decision making in the assessment of individual credit while being applied in the monitoring of overall profitability for each customer account as well as in credit portfolio management. Individual credits are assigned with a rating in accordance with their estimated collectibility as measured in LGD*2. A high rating indicates low LGD, representing high collectibility at loan default, while a low rating indicates high LGD, representing low collectibility.

■ Parameter Estimates

The Group banks estimate and verify the PD*3 for each internal credit rating category in accordance with the stipulation under the Notification on Capital Adequacy, based on their combined past data. For retail exposures, PD is estimated for each of the loan pools defined by the two banks. Such estimates are used in the calculation of the two banks' capital adequacy ratios. These parameters are also used for decision making concerning risk capital allocation and risk-adjusted asset management by major business lines.

*1 The PD/LGD method is a method used for calculating credit risk assets by taking account of PD and LGD for each credit rating category.
*2 LGD is the ratio of the loss at the time of default to the amount of exposure.
*3 PD is the probability of default of an obligor (in the case of a business corporation) in a certain credit rating category or the probability of default on a transaction that is part of a transactions pool (in the case of retail transactions) over a one-year period.

[Portfolio Classification and Internal Credit Ratings]

Asset Classification			Definition	Applicable Systems and Rules
Corporate Exposures	Corporate	Enterprises	Business with credit amount exceeding ¥100 million	Internal Credit and LGD Ratings
		Self-employed Individuals	Self-employed individuals with credit amount exceeding ¥100 million	Internal Credit and LGD Ratings
		Specialised Lending	Project finance, object finance, commercial real estate lending, and highly volatile commercial real estate lending	Internal Credit Ratings
	Sovereign		Central governments, central banks, government affiliated institutions, local public organizations, certain public corporations, credit guarantee corporations, international institutions, and others (Japan, overseas)	Internal Credit and LGD Ratings
	Financial Institution		Banks and securities companies (Japan, overseas)	Internal Credit and LGD Ratings
Retail Exposures	Residential Mortgage		Loans for individuals to acquire residential real estate	Rules for Retail Pool Management*
	Qualifying Revolving Loans		Unsecured card loans for individuals with a credit ceiling of less than ¥10 million	
	Other Retail Exposures		Retail exposures (excluding exposures to those who are self-employed) other than loans to acquire residential real estate and qualifying revolving loans Exposures other than the above having a credit amount less than ¥100 million	
Equity Exposures			Stocks held for relationship purposes	Internal Credit Ratings

* Internal credit ratings are applied to those enterprises classified as "other retail exposures."

Portfolio Management

Framework to Monitor and Eliminate Concentration Risks

Credit portfolio management, which involves management of the overall portfolio of loans and bills discounted, is one of the two pillars of credit risk management, with credit analysis and management being another pillar.

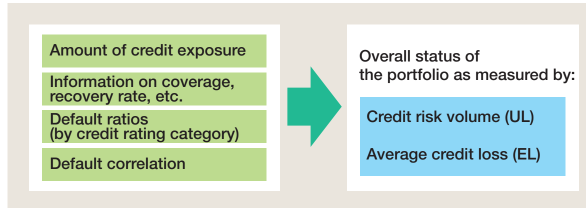
Excessive concentrations of loans and bills discounted to certain obligors resulted in substantial credit losses, and, in light of the Group banks' experience in receiving a capital infusion with public funds, it has implemented a credit ceiling system that prevents excessive concentration of risk. Under this system, Group banks established an upper limit based on their respective financial strength to prevent the total credits they extend to a single obligor from exceeding the ceiling. Adherence by subsidiary banks to their respective ceilings is monitored on a regular basis.

By analyzing the composition of our credit portfolio by such criteria as credit rating and industry classifications, we regularly monitor changes in the amount of credit exposure and credit costs as well as the state of risks and returns.

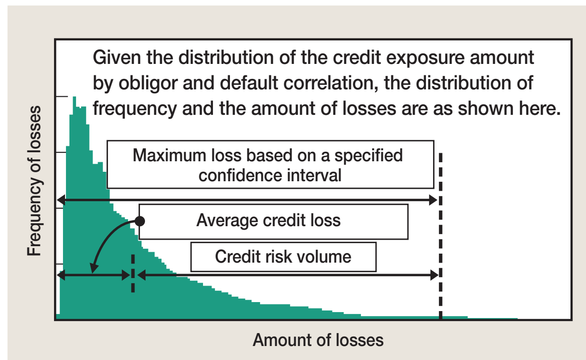
Quantifying and Establishing Limits for Credit Risk

The Resona Group calculates credit risk for its entire credit portfolio using a model to quantify credit risk, and this is used for internal control purposes. Specifically, using the credit amount, status of coverage, the ratio of recoveries, the default ratios by credit rating category, default correlations, and other data, the average credit loss (EL: expected loss) as well as the credit risk volume (UL: unexpected loss) are calculated, and limits are set on the volume of credit risk. The Resona Group controls quantified credit risk within this fixed limit.

[Calculation of Credit Risk Volume]



[General Image of the Distribution of Losses]



Use of Portfolio Analysis

To promote the sophistication of risk management with such initiatives as credit portfolio analysis, it is necessary to calculate the credit risk amount for individual obligors and industries. The Resona Group distributes the credit risk amount measured for the entire credit portfolio to individual obligor units, and, after compiling the risk by segment, uses these data in portfolio analysis.

Credit Analysis and Management

Individual Credit Assessments

Credit analysis and management entail case-by-case credit assessments, or the credit management of individual obligors. In handling credit operations, to make highly accurate and reliable credit assessments, Group bank branches engage in comprehensive evaluations of such quantitative information as financial statements and such qualitative information as information about the business environment and the quality of the management, along with assessments of how the loan will be used, the adequacy of repayment sources, lending conditions, and other matters.

In cases where credit exposure and the level of credit risk involved exceed certain established levels, the Head Office divisions responsible for credit analysis and management of problem claims make decisions on the application. The credit analysis divisions use an assessment system that takes account of the potential obligor's size, industry, and the level of credit risk.

Obligor Management

After credit has been granted, the Group banks monitor the use of loan proceeds and the fulfillment of lending conditions as well as periodically assess business conditions and the status of company plans.

Through the monitoring of the status of obligors' credit risk, the credit analysis divisions, on an as-required basis, formulate appropriate policies and specific measures. Based on these policies and measures, the credit analysis divisions provide necessary guidance to branch offices while monitoring their operations to assure that the guidance provided is closely observed. In particular, the credit analysis divisions monitor large obligors more strictly and frequently, compared with other obligors, due to the significant impact they could have on its management and performance. In addition, the credit analysis divisions conduct discussions with and make reports to the Credit Committees with regard to the status of credit risk management and relevant policies for such obligors.

Resona Group banks, in principle, manage problem loans in accordance with the significance of their credit risk. In more specific terms, such claims are separately managed depending on their internal ratings and obligor classification assigned to them. For obligors falling below a certain rating and obligor classification, the division responsible for problem loan management works to accurately monitor and manage their business status. After assessing their ability to recover their business in an appropriate manner, the problem loan management division makes a decision on business revitalization or liquidation and claim collection. For obligors whose business is deemed recoverable, the Group banks, as necessary, provide guidance in preparation of restructuring plans, to provide as much support as possible for implementation of these plans. In addition, for those obligors behind in their payments, the Group banks identify and analyze the reasons for this delay in payment, provide timely consultation and advice, and take other initiatives to prevent prolongation of such delays. Especially in the case of SMEs, in view of the roles of financial institutions in society, the Group banks provide support through detailed management consultation and guidance as well as offer support for preparing management improvement plans, thus taking aggressive initiatives in helping them to revitalize their businesses.

Self-Assessments, Write-Offs, and Reserves

Self-Assessments of Asset Quality

Self-assessments of asset quality involve assessing the individual assets that Group banks hold and classifying them according to the degree of risk in their recovery and impairment with a view to fully understanding the condition of the banks' assets and increasing their financial soundness.

Self-assessments of asset quality are the means for credit risk management as well as a preparatory step for compiling objective and accurate financial statements which fully reflect the write-offs and provisions of loan loss reserves necessitated by the results of such self-assessments.

Rating	Obligor category	Claims category	Write-offs/reserves
SA	Normal	I (unclassified)	Reserves are provided based on the expected credit loss rate*.
A			
B			
C			
D			
E			
F	Watch	II	
G			
H	Special Attention		
I	Doubtful	III	The uncovered portion is provided for with reserves or write-offs*.
J	Effectively Bankrupt	IV	
K	Bankrupt		

* For certain large obligors among Watch, Special Attention, and Doubtful borrowers, reserves are provided based on the discounted cash flow (DCF) method.

Criteria for Write-Offs and Reserves

The Resona Group banks have established *Criteria for Write-Offs and Reserves*, and, based on the results of their self-assessments of asset quality, in principle, Group banks make write-offs of exposure and provisions to loan loss reserves.

- For exposure to obligors classified as normal, Group banks set aside provisions to loan loss reserves based on expected losses calculated using the historical loan loss rate for a specified period in the past. The amount of expected losses over the coming one-year period is added to the general reserve for possible loan losses.
- For exposure to watch obligors, Group banks set aside provisions to loan loss reserves based on expected losses calculated using the historical loan loss rate for a specified period in the past. The amount of expected losses over the coming one-year period (or over the coming three-year period in the case of watch obligors requiring special attention) is added to the general reserve for possible loan losses.
- For exposure to doubtful obligors, Group banks subtract the amount deemed recoverable based on the value of collateral upon disposal and the value of guarantees, and then, based on the expected loss ratio calculated from actual defaults over a specified period in the past, the Group banks estimate the amount of the expected loss over the coming three years and add this expected loss to the specific reserve for possible loan losses.
- For exposure to effectively bankrupt and bankrupt obligors, Group banks subtract the amount deemed recoverable based on the value of collateral upon disposal and the value of guarantees and then either write off the unrecoverable amount or add such amount to the specific reserve for possible loan losses.

Securitization Transactions

The Resona Group, as noted below in this section, makes investments in securitized credit risk assets and engages in a range of other securitization transactions, including securitization* transactions of accounts receivable and notes receivable as a financing method of our customers. Please note that the method for calculating credit risk assets in securitization exposure (including re-securitization exposure), as regards accounting policy and quantitative information, etc., is contained in the section "Status of Capital Adequacy/Basel II Data Section."

* The Notification on Capital Adequacy issued by the Financial Services Agency defines securitization transactions as follows. "Transactions in which the underlying assets are classified into two or more categories by the level of credit risk (from preferred to subordinated) and then sold, in part or in their entirety, to third parties. However, specialised lending claims are excluded from such transactions." In addition, re-securitization transactions are specified to be "those securitization transactions in which a portion or all of the underlying assets are securitization exposure."

Securitization Exposures Held by the Holding Company Group as an Investor

The Group banks may hold for investment purposes investment products for which the underlying assets are housing loans and commercial real estate. These may include instruments that are classified as securitization exposure. To manage the risk of this exposure, criteria based on ratings issued by qualified credit rating agencies (Eligible External Credit Assessment Institutions (ECAI)) have been established for acquiring such securitized products and investment instruments. Position limits are established for the sake of controlling and diversifying risk. Also, securitized products in addition to general market risk (including interest rate risk, exchange risk, and price fluctuation risk) may also have risks that are particular to securitized products, including risk arising from changes in the credit standing of an issuer, the condition of underlying assets, and differences in syndication schemes. The risk management divisions gain an understanding of these "structural features" and monitor "the condition of the underlying assets" and "information that requires continued surveillance related to these structural features." The risk management divisions also confirm that credit enhancements are sufficient and conduct stress tests taking into account changes in credit ratings, changes in market conditions, market liquidity conditions, and individual factors. Please note that securitized products that are classified as re-securitized exposure are managed in the same way as securitization exposure.

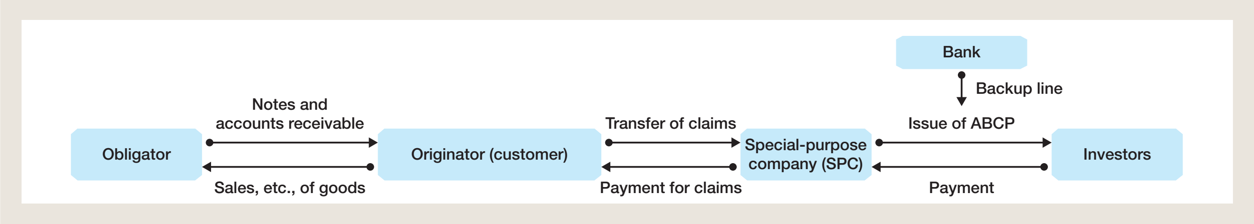
Securitization Exposures Originated by the Holding Company Group

The Group banks, to control credit risk and interest rate risk of assets on the balance sheets, securitize housing loans and non-performing loans. In those cases where the Group holds a portion of such securitized claims, these claims may be included among securitization exposure. When assets held by the Group banks are securitized, various relevant laws and regulations are confirmed and judgments are made regarding the effects of risk transfer, the appropriateness of transaction schemes, and other considerations.

Securitization Exposure as Sponsor of Securitization Programs

The Group banks offer asset-backed commercial paper (ABCP) programs and asset-based lending (ABL) programs to enable its customers to raise funds through the securitization of their accounts receivable and notes receivable. Certain ABCP backup lines and ABL may be classified as securitization exposure. When such transactions are conducted, conditions regarding claims that can be securitized and originator criteria have been established. In addition, confirmations are made regarding the absence of related risks, including the risk that claims may be contested by third parties, risks of fraud—such as the non-existence of the actual claims—the risks of dilution of claims as a result of the return of goods, and the risk of claims being offset by counterclaims. Since the Group banks make arrangements for programs to liquefy assets to enable customers to raise funds, they have an appropriate understanding of the "structural features" that give rise to risks particular to securitized products. Also, Group banks have systems in place to gain an understanding of the "condition of the underlying assets" at all times.

[Example of ABCP Program Scheme]



Credit Risk Mitigation Techniques

Credit risk mitigation is possible by taking measures to provide coverage for credit exposure, such as taking collateral, guarantees, and other methods that supplement the obligor's credit standing and enhance the quality of credit exposure.

Eligible collateral includes deposits held at Resona Group banks, Japanese Government Bonds and other bonds or stocks of listed companies and other marketable securities, commercial bills, real estate, and other items. This pledged collateral is retained under strict standards and properly managed by regular appraisal of their values. Additionally, guarantees of all types, agreements on bank transactions that allow for a netting of unpledged deposits and loans obligations, and cross-netting contracts for derivative transactions and repurchase agreements are among the credit risk mitigation techniques. The Resona Group considers profits and cash flows generated by an obligor to be the primary source for repayments and makes efforts not to depend too much on collateral and guarantees for collecting and recovering credits.

Derivative Transactions

Policies Regarding Setting Credit Lines and Risk Capital Allocation

Regarding counterparty risk in derivative transactions, the Group banks add this risk to the credit risk relating to loans and other transactions with the same counterparty to supervise and manage credit risk in a comprehensive manner. Group banks make proper credit judgments and establish credit lines based on the *Group Credit Policy*, which established the principles, rules, and guidelines for actions related to credit risk management. Unlike risk arising from loans and other credit-providing activities, the credit risk amount arising from derivative transactions fluctuates according to market trends. For this reason, the credit risk amount after transactions have been conducted is monitored periodically according to a method that takes account of the fair value and future risks (the "current exposure" method). In transactions with financial institutions, Group banks set credit lines based on the credit rating of such financial institutions, prevailing financial conditions, and other considerations. In addition, the risk capital for derivative transactions is included in the risk capital allocated to credit and market risks.

Policies Regarding Collateral and Calculation of Reserves

In addition to the management of loans and other forms of credit, Resona Group banks adhere to the strict control of credit lines and the status of collateral pledged. Furthermore, Resona Group banks calculate amounts of loan loss reserves based on their criteria for self-assessments of asset quality, write-offs, and provisions of loan loss reserves.

Impact of Additional Collateral Required due to Deterioration of Own Credit Standing

In its market-related business activities such as derivative transactions with collateral agreements, the Resona Group works to manage counterparty risk through such frameworks as establishing credit lines for individual counterparties. In the event that the Resona Group is forced to additionally pledge qualified financial assets as collateral due to a deterioration in its credit standing, or that transaction volumes exceed, or are expected to exceed, the credit lines established due to market and transaction conditions, it will review and adjust transactions with applicable counterparties or review and revise, if deemed necessary, policies relating to transactions of applicable financial products.

MARKET RISK MANAGEMENT

Basic Approach to Market Risk Management

Market risk is the risk of losses that may occur when the value of assets and liabilities (including off-balance sheet assets and liabilities) changes because of fluctuations in market risk factors, including interest rates, foreign currency exchange rates, and stock prices.

The Resona Group works to maximize the profit it generates from market transactions while restraining the inherent losses that may arise from market transactions within a specified limit. The objective of this approach is to simultaneously enhance the efficiency of its capital and ensure the soundness of management of the Resona Group through the appropriate and strict management of market risk.

Market Risk Management Methods

All Group banks estimate the fair value of market transactions and establish limits on risk capital, loss limits, and sensitivity[*1] by types of instruments.

In principle, the status of observance of various limits is monitored on a daily basis and, in some cases, on a monthly basis, to ensure that limits are maintained and assess profits and losses. The potential loss amount based on certain stress scenarios is calculated on a regular basis.

Resona Holdings supervises risk in the Group as a whole, and, as necessary, provides guidance and advice to the Group banks.

*1 The amount of fluctuation in the fair value of a market transaction corresponding to a change in market price indices. An example of this is basis point value (BPV), which reflects a change in fair value based on a 0.01% change in the interest rate.

[Group VaR Performance]

The VaR for Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank in the period from April 1, 2011 to March 31, 2012 was as follows.

Resona Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Trading transactions	2.65	3.87	1.37	2.42
Banking transactions	51.1	55.3	29.3	42.9

* Excludes equity investments held for relationship purposes.

	Trading transactions	Banking transactions
Confidence interval	99%	99%
Holding period	10 business days	20 business days
Observation period	One year	Five years
Risk measurement method	Historical Simulation Method	Historical Simulation Method

Saitama Resona Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Trading transactions	0.03	0.06	0.02	0.04
Banking transactions	8.3	8.8	7.2	7.8

* Excludes equity investments held for relationship purposes.

	Trading transactions	Banking transactions
Confidence interval	99%	99%
Holding period	10 business days	20 business days
Observation period	One year	Five years
Risk measurement method	Historical Simulation Method	Historical Simulation Method

The Kinki Osaka Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Trading transactions	0.00	0.26	0.00	0.04
Banking transactions	8.8	9.8	8.1	9.1

* Excludes equity investments held for relationship purposes.

	Trading transactions	Banking transactions
Confidence interval	99%	99%
Holding period	10 business days	125 business days
Observation period	One year	Five years
Risk measurement method	Historical Simulation Method	Historical Simulation Method

Equity Exposures in the Banking Book

For investments in funds in the banking book, which are held for investment purposes or for relationship purposes, and for investments in equities, which are held for relationship purposes and other strategic objectives, the Resona Group banks strictly select, only after prior analysis of each issuer, such investments according to the rules and regulations set internally. In addition, to restrain excessive risk taking, the Group banks set position limits in advance on such investments, quantify the risk involved, and report such data to the management on a regular basis.

Also, the middle office, which is independent of the front office, supervises these investments by quantifying various risks on a portfolio basis. The Group banks calculate the risk of price fluctuations using the VaR method, employing a holding period of 125 business days with a confidence interval of 99%.

Furthermore, for non-marketable securities held by the Resona Group banks, risks in association with holding such securities are being measured in terms of credit risk, regardless of their type, such as available-for-sale securities and stocks of subsidiaries and affiliated companies.

Interest Rate Risk in the Banking Book

Risk Management Policies and Procedural Overview

With the aim of stabilizing and maximizing earnings, the Resona Group banks strive to manage interest rate risk in the banking book in an appropriate manner through close observation of interest rate fluctuations and overall economic conditions and optimal risk diversification. In principle, the Resona Group banks engage in derivative transactions primarily for the purpose of hedging risks. Detailed procedures are the same as those followed in the risk management of trading transactions: The Resona Group banks allocate risk capital and establish loss limits to restrain excessive risk taking, while the middle office, independent of the front office, monitors interest rate and other risks, in principle, on a daily basis. In addition, the middle office monitors the status of risk limit observance and earnings. The results of such monitoring are regularly reported to the management to assure appropriate risk management.

In addition to ordinary risk measurement, the Resona Group banks regularly conduct stress-testing to quantify the impact of sudden changes in market conditions. The Resona Group performs monitoring in conjunction with the quantified amounts while applying the results of such quantification in its comprehensive risk management.

Outline of Methods Used by Resona Group to Measure Interest Rate Risk in the Banking Book

The methods used by the Resona Group to measure interest rate risk in the banking book for internal control purposes are outlined as follows:

- Holding period:
  Resona Bank, Saitama Resona Bank: 20 business days
  The Kinki Osaka Bank: 125 business days
- Confidence interval: 99%
- Observation period: 5 years
- Risk measurement methods: Historical Simulation Method
- Other major assumptions: Among liquid deposits without maturity dates, for those that have been held in accounts for long periods (core deposits), Resona Bank and Saitama Resona Bank, beginning in April 2010, and The Kinki Osaka Bank, beginning in October 2010, began to estimate their balances with an internal model and calculate the interest rate risk for a maximum period of 10 years and an average period of five years. In addition, to calculate the interest rate risk of possible prepayments of housing loans, future cash flows are estimated based on analysis of actual records of the time intervals from the time loans were made to early repayments.

LIQUIDITY RISK MANAGEMENT

Basic Approach to Liquidity Risk Management

Liquidity risk is the risk of losses that may occur when a party has difficulty in securing the cash required for meeting the cash flow requirements arising from the mismatching of the maturities of fund uses and fund sources and/or to cover an unexpected outflow of funds and, as a result, is forced to raise funds at higher than normal rates, thus incurring losses (cash management risk). Liquidity risk losses may also occur when dislocations and other problems in the market make it impossible for parties to conduct transactions, and, as a result, they are obliged to engage in transactions at highly unfavorable prices (market liquidity risk).

We have developed systems for management of liquidity risk that require periodic and appropriate monitoring activities and reports to management. Resona Holdings, which is responsible for overall management supervision, has established a liquidity risk management unit, and has developed overall Group systems for managing liquidity risk.

Assessment of Liquidity Risk

Resona Holdings and Group banks conduct assessments of the level of liquidity risk and make decisions as to whether conditions are normal or in need of attention. When conditions are found to be in need of attention, such conditions are further subdivided as follows: Phase 1 (Caution required), Phase 2 (Concerned situation), and Phase 3 (Critical). After the level of liquidity risk has been identified, systems have been developed to take predetermined specific measures in a timely and appropriate manner.

Also, in making such assessments regarding the level of liquidity risk, we make comprehensive evaluations, analyzing the situation by looking at both Groupwide external factors (the price of Resona Holdings stock, the Company's credit rating, reputational factors, the economic climate, and monetary policies) and internal factors (deposits and market borrowings that indicate the stability of funds operation at Group banks).

Liquidity Risk Indicators

All Group banks establish essential liquidity risk indices based on their size and special characteristics as well as their liquidity condition, and use these to monitor liquidity. In addition, prior discussions are held with Resona Holdings as necessary to establish and manage guidelines for liquidity risk indices. Based on the understanding that it is particularly important to hold an ample volume of liquid assets to maintain stable funds operation, each of the Group banks has established guidelines for minimum levels of amounts of liquid assets they will hold, based on their size and nature of their operations. These guidelines are followed strictly on a daily basis to implement smooth funds operation. Moreover, Group banks make daily reports to Resona Holdings on the status of principal liquidity risk indices.

Response System for Liquidity Emergencies

To deal with liquidity emergencies, Resona Holdings convenes a meeting of the Group Liquidity Risk Management Committee. Each of the Resona Group banks deals with liquidity emergencies in a similar way by convening meetings of liquidity risk management committees. Moreover, in the event that the emergency is a serious crisis or is likely to become one, a Crisis Response Headquarters—headed by the president—is formed to organize the response.

OPERATIONAL RISK MANAGEMENT

Basic Approach to Operational Risk Management

Operational risk is the risk of losses that may occur when internal processes, personnel, and/or systems function improperly or fail to function and when external factors result in such losses. Operational risks encompass a wide range, including processing, systems, legal, and compliance risks, and such risks may arise in all business processes, products, and services.

In dealing with operational risks, the Resona Group works to manage and reduce risks by identifying and evaluating potential and inherent risks and discussing measures to prevent incidents that will have a major impact on business or result in losses or inconvenience for our customers. We also promote the full preparedness of our management systems by including outsourced operations within the scope of our operational risk management activities. In addition, to grasp the degree of the impact that potential operational risks might have on their businesses, we will quantify operational risks and use this information as a part of comprehensive risk management.

[Classification of Operational Risk]

Risk Categories Adopted by Resona Group		Specific Examples (Possible internal and external examples)
Processing risk	Fraud	• Embezzlement of customer deposits • Misappropriation of the bank's assets • Intentional unauthorized trading, fabrication
	Processing errors	• Loss due to processing error • Loss or accidental disposal of important items • Loss due to failure to meet due date
Systems risk		• Systems failure • Hacking, infection with computer viruses
Legal and compliance risks		• Loss due to violation of duty to explain • Misuse of a stronger bargaining position
Trust asset management risk		• Loss due to misfeasance • Failure to perform fiduciary duties • Violation of management guidelines
Other operational risk	Disasters	• Cessation of business activities due to disaster or power outage
	External crime	• Compensation for damage due to counterfeit or stolen cards • Damage due to robbery, theft
	Defects of facilities and equipment	• Damage to equipment due to natural disasters and terrorism • Loss compensation caused by defective equipment
	Human resources management	• Litigation over unpaid allowance for overtime work • Compensation for work-related accident cases • Settlement package for sexual harassment lawsuit, etc.

Operational Risk Management Structure

Resona Holdings provides guidance and advice to all Resona Group banks on their risk management structure through prior consultations over their risk management policies, rules and regulations, and important measures for operational risk management. It also monitors conditions of operational risk with each Group bank and reports to the management.

Furthermore, Resona Holdings and each Group bank maintain a structure in which the Board of Directors, Executive Committee, divisions responsible for comprehensive risk management, divisions responsible for managing each category of risk, and internal auditing departments play their clearly defined roles and ensure collaboration as well as mutual checking.

Collection and Use of Loss Data

The Resona Group uses unified Group standards to collect loss data related to operational risks. Based on these data, Group banks and Resona Holdings analyze operational risks that have become evident. In addition, to grasp the degree of the impact that potential operational risks might have on their businesses, they use loss data to quantify operational risks and use this information as a part of comprehensive risk management.

Responding to Emerging Risks

If an incident happens at a Group bank that may give rise to significant operational risks, a system is in place that requires making an initial report to management teams at the respective bank and Resona Holdings as well as any other relevant parties. This system works to promote information sharing regarding potential cases of operational risk by ensuring rapid reporting to management teams as well as relevant parties.

In the event that a risk materializes and has a substantial impact on the business, under this system, we can endeavor to make a rapid and appropriate initial response to prevent further impact.

Operational Risk Control Self-Assessments

We conduct operational risk assessments (Operational Risk—Control Self-Assessment [OpR-CSA]) and evaluate the status of risks inherent in all operations (frequency of potential risks materializing and their impacts) as well as the status of risk management (design of systems and their operating condition) to handle inherent risks.

Based on operational risk assessments, we work to make improvements in the status of controls based on a management enhancement plan to prevent major incidents and, by establishing and monitoring a risk index, to identify the status of risk at an early stage.

Processing Risk

Processing risk is the risk of losses that may occur when management and/or staff fail to perform processing work accurately and when an accident or fraud occurs.

Accurate and fast processing is necessary for banks to earn customer trust. To accurately and quickly handle the high-volume, extremely time-sensitive transaction processing that arises in the wide spectrum of banking operations, we must have measures in place to control and minimize processing risks. To this end, we are continuing to take initiatives to understand processing errors and other risks that have emerged and conduct monitoring activities.

To prevent processing errors, the Group banks have processing procedures in place and conduct employee education and training. Furthermore, the Group is promoting systematization to reduce processing errors and carries out ongoing reviews of its work procedures and processing to make them simpler and concentrate handling in specific centers.

Clerical work processing that occurs at branch offices is verified to ensure that internal control functions are working to prevent processing errors and misconduct. Representatives from the Head Office's administration departments visit branch offices to provide advice.

For risks that have occurred, we collect data on clerical errors and operational mistakes, and conditions for occurrence and degree of impact are scrutinized and assessed. After understanding all factors through a multifaceted analysis, operational processes are reviewed and training to prevent recurrence is thoroughly implemented.

On the other hand, in the case of inherent risks, we identify and assess such risks based on the status of control deficiencies that have been discovered, the actual situations in practice based on on-site inspections, and other information, and then develop corrective measures based on the level of importance.

Systems Risk

Systems risk is the risk of losses that may occur when computer systems are down or perform improperly as a result of defects. Systems risk may also arise and result in losses when computers are used improperly.

Our basic approach to the management of systems risk is to examine risks that have occurred because of systems failure and make assessments, etc., of risks inherent in each type of system.

The Group banks have established systems risk management guidelines as the basis of their systems risk management. Under these management systems, Group banks work to improve information security by taking quick and appropriate action to deal with systems failure, by raising the quality of information systems to prevent failures, establishing measures to prevent the spread of risk when failures occur, and prevent the loss or leakage of customer information. Further, we have a contingency plan in place to handle such emergencies as systems failures or disasters.

Legal and Compliance Risks

Legal and compliance risks are the risk of losses that may occur when legal regulations and contracts are violated and when fraudulent contracts are concluded. Such risk may also arise when improper conduct occurs, such as violation of the duty to give proper explanations to clients and improper use of a superior or advantageous position.

To manage legal and compliance risks, we identify, assess, and gain an understanding of inherent risks as well as the risks that have already occurred, take appropriate measures to prevent such risks before they occur and prevent recurrences, and work to monitor and reduce such risks.

Specific related activities at Group banks include conducting systematic training on inherent risk for management and employees to raise their awareness of compliance issues. Along with heightening the awareness of legal and compliance risks, we also have the Legal and Compliance Risk Management divisions and others conduct compliance checks and provide guidance and advice with the objective of preventing the occurrence and recurrence of such risks. Also, under the Group banks' compliance and other programs, verifications are made of the status of controls, and measures are taken to reduce risk through initiatives, such as reflecting compliance in business processes and conduct of compliance programs.

Regarding legal and compliance risks that have occurred, we identify and assess the impact of the occurrence of such risks and, after analysis of the related facts, take appropriate measures to prevent a recurrence. In addition, the Legal and Compliance Risk Management divisions compile and manage information related to lawsuits to provide for systems for gaining an accurate grasp of risks involved in such lawsuits and other litigation.

Efforts to Prevent Financial Crime

In recent years, incidence of financial crime has been on the rise. The Resona Group has taken action to strengthen identity verification to prevent disbursements with stolen passbooks, money laundering, and the establishment of accounts for improper uses. We strive to protect the precious assets of our customers, and as countermeasures to forged and stolen bank cards, we have implemented a service where individuals can set limits on the amount of money that can be withdrawn from ATMs, a card lock service, and an IC card with a biometric verification function.

To deal with crimes involving deceptive requests for bank transfers, we have provided toll-free numbers in each of the Group banks for making related inquiries. We are also accepting requests for return of such funds (when they remain in the accounts of the perpetrators of these crimes), in accord with the Law for Relief to Persons Victimized by Deceptive Transfer Requests.

In addition, when customers begin transactions, we are beginning to request and receive pledges with clauses (anti-social group clauses) that they are not currently linked to and will not have future connections with anti-social groups. If this pledge is broken and this corresponds to anti-social forces, the Group banks have introduced a pledge with a clause (known as the "exclusion of anti-social forces clause") that provides the legal basis for taking stronger steps to suspend transactions with such forces.

Trust Asset Management Risk

Trust asset management risk is the risk of losses that may occur when a trustee, in the course of managing trust assets, fails to fulfill his/her fiduciary responsibilities and does not exercise the due care that is the responsibility of a prudent manager, thus resulting in loss of trust assets and the need to compensate clients for such losses.

In managing and administering trust funds, we are required to fulfill our fiduciary responsibilities and provide valuable advice to customers. Resona Bank's principal businesses are managing and administering important customer assets, including their pension funds, and we recognize that the fulfillment of fiduciary responsibility is an especially important role. Risks inherent in the management of trust assets, which are borne by trust managers, are in one or more of the categories of processing, systems, and legal and compliance risk. To fulfill their responsibilities, trust managers must fulfill their fiduciary duties and have an awareness of the risks of trust asset management. They are required to identify, assess, understand, manage, and work to reduce such risks from the perspectives of an understanding of risks that have occurred and inherent risks that may occur.

To manage trust asset management risk, the units in charge of such risk monitor periodically and manage the status of compliance with management guidelines and the appropriateness of asset management activities. For risks that have occurred, depending on the causes, we take steps needed to prevent recurrences by calling attention to these matters in the relevant business units, reviewing business processes, conducting thorough training programs, and taking other measures. For inherent risks, we implement reviews of the items being monitored and the frequency of monitoring with the objective of controlling and reducing risk.

In addition, in the management and supervision of trust asset management activities, we are examined by an external auditing organization according to U.S. Statement on Standards for Attestation Engagements No. 16 (SSAE 16), and our trust asset management operations have been found to be in compliance with that auditing standard.

REPUTATIONAL RISK MANAGEMENT

Reputational risk is the risk of losses that may occur when reports in the media, rumors, false information, and unfounded reports have a detrimental effect on a company's reputation.

Reputational risk is linked to all other types of risk, and in the event that reputational issues arise, there is a possibility that they could cause more unfavorable consequences than might be expected, including loss of trust, a fall in share prices, fewer transactions, and damage to the brand.

In the Resona Group, we position reputational risk as an important area for management attention and take preventive measures against the emergence of reputational risk by maintaining and enhancing trust through the timely and appropriate disclosure of information.

Specifically, we strive to identify emerging reputational risk at an early date by checking for rumors on the Internet, speculative articles in the mass media, and other information carried in various media. In addition, to prevent the appearance of reputational risk as a result of the use of social media, we have prepared our *Social Media Policy*.

When reputational risk materializes, we protect the interests of our stakeholders (shareholders, customers, and employees) with a quick and appropriate response to prevent further impact. If there is a possibility that Group operations will be affected, and when the degree of crisis is high, matters will be handled promptly by the Crisis Management System.

Responses to external inquiries are centralized at Resona Holdings, rather than at individual Group companies, so as to preserve the consistency of the Group's information disclosure to the media.

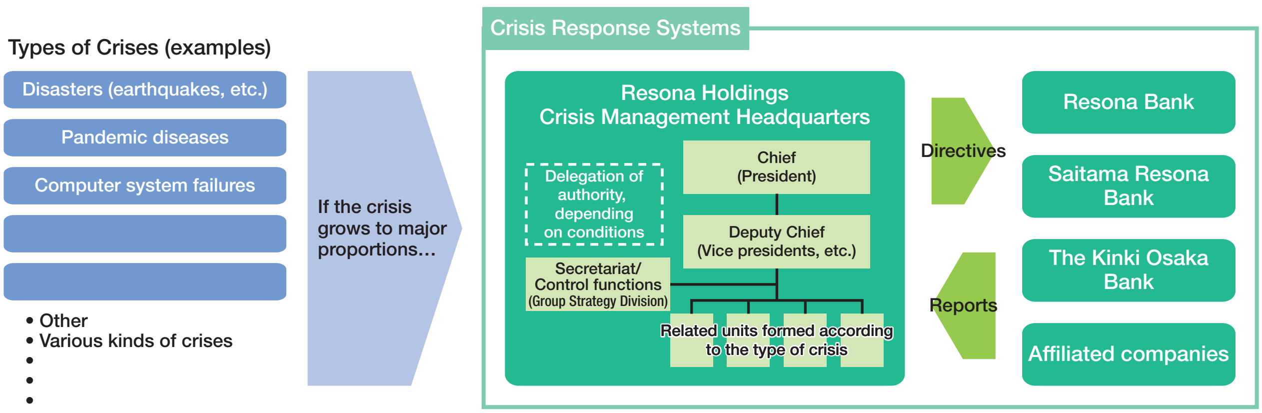
CRISIS MANAGEMENT AND BUSINESS CONTINUITY MANAGEMENT

Crisis Management Systems

To deal with risks that arise due to disasters and computer system failures, and then lead to crises that extend beyond the domain of risk management, Resona Holdings and other Resona Group companies have prepared basic policies for crisis management and established crisis management systems. These policies and systems are intended to ensure the continuation of business activities and the early restoration of functions with the aims of securing the safety of customers, employees, and others and taking quick action and other measures to minimize risk.

When a major crisis occurs, a crisis management headquarters is formed in each Group company, which is headed by the presidents of the respective Group companies (or their duly appointed representatives). Group companies then work together to respond to the crisis.

Diagram of Group Crisis Management Systems



Business Continuity Systems

Basic Policy for Business Continuity

When crises emerge that threaten the continuity of business operations as a result of major earthquakes and pandemic diseases, the basic policy of the Resona Group regarding business continuity is as shown below. To prevent the interruption of financial system functions, the Group prepares business continuity plans and works to create systems for business continuity, and then endeavors to make improvements in these plans and systems based on the results of their inspections by the representative executive officers (or representative directors) in charge.

Basic Policy for Business Continuity

- Securing the lives and personal safety of customers, employees, and other related persons will be given priority over all else.
- To the maximum extent possible, measures will be taken to continue business activities and restore functions at an early date to contribute to the maintenance of the livelihood and economic activities of customers as well as to restrain the impact on the monetary settlement systems.
- To keep opportunity and other losses due to the suspension of business operations to an absolute minimum and to appropriately secure assets and trust assets, soundness will be maintained and management risk will be minimized.
- To ensure the efficacy of the above policies, the necessary systems and infrastructure will be created and appropriate management resources will be allocated.

Preparation of Business Continuity Plans

The Resona Group companies, based on the above Basic Policy for Business Continuity, have prepared a business continuity plan, various rules and regulations, manuals, and other items based on the assumption of the occurrence of such crises as a major earthquake and pandemic diseases.

In the business continuity plan, it is assumed that the continuation of business operations will be difficult because of crises, such as a major earthquake. While giving due consideration to the safety of the lives and personal safety of customers, employees, and others, the plan sets forth specifically the measures that will be taken to secure the necessary management resources and business execution systems as well as measures to provide for continuing business operations and securing the early restoration of functions to maintain the proper workings of the financial system.

Priority Business Operations during Times of Crises

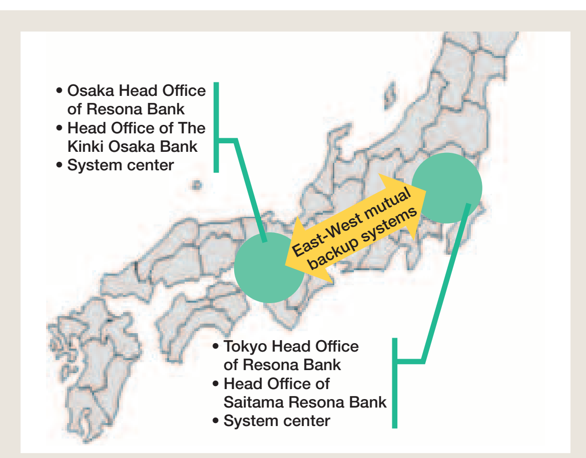
After giving consideration to customers and monetary settlements, the Resona Group companies have positioned the following business operations as priority activities during emergencies following major earthquakes and other disasters: Deposits, money transfers, funds and securities settlement, and certain other activities. The objective we have set is to have these business operations back in service within the same day the disaster occurs.

Principal Infrastructure Improvements

To prepare for major earthquakes, in their headquarters, branches, system centers, and elsewhere, the Resona Group companies are taking such steps as increasing the earthquake resistance of their buildings and installing emergency electric power generators.

In addition, Group companies have established Head Office functions and system centers in both the Tokyo metropolitan area in eastern Japan and in the Kinki region in the western part of the country to reduce the risk of the impairment of these functions and provide backup systems in the event of a major earthquake in eastern or western Japan. In addition, as a safety measure for major computer systems, Group companies have provided for emergency backup systems in remote areas and have built the duplicated network infrastructure among offices. Also, to provide for the possibility that communication networks may go down, Group companies have also introduced multiple communication devices, including satellite phones, transceivers for business use, etc.

The Group's East-West Backup Systems



Securing Personnel for Business Continuity

During times of crises, such as major earthquakes and pandemic diseases, it may be difficult to secure sufficient personnel for the continuation of business operations as employees may fall victim to these circumstances or become incapacitated as a result of them, and transportation systems may be disrupted. For these reasons, the companies of the Resona Group have prepared measures for securing necessary personnel during times of emergency under the assumption that the safety of personnel can be maintained. Also, in major offices, stores of emergency supplies have been readied for such contingencies.

Cooperating with and Contributing to the Community

The companies of the Resona Group, as retail banks with close ties to their regions, contribute to their local communities from a financial perspective through the continuation of their business activities. Resona Group companies also work together with local communities during times of disaster to restore operational functions at an early date and, during normal times, to provide educational and information dissemination activities.

In September 2010, Saitama Resona Bank concluded an agreement with Saitama Prefecture entitled "Comprehensive Agreement Concerning Cooperation during Times of Disaster." Saitama Resona Bank participates in many of the various disaster training events sponsored by the prefecture and engages in other activities to work in cooperation with the local community.

Initiatives to Upgrade Business Continuity Systems

The Great East Japan Earthquake in March 2011 caused severer damage over a wider area than had been assumed. However, the companies of the Resona Group joined together to provide for the continuity of business operations and the restoration of operational functions. In fiscal 2011, ended March 31, 2012, based on their experience following the earthquake disaster, Group companies conducted an intensive review of their business continuity systems.

The Resona Group companies are taking initiatives to continue to improve these systems, and, to ensure the efficacy of these business continuity activities, are also undertaking related practice sessions and employee training programs.

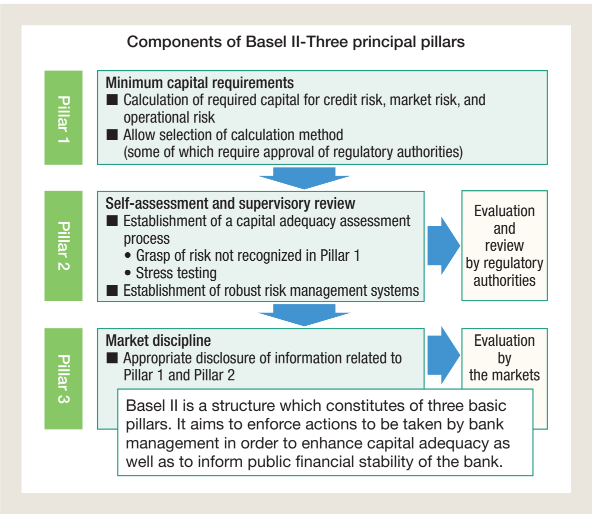
Joint Group business continuity practice session in progress

CAPITAL MANAGEMENT SYSTEMS

Resona Group's Response to the Basel Regulations

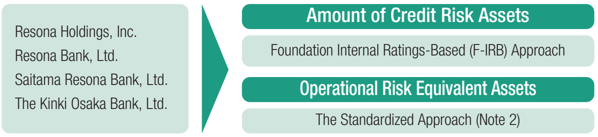
Japanese banks adopted the Basel II capital adequacy standards, which are a framework aimed at securing the soundness of banks through enhancement of capital, from the fiscal year ended March 31, 2007.

Basel II Framework



To secure sufficient capital for the Resona Group, in line with the Basel II framework, Resona Holdings has established a "Basic Policy for Group Capital Management," while all Resona Group banks have established their own basic policies for capital management. These policies set forth (1) taking actions for maintaining a sufficient level of capital, (2) taking actions for the proper capital assessment, and (3) taking initiatives for the accurate computation of the capital adequacy ratio (Note 1). The Group is also moving forward with initiatives to enhance the level of risk management.

Method for Calculating the Capital Adequacy Ratio



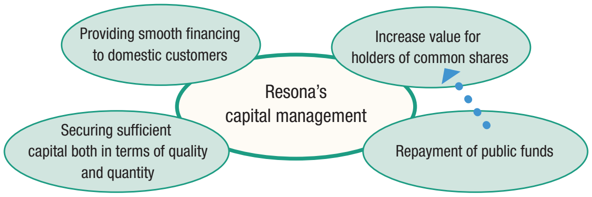
Note: The amount equivalent to market risk is not included since all Group banks apply the "special measure for exempting inclusion."

Notes: (1) The Resona Group banks use the method shown above in calculating their capital ratios. The capital adequacy ratios of Resona Holdings and Group banks are calculated according to domestic capital adequacy standards, based on notifications regarding capital adequacy ratios.
(2) Under the Standardized Approach, the amount equivalent to operational risk is calculated based on "gross profit" for the previous three years. The "gross profit" is defined under the Notification on Consolidated Capital Adequacy and differs from the "gross operating profit" that appears on the Resona Group's financial statements.

Beginning in March 2013, the Basel III framework, which calls for enhancing both the quality and quantity of capital, is scheduled to be implemented to Japanese banks which adopt BIS international standards. The Resona Group is keeping a close watch on the status of the Basel III framework applicable to banks which adopt Japanese domestic standards, and is moving forward to be fully prepared to sufficiently satisfy the new regulations.

Resona Group's Capital Management

The Resona Group must conduct capital management that achieves a harmony of "securing sufficient capital both in terms of quality and quantity" and fulfill its mission of "providing smooth financing to its domestic customers."



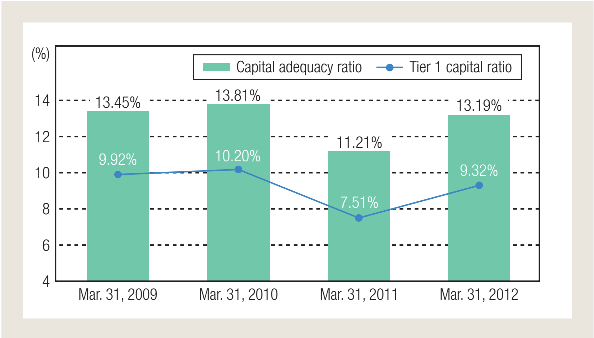
In addition, the Resona Group is concentrating on allocating its capital, such as on domestic lending, which constitute its core assets, and is implementing the following measures related to capital management and risk management.

- Strengthening its tolerance for stress in its lending activities (through building a low-risk loan portfolio, with an emphasis on relatively small loan amounts dispersed over many borrowers, lending secured by credit guarantee associations, and housing loans)
- Conducting detailed analysis of asset content
- Taking early action in dealing with assets where there is a possibility of expanding losses
- Making no increase in its equity portfolio
- Limiting the amount of investment products with complicated risk characteristics (not holding high-risk securitized products)

Low risk, sound asset portfolio

Strength of the Resona Group

Trends in the Consolidated Capital Adequacy Ratio of Resona Holdings, Inc.



Beginning in December 2011, regulations, mainly those regarding securitized products and the trading book, were strengthened (Basel II.5), but since the Resona Group has taken the policy of sound portfolio management as previously mentioned, the effect on its capital adequacy ratio was slight.

The Resona Group is continuing to focus on "adequate capital management and strict risk management" to avoid capital losses and maintain a sound asset portfolio.

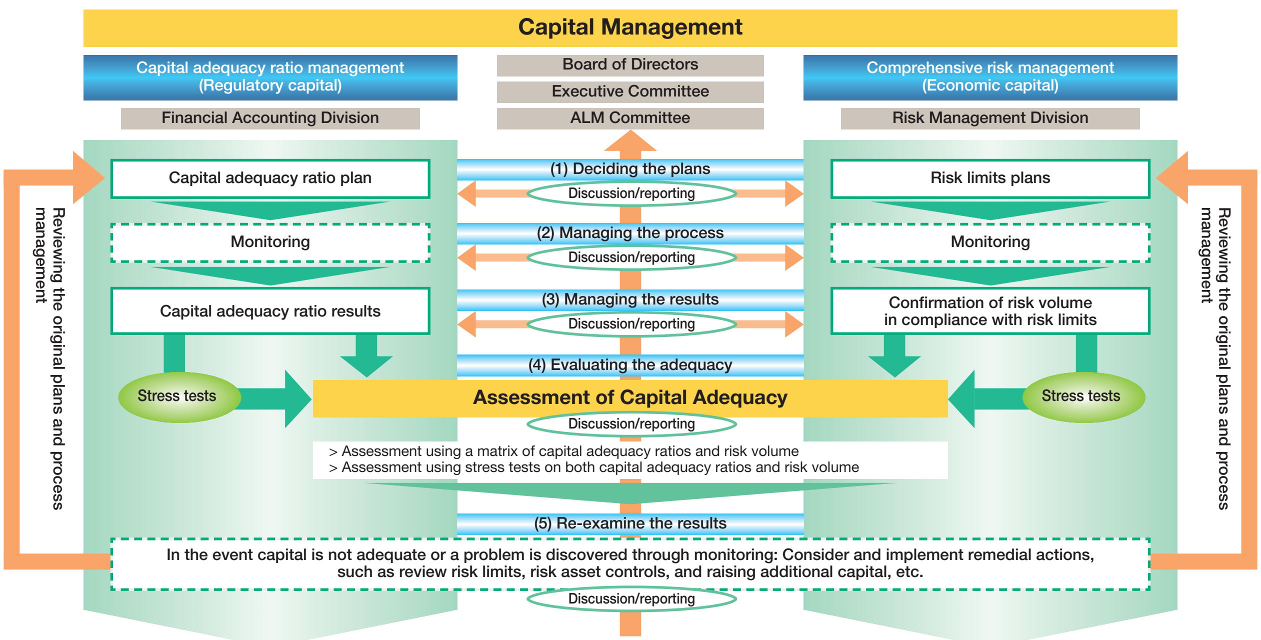
Governance and Implementation of the PDCA Cycle in Capital Management

Resona Holdings and all Group banks believe that, to maintain sound and stable business operations, securing sufficient capital to cover the risk taken is extremely important. Accordingly, the Company manages the capital of the Resona Group to maintain the appropriate level of its capital adequacy ratio.

Specifically, departments in charge of capital adequacy ratio management (Financial Accounting Division) and departments in charge of comprehensive risk management (Risk Management Division) each play their respective rolls such as deciding the capital adequacy ratio plans and risk limits, monitoring compliance with these plans, analyzing and evaluating the actual results, and assessing the level of capital adequacy.

These departments consider policies in response when necessary, and, by conducting sufficient discussion with one another, they supervise the status of the capital and make accurate and timely reports to the management. Accordingly, as a result of these activities, the Group is able to implement flexible measures to manage its capital.

[Capital Adequacy Assessment System of Resona Holdings, Inc.]



Note: Group banks also established the capital management systems that are composed of a department in charge of capital management and a department in charge of comprehensive risk management.

Resona Holdings and Resona Group banks evaluate the “level of capital adequacy” from two perspectives: 1) management of the capital adequacy ratio based on the Basel II regulations and 2) comprehensive risk management. In addition, to prepare for risks that may emerge under unforeseen conditions, we conduct a range of stress tests to measure the impact under various scenarios, and, by taking account of the principal risks that are not included in pillar 1 of the Basel II capital adequacy calculations (such as credit concentration risk, interest rate risk in the banking book, and other risks), we make comprehensive assessments of capital adequacy.

Under this system for capital management, during the fiscal year ended March 31, 2012, Resona Holdings and Resona Group banks continued to secure a level of capital sufficient for sustaining the sound and stable operation of their business activities.

INTERNAL AUDITING SYSTEMS

Group Internal Auditing

The purpose of internal auditing at the Resona Group is to serve the essential function of facilitating improvements in corporate value by verifying and evaluating progress as well as promoting improvements in all management activities to ensure sound and appropriate operations and to gain social trust in the business management systems established by Resona Holdings and other Group companies.

To ensure that internal audits meet our purpose and serve their functions properly, we put internal auditing systems in place and make sure that they are effective, establishing independent internal auditing departments at Resona Holdings and its Group companies and clearly establishing their internal auditing responsibilities, including the authority to conduct audits, the authority to access information, and their obligation of confidentiality.

Organization

We believe that the role that the internal auditing units play in working to attain the Resona Group's management objectives of "responding to the trust of customers" and "conducting transparent management" is extremely important. Accordingly, we have created the organization structure below for internal auditing.

In Resona Holdings, we have formed the Internal Audit Division, which reports to the Representative Executive Officers and the executive officer in charge of internal auditing. Moreover, we have formed an Internal Audit Council, separate from the Executive Committee and made up of Representative Executive Officers, the executive officer in charge of internal auditing, and the general manager of the Internal Audit Division, to discuss matters related to internal auditing.

The Group companies have established independent internal audit divisions under the direction of their respective boards of directors. According to the type of business and size of operations, these companies have formed "auditing councils," which report directly to the board of directors of their companies to make decisions on important and fundamental matters related to internal auditing.

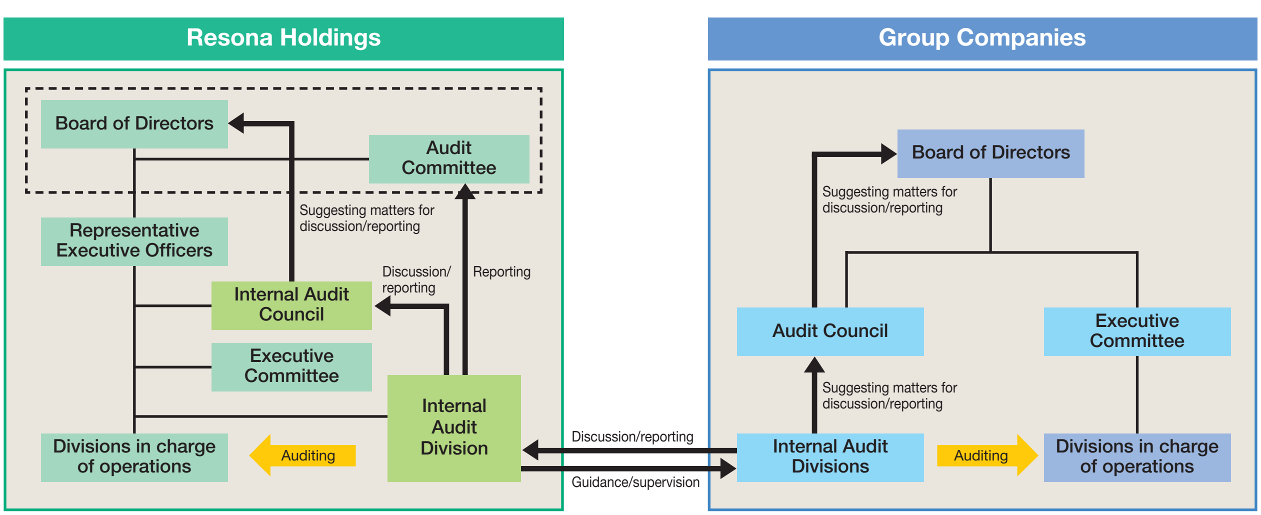
Functions and Roles

To guide the preparation of specific plans for internal auditing, the Internal Audit Division of Resona Holdings prepares the Annual Internal Audit Plan approved by the Board of Directors of Resona Holdings, containing the Group's annual policies, a statement of issues subject to auditing, and other major items.

The internal auditing departments of each of the Group companies also prepare the Annual Internal Audit Plan in discussion with the Internal Audit Division of Resona Holdings. These plans are to be approved by the boards of directors of the respective companies.

The internal auditing divisions at Resona Holdings and its Group companies conduct audits based on the Annual Internal Audit Plan. Resona Holdings reports the results of internal audits to its Board of Directors and the Audit Committee. Group companies report results of internal audits to their respective boards of directors and auditors as well as Resona Holdings.

[Group Internal Auditing Systems]



MEMO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Resona Holdings, Inc.:

We have audited the accompanying consolidated balance sheet of Resona Holdings, Inc. (the "Company") and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2012

CONSOLIDATED BALANCE SHEET

Resona Holdings, Inc. and consolidated subsidiaries
March 31, 2012

	Millions of yen		Millions of U.S. dollars (Note 1)
	2012	2011	**2012**
Assets:			
Cash and due from banks (Notes 3, 13 and 29)	**¥ 2,707,761**	¥ 3,027,781	**$ 32,945**
Call loans and bills bought (Notes 4 and 29)	**246,323**	356,676	**2,996**
Monetary claims bought (Note 29)	**439,726**	427,467	**5,350**
Trading assets (Notes 5, 13, 29 and 30)	**696,538**	637,508	**8,474**
Securities (Notes 6, 13 and 29)	**11,335,875**	9,899,960	**137,922**
Loans and bills discounted (Notes 7, 13, 14, 29 and 35)	**25,782,695**	25,853,022	**313,696**
Foreign exchange assets (Notes 8 and 29)	**76,340**	63,472	**928**
Other assets (Notes 9, 13, 29, 30 and 31)	**1,158,028**	1,634,261	**14,089**
Tangible fixed assets (Notes 10, 12, 21 and 28)	**307,088**	313,231	**3,736**
Intangible fixed assets (Notes 11, 12 and 28)	**51,860**	53,836	**630**
Deferred tax assets (Note 27)	**169,357**	186,891	**2,060**
Customers' liabilities for acceptances and guarantees (Notes 20 and 29)	**608,435**	678,495	**7,402**
Reserve for possible loan losses (Note 29)	**(379,863)**	(424,619)	**(4,621)**
Reserve for possible losses on investments	**(338)**	(1,139)	**(4)**
Total Assets	**¥43,199,830**	¥42,706,848	**$525,609**
Liabilities and Net Assets:			
Liabilities:			
Deposits (Notes 13, 15, 29 and 35)	**¥34,523,604**	¥34,179,947	**$420,046**
Negotiable certificates of deposit (Note 29)	**1,337,560**	1,424,610	**16,273**
Call money and bills sold (Notes 4 and 29)	**408,527**	277,916	**4,970**
Payables under repurchase agreements (Notes 13 and 29)	**11,998**	142,972	**145**
Payables under securities lending transactions (Notes 13 and 29)	**345,063**	—	**4,198**
Trading liabilities (Notes 5, 29 and 30)	**273,269**	244,282	**3,324**
Borrowed money (Notes 13, 16 and 29)	**1,512,904**	1,700,813	**18,407**
Foreign exchange liabilities (Notes 8 and 29)	**2,051**	1,755	**24**
Bonds (Notes 17 and 29)	**797,076**	678,071	**9,697**
Due to trust account (Note 29)	**354,818**	375,866	**4,317**
Other liabilities (Notes 13, 16, 18, 29 and 30)	**1,089,568**	1,320,538	**13,256**
Reserve for employees' bonuses	**13,943**	14,603	**169**
Reserve for employees' retirement benefits (Note 31)	**12,481**	11,591	**151**
Other reserves (Note 19)	**41,358**	34,552	**503**
Deferred tax liabilities (Note 27)	**125**	—	**1**
Deferred tax liabilities for land revaluation (Note 21)	**23,713**	28,277	**288**
Acceptances and guarantees (Notes 20 and 29)	**608,435**	678,495	**7,402**
Total Liabilities	**41,356,500**	41,114,294	**503,181**
Net Assets (Notes 22, 33 and 36):			
Capital stock	**340,472**	340,472	**4,142**
Capital surplus	**237,082**	237,082	**2,884**
Retained earnings	**1,086,691**	879,381	**13,221**
Treasury stock	**(86,849)**	(86,847)	**(1,056)**
Total stockholders' equity	**1,577,397**	1,370,089	**19,192**
Net unrealized gains on available-for-sale securities (Note 6)	**92,243**	61,826	**1,122**
Net deferred gains on hedges	**27,124**	16,352	**330**
Revaluation reserve for land (Note 21)	**41,303**	38,479	**502**
Foreign currency translation adjustments	**(4,629)**	(4,468)	**(56)**
Total accumulated other comprehensive income	**156,042**	112,190	**1,898**
Minority interests in consolidated subsidiaries	**109,890**	110,273	**1,337**
Total Net Assets	**1,843,329**	1,592,553	**22,427**
Total Liabilities and Net Assets	**¥43,199,830**	¥42,706,848	**$525,609**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2012

	Millions of yen		Millions of U.S. dollars (Note 1)
	2012	2011	**2012**
Income:			
Interest income (Note 23)	**¥520,239**	¥551,097	**$ 6,329**
Trust fees	**23,497**	25,937	**285**
Fees and commissions	**171,696**	172,420	**2,089**
Trading income (Note 24)	**11,558**	28,900	**140**
Other operating income (Note 25)	**52,212**	50,554	**635**
Other income (Note 26)	**73,217**	63,640	**890**
Total Income	**852,420**	892,551	**10,371**
Expenses:			
Interest expenses (Note 23)	**56,257**	67,004	**684**
Fees and commissions	**52,010**	51,555	**632**
Trading expenses	**—**	365	**—**
Other operating expenses (Note 25)	**15,709**	42,937	**191**
General and administrative expenses	**360,914**	369,413	**4,391**
Other expenses (Note 26)	**94,231**	124,163	**1,146**
Total Expenses	**579,123**	655,440	**7,046**
Net income before income taxes and minority interests	**273,297**	237,111	**3,325**
Income Taxes (Note 27)**:**			
Current	**12,522**	10,523	**152**
Deferred	**2,593**	62,189	**31**
Total income taxes	**15,116**	72,713	**183**
Net income before minority interests	**258,180**	164,397	**3,141**
Minority interests in net income	**4,518**	4,318	**54**
Net income	**¥253,662**	¥160,079	**$ 3,086**

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 33)	**¥96.56**	¥73.14	**$1.17**
Net income per share (Diluted) (Note 33)	**68.36**	39.62	**0.83**
Cash dividends per share applicable to the fiscal year (Notes 22 and 36)	**12.00**	12.00	**0.14**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2012

	Millions of yen		Millions of U.S. dollars (Note 1)
	2012	2011	**2012**
Net income before minority interests	**¥258,180**	¥164,397	**$3,141**
Other comprehensive income (Note 32):			
Net unrealized gains (losses) on available-for-sale securities	**30,463**	(21,445)	**370**
Net deferred gains on hedges	**10,772**	2,563	**131**
Revaluation reserve for land	**3,366**	—	**40**
Foreign currency translation adjustments	**(1,872)**	(12,979)	**(22)**
Share of other comprehensive income of affiliates accounted for using the equity method	**(26)**	(22)	**(0)**
Total other comprehensive income (loss)	**42,703**	(31,884)	**519**
Total comprehensive income (Note 32)	**¥300,884**	¥132,513	**$3,660**
Comprehensive income attributable to (Note 32)**:**			
Owners of the parent	**¥298,056**	¥140,679	**$3,626**
Minority interests	**2,827**	(8,166)	**34**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2012

	Millions of yen		Millions of U.S. dollars (Note 1)
	2012	2011	2012
Net assets (Note 22)**:**			
Stockholders' equity:			
Capital stock:			
Balance at the beginning of the fiscal year	**¥ 340,472**	¥ 327,201	**$ 4,142**
Changes during the fiscal year			
Issuance of new stock	**—**	13,271	**—**
Total changes during the fiscal year	**—**	13,271	**—**
Balance at the end of the fiscal year	**¥ 340,472**	¥ 340,472	**$ 4,142**
Capital surplus:			
Balance at the beginning of the fiscal year	**¥ 237,082**	¥ 400,709	**$ 2,884**
Changes during the fiscal year			
Issuance of new stock	**—**	534,444	**—**
Disposal of treasury stock	**(0)**	(1)	**(0)**
Retirement of treasury stock	**—**	(1,307,683)	**—**
Transfer from retained earnings to capital surplus	**0**	609,613	**0**
Total changes during the fiscal year	**—**	(163,626)	**—**
Balance at the end of the fiscal year	**¥ 237,082**	¥ 237,082	**$ 2,884**
Retained earnings:			
Balance at the beginning of the fiscal year	**¥ 879,381**	¥1,372,119	**$10,699**
Changes during the fiscal year			
Dividends paid	**(46,894)**	(44,994)	**(570)**
Net income	**253,662**	160,079	**3,086**
Reversal of revaluation reserve for land	**542**	1,792	**6**
Transfer from retained earnings to capital surplus	**(0)**	(609,613)	**(0)**
Total changes during the fiscal year	**207,309**	(492,737)	**2,522**
Balance at the end of the fiscal year	**¥1,086,691**	¥ 879,381	**$13,221**
Treasury stock:			
Balance at the beginning of the fiscal year	**¥ (86,847)**	¥ (86,840)	**$ (1,056)**
Changes during the fiscal year			
Purchase of treasury stock	**(2)**	(1,307,693)	**(0)**
Disposal of treasury stock	**0**	2	**0**
Retirement of treasury stock	**—**	1,307,683	**—**
Total changes during the fiscal year	**(1)**	(7)	**(0)**
Balance at the end of the fiscal year	**¥ (86,849)**	¥ (86,847)	**$ (1,056)**
Total stockholders' equity:			
Balance at the beginning of the fiscal year	**¥1,370,089**	¥2,013,189	**$16,669**
Changes during the fiscal year			
Issuance of new stock	**—**	547,716	**—**
Dividends paid	**(46,894)**	(44,994)	**(570)**
Net income	**253,662**	160,079	**3,086**
Purchase of treasury stock	**(2)**	(1,307,693)	**(0)**
Disposal of treasury stock	**0**	0	**0**
Reversal of revaluation reserve for land	**542**	1,792	**6**
Total changes during the fiscal year	**207,307**	(643,099)	**2,522**
Balance at the end of the fiscal year	**¥1,577,397**	¥1,370,089	**$19,192**

(Continued)

	Millions of yen		Millions of U.S. dollars (Note 1)
	2012	2011	2012
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities:			
Balance at the beginning of the fiscal year	**¥ 61,826**	¥ 83,129	**$ 752**
Changes during the fiscal year			
Net changes except for stockholders' equity during the fiscal year	**30,416**	(21,303)	**370**
Total changes during the fiscal year	**30,416**	(21,303)	**370**
Balance at the end of the fiscal year	**¥ 92,243**	¥ 61,826	**$ 1,122**
Net deferred gains on hedges:			
Balance at the beginning of the fiscal year	**¥ 16,352**	¥ 13,789	**$ 198**
Changes during the fiscal year			
Net changes except for stockholders' equity during the fiscal year	**10,772**	2,563	**131**
Total changes during the fiscal year	**10,772**	2,563	**131**
Balance at the end of the fiscal year	**¥ 27,124**	¥ 16,352	**$ 330**
Revaluation reserve for land:			
Balance at the beginning of the fiscal year	**¥ 38,479**	¥ 40,271	**$ 468**
Changes during the fiscal year			
Net changes except for stockholders' equity during the fiscal year	**2,824**	(1,792)	**34**
Total changes during the fiscal year	**2,824**	(1,792)	**34**
Balance at the end of the fiscal year	**¥ 41,303**	¥ 38,479	**$ 502**
Foreign currency translation adjustments:			
Balance at the beginning of the fiscal year	**¥ (4,468)**	¥ (3,807)	**$ (54)**
Changes during the fiscal year			
Net changes except for stockholders' equity during the fiscal year	**(161)**	(660)	**(1)**
Total changes during the fiscal year	**(161)**	(660)	**(1)**
Balance at the end of the fiscal year	**¥ (4,629)**	¥ (4,468)	**$ (56)**
Total			
Balance at the beginning of the fiscal year	**¥ 112,190**	¥ 133,382	**$ 1,365**
Changes during the fiscal year			
Net changes except for stockholders' equity during the fiscal year	**43,851**	(21,192)	**533**
Total changes during the fiscal year	**43,851**	(21,192)	**533**
Balance at the end of the fiscal year	**¥ 156,042**	¥ 112,190	**$ 1,898**
Minority interests in consolidated subsidiaries:			
Balance at the beginning of the fiscal year	**¥ 110,273**	¥ 125,326	**$ 1,341**
Changes during the fiscal year			
Net changes except for stockholders' equity during the fiscal year	**(383)**	(15,052)	**(4)**
Total changes during the fiscal year	**(383)**	(15,052)	**(4)**
Balance at the end of the fiscal year	**¥ 109,890**	¥ 110,273	**$ 1,337**
Total net assets:			
Balance at the beginning of the fiscal year	**¥1,592,553**	¥2,271,897	**$19,376**
Changes during the fiscal year			
Issuance of new stock	**—**	547,716	**—**
Dividends paid	**(46,894)**	(44,994)	**(570)**
Net income	**253,662**	160,079	**3,086**
Purchase of treasury stock	**(2)**	(1,307,693)	**(0)**
Disposal of treasury stock	**0**	0	**0**
Reversal of revaluation reserve for land	**542**	1,792	**6**
Net changes except for stockholders' equity during the fiscal year	**43,468**	(36,244)	**528**
Total changes during the fiscal year	**250,776**	(679,344)	**3,051**
Balance at the end of the fiscal year	**¥1,843,329**	¥1,592,553	**$22,427**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2012

	Millions of yen		Millions of U.S. dollars (Note 1)
	2012	2011	**2012**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 273,297**	¥ 237,111	**$ 3,325**
Adjustments for:			
Depreciation and amortization	**27,743**	25,258	**337**
Impairment losses on fixed assets	**2,606**	3,659	**31**
Gain on negative goodwill	**—**	(1,578)	**—**
Equity in earnings of investments in affiliates	**(191)**	(400)	**(2)**
Decrease in reserve for possible loan losses	**(44,755)**	(14,985)	**(544)**
Decrease in reserve for possible losses on investments	**(800)**	(1,786)	**(9)**
Increase (decrease) in reserve for employees' bonuses	**(660)**	2,191	**(8)**
Increase in reserve for employees' retirement benefits	**889**	1,769	**10**
Interest income (accrual basis)	**(520,239)**	(551,097)	**(6,329)**
Interest expenses (accrual basis)	**56,257**	67,004	**684**
Net gains on securities	**(23,024)**	(25,059)	**(280)**
Net foreign exchange gains	**(54,714)**	(47,688)	**(665)**
Net gains on disposal of fixed assets	**(1,030)**	(134)	**(12)**
Net increase in trading assets	**(59,029)**	(114,712)	**(718)**
Net increase in trading liabilities	**28,987**	89,879	**352**
Net decrease in loans and bills discounted	**70,326**	410,526	**855**
Net increase in deposits	**343,657**	1,224,337	**4,181**
Net increase (decrease) in negotiable certificates of deposit	**(87,050)**	305,020	**(1,059)**
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	**(177,909)**	1,080,193	**(2,164)**
Net decrease (increase) in due from banks (excluding those deposited at Bank of Japan)	**228,113**	(23,422)	**2,775**
Net decrease in call loans and other	**98,095**	507,510	**1,193**
Net decrease in receivables under securities borrowing transactions	**—**	56,541	**—**
Net decrease in call money and other	**(363)**	(105,331)	**(4)**
Net increase (decrease) in payables under securities lending transactions	**345,063**	(55,933)	**4,198**
Net increase in foreign exchange assets	**(12,868)**	(2,202)	**(156)**
Net increase (decrease) in foreign exchange liabilities	**295**	(1,330)	**3**
Net increase (decrease) in straight bonds	**8,954**	(58,686)	**108**
Net decrease in due to trust account	**(21,048)**	(821)	**(256)**
Interest receipts (cash basis)	**520,729**	560,256	**6,335**
Interest payments (cash basis)	**(63,117)**	(74,960)	**(767)**
Other—net	**251,813**	(12,643)	**3,063**
Subtotal	**1,190,025**	3,478,486	**14,478**
Income taxes paid	**(34,627)**	(13,036)	**(421)**
Net cash provided by operating activities	**1,155,398**	3,465,449	**14,057**
Cash flows from investing activities:			
Purchases of securities	**(41,237,703)**	(35,734,686)	**(501,736)**
Proceeds from sales of securities	**36,553,559**	30,896,522	**444,744**
Proceeds from redemption of securities	**3,385,689**	3,685,233	**41,193**
Purchases of tangible fixed assets	**(9,283)**	(8,156)	**(112)**
Proceeds from sales of tangible fixed assets	**5,873**	5,844	**71**
Purchases of intangible fixed assets	**(4,546)**	(2,070)	**(55)**
Proceeds from disposal of intangible fixed assets	**—**	115	**—**
Purchases of subsidiaries' stocks	**—**	(2,126)	**—**
Other—net	**(348)**	(288)	**(4)**
Net cash used in investing activities	**(1,306,760)**	(1,159,614)	**(15,899)**
Cash flows from financing activities:			
Proceeds from subordinated borrowed money	**—**	1,000	**—**
Repayment of subordinated borrowed money	**(10,000)**	(4,000)	**(121)**
Proceeds from issuance of subordinated bonds	**210,876**	49,753	**2,565**
Repayment of subordinated bonds	**(94,096)**	(147,550)	**(1,144)**
Proceeds from issuance of stock	**—**	544,706	**—**
Dividends paid	**(46,894)**	(44,994)	**(570)**
Dividends paid to minority stockholders of consolidated subsidiaries	**(421)**	(347)	**(5)**
Purchases of treasury stock	**(2)**	(1,307,693)	**(0)**
Proceeds from sales of treasury stock	**0**	0	**0**
Net cash provided by (used in) financing activities	**59,461**	(909,124)	**723**
Effect of exchange rate changes on cash and cash equivalents	**(7)**	(43)	**(0)**
Net increase (decrease) in cash and cash equivalents	**(91,907)**	1,396,667	**(1,118)**
Cash and cash equivalents at the beginning of the fiscal year	**2,682,038**	1,285,371	**32,632**
Cash and cash equivalents at the end of the fiscal year (Note 3)	**¥ 2,590,131**	¥ 2,682,038	**$ 31,513**

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Holdings, Inc. and consolidated subsidiaries
Fiscal year ended March 31, 2012

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Resona Holdings, Inc. (the "Company") and its consolidated subsidiaries (together, the "Group") in accordance with the provisions set forth in the Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Act, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRSs").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

In addition, the notes to the consolidated financial statements include certain information, which is not required under Japanese GAAP, but is presented herein as additional information.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan and have been made at the rate of ¥82.19 to U.S. $1.00, the rate of exchange prevailing in the Tokyo Foreign Exchange Market on March 31, 2012. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

In conformity with the Companies Act of Japan (the "Companies Act"), amounts of less than one million yen and one million U.S. dollars have been rounded down to the nearest million in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(1) Use of estimates

The preparation of consolidated financial statements in conformity with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(2) Principles of consolidation

The Company defines its consolidation scope using the control and influence concept. Under the control and influence concept, those entities in which the Company, directly or indirectly, is able to exercise control over finance and operations through voting interest and/or other means are fully consolidated, and those entities over which the Group has the ability to exercise significant influence are accounted for by the equity method.

In order to apply the control and influence criteria for certain collective investment vehicles, such as *Toshi Jigyo Kumiai* (investment associations), limited partnerships, *Tokumei Kumiai* (silent partnership) structures and other entities with similar characteristics, the Company looks to the proportionate share of decision-making authority over such vehicles, together with other factors indicating substantial control and influence, in accordance with the guidance of Practical Issues Task Force ("PITF") No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations," issued by the Accounting Standards Board of Japan (the "ASBJ").

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2012 and 2011 was 16 and 17, respectively. The changes in the number of consolidated subsidiaries for the fiscal years ended March 31, 2012 and 2011 were as follows:

(Number of consolidated subsidiaries)	**2012**	2011
At the beginning of the fiscal year	**17**	18
Decrease:		
Liquidation	**1**	—
Merger between consolidated subsidiaries	**—**	1
At the end of the fiscal year	**16**	17

The Group excludes accounts of certain subsidiaries from consolidation when the total assets, total income, net income or loss, retained earnings, deferred gains or losses on hedges and other components of net assets of these subsidiaries would not have a material effect on the consolidated financial statements.

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2012 and 2011 was one.

The equity method of accounting has not been applied to investments in certain non-consolidated subsidiaries and affiliates, as the net income or loss, retained earnings, deferred gains or losses on hedges and other components of net assets are immaterial in relation to the consolidated financial statements.

Non-consolidated subsidiaries and affiliates include investment funds in the form of *Toshi Jigyo Kumiai* (investment association), an unincorporated entity similar to an investment partnership.

Entities not accounted for as affiliates in which the Group owns voting interests of 20% or more (but not more than 50%) included one joint venture as of March 31, 2012 and 2011. The joint venture was established by the banks in the Kinki region registered with the Second Association of Regional Banks to guarantee residential mortgage loans, and its operation is administered by all those banks' discussion and unanimous vote. The Group does not have intent to control or exercise influence over the entity and it was not accounted for as affiliates.

(c) Balance sheet dates of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries as of March 31, 2012 and 2011 were as follows:

	(Number of consolidated subsidiaries)	
	2012	2011
End of December	**4**	4
End of March	**12**	13

Subsidiaries have been consolidated based on their accounts at their respective balance sheet dates. Appropriate adjustments have been made for significant intervening transactions occurring during the period from the respective balance sheet dates of the above subsidiaries to the consolidated balance sheet date.

(d) Eliminations of intercompany balances and transactions

All significant intercompany transactions, related account balances, and unrealized profits and losses have been eliminated in consolidation.

(e) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

The accounting policies and procedures applied to the Company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements.

Financial statements prepared by foreign subsidiaries in accordance with either IFRSs or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process; however, the following items should be adjusted in the consolidated process so that net income or loss is accounted for in accordance with Japanese GAAP unless they are not material:

(i) Amortization of goodwill
(ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(iii) Capitalization of intangible assets arising from development phases
(iv) Cancellation of fair value model accounting for tangible fixed assets and investment properties and incorporation of the cost model accounting
(v) Accounting for net income attributable to a minority interest

(3) Trading assets and trading liabilities

Transactions whose purposes are to earn a profit by taking advantage of short-term fluctuations in the market or discrepancies in interest rates, currency exchange rates, share prices or other market indices on different markets ("transactions for trading purposes") are included in "trading assets" or "trading liabilities," as appropriate, in the consolidated balance sheets 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 fair values as if they were closed out value, assuming the respective contracts are closed out at the consolidated balance sheet date.

(4) Trading income and trading expenses

Income and expenses on transactions for trading purposes are included in "trading income" or "trading expenses," as appropriate, in the consolidated statements of income on a trade-date basis.

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

(5) Securities

Securities other than investments in non-consolidated subsidiaries and affiliates which are accounted for by the equity method are classified and accounted for, depending on management's intent, as follows:

(i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are stated at amortized cost determined by the moving-average method (the amortization/accumulation is calculated by the straight-line method).

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

(iii) marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable tax effects, reported in a separate component of net assets. The fair values of equity securities with quoted market prices are determined based on the average quoted market prices in the last month of the fiscal year. The fair values of securities other than equity securities with quoted market prices are generally determined based on their respective quoted market prices at the balance sheet dates (the cost of these securities sold is determined by the moving-average method).

(iv) non-marketable available-for-sale securities whose fair value cannot be reliably determined are stated at cost. The cost of these securities sold is determined by the moving-average method.

Investment securities other than trading securities are written down to estimated fair value when the decline in fair value is determined to be other-than-temporary based on the assessment of the severity and duration of the decline in value, the issuers' credit standing and certain other factors. Impairment losses are recognized by a charge against income.

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

(i) all derivatives other than those used for hedging purposes are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized currently in the consolidated statements of income.

(ii) derivatives used for hedging purposes, if they meet certain hedging criteria, including high correlation and effectiveness between the hedging instruments and the hedged items, are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivatives used for hedging purposes are generally deferred over the terms of the hedged items and are reclassified into income or expenses when gains and losses on the hedged items are recognized. Net deferred gains or losses on qualifying hedges are reported as a separate component of net assets. Fair value hedge accounting can be applied for certain hedged items, including available-for-sale securities.

A special accounting treatment is applicable to certain hedging relationships with interest rate swaps. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria, requiring certain critical terms of the swaps and the hedged items to be substantially the same, are not remeasured at fair value and the interest differentials paid or received are recognized over the term of the swap agreements and netted with the interest income or expenses of the hedged transactions in the consolidated statements of income.

Generally, a specific hedging relationship is designated between a stand-alone derivative and a single asset or liability (or a group of identical assets or liabilities) as a condition for the application of hedge accounting. However, certain industry-specific hedge accounting may be applied as follows:

(a) Hedges of interest rate risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of interest rate risk associated with financial assets and liabilities in accordance with the Industry Audit Committee Report No. 24, "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants (the "JICPA Industry Audit Committee Report No. 24").

The JICPA Industry Audit Committee Report No. 24 permits banks to designate a group of derivatives as a hedge of a group of financial assets or financial liabilities, taking into consideration the nature of derivative activities in the banking industry. Under the JICPA Industry Audit Committee Report No. 24, hedges to offset changes in fair value of fixed rate instruments (such as loans or deposits) ("fair value hedges") and changes in anticipated cash flows from variable rate instruments ("cash flow hedges") are applied by grouping hedging instruments and hedged items by their maturities.

For fair value hedges, a group of hedging instruments are designated as a hedge of a group of assets or liabilities which are grouped by their maturities in the same manner as the group of hedging instruments. The assessment of hedge effectiveness is generally based on the analysis of the changes in interest rate factors affecting the respective fair values of the groups of hedging instruments and hedged items rather than the assessment based on the accumulated changes in relevant fair values.

For cash flow hedges, the hedging instruments and hedged items are grouped based on their index repricing dates and/or maturities. A regression analysis is employed to test the correlations between interest rate indices underlying the hedging instruments and hedged items to determine the effectiveness of the hedge. A hedge is, however, assumed to be effective and the assessment can be omitted when the interest rate indices are the same for each of the hedging instruments and hedged items, and the repricing dates and intervals are substantially identical for the hedging instruments and hedged items.

Prior to April 1, 2003, consolidated domestic banking subsidiaries applied macro hedge accounting for interest rate-related derivatives to manage interest rate risk from various financial assets and liabilities as a whole, in accordance with the Industry Audit Committee Report No. 15 "Provisional Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry" issued by JICPA (the "JICPA Industry Audit Committee Report No. 15"). Under macro hedge accounting, gains and losses on hedging derivatives were deferred and amortized by the straight-line method over a defined period pursuant to their internal risk management policies.

In accordance with the transitional treatment in the JICPA Industry Audit Committee Report No. 24, which superseded the JICPA Industry Audit Committee Report No. 15, deferred hedge gains or losses recorded in the prior periods under macro hedges were recognized as interest income or expenses over a period not exceeding 10 years from the fiscal year ended March 31, 2004, based on the remaining terms and notional amounts of the hedging instruments. The remaining balances of deferred hedge gains on macro hedges as of March 31, 2012 and 2011 were ¥3 million ($0 million) and ¥88 million, respectively.

Certain assets and liabilities were accounted for using deferral hedge accounting or fair value hedge accounting, designating a stand-alone derivative as a hedge of a specific asset (group of assets) or specific liability (group of liabilities).

(b) Hedges of foreign currency risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of foreign currency risk associated with financial assets and liabilities denominated in foreign currencies in accordance with the Industry Audit Committee Report No. 25 "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry" issued by JICPA (the "JICPA Industry Audit Committee Report No. 25").

In accordance with the JICPA Industry Audit Committee Report No. 25, consolidated domestic banking subsidiaries designate certain currency swaps and foreign exchange swaps as hedges for the exposure to changes in foreign exchange rates associated with receivables or payables denominated in foreign currencies when the foreign currency positions of the hedged receivables or payables including principal and the related accrued interest are expected to exceed the principal and related accrued interest on the hedging instruments over the terms of the hedging instruments. Hedges are assessed as effective when it is determined that banking subsidiaries continue to hold foreign currency positions of the hedging derivatives corresponding to the positions of the hedged items denominated in foreign currencies.

For hedges of available-for-sale securities (other than bonds) denominated in foreign currencies, consolidated domestic banking subsidiaries adopt deferral hedge accounting and fair value hedge accounting on a portfolio basis to hedge the foreign currency risk attributable to such securities. The hedging criteria include specific designation of hedged securities and the on- and off-balance sheet liabilities denominated in foreign currencies positions covering the costs of the hedged securities denominated in the same foreign currencies.

(c) Inter- and intra-company derivative transactions

For inter- and intra-company derivative transactions ("internal derivatives"), including currency and interest rate swaps, consolidated domestic banking subsidiaries currently recognize gains and losses on internal derivatives or defer them as assets or liabilities without elimination in accordance with the JICPA Industry Audit Committee Reports No. 24 and No. 25, which permit a bank to retain the gains and losses on internal derivatives without elimination in the financial statements if the bank establishes and follows the strict hedging criteria for external transactions, requiring mirror-image transactions to be entered into within three business days with external parties after the designation of the internal derivatives as hedging instruments.

(7) Depreciation and amortization

(a) Tangible fixed assets (except for leased assets)

Depreciation of tangible fixed assets (except for leased assets) is mainly computed by the straight-line method for buildings and by the declining-balance method for equipment over the estimated useful lives. The estimated useful lives of major tangible fixed assets are as follows:

- Buildings: 2 ~ 50 years
- Equipment: 2 ~ 20 years

(b) Intangible fixed assets (except for leased assets)

Amortization of intangible fixed assets (except for leased assets) is mainly computed by the straight-line method. Costs of software developed and obtained for internal use are capitalized and amortized by the straight-line method over the estimated useful lives (mainly five years).

(c) Leased assets

Leased assets other than those under finance lease transactions that are deemed to transfer ownership of the leased property to the lessee (excluding those lease transactions entered into before April 1, 2008) are depreciated by the straight-line method over the lease term. Those entered into before April 1, 2008 are accounted for as operating lease transactions as permitted by ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" (see Note 2 (20) "Lease transactions" below). Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

Furthermore, depreciation of leased assets deemed to transfer ownership to the lessee is computed by the same method used for owned assets.

(8) Asset retirement obligations

The Group recognizes asset retirement obligations in accordance with ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations" which were issued on March 31, 2008 and were effective for fiscal years beginning on or after April 1, 2010.

Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made.

Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

The accumulated differences arising from the "as-if" retroactive calculation for the period from the original transaction date, when the asset retirement obligations occurred, to April 1, 2010 were to be charged to income and included in "other expenses" in the consolidated statement of income for the fiscal year ended March 31, 2011.

(9) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group (identified as a cash-generating unit) exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset or asset group exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or asset group (i.e., value in use) or the net selling price at disposition.

For the purpose of testing impairment, certain domestic banking subsidiaries recognize individual branch offices as cash-generating units for which they identify specific cash flows. Assets which do not have identifiable cash flows such as corporate headquarters, training centers, computer centers and welfare facilities are treated as corporate assets as a whole. Branch offices to be closed and facilities not used in operations are individually assessed for impairment.

Recoverable amounts are generally measured by net realizable value, which is principally determined at appraisal values less estimated disposal costs. For certain branch offices used in operations, recoverable amounts are measured by value in use, which is calculated based on the present value of future cash flows using a reasonable discount rate.

(10) Deferred charges

Discounts on bonds are presented as a deduction from bonds and amortized by the straight-line method over the terms of the bonds or the periods before the bonds are redeemable.

Bond issuance costs are charged to expense as incurred.

(11) Dormant deposits

Consolidated domestic banking subsidiaries derecognize the balance of customer deposits in their balance sheets and recognize a gain when they determine that the deposit account has been dormant for a period of more than five years and they are not able to locate or identify claimants for the balance after reasonable efforts. However, the balance has generally been reimbursed subsequent to the period of derecognition if a legitimate claimant appears, and such reimbursement of deposit is accounted for as a charge against income.

The Company provides a reserve for future losses on estimated reimbursements in response to the legitimate claims subsequent to the period of derecognition of the related deposit liabilities.

(12) Reserve for possible loan losses

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

For claims to insolvent borrowers who are undergoing bankruptcy or special liquidation ("borrowers under bankruptcy proceedings") or who are in substantially the same deteriorating financial condition although not yet in formal bankruptcy proceedings ("borrowers substantially in bankruptcy"), a reserve is provided at the full amount of claims after deducting any direct write-offs and excluding the amounts deemed collectible from the disposal of collateral and the amounts recoverable from the execution of guarantees.

For claims to borrowers who are not currently in the condition of bankruptcy or insolvency but with a high probability of becoming insolvent ("borrowers with high probability of becoming insolvent") and certain identified claims subject to close watch, including claims to borrowers with restructured loan terms ("restructured loans"), the discounted cash flow method (the "DCF method") is applied to determine the amount of reserve for individually large balances which exceeds a certain pre-established threshold amount. The DCF method, however, is applied only when future cash flows from collection of principal and interest can be reasonably estimated. Under the DCF method, a reserve is provided for the difference between the present value of future cash flows discounted by the original interest rate and the carrying value of the claim.

For claims to other borrowers, a reserve is computed by using the loan loss ratios derived from the historical loss experience for a specified period.

For claims to certain foreign borrowers with country risk exposure, a reserve is provided for the estimated losses determined by considering the political and economic situation of respective countries.

The operating divisions initially assess all claims based on the internal standards for self-assessment of asset quality. The Internal Audit Division, which is independent from the operating divisions, examines their assessments. The reserve for possible loan losses is provided based on the results of these assessments of the operating divisions and the examination of the Internal Audit Division.

For collateralized or guaranteed claims to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written off. Such uncollectible amounts as of March 31, 2012 and 2011 were ¥420,113 million ($5,111 million) and ¥443,263 million, respectively.

Other consolidated subsidiaries mainly provide a general reserve against claims at the amount deemed necessary based on their historical loan-loss experience, and a reserve for specific claims individually determined to be uncollectible such as those to borrowers under bankruptcy proceedings.

(13) Reserve for possible losses on investments

A reserve for possible losses on investments is provided for the estimated losses on certain non-marketable equity securities based on an assessment of the issuers' financial condition and uncertainty about future recoverability of the decline in fair values of the investments.

(14) Reserve for employees' bonuses

A reserve for employees' bonuses is provided for the payment of performance bonuses to employees at an estimated amount accrued as of the consolidated balance sheet dates.

(15) Reserve for employees' retirement benefits

A 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 dates. Prior service cost is charged to expense as incurred. Unrecognized actuarial gains and losses are amortized from the next year after incurrence by the straight-line method over a period (ten years) defined within the average remaining service years of eligible employees.

(16) Other reserves

Other reserves are provided to cover future expenses and losses that can be reasonably estimated.

(17) Translation of foreign currencies

The financial statements of foreign subsidiaries are translated into Japanese yen at the exchange rates as of the respective balance sheet dates, except for net assets accounts, which are translated at historical exchange rates. Differences arising from such translations are shown as "foreign currency translation adjustments" as a separate component of net assets.

Consolidated domestic banking subsidiaries translate assets and liabilities denominated in foreign currency into Japanese yen primarily at the exchange rates at the consolidated balance sheet dates, with the exception of investments in affiliates which are translated at historical exchange rates.

Assets and liabilities denominated in foreign currency of other consolidated subsidiaries are translated into Japanese yen at the exchange rates at the respective balance sheet dates.

(18) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the amounts on consolidated balance sheet and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

The Group assesses the realizability of deferred tax assets based on an assessment of the available evidence, including future taxable income, future reversal of existing temporary differences and tax planning strategies. A valuation allowance reduces the carrying amount of deferred tax assets to the extent that it is not probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets to be realized. Such valuation allowance may be reversed to the extent that it becomes probable that sufficient taxable income will be available and warrant the realization of tax benefits.

The Company has filed with the Japanese tax authorities a national income tax return under the consolidated corporate-tax system, which allows national income tax payments to be based on the combined profits or losses of the Company and its wholly owned domestic subsidiaries. Deferred taxes are measured based on the future tax benefits expected to be realized in consideration of the expected combined profits or losses of eligible companies in accordance with the consolidated corporate-tax system. Consolidated corporate-tax amounts, once determined, are allocated to each of the subsidiaries and are used as a basis for the income taxes to be recorded in their separate financial statements.

(19) Consumption taxes

The Company and its domestic consolidated subsidiaries account for consumption tax and local consumption tax by the tax-exclusion method whereby receipts and payments of consumption taxes are not included in the transaction amounts and, accordingly, consumption tax amounts do not affect the measurement of profit or loss transactions.

(20) Lease transactions

All finance lease transactions entered into on or after April 1, 2008 are capitalized, recognizing leased assets and corresponding obligations under finance lease transactions in the consolidated balance sheets.

Finance lease transactions that do not transfer ownership of the leased property to the lessee entered into before fiscal years beginning on April 1, 2008 are accounted for as operating lease transactions and "as if capitalized" information as of March 31, 2012 and 2011 is omitted because the amount is immaterial.

(21) Appropriations of retained earnings

Appropriations of retained earnings at the end of each fiscal year are reflected on the consolidated financial statements for the following fiscal year upon stockholders' approval or resolution of the Board of Directors.

(22) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows include cash and the balances due from the Bank of Japan.

(23) Per share information

Basic net income per share of common stock is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding at the end of the fiscal year, retroactively adjusted for any stock splits.

Diluted net income per share of common stock reflects the potential dilutive effect of outstanding warrants and convertible securities, including convertible preferred stock, which would occur if such warrants or conversion options were exercised and the securities were converted into common stock. Diluted net income per share of common stock assumes full conversion of outstanding convertible securities at the beginning of the fiscal year (or at the time of issuance, if the securities were issued during the fiscal year) with applicable adjustments for related interest expenses and dividends, net of any tax effect, and exercise of all conversion options outstanding.

Net assets per share of common stock is computed by dividing net assets attributable to common stockholders by the number of shares of common stock outstanding at the end of the fiscal year.

Accounting change for the fiscal year ended March 31, 2012~Earnings per share

On June 30, 2010, the ASBJ revised ASBJ Statement No. 2, "Accounting Standard for Earnings Per Share," ASBJ Guidance No. 4, "Guidance on Accounting Standard for Earnings Per Share" and ASBJ PITF No. 9, "Practical Solution on Accounting for Earnings Per Share." The Group adopted the revised standard and guidance since the fiscal year beginning on April 1, 2011 and reflected an adjustment of the conversion price of the preferred stock during the period in the number of increased shares of common stock to calculate the diluted net income per share of common stock. The new policy was applied, retrospectively, and the consolidated financial statements for the year ended March 31, 2011 were restated. Effect of the adoption is described in Note 33 "Per common share information".

(24) Accounting changes and error corrections

On or after April 1, 2011, the Group has adopted ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections" both issued on December 4, 2009. Accounting treatments under these standard and guidance are as follows:

(i) Changes in accounting policies
When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(ii) Changes in presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(iii) Changes in accounting estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(iv) Corrections of prior period error
When a material error in prior period financial statements is discovered, those statements are restated.

(25) New accounting pronouncements

Accounting standard for retirement benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26 "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25 "Guidance on Accounting Standard for Retirement Benefits" which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidances, being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet
Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within net assets (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income
The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group expects to apply the revised accounting standard from the fiscal year beginning on April 1, 2013 and is in the process of measuring the effects of applying the revised accounting standard for the fiscal year ending March 31, 2014.

3. Cash and Cash Equivalents

The reconciliation between "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2012 and 2011 was as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Cash and due from banks	**¥2,707,761**	¥3,027,781	**$32,945**
Less: Due from banks except for the Bank of Japan	**(117,629)**	(345,742)	**(1,431)**
Cash and cash equivalents	**¥2,590,131**	¥2,682,038	**$31,513**

4. Call Loans and Bills Bought, and Call Money and Bills Sold

Call loans and bills bought as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Call loans	**¥246,323**	¥356,676	**$2,996**

Call money and bills sold as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Call money	**¥408,527**	¥277,916	**$4,970**

5. Trading Assets and Trading Liabilities

Trading assets and liabilities as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Trading assets:			
Trading securities	**¥409,690**	¥371,960	**$4,984**
Derivatives of trading securities	**21**	51	**0**
Derivatives of securities related to trading transactions	**135**	24	**1**
Trading-related financial derivatives	**286,690**	265,472	**3,488**
Total	**¥696,538**	¥637,508	**$8,474**
Trading liabilities:			
Derivatives of trading securities	**¥ —**	¥ 24	**$ —**
Trading-related financial derivatives	**273,269**	244,258	**3,324**
Total	**¥273,269**	¥244,282	**$3,324**

6. Securities

Securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Japanese government bonds	**¥ 9,090,188**	¥7,671,629	**$110,599**
Japanese local government bonds	**548,456**	462,091	**6,673**
Japanese corporate bonds	**885,617**	1,049,816	**10,775**
Japanese stocks	**535,393**	539,446	**6,514**
Other securities	**276,219**	176,976	**3,360**
Total	**¥11,335,875**	¥9,899,960	**$137,922**

As of March 31, 2012 and 2011, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥19,256 million ($234 million) and ¥19,241 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥2,911 million ($35 million) and ¥4,104 million, respectively.

The amounts on consolidated balance sheets, aggregate fair values and unrealized gains (losses) on held-to-maturity debt securities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2012			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
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**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
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**
March 31, 2011			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 923,285	¥ 941,635	¥18,349
Japanese local government bonds	267,584	277,454	9,869
Japanese corporate bonds	8,090	8,264	174
Total	¥1,198,960	¥1,227,354	¥28,393
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 426,252	¥ 422,967	¥ (3,285)
Japanese local government bonds	41,475	40,998	(477)
Japanese corporate bonds	1,210	1,176	(34)
Total	¥ 468,939	¥ 465,141	¥ (3,797)
Grand total	¥1,667,900	¥1,692,496	¥24,596

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2012			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$20,610**	**$21,049**	**$439**
Japanese local government bonds	**4,142**	**4,306**	**164**
Japanese corporate bonds	**76**	**78**	**1**
Total	**$24,829**	**$25,434**	**$604**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese local government bonds	**$ 232**	**$ 231**	**$ (0)**
Japanese corporate bonds	**9**	**9**	**(0)**
Total	**$ 242**	**$ 241**	**$ (1)**
Grand total	**$25,072**	**$25,676**	**$603**

The amounts on consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2012			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 350,918**	**¥ 203,258**	**¥147,660**
Bonds:			
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**
Total bonds	**4,113,181**	**4,096,273**	**16,908**
Other	**85,167**	**83,127**	**2,040**
Total	**¥4,549,268**	**¥4,382,658**	**¥166,609**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**¥ 113,029**	**¥ 139,341**	**¥ (26,312)**
Bonds:			
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)**
Total bonds	**4,350,394**	**4,354,731**	**(4,337)**
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**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2011			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 350,775	¥ 220,258	¥130,516
Bonds:			
Japanese government bonds	1,520,061	1,514,691	5,370
Japanese local government bonds	105,314	102,124	3,189
Japanese corporate bonds	379,577	376,054	3,523
Total bonds	2,004,953	1,992,869	12,083
Other	48,112	46,295	1,816
Total	¥2,403,841	¥2,259,424	¥144,416
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 113,272	¥ 131,611	¥ (18,339)
Bonds:			
Japanese government bonds	4,802,029	4,823,200	(21,171)
Japanese local government bonds	47,716	48,276	(560)
Japanese corporate bonds	660,937	665,681	(4,743)
Total bonds	5,510,683	5,537,158	(26,475)
Other	218,551	225,287	(6,736)
Total	¥5,842,507	¥5,894,058	¥ (51,551)
Grand total	¥8,246,348	¥8,153,482	¥ 92,865

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2012			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**$ 4,269**	**$ 2,473**	**$1,796**
Bonds:			
Japanese government bonds	**39,966**	**39,886**	**79**
Japanese local government bonds	**1,750**	**1,684**	**66**
Japanese corporate bonds	**8,327**	**8,268**	**59**
Total bonds	**50,044**	**49,839**	**205**
Other	**1,036**	**1,011**	**24**
Total	**$ 55,350**	**$ 53,323**	**$2,027**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**$ 1,375**	**$ 1,695**	**$ (320)**
Bonds:			
Japanese government bonds	**50,023**	**50,067**	**(44)**
Japanese local government bonds	**547**	**548**	**(1)**
Japanese corporate bonds	**2,360**	**2,367**	**(7)**
Total bonds	**52,930**	**52,983**	**(52)**
Other	**3,381**	**3,431**	**(49)**
Total	**$ 57,688**	**$ 58,110**	**$ (422)**
Grand total	**$113,038**	**$111,433**	**$1,604**

Note: As of March 31, 2012 and 2011, unlisted stocks in the amounts of ¥52,605 million ($640 million) and ¥56,576 million and investments in partnerships in the amounts of ¥17,920 million ($218 million) and ¥21,931 million, respectively, whose fair values cannot be reliably determined, are not included in the above table.

Proceeds from sales of available-for-sale securities, gains on sales and losses on sales for the fiscal years ended March 31, 2012 and 2011 were as follows:

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2012						
Available-for-sale securities:						
Japanese stocks	**¥ 17,218**	**¥ 6,244**	**¥ 123**	**$ 209**	**$ 75**	**$ 1**
Bonds:						
Japanese government bonds	**33,789,945**	**25,101**	**4,559**	**411,119**	**305**	**55**
Japanese local government bonds	**59,864**	**417**	**31**	**728**	**5**	**0**
Japanese corporate bonds	**503,242**	**904**	**0**	**6,122**	**10**	**0**
Total bonds	**34,353,052**	**26,423**	**4,592**	**417,971**	**321**	**55**
Other	**1,821,334**	**13,159**	**8,687**	**22,160**	**160**	**105**
Total	**¥36,191,605**	**¥45,828**	**¥13,403**	**$440,340**	**$557**	**$163**
March 31, 2011						
Available-for-sale securities:						
Japanese stocks	¥ 16,886	¥ 4,675	¥ 199			
Bonds:						
Japanese government bonds	29,300,770	40,646	14,250			
Japanese local government bonds	67,046	391	34			
Japanese corporate bonds	804,384	3,931	33			
Total bonds	30,172,201	44,970	14,317			
Other	1,129,904	10,680	9,029			
Total	¥31,318,992	¥60,325	¥23,546			

For the fiscal years ended March 31, 2012 and 2011, the Group did not reclassify any securities.

An impairment of securities is recognized if the decline in fair values is substantial and the decline is determined to be other than temporary. To assess whether or not a decline in fair values is substantial, the Group considers not only the severity and duration of the decline in value but also the classification of the security issuer which is used in the self-assessment of asset quality 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: where the fair value is lower than the amortized cost or acquisition cost.

(ii) For issuers who are classified as borrowers under close watch: where the fair value declines by 30% or more compared to the amortized cost or acquisition cost.

(iii) Other: where the fair value declines by 50% or more compared to the amortized cost or acquisition cost.

For the fiscal years ended March 31, 2012 and 2011, impairment losses of ¥1,230 million ($14 million) and ¥3,673 million, respectively, were recorded with respect to securities with fair values except for trading securities.

Reconciliation of net unrealized gains on available-for-sale securities to the amounts included in "net unrealized gains on available-for-securities," presented as a separate component of net assets as of March 31, 2012 and 2011 in the consolidated balance sheets, was as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Net unrealized gains before taxes on available-for-sale securities	¥131,900	¥92,865	$1,604
Discontinued fair value hedge gains previously recognized as income	(8,231)	(9,738)	(100)
Deferred tax liabilities	(31,383)	(21,304)	(381)
Net unrealized gains on available-for-sale securities (before adjustment)	92,285	61,822	1,122
Amounts attributable to minority interests	(45)	(25)	0
The Company's portion of unrealized gains on available-for-sale securities of equity method investees	3	30	0
Amounts recorded in the consolidated balance sheets	¥ 92,243	¥61,826	$1,122

There were no securities loaned without collateral, securities borrowed without collateral, securities purchased under resale agreements or securities received under securities borrowing transactions collateralized with cash, as of March 31, 2012 and 2011.

There was no money held in trust for trading purposes as of March 31, 2012 and 2011.

7. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Bills discounted	¥ 195,576	¥ 185,680	$ 2,379
Loans on notes	941,748	1,014,675	11,458
Loans on deeds	21,657,474	21,554,446	263,504
Overdrafts	2,987,895	3,098,219	36,353
Total	¥25,782,695	¥25,853,022	$313,696

The following loans were included in loans and bills discounted as of March 31, 2012 and 2011.

	Millions of yen		Millions of U.S. dollars
	2012	2011	2012
Loans to borrowers in legal bankruptcy	¥ 13,970	¥ 19,752	$ 169
Past due loans	457,844	459,878	5,570
Loans past due three months or more	4,555	8,171	55
Restructured loans	274,523	261,403	3,340
Total	¥750,893	¥749,205	$9,136

The above amounts are stated before the deduction of the reserve for possible loan losses.

"Loans to borrowers in legal bankruptcy" are nonaccrual loans which are highly probable to become unrecoverable. Specific conditions for inclusion in this category are as follows:

(i) Borrowers have made application for procedures under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, liquidation under the Companies Act of Japan, or liquidation under other legal provisions.

(ii) Clearance of promissory notes or bills issued by the borrower is suspended.

"Past due loans" are loans on which accrued interest income is not recognized, excluding "loans to borrowers in legal bankruptcy" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

"Loans past due three months or more" include accruing loans for which principal or interest is past due three months or more.

"Restructured loans" are loans to borrowers in financial difficulty to whom the Group has provided financial support through modification of the lending terms to be more favorable to the borrower, including reduction of interest rates, suspension of repayment of principal and interest and debt forgiveness.

Bills discounted are recorded as lending transactions in accordance with the JICPA Industry Audit Committee Report No. 24. Certain consolidated banking subsidiaries have a right to sell or repledge as collateral such discounted bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥206,969 million ($2,518 million) and ¥196,758 million as of March 31, 2012 and 2011, respectively.

8. Foreign Exchange

Foreign exchange assets and liabilities as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Assets:			
Due from foreign banks	**¥41,425**	¥25,890	**$504**
Foreign bills of exchange bought	**11,393**	11,077	**138**
Foreign bills of exchange receivable	**23,521**	26,504	**286**
Total	**¥76,340**	¥63,472	**$928**
Liabilities:			
Due to foreign banks	**¥ 648**	¥ 526	**$ 7**
Foreign bills of exchange sold	**610**	452	**7**
Foreign bills of exchange payable	**791**	775	**9**
Total	**¥ 2,051**	¥ 1,755	**$ 24**

9. Other Assets

Other assets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Prepaid expenses	**¥ 22,621**	¥ 20,363	**$ 275**
Accrued income	**56,725**	55,598	**690**
Initial margins for futures transactions	**1,426**	3,666	**17**
Variation margins for futures transactions	**—**	79	**—**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**365,329**	372,999	**4,444**
Prepaid pension cost	**128,661**	132,809	**1,565**
Guarantee deposits	**21,641**	22,322	**263**
Guarantee for derivative transactions	**141,842**	246,010	**1,725**
Other receivable on sales of securities	**192,199**	541,398	**2,338**
Other	**227,580**	239,013	**2,768**
Total	**¥1,158,028**	¥1,634,261	**$14,089**

10. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Land, buildings and leased assets	**¥518,838**	¥524,444	**$6,312**
Construction in progress	**1,146**	1,511	**13**
Subtotal	**519,985**	525,955	**6,326**
Accumulated depreciation	**(212,896)**	(212,723)	**(2,590)**
Total	**¥307,088**	¥313,231	**$3,736**

Under certain conditions such as exchanges of tangible fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. As of March 31, 2012 and 2011, such deferred profit amounted to ¥52,679 million ($640 million) and ¥53,258 million, respectively.

11. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Software	**¥10,844**	¥10,915	**$131**
Leased assets	**35,647**	37,557	**433**
Other intangible fixed assets	**5,368**	5,364	**65**
Total	**¥51,860**	¥53,836	**$630**

12. Long-Lived Assets

For the fiscal years ended March 31, 2012 and 2011, the Group recognized impairment losses of ¥2,606 million ($31 million) and ¥3,659 million, respectively. For all assets on which impairment losses were recognized, the Group used an estimated net selling price as the recoverable amount, which was higher than the discounted value in use.

13. Assets Pledged as Collateral

Assets pledged as collateral and debt collateralized as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Assets pledged as collateral:			
Cash and due from banks	**¥ 1,747**	¥ 1,837	**$ 21**
Trading assets	**11,996**	142,947	**145**
Securities	**8,335,942**	6,664,361	**101,422**
Loans and bills discounted	**162,626**	166,479	**1,978**
Other assets	**3,927**	3,880	**47**
Debt collateralized:			
Deposits	**¥ 98,141**	¥ 163,227	**$ 1,194**
Payables under repurchase agreements	**11,998**	142,972	**145**
Payables under securities lending transactions	**345,063**	—	**4,198**
Borrowed money	**1,449,490**	1,633,620	**17,635**

In addition to the pledged assets shown above, the following assets were pledged as collateral for settlements of foreign exchanges, over-the-counter derivatives transactions or futures transactions as of March 31, 2012 and 2011.

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Assets pledged as collateral:			
Cash and due from banks	**¥ 80**	¥ 80	**$ 0**
Securities	**798,101**	1,196,235	**9,710**
Other assets	**142,427**	246,601	**1,732**

"Other assets" included initial margins for futures transactions in the amounts of ¥1,426 million ($17 million) and ¥3,666 million and guarantee deposits in the amounts of ¥21,641 million ($263 million) and ¥22,322 million as of March 31, 2012 and 2011, respectively.

14. Commitment Line Agreements

Overdraft agreements on current accounts and commitment line agreements for loans are agreements to extend loans up to the prearranged amount at a quoted rate during a specific future period upon customers' requests, unless any terms or conditions in the agreements are violated.

Unused balances related to these agreements as of March 31, 2012 and 2011 amounted to ¥8,010,389 million ($97,461 million) and ¥7,801,642 million, respectively, including ¥7,756,264 million ($94,369 million) and ¥7,584,472 million of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

The unused balances do not necessarily affect future cash flows of the Group because most of these agreements are expected to expire without being exercised. In addition, most agreements contain provisions which stipulate that the Group may decline to extend loans or reduce the prearranged commitment amount when there are adverse changes in the financial conditions of the borrowers or for other reasons.

When extending loans to customers, the Group may request collateral or guarantees such as real estate and securities if deemed necessary. After originating loans, the Group periodically checks the financial condition of the borrowers based on its internal rules and, if necessary, takes measures to ensure the security of the loans.

15. Deposits

Deposits as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Current deposits	**¥ 2,851,760**	¥ 2,178,738	**$ 34,697**
Ordinary deposits	**17,956,399**	17,743,528	**218,474**
Savings deposits	**374,656**	385,067	**4,558**
Notice deposits	**112,474**	120,243	**1,368**
Time deposits	**12,559,450**	12,864,676	**152,809**
Other deposits	**668,862**	887,693	**8,137**
Total	**¥34,523,604**	¥34,179,947	**$420,046**

16. Borrowed Money and Lease Obligations

(1) Borrowed money

As of March 31, 2012 and 2011, the weighted average annual interest rates applicable to borrowed money were 0.19% and 0.17%, respectively.

Borrowed money included borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated borrowings of ¥39,000 million ($474 million) and ¥49,000 million as of March 31, 2012 and 2011, respectively.

The following is a summary of maturities of borrowed money subsequent to March 31, 2012:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2013	**¥1,470,317**	**$17,889**
2014	**1,336**	**16**
2015	**832**	**10**
2016	**773**	**9**
2017	**616**	**7**
2018 and thereafter	**39,027**	**474**
Total	**¥1,512,904**	**$18,407**

(2) Obligations under finance lease transactions

As of March 31, 2012 and 2011, the weighted average annual interest rates applicable to the finance lease obligations were 0.31% and 0.34%, respectively.

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2012:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2013	**¥14,283**	**$173**
2014	**10,279**	**125**
2015	**6,792**	**82**
2016	**4,710**	**57**
2017	**1,183**	**14**
2018 and thereafter	**108**	**1**
Total	**¥37,358**	**$454**

17. Bonds

Bonds as of March 31, 2012 and 2011 consisted of the following:

	Rate	Maturity	Millions of yen	Millions of U.S. dollars
March 31, 2012				
The Company:				
Straight bond	**1.70%**	**June 20, 2013**	**¥ 30,000**	**$ 365**
Straight bond	**0.644%**	**September 20, 2016**	**30,000**	**365**
Resona Bank, Limited:				
Subordinated bonds(*1)	**0.84438% to 5.85%**	**September 24, 2014 to Perpetuity**	**609,021**	**7,409**
Saitama Resona Bank, Ltd.:				
Subordinated bonds	**1.03438% to 2.08%**	**September 27, 2017 to Perpetuity**	**125,500**	**1,526**
P.T. Bank Resona Perdania(*3):				
Straight bond(*5)	**10.5%**	**December 9, 2013**	**2,555**	**31**
Total			**¥797,076**	**$9,697**
March 31, 2011				
The Company:				
Straight bond	1.64%	December 15, 2011	¥ 20,000	
Straight bond	1.70%	June 20, 2013	30,000	
Resona Bank, Limited:				
Subordinated bonds(*1)	0.6975% to 5.986%	September 24, 2014 to Perpetuity	508,969	
Saitama Resona Bank, Ltd.:				
Subordinated bonds	0.72625% to 2.08%	September 27, 2016 to Perpetuity	105,500	
Asahi Finance (Cayman) Ltd.(*2):				
Subordinated bond	4.25%	Perpetuity	10,000	
P.T. Bank Resona Perdania(*3):				
Straight bond(*4)	10.9%	April 15, 2011	908	
Straight bond(*5)	10.5%	December 9, 2013	2,692	
Total			¥678,071	

Notes: (*1) The amount includes the balances of bonds denominated in foreign currency originally issued at U.S. $1,299 million and EUR €499 million as of March 31, 2012. The amount includes the balances of bonds denominated in foreign currency originally issued at U.S. $1,299 million, EUR €499 million and GBP £335 million as of March 31, 2011.

(*2) Asahi Finance (Cayman) Ltd. is a wholly owned subsidiary of the Company.

(*3) P.T. Bank Resona Perdania is a consolidated subsidiary of Resona Bank, Limited ("Resona Bank") which has 43.4% of its voting rights.

(*4) The amount includes the balance of bonds denominated in foreign currency originally issued at IDR Rp99,852 million as of March 31, 2011.

(*5) The amount includes the balance of bonds denominated in foreign currency originally issued at IDR Rp297,169 million and IDR Rp295,931 million as of March 31, 2012 and 2011, respectively.

6 All of the outstanding bonds are unsecured.

The following is a summary of the maturities of bonds subsequent to March 31, 2012:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2013	**¥ —**	**$ —**
2014	**32,555**	**396**
2015	**20,000**	**243**
2016	**20,000**	**243**
2017	**30,000**	**365**
2018 and thereafter	**694,521**	**8,450**
Total	**¥797,076**	**$9,697**

Note: The above amounts are stated at carrying amounts.

18. Other Liabilities

Other liabilities as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Unsettled exchange payables	**¥ 30**	¥ 62	**$ 0**
Accrued income taxes	**9,998**	5,898	**121**
Accrued expenses	**48,263**	55,066	**587**
Unearned income	**17,009**	20,968	**206**
Lease obligations	**37,358**	38,832	**454**
Asset retirement obligations	**1,087**	1,318	**13**
Other payable on purchases of securities	**219,264**	467,320	**2,667**
Variation margins for futures transactions	**224**	29	**2**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**327,330**	353,450	**3,982**
Other	**429,001**	377,591	**5,219**
Total	**¥1,089,568**	¥1,320,538	**$13,256**

19. Other Reserves

Other reserves are provided to cover future expenses and losses that can be reasonably estimated.

Other reserves mainly include a reserve for losses on trust transactions, a reserve for losses on the reimbursement of dormant deposits, a reserve for losses on off-balance-sheet transactions, a reserve for losses on burden charge under the credit guarantee system, a reserve for Resona Club points and a reserve for losses on interest repayments.

(i) A reserve for losses on trust transactions is provided for the estimated future losses on trust transactions without principal indemnification which a consolidated domestic banking subsidiary as a trustee has been administrating and operating, and amounted to ¥11,348 million ($138 million) and ¥11,346 million as of March 31, 2012 and 2011, respectively.

(ii) 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, and amounted to ¥15,160 million ($184 million) and ¥12,666 million as of March 31, 2012 and 2011, respectively.

(iii) A reserve for losses on off-balance sheet transactions is provided for the estimated future losses from contingent events related to off-balance sheet transactions, and amounted to ¥5,362 million ($65 million) as of March 31, 2012.

(iv) 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 to certain small and medium-sized companies, and amounted to ¥5,346 million ($65 million) and ¥5,256 million as of March 31, 2012 and 2011, respectively.

(v) A reserve for Resona Club points is provided for the estimated future losses by usage of the points awarded to the Resona Club members and amounted to ¥2,831 million ($34 million) and ¥4,050 million as of March 31, 2012 and 2011, respectively.

(vi) 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 and amounted to ¥367 million ($4 million) and ¥561 million as of March 31, 2012 and 2011, respectively.

20. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "acceptances and guarantees." As a contra account, "customers' liabilities for acceptances and guarantees" are shown on the assets side of the consolidated balance sheets, representing the Group's right of indemnity from the applicants.

In addition to the acceptances and guarantees described above, a consolidated domestic banking subsidiary guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥407,227 million ($4,954 million) and ¥439,223 million as of March 31, 2012 and 2011, respectively.

21. Revaluation Reserve for Land

Effective March 31, 1998, certain domestic consolidated subsidiaries adopted a special one-time measure to revalue their land used in operations in accordance with the "Act Concerning Land Revaluation" (Act 34, announced on March 31, 1998). The land revaluation differences have been recorded in "revaluation reserve for land" as a separate component of net assets with the related income taxes included in "deferred tax liabilities for land revaluation."

In accordance with Article 3, Item 3 of the Act, the revaluation was based on the official notice prices stated in the "Act of Public Notice of Land Prices" (assessment date, January 1, 1998) as stipulated in Article 2, Item 1 of the "Ordinance for the Act Concerning Land Revaluation" (Government Ordinance No. 119, announced on March 31, 1998) after making reasonable adjustments for the location and quality of the sites.

The aggregate carrying value of the land after one-time revaluation exceeded its aggregate fair value that was determined in accordance with Article 10 of the Act by ¥31,953 million ($388 million) and ¥31,229 million as of March 31, 2012 and 2011, respectively.

22. Net Assets

Capital requirement

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(i) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the stockholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all of the above criteria.

The Board of Directors of companies with board committees (an appointment committee, compensation committee and audit committee) can also declare dividends (except for dividends-in-kind) because such companies with board committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of the Board of Corporate Auditors. The Company is organized as a company with board committees.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(ii) Increase, decrease and transfer of stated capital, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a capital reserve (a component of capital surplus) or as a legal reserve (a component of retained earnings) depending on the net assets account charged upon the payment of such dividends until the total of the aggregate amount of the capital reserve and the legal reserve equals 25% of stated capital.

Under the Companies Act, the total amount of the capital reserve and the legal reserve may be available for dividends by resolution of the stockholders after transferring the amount to retained earnings without limitation. The Companies Act also provides that stated capital, the capital reserve, the legal reserve, other capital surplus (capital surplus other than the capital reserve) and other retained earnings (retained earnings other than the legal reserve) can be transferred among the accounts under certain conditions upon resolution of the stockholders. In addition, a company can do so without resolution of the stockholders when it meets certain other conditions under Article 447-3 and 448-3.

(iii) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to acquire treasury stock and dispose such treasury stock by resolution of the Board of Directors. The amount of treasury stock acquired cannot exceed the amount available for distribution to the stockholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of net assets.

The Companies Act also provides that companies can acquire both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

(iv) Accounting standards for treasury shares and appropriation of legal reserve

The ASBJ Statement No. 1, “Accounting Standards for Treasury Shares and Appropriation of Legal Reserve,” and the ASBJ Guidance No. 2, “Guidance on Accounting Standards for Treasury Shares and Appropriation of Legal Reserve,” clarify the accounting treatment for retirement of treasury stock, requiring the cost of retired treasury stock be first deducted from other capital surplus (capital surplus other than the capital reserve). These standards also require that when the other capital surplus at the end of the fiscal year would become negative as a result of retirement of treasury stock, the negative balance of other capital surplus shall be zero and the negative balance shall be deducted from other retained earnings (retained earnings other than the legal reserve).

Capital Stock—Changes during the Fiscal Year

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2012 were as follows:

	(Shares in thousands)				
		Changes during the fiscal year			
	As of April 1, 2011	Increase	Decrease	As of March 31, 2012	
Issued stock:					
Common stock	2,514,957	—	—	2,514,957	
Preferred 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	(*)

Note: (*) The increase/decrease in the number of shares of the treasury stock of common stock represents the acquisition/disposal of odd-lot shares.

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2011 were as follows:

	As of April 1, 2010	Increase	Decrease	As of March 31, 2011	
	(Shares in thousands)	Changes during the fiscal year			
Issued stock:					
Common stock	1,214,957	1,300,000	—	2,514,957	(*1)
Preferred stock:					
Class C No. 1 preferred stock	12,000	—	—	12,000	
Class F No. 1 preferred stock	8,000	—	—	8,000	
Class One No. 1 preferred stock	275,000	—	275,000	—	(*2)
Class Two No. 1 preferred stock	281,780	—	281,780	—	(*2)
Class Three No. 1 preferred stock	275,000	—	50,000	225,000	(*2)
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	2,076,258	1,300,000	606,780	2,769,477	
Treasury stock:					
Common stock	64,168	12	1	64,179	(*3)
Preferred stock:					
Class One No. 1 preferred stock	—	275,000	275,000	—	(*2)
Class Two No. 1 preferred stock	—	281,780	281,780	—	(*2)
Class Three No. 1 preferred stock	—	50,000	50,000	—	(*2)
Total	64,168	606,793	606,782	64,179	

Notes: (*1) The increase in the number of shares of the common stock is due to issued stocks.
(*2) The increase in the number of shares of the treasury stock of preferred stock (Class One No.1, Class Two No.1 and Class Three No.1) is due to the shares acquired within the preapproved limit on treasury stock acquisition. The decreases are due to the retirements of the acquired shares of these preferred stocks.
(*3) The increase/decrease in the number of shares of the treasury stock of common stock represents the acquisition/disposal of odd-lot shares.

On August 31, 2010, the Company repurchased and cancelled 200,000,000 shares of Class One No.1 preferred stock for ¥2,128.60 per share for an aggregate purchase price of ¥425,720 million.

On January 31, 2011, the Company issued 1,237,000,000 shares of common stock at ¥421.32 per share, for a total issue amount of ¥521,172 million, through a public offering. Upon the issuance of the common stock, the amounts of stated capital and capital reserve (a component of capital surplus) increased by ¥260,586 million and ¥260,586 million, respectively. Simultaneously with the issuance of the stock described above, the amounts of increase in stated capital and capital reserve resulting from such issuance were transferred to other capital surplus (capital surplus other than capital reserve) on the issue date and, accordingly, the amounts of stated capital and capital reserve after the issuance of such stock were the same as the amounts before the issuance.

On February 18, 2011, the Company issued 63,000,000 shares of common stock at ¥421.32 per share, for a total issue amount of ¥26,543 million, through a third-party allotment. Upon the issuance of the common stock, the amounts of stated capital and capital reserve (a component of capital surplus) increased by ¥13,271 million and ¥13,271 million, respectively.

On March 11, 2011, the Company repurchased and cancelled 75,000,000 shares of Class One No.1 preferred stock for ¥2,134.60 per share for an aggregate purchase price of ¥160,095 million, 281,780,786 shares of Class Two No.1 preferred stock for ¥2,167.00 per share for an aggregate purchase price of ¥610,618 million and 50,000,000 shares of Class Three No.1 preferred stock for ¥2,225.00 per share for an aggregate purchase price of ¥111,250 million.

On March 31, 2011, ¥609,613 million in other retained earnings (retained earnings other than legal reserve) was transferred to other capital surplus (capital surplus other than capital reserve).

Capital Stock—Summary of Stock Right

Common stock and preferred stock as of March 31, 2012 were as follows:

March 31, 2012	Number of shares						
Class of stock	Authorized(*2)	Issued	Liquidation value per share (Yen)	Convertible or not	Convertible period	Voting right	Conversion ratio or price
Common stock	7,300,000,000	2,514,957,691	¥ —	No	Not applicable	Yes	Not applicable
Class C No. 1 preferred stock(*1)	12,000,000	12,000,000	5,000	Yes	July 1, 2002 to March 31, 2015	No	¥1,501
Class F No. 1 preferred stock(*1)	8,000,000	8,000,000	12,500	Yes	July 1, 2003 to November 30, 2014	No	¥3,240
Class Three No. 1 preferred stock(*1)	225,000,000	225,000,000	2,000	Yes	On or after July 1, 2010	Yes	¥ 392
Class Four preferred stock	10,000,000	2,520,000	25,000	No	—	No	—
Class Five preferred stock	10,000,000	4,000,000	25,000	No	—	No	—
Class Six preferred stock	10,000,000	3,000,000	25,000	No	—	No	—

Notes: (*1) The preferred stocks stated above are moving strike convertible securities. Above conversion prices of Class F No. 1 preferred stock and Class Three No. 1 preferred stock were revised on July 1, 2012 and May 1, 2012, respectively.

(*2) In addition to the above, the authorized number of the shares for Class Seven preferred stock and Class Eight preferred stock were 10,000,000 shares, in each one, as of March 31, 2012.

Holders or registered pledges of preferred stocks are entitled to receive annual dividends and the distribution of residual assets in priority to stockholders of common stock but pari passu among themselves. The Company may pay up to one-half the annual dividends payable on each class of preferred stock as an interim dividend. Dividends on the preferred stock are not cumulative.

Each preferred stock except for Class Four, Class Five and Class Six preferred stock is convertible into common stock at the option of the holder. Conversion ratios or prices are determined based on the market price of the Company's common stock multiplied by certain conversion ratios which are subject to certain reset provisions.

The Company may repurchase Class Four preferred stock with cash at a price of ¥25,000 plus a daily basis of annual dividends on or after August 31, 2013.

The Company may repurchase Class Five preferred stock with cash at a price of ¥25,000 plus a daily basis of annual dividends on or after August 28, 2014.

The Company may repurchase Class Six preferred stock with cash at a price of ¥25,000 plus a daily basis of annual dividends on or after December 8, 2016.

Holders of preferred stocks (Class C No.1, Class F No.1, Class Four, Class Five and Class Six preferred stock) are not entitled to vote at general stockholders' meeting except where the articles of incorporation entitle the holders to vote.

Cash Dividends Per Share

Cash dividends per share applicable to the fiscal years ended March 31, 2012 and 2011 and cash dividends per share paid for the fiscal years ended March 31, 2012 and 2011 were as follows:

	Cash dividends per share applicable to the fiscal year			Cash dividends per share paid during the fiscal year		
	Yen	Yen	U.S. dollars	Yen	Yen	U.S. dollars
	2012(*1)	2011(*2)	**2012**(*1)	**2012**(*2)	2011(*3)	**2012**(*2)
Class of stock						
Common stock	**¥ 12.00**	¥ 12.00	**$ 0.14**	**¥ 12.00**	¥ 10.00	**$ 0.14**
Class C No. 1 preferred stock	**68.00**	68.00	**0.82**	**68.00**	68.00	**0.82**
Class F No. 1 preferred stock	**185.00**	185.00	**2.25**	**185.00**	185.00	**2.25**
Class One No. 1 preferred stock	**—**	—	**—**	**—**	28.68	**—**
Class Two No. 1 preferred stock	**—**	—	**—**	**—**	28.68	**—**
Class Three No. 1 preferred stock	**21.38**	23.56	**0.26**	**23.56**	28.68	**0.28**
Class Four preferred stock	**992.50**	992.50	**12.07**	**992.50**	992.50	**12.07**
Class Five preferred stock	**918.75**	918.75	**11.17**	**918.75**	918.75	**11.17**
Class Six preferred stock	**1,237.50**	1,237.50	**15.05**	**1,237.50**	386.51	**15.05**

Notes: (*1) Year-end cash dividends for the fiscal year ended March 31, 2012 were approved at the Board of Directors' meeting held on May 11, 2012.
(*2) Year-end cash dividends for the fiscal year ended March 31, 2011 were approved at the Board of Directors' meeting held on May 13, 2011.
(*3) Year-end cash dividends for the fiscal year ended March 31, 2010 were approved at the Board of Directors' meeting held on May 14, 2010.

23. Interest Income and Expenses

Interest income and expenses for the fiscal years ended March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Interest income:			
Interest on loans and bills discounted	**¥441,565**	¥469,470	**$5,372**
Interest and dividends on securities	**59,402**	58,305	**722**
Interest on call loans and bills bought	**863**	1,863	**10**
Interest on receivables under securities borrowing transactions	**2**	54	**0**
Interest on due from banks	**2,536**	2,021	**30**
Other interest income	**15,867**	19,382	**193**
Total	**¥520,239**	¥551,097	**$6,329**
Interest expenses:			
Interest on deposits	**¥ 29,841**	¥ 38,695	**$ 363**
Interest on negotiable certificates of deposit	**1,886**	1,770	**22**
Interest on call money and bills sold	**205**	437	**2**
Interest on payables under repurchase agreements	**37**	69	**0**
Interest on payables under securities lending transactions	**167**	140	**2**
Interest on borrowed money	**2,897**	2,454	**35**
Interest on bonds	**19,127**	21,177	**232**
Other interest expenses	**2,095**	2,258	**25**
Total	**¥ 56,257**	¥ 67,004	**$ 684**

24. Trading Income

Trading income for the fiscal years ended March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Trading income:			
Income from trading securities	**¥ 1,216**	¥ 478	**$ 14**
Income from trading-related financial derivatives	**9,788**	27,948	**119**
Other trading income	**553**	472	**6**
Total	**¥11,558**	¥28,900	**$140**

Income from trading securities included net valuation gain of ¥203 million ($2 million) and ¥114 million for the fiscal years ended March 31, 2012 and 2011, respectively.

25. Other Operating Income and Expenses

Other operating income and expenses for the fiscal years ended March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Other operating income:			
Gains on foreign exchange transactions	**¥ 4,464**	¥ —	**$ 54**
Gains on sales of Japanese government bonds and other	**33,173**	50,361	**403**
Other	**14,574**	193	**177**
Total	**¥52,212**	¥50,554	**$635**
Other operating expenses:			
Losses on foreign exchange transactions	**¥ —**	¥16,639	**$ —**
Losses on sales of Japanese government bonds and other	**5,779**	17,691	**70**
Losses on redemption of Japanese government bonds and other	**322**	611	**3**
Impairment losses on Japanese government bonds and other	**248**	1,530	**3**
Expenses for financial derivatives	**8,878**	6,463	**108**
Other	**480**	—	**5**
Total	**¥15,709**	¥42,937	**$191**

26. Other Income and Expenses

Other income and expenses for the fiscal years ended March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Other income:			
Gains on sales of stocks and other securities	**¥11,146**	¥ 8,669	**$ 135**
Gains on disposal of fixed assets	**2,069**	1,711	**25**
Reversal of reserve for possible loan losses	**9,573**	—	**116**
Recoveries of written-off loans	**31,243**	29,362	**380**
Gain on negative goodwill	**—**	1,578	**—**
Other	**19,184**	22,318	**233**
Total	**¥73,217**	¥ 63,640	**$ 890**
Other expenses:			
Write-offs of loans	**¥49,853**	¥ 52,299	**$ 606**
Provision for reserve for possible loan losses	**—**	33,511	**—**
Losses on sales of stocks and other securities	**7,623**	5,888	**92**
Impairment losses on stocks and other securities	**1,215**	3,598	**14**
Losses on disposal of fixed assets	**1,039**	1,576	**12**
Impairment losses on fixed assets	**2,606**	3,659	**31**
Losses on adjustment for changes of accounting standard for asset retirement obligations	**—**	595	**—**
Other	**31,892**	23,034	**388**
Total	**¥94,231**	¥124,163	**$1,146**

27. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.64% for the fiscal years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Deferred tax assets:			
Write-downs of securities	**¥ 801,858**	¥ 919,450	**$ 9,756**
Reserve for possible loan losses and write-offs of loans	**290,988**	277,213	**3,540**
Tax loss carryforwards	**37,922**	205,940	**461**
Reserve for employees' retirement benefits	**43,796**	58,707	**532**
Unrealized losses on available-for-sale securities	**—**	1,638	**—**
Other	**87,235**	96,843	**1,061**
Gross deferred tax assets	**1,261,801**	1,559,793	**15,352**
Less: valuation allowance	**(1,030,660)**	(1,313,729)	**(12,539)**
Total deferred tax assets	**231,141**	246,063	**2,812**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**(31,382)**	(21,304)	**(381)**
Gains on securities transferred to employees' retirement benefit trust	**(5,229)**	(14,403)	**(63)**
Deferred gains on hedges	**(15,391)**	(11,728)	**(187)**
Dividends receivable	**(1,944)**	(2,101)	**(23)**
Other	**(7,961)**	(9,634)	**(96)**
Total deferred tax liabilities	**(61,909)**	(59,172)	**(753)**
Net deferred tax assets	**¥ 169,231**	¥ 186,891	**$ 2,059**

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Normal effective statutory tax rate	**40.64%**	40.64%
Expiration of net operating loss carryforward	**10.43**	212.53
Decrease in deferred tax assets due to change in tax rates	**6.40**	—
Change in valuation allowance	**(51.40)**	(219.64)
Lower tax rates applicable to income of subsidiaries	**(1.26)**	(1.44)
Dividends exempted for income tax purposes	**(1.07)**	(1.10)
Other	**1.79**	(0.33)
Effective tax rate	**5.53%**	30.66%

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 reversed in the fiscal years beginning on or after April 1, 2012 and to 35.60% for those expected to be reversed in the fiscal years beginning on or after April 1, 2015.

As a result of this change, deferred tax assets in the consolidated balance sheet as of March 31, 2012 decreased by ¥10,927 million ($132 million). Net unrealized gains on available-for-sale securities and net deferred gains on hedges in the consolidated balance sheet as of March 31, 2012 increased by ¥4,463 million ($54 million) and ¥2,126 million ($25 million), respectively. Deferred tax liabilities for land revaluation in the consolidated balance sheet as of March 31, 2012 decreased by ¥3,366 million ($40 million) and revaluation reserve for land in the consolidated balance sheet as of March 31, 2012 increased by the same amount. Income taxes—deferred in the consolidated statement of income for the fiscal year ended March 31, 2012 increased by ¥17,517 million ($213 million).

28. Lease Transactions

(1) Lessee

(a) Finance lease transactions

The Group mainly leases electronic calculators, cash dispensers and software.

Certain system outsourcing contracts closely combine software finance lease transactions with maintenance and other services and those lease elements are not able to be separated from the entire contracts in order to be recognized as assets and liabilities in the consolidated balance sheets. Future amounts payable determined under such system outsourcing contracts were ¥180 million ($2 million) and ¥2,474 million as of March 31, 2012 and 2011, respectively.

(b) Operating lease transactions

As of March 31, 2012 and 2011, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Due within one year	**¥ 4,217**	¥ 4,081	**$ 51**
Due after one year	**22,448**	25,263	**273**
Total	**¥26,665**	¥29,344	**$324**

(2) Lessor

(a) Operating lease transactions

As of March 31, 2012 and 2011, future minimum lease payments including interest income under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Due within one year	**¥ 83**	¥ 38	**$1**
Due after one year	**606**	583	**7**
Total	**¥690**	¥621	**$8**

29. Financial Instruments and Related Disclosures

I. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

As a financial service group comprising three commercial banks with 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 customers' 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 began providing interest rate-related and currency-related derivatives to meet sophisticated and diversified customer needs.

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

Asset and Liability Management (ALM) is in place to manage the 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, as well as covering transactions related to customers' derivative contracts.

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

(2) Type of and risks associated with financial instruments

(a) Type of and risks associated with loans and bills discounted

The Group's 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 a decline or the disappearance of an asset's value as a result of deterioration of the financial position of obligors.

(b) 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 net investments and smooth cash flow operation. Japanese government bonds occupy 80% and 77% of securities as of March 31, 2012 and 2011, respectively.

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 a decline or the disappearance of asset's value as a result of the deterioration of the financial position of obligors.

(c) 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, future 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, future options and over-the-counter options

Derivative transactions are essential to satisfy the sophisticated and diverse financial needs of customers and to control various risks to which each bank of the Group is exposed. The Group's 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 hedging needs, hedging risks of financial assets and liabilities, and for trading purposes.

(i) 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 of 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 customers' 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.

- Customers' 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 judgement.

  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.

(ii) 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 ensure 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 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 receivables and liabilities denominated in foreign currencies exceed the principal and interest amount of hedging instruments.

(iii) 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 exposures by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with the 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 the 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) (b) “Market risk management.”

(d) Type of and risks associated with financial liabilities

Each bank of the Group raises funds through acceptance customer deposits, funding in the market and issuing bonds. Customer deposits comprise 83% of liabilities as of March 31, 2012 and 2011. Liabilities are exposed to liquidity risk and may be difficult to fund based on the fluctuation of the financial economic environment.

(e) 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 related 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 degree of intrinsic risks and the risk management system.

(a) 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 at each bank of the Group. 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.

(b) Market risk management

(i) Market risk management system

In accordance with the Basic Policy for Risk Management, each bank of the Group established the 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 exposures 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).

(ii) Quantitative information on market risk

Each bank of the Group measures VaR of market risks based on the purpose of holding financial instruments: trading, banking and securities held for the purpose of strategic investment. Market risk exposure of the Group is measured by simply aggregating VaR of Resona Bank, Saitama Resona Bank, Ltd. ("Saitama Resona Bank") and Kinki Osaka Bank, Ltd. ("Kinki Osaka Bank").

Risk exposures of certain products and affiliated companies are excluded from the market risk exposure of the Group, as 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 March 31, 2012 and 2011 is ¥2,689 million ($32 million) and ¥2,448 million, respectively.

(Banking)

In the banking operation, each bank of the Group deals with financial instruments other than those held for trading and securities held for the purpose of strategic investment, and any 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 March 31, 2012 and 2011 is ¥68,417 million ($832 million) and ¥49,503 million, respectively.

(Securities held for the purpose of strategic investment)

Each bank of the Group measures VaR or manages risks associated with securities held for the purpose of strategic investment 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 and 1,250 business days) in order to measure VaR associated with securities held for the purpose of strategic investment, and measures risk exposure by considering unrealized gains/losses and impairment risks. The market risk exposure of the Group on the securities held for the purpose of strategic investment as of March 31, 2012 and 2011 is ¥66,014 million ($803 million) and ¥76,189 million, respectively.

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

(c) 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 monitor and report 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 not make transactions on market or is forced to make significantly unfavorable transactions due to market turmoil, each bank of the Group monitors conditions of the market liquidity risk on a regular 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 value 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 “(Note 1) Calculation method of fair value of financial instruments” on “II. Fair value of financial instruments” for certain assumptions. Fair value of financial instruments does not include transactions not recognized on consolidated balance sheet, such as an investment trust sold to a customer.

II. Fair value of financial instruments

Amount on consolidated balance sheet, fair values and differences between them as of March 31, 2012 and 2011 are as follows. Non-marketable securities whose fair values can not be reliably determined such as non-listed equity securities are not included in the table below:

	Millions of yen		
March 31, 2012	Amount on consolidated balance sheet	Fair value	Difference
Cash and due from banks	¥ 2,707,761	¥ 2,707,761	¥ —
Call loans and bills bought	246,323	246,323	—
Monetary claims bought(*1)	439,634	440,804	1,169
Trading assets:			
Trading securities	409,690	409,690	—
Securities:			
Held-to-maturity debt securities	2,060,686	2,110,318	49,631
Available-for-sale securities	9,182,495	9,182,495	—
Loans and bills discounted	25,782,695		
Reserve for possible loan losses(*1)	(313,375)		
	25,469,319	25,807,673	338,353
Foreign exchange assets(*1)	76,340	76,340	—
Total assets	¥40,592,252	¥40,981,407	¥389,154
Deposits	¥34,523,604	¥34,531,022	¥ 7,417
Negotiable certificates of deposit	1,337,560	1,337,565	5
Call money and bills sold	408,527	408,527	—
Payables under repurchase agreements	11,998	11,998	—
Payables under securities lending transactions	345,063	345,063	—
Borrowed money	1,512,904	1,514,500	1,596
Foreign exchange liabilities	2,051	2,051	—
Bonds	797,076	813,385	16,308
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)

	Millions of yen	
	Contractual amount	Fair value
Other:		
Guarantee contract(*3)	¥ 608,435	¥ (16,769)

March 31, 2011	Millions of yen: Amount on consolidated balance sheet	Millions of yen: Fair value	Millions of yen: Difference
Cash and due from banks	¥ 3,027,781	¥ 3,027,781	¥ —
Call loans and bills bought	356,676	356,676	—
Monetary claims bought[*1]	427,417	428,913	1,495
Trading assets:			
Trading securities	371,960	371,960	—
Securities:			
Held-to-maturity debt securities	1,667,900	1,692,496	24,596
Available-for-sale securities	8,130,206	8,130,206	—
Loans and bills discounted	25,853,022		
Reserve for possible loan losses[*1]	(358,624)		
	25,494,397	25,869,729	375,331
Foreign exchange assets[*1]	62,333	62,333	—
Total assets	¥39,538,674	¥39,940,097	¥401,423
Deposits	¥34,179,947	¥34,193,696	¥ 13,749
Negotiable certificates of deposit	1,424,610	1,424,632	22
Call money and bills sold	277,916	277,916	—
Payables under repurchase agreements	142,972	142,972	—
Borrowed money	1,700,813	1,702,651	1,838
Foreign exchange liabilities	1,755	1,755	—
Bonds	678,071	686,834	8,762
Due to trust account	375,866	375,866	—
Total liabilities	¥38,781,953	¥38,806,325	¥ 24,372
Derivative transactions[*2]:			
Hedge accounting not applied	¥ 78,774	¥ 78,774	¥ —
Hedge accounting applied	(38,015)	(38,235)	(219)
Total derivative transactions	¥ 40,758	¥ 40,539	¥ (219)

	Millions of yen: Contractual amount	Millions of yen: Fair value
Other:		
Guarantee contract[*3]	¥ 678,495	¥ (18,526)

	Millions of U.S. dollars		
March 31, 2012	Amount on consolidated balance sheet	Fair value	Difference
Cash and due from banks	$ 32,945	$ 32,945	$ —
Call loans and bills bought	2,996	2,996	—
Monetary claims bought(*1)	5,348	5,363	14
Trading assets:			
Trading securities	4,984	4,984	—
Securities:			
Held-to-maturity debt securities	25,072	25,676	603
Available-for-sale securities	111,722	111,722	—
Loans and bills discounted	313,696		
Reserve for possible loan losses(*1)	(3,812)		
	309,883	314,000	4,116
Foreign exchange assets(*1)	928	928	—
Total assets	$493,883	$498,617	$4,734
Deposits	$420,046	$420,136	$90
Negotiable certificates of deposit	16,273	16,274	0
Call money and bills sold	4,970	4,970	—
Payables under repurchase agreements	145	145	—
Payables under securities lending transactions	4,198	4,198	—
Borrowed money	18,407	18,426	19
Foreign exchange liabilities	24	24	—
Bonds	9,697	9,896	198
Due to trust account	4,317	4,317	—
Total liabilities	$478,082	$478,390	$ 308
Derivative transactions(*2):			
Hedge accounting not applied	$ 648	$ 648	$ —
Hedge accounting applied	(20)	(23)	(2)
Total derivative transactions	$ 627	$ 625	$ (2)

	Millions of U.S. dollars	
	Contractual amount	Fair value
Other:		
Guarantee contract(*3)	$ 7,402	$ (204)

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 amount on consolidated balance sheet 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 the consolidated balance sheets.

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

Assets

Cash and due from banks

For due from banks which have no maturity, since fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair values. For due from banks which have maturity, since contractual terms of these items are short (i.e., within one year) and fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair value.

Call loans and bills bought

Since contractual terms of these items are short (i.e., within one year) and fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair value.

Monetary claims bought

Fair values for deed of beneficiary certificate of loan trust are based on the values provided by third parties (brokers) or calculated by a similar method used for loans and bills discounted (Refer to “loans and bills discounted” below).

Trading assets

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

Securities
Fair values of stocks are based on the one month weighted average of the market prices prior to the end of the fiscal year. Fair values of bonds (excluding private placement bonds) are based on the values calculated by statistics released from the Japan Securities Dealers Association or prices provided by financial institutions. Fair values of investment trusts are based on the disclosed net asset value. Fair values of private placement bonds are, in principle, 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 Note 6 “Securities” for note on the purpose of holding those securities.

Loans and bills discounted
For fair values of loans with floating interest rates reflecting the market interest rates in a short-term period, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts, unless creditworthiness of borrowers has changed significantly since the loan was executed. For fair values of loans with fixed interest rates, fair values are 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 values of loans by maturity within one year, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts.

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

For fair values 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 carrying amounts to be fair value since fair values are expected to approximate carrying amounts based on the estimated loan periods, interest rates and other conditions.

Foreign exchange assets
Fair values of foreign exchanges consist of foreign currency deposits with other banks (due from other foreign banks), short-term loans involving foreign currencies (loans to other foreign banks), export bills and traveler’s checks, etc. (purchased foreign bills), and loans on notes using import bills (foreign bills receivables), the carrying amounts are presented as fair values, as the fair values approximate such carrying amounts because these items are deposits without maturity or have short contract terms (one year or less).

Liabilities

Deposits and negotiable certificates of deposit
For fair values of demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., carrying amounts) to be fair values. Fair values of time deposits and negotiable certificates of deposit are 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 values of deposits by maturity within one year, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts.

Call money and bills sold, payables under repurchase agreements and payables under securities lending transactions
Since contractual terms of these items are short (i.e., within one year) and fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair value.

Borrowed money
For fair values of borrowings with floating interest rates reflecting the market interest rates in a short-term period, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts, because creditworthiness of the Company and its consolidated subsidiaries have not changed significantly since they made the borrowings. For fair values of borrowings with fixed interest rates, fair values are determined by discounting the principal and interest amount with the interest rate expected for similar borrowings. For fair values of borrowings by maturity within one year, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts.

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 carrying amounts are presented as fair values for these contracts as the fair values approximate such carrying amounts.

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

Due to trust account
Due to trust account represents a short-term funding by accepting surplus in trust account and unused principal. The carrying amounts are presented as fair values which approximate such carrying amounts.

Derivative transactions
Refer to Note 30 “Derivatives” for note on the derivative transactions.

Other

Guarantee contracts
For guarantee contracts, the Group deems the difference between future cash flow of the contractual guarantee fee and future cash flow of the expected guarantee fee if it executes a new guarantee contract, to be fair values.

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 values.

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

Financial instruments are not included in "Securities" in (Note 1) above "Calculation method of fair value of financial instruments."

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Unlisted stocks(*1) (*2)	**¥71,885**	¥ 75,841	**$ 874**
Investments in partnerships(*2) (*3)	**20,808**	26,011	**253**
Total	**¥92,693**	¥101,853	**$1,127**

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 fiscal year ended March 31, 2012, impairment losses of unlisted stocks and investments in partnerships were ¥174 million ($2 million) and ¥59 million ($0 million), respectively. For the fiscal year ended March 31, 2011, impairment losses of unlisted stocks and investments in partnerships were ¥711 million and ¥744 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 financial assets and liabilities with contractual maturities

	Millions of yen					
As of March 31, 2012	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(*1)	**6,891,480**	**4,195,989**	**2,797,954**	**1,871,183**	**2,187,841**	**7,662,677**
Foreign exchange assets	**76,340**	**—**	**—**	**—**	**—**	**—**
Total assets	**¥12,780,670**	**¥6,381,280**	**¥5,954,700**	**¥2,641,002**	**¥3,750,143**	**¥7,885,230**
Deposits(*2)	**¥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(*3)	**—**	**52,580**	**50,000**	**103,000**	**281,300**	**102,000**
Due to trust account	**354,818**	**—**	**—**	**—**	**—**	**—**
Total liabilities	**¥35,527,432**	**¥2,403,001**	**¥ 629,645**	**¥ 105,020**	**¥ 318,306**	**¥ 102,000**

As of March 31, 2011	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	¥2,498,353	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	356,676	—	—	—	—	—
Monetary claims bought	257,526	8,483	336	108	—	162,006
Securities:						
Held-to-maturity debt securities	45,284	220,179	254,123	327,304	824,761	3,000
Japanese government bonds	30,000	165,000	177,000	266,300	714,700	3,000
Japanese local government bonds	12,080	51,033	75,221	60,954	110,061	—
Japanese corporate bonds	3,203	4,146	1,902	50	—	—
Available-for-sale securities	2,730,090	1,458,365	2,536,317	390,005	477,673	42,613
Japanese government bonds	2,528,700	1,083,700	2,064,100	254,600	384,000	—
Japanese local government bonds	332	5,730	41,860	16,700	85,884	—
Japanese corporate bonds	184,626	314,527	400,071	110,110	6,302	22,351
Loans and bills discounted(*1)	7,075,053	4,198,594	2,798,003	1,761,329	2,189,376	7,625,609
Foreign exchange assets	63,472	—	—	—	—	—
Total assets	¥13,026,457	¥5,885,623	¥5,588,780	¥2,478,747	¥3,491,811	¥7,833,229
Deposits(*2)	¥31,063,198	¥2,572,940	¥ 543,808	¥ —	¥ —	¥ —
Negotiable certificates of deposit	1,419,410	5,200	—	—	—	—
Call money and bills sold	277,916	—	—	—	—	—
Payables under repurchase agreements	142,972	—	—	—	—	—
Borrowed money	1,646,505	4,335	913	12,041	37,016	—
Foreign exchange liabilities	1,755	—	—	—	—	—
Bonds(*3)	20,910	32,730	40,000	125,000	171,300	—
Due to trust account	375,866	—	—	—	—	—
Total liabilities	¥34,948,534	¥2,615,206	¥ 584,722	¥ 137,041	¥ 208,316	¥ —

As of March 31, 2012	Millions of U.S. dollars 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	**$ 27,715**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call loans and bills bought	**2,996**	**—**	**—**	**—**	**—**	**—**
Monetary claims bought	**3,317**	**57**	**0**	**—**	**—**	**1,982**
Securities:						
Held-to-maturity debt securities	**369**	**3,862**	**3,504**	**4,199**	**13,083**	**36**
Japanese government bonds	**—**	**3,163**	**2,433**	**3,459**	**11,500**	**36**
Japanese local government bonds.	**326**	**678**	**1,048**	**739**	**1,583**	**—**
Japanese corporate bonds.	**43**	**20**	**22**	**0**	**—**	**—**
Available-for-sale securities	**36,325**	**22,667**	**34,902**	**5,167**	**5,924**	**688**
Japanese government bonds	**34,026**	**17,106**	**29,576**	**4,075**	**4,709**	**243**
Japanese local government bonds.	**50**	**349**	**603**	**286**	**943**	**—**
Japanese corporate bonds.	**2,100**	**4,483**	**3,375**	**346**	**55**	**229**
Loans and bills discounted(*1)	**83,848**	**51,052**	**34,042**	**22,766**	**26,619**	**93,231**
Foreign exchange assets.	**928**	**—**	**—**	**—**	**—**	**—**
Total assets.	**$155,501**	**$77,640**	**$72,450**	**$32,132**	**$45,627**	**$95,939**
Deposits(*2)	**$384,462**	**$28,548**	**$ 7,035**	**$ —**	**$ —**	**$ —**
Negotiable certificates of deposit	**16,251**	**22**	**—**	**—**	**—**	**—**
Call money and bills sold	**4,970**	**—**	**—**	**—**	**—**	**—**
Payables under repurchase agreements	**145**	**—**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**4,198**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**17,889**	**26**	**16**	**24**	**450**	**—**
Foreign exchange liabilities	**24**	**—**	**—**	**—**	**—**	**—**
Bonds(*3)	**—**	**639**	**608**	**1,253**	**3,422**	**1,241**
Due to trust account	**4,317**	**—**	**—**	**—**	**—**	**—**
Total liabilities	**$432,259**	**$29,237**	**$ 7,660**	**$ 1,277**	**$ 3,872**	**$ 1,241**

Notes: (*1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥175,567 million ($2,136 million) and ¥205,054 million as of March 31, 2012 and 2011, respectively, and are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.

(*2) Demand deposits are included and presented in “one year or less” in the above table.

(*3) Bonds without maturity dates, which amounted to ¥208,252 million ($2,533 million) and ¥288,213 million as of March 31, 2012 and 2011, respectively, are excluded from the above table.

30. Derivatives

(1) Derivative transactions to which hedge accounting is not applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is not applied as of March 31, 2012 and 2011 were as follows:

(a) Interest rate-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2012						
Listed	Futures					
		Sold	**¥ 6,132**	**¥ —**	**¥ (0)**	**¥ (0)**
		Bought	**20,373**	**20,373**	**3**	**3**
Over-the-counter	Swaps					
		Receive fixed/pay floating	**22,604,827**	**20,671,573**	**286,882**	**286,882**
		Receive floating/pay fixed	**21,953,792**	**20,237,562**	**(291,057)**	**(291,057)**
		Receive floating/pay floating	**5,933,100**	**5,058,100**	**8,058**	**8,058**
	Caps					
		Sold	**116,270**	**105,974**	**(1,674)**	**1,759**
		Bought	**—**	**—**	**—**	**—**
	Floors					
		Sold	**9,000**	**9,000**	**310**	**(161)**
		Bought	**83,115**	**81,606**	**1,679**	**1,490**
	Swaptions					
		Sold	**4,331,000**	**521,000**	**6,934**	**5,762**
		Bought	**1,926,000**	**276,000**	**25,154**	**113**
Consolidated related party	Swaps	Receive fixed/pay floating	**70,400**	**57,900**	**1,013**	**1,013**
Total					**¥ 26,162**	**¥ 13,864**

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2011						
Listed	Futures					
		Sold	¥ 82,512	¥ 12,268	¥ (28)	¥ (28)
		Bought	18,464	14,327	2	2
Over-the-counter	Swaps					
		Receive fixed/pay floating	16,302,112	13,914,048	154,332	154,332
		Receive floating/pay fixed	16,164,771	14,237,500	(159,958)	(159,958)
		Receive floating/pay floating	5,632,700	4,957,700	10,665	10,665
	Caps					
		Sold	113,116	107,248	(1,306)	1,437
		Bought	1,771	—	(1)	(0)
	Floors					
		Sold	9,000	9,000	404	(214)
		Bought	75,486	74,972	1,669	1,470
	Swaptions					
		Sold	10,326,000	2,311,000	19,738	(2,096)
		Bought	3,227,000	1,527,000	42,581	(1,353)
Consolidated related party	Swaps	Receive fixed/pay floating	106,900	60,900	1,651	1,651
Total					¥ 32,078	¥ 5,908

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2012						
Listed	Futures					
		Sold	**$ 74**	**$ —**	**$ (0)**	**$ (0)**
		Bought	**247**	**247**	**0**	**0**
Over-the-counter	Swaps					
		Receive fixed/pay floating	**275,031**	**251,509**	**3,490**	**3,490**
		Receive floating/pay fixed	**267,110**	**246,229**	**(3,541)**	**(3,541)**
		Receive floating/pay floating	**72,187**	**61,541**	**98**	**98**
	Caps					
		Sold	**1,414**	**1,289**	**(20)**	**21**
		Bought	**—**	**—**	**—**	**—**
	Floors					
		Sold	**109**	**109**	**3**	**(1)**
		Bought	**1,011**	**992**	**20**	**18**
	Swaptions					
		Sold	**52,694**	**6,338**	**84**	**70**
		Bought	**23,433**	**3,358**	**306**	**1**
Consolidated related party	Swaps	Receive fixed/pay floating	**856**	**704**	**12**	**12**
Total					**$ 318**	**$ 168**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value of listed contracts is based on the closing price on Tokyo Financial Exchange Inc. and other exchanges. The fair value of over-the-counter contracts and contracts between consolidated related parties is determined using the discounted value of their future cash flows, option pricing models, etc.

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2012						
Over-the-counter	Currency swaps		**¥2,247,504**	**¥1,943,061**	**¥(16,504)**	**¥27,474**
	Forward contracts					
		Sold	**675,416**	**198,198**	**(1,501)**	**(1,501)**
		Bought	**979,843**	**461,731**	**(24,974)**	**(24,974)**
	Currency options					
		Sold	**1,448,106**	**1,044,392**	**71,073**	**26,407**
		Bought	**1,340,386**	**985,762**	**140,985**	**48,305**
Total					**¥ 26,931**	**¥75,711**
March 31, 2011						
Over-the-counter	Currency swaps		¥2,730,100	¥2,331,003	¥ (11,530)	¥ 47,231
	Forward contracts					
		Sold	667,377	203,479	11,637	11,637
		Bought	1,078,811	522,011	(61,976)	(61,976)
	Currency options					
		Sold	1,448,252	1,119,892	92,505	10,034
		Bought	1,474,003	1,135,077	200,989	99,017
Total					¥ 46,614	¥105,943

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2012						
Over-the-counter	Currency swaps		**$27,345**	**$23,641**	**$ (200)**	**$334**
	Forward contracts	Sold	**8,217**	**2,411**	**(18)**	**(18)**
		Bought	**11,921**	**5,617**	**(303)**	**(303)**
	Currency options	Sold	**17,619**	**12,707**	**864**	**321**
		Bought	**16,308**	**11,993**	**1,715**	**587**
Total					**$ 327**	**$921**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value is determined using the discounted value of future cash flows.

(c) Bond-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2012						
Listed	Futures	Sold	**¥101,873**	**¥—**	**¥185**	**¥185**
		Bought	**—**	**—**	**—**	**—**
Total					**¥185**	**¥185**
March 31, 2011						
Listed	Futures	Sold	¥46,095	¥—	¥ (21)	¥(21)
		Bought	4,155	—	31	31
	Future options	Sold	—	—	—	—
		Bought	5,590	—	19	(0)
Over-the-counter	Options	Sold	45,187	—	73	20
		Bought	45,187	—	125	22
Total					¥ 81	¥ 52

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2012						
Listed	Futures	Sold	**$1,239**	**$—**	**$2**	**$2**
		Bought	**—**	**—**	**—**	**—**
Total					**$2**	**$2**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value of listed contracts is based on the closing prices on Tokyo Stock Exchange, Inc. and other exchanges. The fair value of over-the-counter contracts is determined using the option pricing models, etc.

(2) Derivative transactions to which hedge accounting is applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is applied as of March 31, 2012 and 2011 were as follows:

(a) Interest rate-related transactions

Accounting method for hedge	Hedging instruments		Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2012						
Deferral hedge accounting	Swaps	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	**¥1,607,162**	**¥1,516,162**	**¥90,538**
		Receive floating/pay fixed		**846,147**	**836,147**	**(52,021)**
Special treatment of interest rate swaps	Swaps	Receive floating/pay fixed	Loans	**25,635**	**23,135**	**(175)**
Total						**¥38,341**

Accounting method for hedge	Hedging instruments		Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2011						
Deferral hedge accounting	Swaps	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	¥1,648,285	¥1,488,285	¥78,404
		Receive floating/pay fixed		1,072,951	842,951	(51,114)
Special treatment of interest rate swaps	Swaps	Receive floating/pay fixed	Loans	37,240	16,240	(219)
Total						¥27,070

Accounting method for hedge	Hedging instruments		Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
March 31, 2012						
Deferral hedge accounting	Swaps	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	**$19,554**	**$18,447**	**$1,101**
		Receive floating/pay fixed		**10,295**	**10,173**	**(632)**
Special treatment of interest rate swaps	Swaps	Receive floating/pay fixed	Loans	**311**	**281**	**(2)**
Total						**$ 466**

Note: The fair value is determined using the discounted value of future cash flows.

(b) Currency-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2012					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥277,146**	**¥144,935**	**¥(40,238)**
March 31, 2011					
Deferral hedge accounting	Currency swaps	Deposits and bonds denominated in foreign currency	¥284,332	¥212,458	¥(65,306)

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2012					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$3,372**	**$1,763**	**$(489)**

Note: The fair value is determined using the discounted value of future cash flows.

31. Retirement Benefit Plans

Certain consolidated domestic subsidiaries have lump-sum retirement benefit plans and defined benefit pension plans. Upon employees' retirement, supplemental benefits which are not subject to the actuarial calculation required by accounting standards may be provided. Two consolidated domestic subsidiaries, included in the above, maintain certain plan assets in a segregated retirement benefit trust established at a third party trustee to fund their retirement benefit plans.

The Company does not have a retirement benefit plan.

The reserve for employees' retirement benefits as of March 31, 2012 and 2011 is analyzed as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Projected benefit obligation	**¥(361,866)**	¥(361,699)	**$(4,402)**
Plan assets at fair value	**440,007**	464,354	**5,353**
Plan assets in excess of projected benefit obligation	**78,141**	102,654	**950**
Unrecognized actuarial loss	**38,038**	18,562	**462**
Net retirement benefit obligation	**116,180**	121,217	**1,413**
Prepaid pension cost	**128,661**	132,809	**1,565**
Reserve for employees' retirement benefits	**¥ (12,481)**	¥ (11,591)	**$ (151)**

Notes: 1. Supplemental benefits are not reflected in the actuarial calculation for the projected benefit obligation
2. Certain consolidated subsidiaries estimated the projected benefit obligation using the simplified method whereby the amount that would be payable if the eligible employees terminate the employment and certain other alternative measures may be used without employing actuarial calculations in accordance with the Accounting Standard for Retirement Benefits.

The components of retirement benefit expenses for the fiscal years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Service costs(*)	**¥10,306**	¥10,126	**$125**
Interest cost	**7,204**	7,197	**87**
Expected return on plan assets	**(4,045)**	(3,975)	**(49)**
Amortization of actuarial loss	**2,743**	3,524	**33**
Others (such as supplemental retirement benefit)	**1,007**	883	**12**
Retirement benefit expenses	**¥17,215**	¥17,756	**$209**

Note: (*) Retirement benefit expenses of the consolidated subsidiaries estimated under the simplified method have been included in service costs.

The assumptions used in accounting for the plans in the fiscal years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	**2.0%**	2.0%
Long-term expected rate of return on plan assets	**2.0%**	2.0%
Method of attributing retirement benefits to periods of services	**Straight-line basis**	Straight-line basis
Amortization period of prior service cost(*1)	**1 year**	1 year
Amortization period of unrecognized actuarial gains or losses(*2)	**10 years**	10 years

Notes: (*1) Prior service cost is charged to expense as incurred.
(*2) Unrecognized actuarial gains and losses are charged to income commencing from the next year using the straight-line method over a period defined within the average remaining service years of eligible employees at the time when the gains and losses were incurred.

32. Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income for the fiscal year ended March 31, 2012 was as follows:

	Millions of yen	Millions of U.S. dollars
Net unrealized gains on available-for-sale securities		
Amount incurred during the fiscal year	**¥66,796**	**$812**
Reclassification adjustment	**(26,254)**	**(319)**
Prior to deducting tax effect	**40,541**	**493**
Tax effect	**(10,078)**	**(122)**
Net unrealized gains on available-for-sale securities	**¥30,463**	**$370**
Net deferred gains on hedges		
Amount incurred during the fiscal year	**¥28,326**	**$344**
Reclassification adjustment	**(13,767)**	**(167)**
Prior to deducting tax effect	**14,559**	**177**
Tax effect	**(3,787)**	**(46)**
Net deferred gains on hedges	**¥10,772**	**$131**
Revaluation reserve for land		
Amount incurred during the fiscal year	**¥ —**	**$ —**
Reclassification adjustment	**—**	**—**
Prior to deducting tax effect	**—**	**—**
Tax effect	**3,366**	**40**
Revaluation reserve for land	**¥ 3,366**	**$ 40**
Foreign currency translation adjustments		
Amount incurred during the fiscal year	**¥ (1,872)**	**$ (22)**
Reclassification adjustment	**—**	**—**
Prior to deducting tax effect	**(1,872)**	**(22)**
Tax effect	**—**	**—**
Foreign currency translation adjustments	**¥ (1,872)**	**$ (22)**
Share of other comprehensive income of affiliates accounted for using equity method		
Amount incurred during the fiscal year	**¥ (26)**	**$ (0)**
Total other comprehensive income	**¥42,703**	**$519**

The corresponding information for the fiscal year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

33. Per Common Share Information

(1) Net income per share of common stock

Reconciliation of the differences between basic and diluted net income per share of common stock ("EPS") for the fiscal years ended March 31, 2012 and 2011 was as follows:

	Net income (Millions of yen)	Weighted-average shares (Thousands of shares)	EPS (Yen)	EPS (U.S. dollars)
March 31, 2012				
Basic EPS:				
Net income attributable to common stock	**¥236,667**	**2,450,775**	**¥96.56**	**$1.17**
Adjustments for the potential effect of dilutive securities:				
Convertible preferred stock	**7,106**	**1,114,810**		
Diluted EPS:				
Net income for computation	**¥243,773**	**3,565,586**	**¥68.36**	**$0.83**
March 31, 2011				
Basic EPS:				
Net income attributable to common stock	¥ 99,579	1,361,375	¥73.14	
Adjustments for the potential effect of dilutive securities:				
Convertible preferred stock	6,117	1,305,926		
Diluted EPS:				
Net income for computation	¥105,696	2,667,302	¥39.62	

For the fiscal year ended March 31, 2011, Class F No.1 preferred stock was not included in the calculation of diluted EPS due to its potential anti-dilutive effects on EPS.

Accounting change for the fiscal year ended March 31, 2012 ~ Earnings per share

The Group adopted ASBJ Statement No. 2, “Accounting Standard for Earnings Per Share,” ASBJ Guidance No. 4, “Guidance on Accounting Standard for Earnings Per Share” and ASBJ PITF No. 9, “Practical Solution on Accounting for Earnings Per Share” since the fiscal year beginning on April 1, 2011. The diluted EPS for the fiscal year ended March 31, 2011 was recalculated with the new policy retrospectively. If the Group did not apply the new policy, the diluted EPS for the fiscal year ended March 31, 2011 would have been ¥41.47.

(2) Net assets per share of common stock

Net assets per share of common stock as of March 31, 2012 and 2011 were as follows:

	Yen		U.S. dollars
	2012	2011	**2012**
Net assets per share of common stock	**¥354.35**	¥251.67	**$4.31**

Net assets per share of common stock as of March 31, 2012 and 2011 were calculated based on the following:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Total net assets	**¥1,843,329**	¥1,592,553	**$22,427**
Deductions from total net assets:			
Minority interests	**109,890**	110,273	**1,337**
Preferred stock	**848,000**	848,000	**10,317**
Preferred dividends	**16,995**	17,485	**206**
Net assets attributable to common stock at the end of the fiscal year	**¥ 868,444**	¥ 616,794	**$10,566**
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousands)	**2,450,772**	2,450,778	

34. Segment Information

(1) Description of segments

(a) General information about segments

Segments are components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker, “the Board of Directors” in the case of the Company, to make decisions about resources to be allocated to the segment and assess its performance.

Under the management accounting by group business line, which unifying management accounting of three subsidiary banks; Resona Bank, Saitama Resona Bank and the Kinki Osaka Bank, group business line is classified into Consumer banking, Corporate banking and Market trading. The Group assesses them as reportable segments.

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 asset succession
Market trading	In financial markets, transact in short term lending, borrowing, bond purchase and sale, and derivatives trading

(b) Overview of segment profit and loss

(i) Gross operating profit

Gross business profit includes “net interest income” representing net interest income on deposits, loans and securities and “fees and commissions” representing various net commission fees. It is equal to the amount of “income” except “other income,” such as gain on sales of securities, less “expenses” except “general and administrative expenses” and “other expenses,” such as provision to reserve for possible loan losses, in the consolidated statements of income.

(ii) General and administrative expenses

General and administrative expenses are personnel and other operating expenses for the banking business. They are equal to the amount of “general and administrative expenses” less a part of “retirement benefit expenses” in the consolidated statements of income.

(iii) Actual net operating profit

Actual net operating profit is equal to the amount of gross operating profit (before credit costs for trust accounts) less general and administrative expenses. It represents the primary operating profit from the banking business.

(iv) Credit cost

Credit cost is the amount of credit-related expenses included in “other expenses,” such as provision to reserve for possible loan losses and write-off of loans, less credit-related gains included in “other income,” such as gain on recovery of written-off loans, in the consolidated statements of income.

(v) Net operating profit less credit cost

Net operating profit less credit cost is equal to the amount of actual net operating profit less credit cost. It represents segment net income of the Group.

(2) Basis for measurement of segment profit and loss

Accounting policies and methods used to determine profit and loss of the segments are the same as those applied to the consolidated financial statements, described in Note 2 “Summary of significant accounting policies”.

In cases where funds are raised by the market trading segment and are utilized in the consumer banking or the corporate banking segments, certain profit and loss determined by internal accounting rule is allocated to each operating segment for performance measurement purpose.

Disclosure of segment assets is omitted because the Group does not allocate assets to each segment.

(3) Information about profit and loss of each segment

Profit and loss of each segment for the fiscal years ended March 31, 2012 and 2011 were as follows:

	Millions of yen					
	Consumer banking(*2)	Corporate banking(*3)	Market trading(*4)	Sub total	Other(*5)	Total(*1)
March 31, 2012						
Gross operating profit	**¥298,105**	**¥260,773**	**¥55,399**	**¥614,277**	**¥7,121**	**¥621,398**
General and administrative expenses(*6)	**(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**
March 31, 2011						
Gross operating profit	¥312,087	¥261,529	¥64,461	¥638,077	¥(2,599)	¥635,478
General and administrative expenses(*6)	(194,075)	(145,475)	(9,706)	(349,258)	—	(349,258)
Actual net operating profit	118,011	116,074	54,754	288,840	(2,599)	286,241
Credit cost	(38,031)	(19,847)	—	(57,878)	—	(57,878)
Net operating profit less credit cost	¥ 79,980	¥ 96,227	¥54,754	¥230,962	¥(2,599)	¥228,362

	Millions of U.S. dollars					
	Consumer banking(*2)	Corporate banking(*3)	Market trading(*4)	Sub total	Other(*5)	Total(*1)
March 31, 2012						
Gross operating profit	**$3,627**	**$3,172**	**$674**	**$7,473**	**$86**	**$7,560**
General and administrative expenses(*6)	**(2,267)**	**(1,778)**	**(117)**	**(4,163)**	**—**	**(4,163)**
Actual net operating profit	**1,359**	**1,394**	**556**	**3,309**	**86**	**3,396**
Credit cost	**(39)**	**(97)**	**—**	**(136)**	**—**	**(136)**
Net operating profit less credit cost	**$1,319**	**$1,297**	**$556**	**$3,172**	**$86**	**$3,259**

Notes: (*1) Total amount is aggregated by the figures of three consolidated subsidiary banks and three consolidated credit guarantee subsidiaries.
(*2) The consumer banking unit contains operating results of the three credit guarantee subsidiaries.
(*3) Gross operating profit of corporate banking unit does not include credit costs incurred in trust accounts amounting to ¥47 million ($0 million) of gain and ¥21 million of loss for the fiscal years ended March 31, 2012 and 2011, respectively.
(*4) Gross operating profit of the 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 operating segments.
(*6) Depreciation expense is included in general and administrative expenses.

(4) Reconciliation between the segment information and the consolidated financial statements

Reconciliation between the segment information and the consolidated financial statements for the fiscal years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Total amount of segments	**¥260,779**	¥230,962	**$3,172**
Net gains (losses) of "Other"	**7,121**	(2,599)	**86**
Net non-recurring losses other than credit cost(*1)	**(4,426)**	(656)	**(53)**
Net extraordinary losses other than credit cost(*2)	**(1,422)**	(4,139)	**(17)**
Net other reconciliation items(*3)	**11,245**	13,544	**136**
Income before income taxes and minority interests	**¥273,297**	¥237,111	**$3,325**

Notes: (*1) Non-recurring losses other than credit cost include some portion of gains/losses on securities and retirement benefit expenses.
(*2) Net extraordinary losses other than credit cost include impairment loss.
(*3) Net other reconciliation items consist of (i) profit on non-banking consolidated subsidiaries other than three consolidated subsidiary banks and three consolidated credit guarantee subsidiaries, and (ii) profit on affiliates, etc.

(5) Additional information for the fiscal years ended March 31, 2012 and 2011

(a) Information on services for the fiscal years ended March 31, 2012 and 2011

Information on services has been omitted because the Group classifies operating segments by service.

(b) Geographic information for the fiscal years ended March 31, 2012 and 2011

Since the ordinary income and total tangible fixed assets attributable to the "Japan" segment account for more than 90% of the total of all geographic segments, geographical segment information has not been presented.

(c) Information on major customers for the fiscal years ended March 31, 2012 and 2011

Since there has been no specific customer to which the Group sells more than 10% of total ordinary income in the consolidated statements of income, information on major customers has not been presented.

35. Related Party Transactions

Major transactions and major balances for the fiscal years ended and as of March 31, 2012 and 2011 with related parties were as follows:

March 31, 2012		Transaction amount for the fiscal year			Balance at the end of the fiscal year	
Category and name of the related party	Description of the transactions	Millions of yen	Millions of U.S. dollars	Account name	Millions of yen	Millions of U.S. dollars
The Group's Directors and Officers and their close relatives	Loans(*1) (*2)	**¥—**	**$—**	Loans and bills discounted	**¥435**	**$5**
	Deposits(*3)	**—**	**—**	Deposits	**81**	**0**
	Guarantee(*4) (*5)	**—**	**—**	—	**435**	**5**

Notes: (*1) ¥14 million ($0 million) of the balance represents the apartment loan originated by Resona Bank with guarantee of Resona Guarantee Co., Ltd. ("Resona Guarantee"), which is thirty-year terms and monthly equal instalments of principal and interest. Interest rate is reasonably determined based on the market rate.

(*2) ¥421 million ($5 million) of the balance represents the apartment loan originated by Saitama Resona Bank with real estate collateral, which is twenty-six-year terms and monthly equal instalments of principal and interest. Interest rate is reasonably determined based on the market rate. During the fiscal year, the debtor was no longer identified as a related party. The disclosed amount above was the balance as of the date when the debtors were no longer identified as related parties of the Group.

(*3) The balance consists of ¥81 million ($0 million) of deregulated interest rate time deposits of Saitama Resona Bank. Interest rates are substantially the same as for similar transactions with third parties. During the fiscal year, the depositor was no longer identified as a related party. The disclosed amount above was the balance as of the date when the depositors were no longer identified as related parties of the Group.

(*4) The Director of Saitama Resona Bank, identified as a related party, guarantees the apartment loan amounting ¥14 million ($0 million) with guarantee of Resona Guarantee that is originated by Resona Bank. The Group also has received real estate collateral. He became an outside Director of Saitama Resona Bank on June 23, 2011 and resigned from Executive Officer of the Company and the Representative Director of Resona Bank on March 31, 2012.

(*5) The Company Auditor of Resona Bank, identified as a related party, guarantees the apartment loan amounting to ¥421 million ($5 million) with guarantee of Resona Guarantee that is originated by Saitama Resona Bank. The Group also has received real estate collateral. During the fiscal year, he was no longer identified as a related party. The disclosed amount above was the balance as of the date when the auditor was not identified as related parties of the Group.

March 31, 2011		Transaction amount for the fiscal year		Balance at the end of the fiscal year
Category and name of the related party	Description of the transactions	Millions of yen	Account name	Millions of yen
Major stockholder: Deposit Insurance Corporation of Japan(*1)	Purchase of treasury stock	¥1,307,683	—	¥ —
The Group's Directors and Officers and their close relatives	Loans(*2) (*3)	—	Loans and bills discounted	454
	Deposits(*4)	—	Deposits	81
	Guarantee(*5) (*6)	—	—	454

Notes: (*1) Deposit Insurance Corporation of Japan owns 27.2% of voting rights of the Company directly. The Company pays insurance fees on deposits to it.

(*2) ¥15 million of the balance represents the apartment loan originated by Resona Bank with guarantee of Resona Guarantee, which is thirty-year terms and monthly equal instalments of principal and interest. Interest rate is reasonably determined based on the market rate.

(*3) ¥438 million of the balance represents the apartment loan originated by Saitama Resona Bank with real estate collateral, which is twenty-six-year terms and monthly equal instalments of principal and interest. Interest rate is reasonably determined based on the market rate.

(*4) The balance consists of ¥81 million of deregulated interest rate time deposits of Saitama Resona Bank. Interest rates are substantially the same as for similar transactions with third parties.

(*5) The Director of Saitama Resona Bank, identified as a related party, guarantees the apartment loan amounting ¥15 million with guarantee of Resona Guarantee that is originated by Resona Bank. The Group also has received real estate collateral.

(*6) The Company Auditor of Resona Bank, identified as a related party, guarantees the apartment loan amounting to ¥438 million with guarantee of Resona Guarantee that is originated by Saitama Resona Bank. The Group also has received real estate collateral.

36. Subsequent Events

(1) Appropriation of retained earnings

On May 11, 2012, the Board of Directors approved payment of cash dividends to stockholders of record on March 31, 2012 as follows:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends:		
Common stock, ¥12.00 ($0.14) per share	**¥29,409**	**$357**
Class C No.1 preferred stock, ¥68.00 ($0.82) per share	**816**	**9**
Class F No.1 preferred stock, ¥185.00 ($2.25) per share	**1,480**	**18**
Class Three No.1 preferred stock, ¥21.38 ($0.26) per share	**4,810**	**58**
Class Four preferred stock, ¥992.50 ($12.07) per share	**2,501**	**30**
Class Five preferred stock, ¥918.75 ($11.17) per share	**3,675**	**44**
Class Five preferred stock, ¥1,237.50 ($15.05) per share	**3,712**	**45**
Total	**¥46,404**	**$564**

(2) 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 stock acquisitions, the stock acquisitions have been completed by April 19, 2012. Outlines are as follows:

(a) Outline of the ESOP Trust

The Company creates a trust with certain eligible employees participating in the Employee Shareholding Association (the "ESA") being beneficiaries. The designated trust account acquires, in a predetermined period for stock 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.

(b) Outline of the Trust Agreement

(i)	Trustor	Resona Holdings, Inc.
(ii)	Trustee	Resona Bank, Ltd.
(iii)	Beneficiary	Certain eligible employees participating in the ESA
(iv)	Trust effective date	April 9, 2012
(v)	Trust period	From April 9, 2012 to March 31, 2017 (Planned)
(vi)	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.

(c) Outline of Acquired Shares

(i)	Type of acquired share	Common stock of Resona Holdings, Inc.
(ii)	Total amount of acquired shares	¥3,444 million ($41 million)
(iii)	Number of acquired shares	9,564 thousand shares
(iv)	Period of stock acquisition	From April 12, 2012 to April 19, 2012
(v)	Method of stock acquisition	Acquired from the market

MEMO

SUPPLEMENTARY FINANCIAL INFORMATION OF THE GROUP

CONTENTS

Non-consolidated Balance Sheet

Resona Holdings, Inc.	Millions of yen		Millions of U.S. dollars
March 31, 2012	**2012**	2011	**2012**
Assets			
Current assets	**¥ 142,697**	¥ 51,541	**$ 1,736**
Cash and due from banks	**529**	345	**6**
Securities	**86,000**	25,500	**1,046**
Prepaid expenses	**8**	7	**0**
Deferred tax assets	**97**	98	**1**
Accrued income	**12**	9	**0**
Other receivable	**25,618**	20,580	**311**
Consumption taxes receivable	**—**	12	**—**
Accrued income tax refund	**30,430**	4,986	**370**
Non-current assets	**1,207,642**	1,208,737	**14,693**
Tangible fixed assets	**12**	12	**0**
Tools, furnitures and fixtures, net	**6**	5	**0**
Leased assets, net	**6**	7	**0**
Intangible fixed assets	**19**	36	**0**
Trademarks	**6**	18	**0**
Software	**13**	18	**0**
Investments and other assets	**1,207,609**	1,208,687	**14,692**
Investments in subsidiaries and affiliates	**1,121,170**	1,122,362	**13,641**
Long-term loans to subsidiaries and affiliates	**89,500**	89,500	**1,088**
Other	**1**	1	**0**
Reserve for possible losses on investments	**(3,062)**	(3,176)	**(37)**
Total Assets	**¥1,350,339**	¥1,260,278	**$16,429**
Liabilities			
Current liabilities	**¥ 26,911**	¥ 41,117	**$ 327**
Bonds scheduled for repayment within one year	**—**	20,000	**—**
Lease obligations	**1**	1	**0**
Other payable	**25,408**	20,078	**309**
Accrued expenses	**717**	440	**8**
Income taxes payable	**25**	9	**0**
Consumption taxes payable	**65**	0	**0**
Reserve for employees' bonuses	**327**	346	**3**
Other	**366**	240	**4**
Non-current liabilities	**300,005**	300,006	**3,650**
Bonds	**60,000**	30,000	**730**
Long-term debts to subsidiaries and affiliates	**240,000**	270,000	**2,920**
Lease obligations	**5**	6	**0**
Total Liabilities	**¥ 326,916**	¥ 341,123	**$ 3,977**
Net assets			
Shareholders' equity	**¥1,023,423**	¥ 919,155	**$12,451**
Capital stock	**340,472**	340,472	**4,142**
Capital surplus	**340,472**	340,472	**4,142**
Capital reserve	**340,472**	340,472	**4,142**
Retained earnings	**429,326**	325,057	**5,223**
Less: Treasury stock	**86,849**	86,847	**1,056**
Total Net Assets	**¥1,023,423**	¥ 919,155	**$12,451**
Total Liabilities and Net Assets	**¥1,350,339**	¥1,260,278	**$16,429**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.

Non-consolidated Statement of Income

Resona Holdings, Inc.

Year ended March 31, 2012	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Operating income	**¥158,322**	¥31,380	**$1,926**
Dividends from subsidiaries and affiliates	**151,597**	24,771	**1,844**
Fees from subsidiaries and affiliates	**4,523**	4,338	**55**
Interest on loans to subsidiaries and affiliates	**2,202**	2,270	**26**
Operating expenses	**7,445**	5,320	**90**
Interest on debts	**2,442**	142	**29**
Interest on bonds	**846**	1,120	**10**
Bond issuance costs	**120**	—	**1**
General and administrative expenses	**4,035**	4,058	**49**
Operating profits	**150,877**	26,059	**1,835**
Non-operating income	**251**	1,409	**3**
Interest income on securities	**23**	152	**0**
Fees and commissions	**108**	255	**1**
Reversal of reserve for possible losses on investments	**113**	839	**1**
Interest on tax refunds	**4**	7	**0**
Other	**1**	155	**0**
Non-operating expenses	**165**	3,247	**2**
Stock issuance costs	**—**	3,009	**—**
Losses on liquidation of subsidiaries	**154**	—	**1**
Other	**11**	238	**0**
Income before income taxes	**150,962**	24,221	**1,836**
Income taxes—current	**(204)**	(560)	**(2)**
Prior year income taxes	**—**	(1,425)	**—**
Income taxes—deferred	**1**	(16)	**0**
Net income	**¥151,165**	¥26,223	**$1,839**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.

Statement of Trust Assets and Liabilities

Based on the Law Concerning Concurrent Conduct of Trust Business Operations by Financial Institutions, Resona Bank, Ltd. is the only subsidiary which operates trust business.

Resona Holdings, Inc.

March 31, 2012	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Assets			
Loans and bills discounted	**¥ 61,909**	¥ 84,905	**$ 753**
Securities	**0**	0	**0**
Beneficiary rights	**22,587,612**	24,588,199	**274,821**
Securities held in custody account	**4,512**	2,155	**54**
Monetary claims	**391,346**	390,246	**4,761**
Tangible fixed assets	**545,087**	615,281	**6,632**
Intangible fixed assets	**2,139**	3,366	**26**
Other claims	**7,170**	9,152	**87**
Due from banking account	**354,818**	375,866	**4,317**
Cash and due from banks	**19,053**	24,468	**231**
Total assets	**¥23,973,650**	¥26,093,642	**$291,685**
Liabilities			
Money trusts	**¥ 7,169,755**	¥ 7,202,983	**$ 87,233**
Pension trusts	**3,545,831**	3,700,539	**43,141**
Property formation benefit trusts	**1,086**	1,071	**13**
Securities investment trusts	**11,600,386**	13,337,223	**141,141**
Money entrusted other than money trusts	**289,228**	280,155	**3,519**
Securities trusts	**149,602**	278,367	**1,820**
Monetary claims trusts	**402,747**	414,875	**4,900**
Land and fixtures trusts	**119,037**	123,205	**1,448**
Land and fixtures lease trusts	**2,812**	2,813	**34**
Composite trusts	**693,161**	752,406	**8,433**
Total liabilities	**¥23,973,650**	¥26,093,642	**$291,685**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.
3. Co-managed trust funds under other trust banks' administration amounted to ¥927,052 million ($11,279 million) and ¥1,443,317 million on March 31, 2012 and 2011, respectively.

Jointly Operated Designated Money Trusts (JOMTs)

Resona Holdings, Inc.

March 31, 2012	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Assets			
Loans and bills discounted	**¥ 61,909**	¥ 84,905	**$ 753**
Other	**345,579**	354,734	**4,204**
Total assets	**¥407,489**	¥439,640	**$4,957**
Liabilities			
Principal	**¥407,227**	¥439,223	**$4,954**
Special loan loss reserve	**186**	259	**2**
Other	**76**	157	**0**
Total liabilities	**¥407,489**	¥439,640	**$4,957**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.
3. Risk management loans (Trust account)

March 31	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Loans to borrowers in legal bankruptcy	**¥ 32**	¥ 39	**$ 0**
Past due loans	**2,014**	16,009	**24**
Loans past due three months or more	**—**	16	**—**
Restructured loans	**2,105**	3,657	**25**
Total	**4,153**	19,723	**50**
Total loans and bills discounted	**¥61,909**	¥84,905	**$753**

FINANCIAL INFORMATION OF RESONA BANK, LTD.

Non-consolidated Balance Sheet

Resona Bank, Ltd.	Millions of yen		Millions of U.S. dollars
March 31, 2012	**2012**	2011	**2012**
Assets			
Cash and due from banks	**¥ 2,177,774**	¥ 2,380,432	**$ 26,496**
Call loans	**70,045**	207,729	**852**
Monetary claims bought	**79,103**	58,169	**962**
Trading assets	**658,269**	606,462	**8,009**
Securities	**6,218,603**	5,347,385	**75,661**
Loans and bills discounted	**17,061,490**	17,193,240	**207,585**
Foreign exchange assets	**63,536**	53,720	**773**
Other assets	**1,087,524**	1,590,339	**13,231**
Tangible fixed assets	**215,277**	221,615	**2,619**
Intangible fixed assets	**47,170**	48,465	**573**
Deferred tax assets	**113,811**	123,223	**1,384**
Customers' liabilities for acceptances and guarantees	**343,093**	380,015	**4,174**
Reserve for possible loan losses	**(224,573)**	(254,987)	**(2,732)**
Total Assets	**¥27,911,127**	¥27,955,814	**$339,592**
Liabilities			
Deposits	**¥20,828,267**	¥20,811,898	**$253,416**
Negotiable certificates of deposit	**1,396,860**	1,477,620	**16,995**
Call money	**353,083**	212,423	**4,295**
Payables under repurchase agreements	**11,998**	142,972	**145**
Payables under securities lending transactions	**254,943**	—	**3,101**
Trading liabilities	**273,900**	244,816	**3,332**
Borrowed money	**1,393,232**	1,589,967	**16,951**
Foreign exchange liabilities	**5,657**	6,075	**68**
Bonds	**705,183**	606,255	**8,579**
Due to trust account	**354,818**	375,866	**4,317**
Other liabilities	**685,944**	915,355	**8,345**
Reserve for employees' bonuses	**8,374**	8,337	**101**
Other reserves	**29,189**	21,859	**355**
Deferred tax liabilities for land revaluation	**23,713**	28,277	**288**
Acceptances and guarantees	**343,093**	380,015	**4,174**
Total Liabilities	**¥26,668,260**	¥26,821,740	**$324,470**
Net assets			
Capital stock	**¥ 279,928**	¥ 279,928	**$ 3,405**
Capital surplus	**377,178**	377,178	**4,589**
Capital reserve	**279,928**	279,928	**3,405**
Other capital surplus	**97,250**	97,250	**1,183**
Retained earnings	**455,915**	373,425	**5,547**
Total shareholders' equity	**¥ 1,113,022**	¥ 1,030,532	**$ 13,542**
Net unrealized gains on available-for-sale securities	**60,321**	47,619	**733**
Net deferred gains on hedges	**28,259**	17,483	**343**
Revaluation reserve for land	**41,262**	38,438	**502**
Total valuation and translation differences	**¥ 129,844**	¥ 103,541	**$ 1,579**
Total Net Assets	**¥ 1,242,866**	¥ 1,134,074	**$ 15,121**
Total Liabilities and Net Assets	**¥27,911,127**	¥27,955,814	**$339,592**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.
3. The distributable amount available for dividends which is defined under the Company Law was ¥553,165 million as of the end of March 2012. Of this amount, the Bank distributed ¥92,850 million as term-end dividends for its common and preferred stock shares.

Non-consolidated Statement of Income

Resona Bank, Ltd.

Year ended March 31, 2012	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Income			
Interest income	**¥324,573**	¥341,980	**$3,949**
Interest on loans and bills discounted	**274,767**	290,925	**3,343**
Interest and dividends on securities	**34,596**	31,731	**420**
Other interest income	**15,209**	19,323	**185**
Trust fees	**23,497**	25,937	**285**
Fees and commissions	**105,116**	104,568	**1,278**
Trading income	**12,183**	30,499	**148**
Other operating income	**44,789**	40,771	**544**
Other income	**65,316**	45,230	**794**
Total Income	**575,477**	588,989	**7,001**
Expenses			
Interest expenses	**43,229**	50,405	**525**
Interest on deposits	**18,509**	23,670	**225**
Other interest expenses	**24,719**	26,735	**300**
Fees and commissions	**50,159**	51,289	**610**
Trading expenses	**—**	365	**—**
Other operating expenses	**13,591**	40,893	**165**
General and administrative expenses	**223,169**	228,296	**2,715**
Other expenses	**66,913**	62,432	**814**
Total Expenses	**397,062**	433,683	**4,831**
Income before income taxes	**178,415**	155,305	**2,170**
Income taxes—current	**(5,846)**	(10,408)	**(71)**
Income taxes—deferred	**(2,684)**	60,551	**(32)**
Net income	**¥186,946**	¥105,161	**$2,274**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.

Statement of Trust Assets and Liabilities

Resona Bank, Ltd.

March 31, 2012	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Assets			
Loans and bills discounted	**¥ 61,909**	¥ 84,905	**$ 753**
Securities	**0**	0	**0**
Beneficiary rights	**22,587,612**	24,588,199	**274,821**
Securities held in custody account	**4,512**	2,155	**54**
Monetary claims	**391,346**	390,246	**4,761**
Tangible fixed assets	**545,087**	615,281	**6,632**
Intangible fixed assets	**2,139**	3,366	**26**
Other claims	**7,170**	9,152	**87**
Due from banking account	**354,818**	375,866	**4,317**
Cash and due from banks	**19,053**	24,468	**231**
Total assets	**¥23,973,650**	¥26,093,642	**$291,685**
Liabilities			
Money trusts	**¥ 3,888,071**	¥ 3,743,495	**$ 47,305**
Specified money in trust	**3,281,683**	3,459,488	**39,928**
Pension trusts	**3,545,831**	3,700,539	**43,141**
Property formation benefit trusts	**1,086**	1,071	**13**
Securities investment trusts	**11,600,386**	13,337,223	**141,141**
Money entrusted other than money trusts	**289,228**	280,155	**3,519**
Securities trusts	**149,602**	278,367	**1,820**
Monetary claims trusts	**402,747**	414,875	**4,900**
Land and fixtures trusts	**119,037**	123,205	**1,448**
Land and fixtures lease trusts	**2,812**	2,813	**34**
Composite trusts	**693,161**	752,406	**8,433**
Total liabilities	**¥23,973,650**	¥26,093,642	**$291,685**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.
3. Co-managed trust funds under other trust banks' administration amounted to ¥927,052 million ($11,279 million) and ¥1,443,317 million on March 31, 2012 and 2011, respectively.
4. Loans and bills discounted funded by Jointly Operated Designated Money Trust account funds that the Bank guarantees the principal amounting to ¥61,909 million ($753 million) and ¥84,905 million on March 31, 2012 and 2011, respectively, included the following:

March 31	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Loans to borrowers in legal bankruptcy	**¥ 32**	¥ 39	**$ 0**
Past due loans	**2,014**	16,009	**24**
Loans past due three months or more	**—**	16	**—**
Restructured loans	**2,105**	3,657	**25**
Total	**¥4,153**	¥19,723	**$50**

Deposits and Negotiable Certificates of Deposit (Non-consolidated)

Resona Bank, Ltd. March 31	Billions of yen 2012	2011
Liquid deposits	¥13,015.6	¥12,651.8
Time deposits	7,284.7	7,462.0
Other deposits	1,924.7	2,175.6
Total	¥22,225.1	¥22,289.5

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor (Non-consolidated)

Resona Bank, Ltd. March 31	Billions of yen 2012	2011
Individuals	¥12,057.6	¥11,882.1
Corporations, Other	8,764.2	8,929.1
Total	¥20,821.9	¥20,811.3

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Consumers (Non-consolidated)

Resona Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	2012	2011	2012	2011
Banking account	¥14,163.7	¥14,155.5	83.0%	82.3%
Banking and trust accounts	14.219.4	14,219.6	83.0%	82.2%

Loans to Consumers (Non-consolidated, Banking and Trust Accounts)

Resona Bank, Ltd. March 31	Billions of yen 2012	2011
Consumer loans total	¥7,583.5	¥7,600.8
Housing loans	7,421.7	7,429.3

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry (Non-consolidated, Banking Account)

Resona Bank, Ltd.

March 31	Billions of yen 2012	2011
Manufacturing	**¥ 1,919.7**	¥ 1,986.3
	11.25%	11.55%
Agriculture, forestry	**5.2**	6.6
	0.03%	0.04%
Fishery	**1.3**	1.4
	0.01%	0.01%
Mining, quarrying of stone, gravel extraction	**12.6**	11.8
	0.07%	0.07%
Construction	**388.0**	407.7
	2.27%	2.37%
Electricity, gas, heating, water	**85.0**	49.6
	0.50%	0.29%
Information and communication	**245.1**	262.5
	1.44%	1.53%
Transportation, postal service	**361.2**	385.0
	2.12%	2.24%
Wholesale and retail trade	**1,875.9**	1,890.1
	11.00%	10.99%
Finance and insurance	**968.8**	1,036.6
	5.68%	6.03%
Real estate	**1,652.8**	1,556.0
	9.69%	9.05%
Goods rental and leasing	**251.6**	251.9
	1.47%	1.47%
Services	**1,069.5**	1,102.7
	6.27%	6.41%
Government, local government	**317.0**	331.5
	1.86%	1.93%
Others	**7,907.1**	7,912.8
	46.34%	46.02%
Total	**¥17,061.4**	¥17,193.2
	100.0%	100.0%

Risk-managed Loans (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2012	Change	2011
Loans to borrowers in legal bankruptcy	**¥ 6.4**	**¥ (4.6)**	¥ 11.0
Past due loans	**284.6**	**(19.1)**	303.7
Loans past due three months or more	**3.3**	**(1.1)**	4.5
Restructured loans	**79.2**	**(24.1)**	103.3
Total*	**¥ 373.7**	**¥ (49.0)**	¥ 422.7
Total loans and bills discounted	**¥17,123.4**	**¥(154.7)**	¥17,278.1
Ratio of risk-managed loans to total loans and bills discounted (%)	**2.18**	**(0.26)**	2.44

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Act (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2012	Change	2011
Unrecoverable or valueless claims	**¥ 48.7**	**¥ 0.6**	¥ 48.1
Risk claims	**277.8**	**(4.8)**	282.7
Special attention loans	**82.6**	**(25.3)**	107.9
Financial Reconstruction Law subtotal	**409.2**	**(29.5)**	438.7
Normal claims	**17,389.9**	**(129.1)**	17,519.0
Financial Reconstruction Law total*	**¥17,799.1**	**¥(158.7)**	¥17,957.8
Coverage ratio (%)	**82.99**	**2.48**	80.50

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2012	Change	2011
Reserves for possible loan losses	**¥224.5**	**¥(30.4)**	¥254.9
General reserve for possible loan losses	**117.6**	**(41.7)**	159.4
Specific reserve for possible loan losses	**106.9**	**11.3**	95.5
Special reserve for certain overseas loans	**0.0**	**0.0**	0.0
Reserve for write-off of loans in the trust account	**¥ 0.1**	**¥ (0.0)**	¥ 0.2

Securities

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2012	2011
Japanese national and local government bonds	**¥5,184.3**	¥4,261.6
Japanese corporate bonds	**427.5**	561.2
Japanese corporate stocks	**420.9**	422.3
Other securities	**185.7**	102.1
Total book value	**¥6,218.6**	¥5,347.3

Capital Adequacy Ratio

(1) Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Resona Bank, Ltd.

March 31			Billions of yen 2012 (Basel Ⅱ F-IRB)	2011 (Basel Ⅱ F-IRB)
Tier 1 capital	Capital stock		**¥ 279.9**	¥ 279.9
	Capital surplus		**429.3**	429.3
	Retained earnings		**440.0**	352.7
	Less: Planned distribution of income		**92.8**	52.3
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Foreign currency translation adjustments		**(4.6)**	(4.4)
	Minority interests in consolidated subsidiaries		**105.2**	106.1
	Preferred securities issued by overseas SPCs		**94.5**	95.6
	Less: Goodwill		**—**	—
	Less: Capital increase due to securitization transactions		**4.3**	4.8
	Less: 50% of excess of expected losses relative to eligible reserves		**—**	—
	Total of Tier 1 capital before deduction of deferred tax assets		**1,152.7**	1,106.5
	Less: Deduction of deferred tax assets		**—**	—
	Subtotal	(A)	**1,152.7**	1,106.5
	Preferred securities with a step-up interest rate provision		**94.5**	95.6
Tier 2 capital	45% of revaluation reserve for land		**29.2**	30.0
	General reserve for possible loan losses		**3.3**	4.2
	Excess of eligible reserves relative to expected losses		**34.1**	37.7
	Hybrid debt capital instruments		**461.1**	468.9
	Subtotal		**527.7**	540.9
	Tier 2 capital included as qualifying capital	(B)	**527.7**	540.9
Deductions	Deductions for total risk-based capital	(C)	**35.8**	40.2
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 1,644.7**	¥ 1,607.2
Risk-weighted assets	On-balance-sheet items		**¥10,683.3**	¥11,609.1
	Off-balance-sheet items		**1,004.0**	1,296.1
	Credit risk assets	(E)	**11,687.4**	12,905.3
	Operational risk equivalent assets ((G)/8%)	(F)	**720.1**	755.1
	(For reference: Amount equivalent to operational risk)	(G)	**57.6**	60.4
Total risk-weighted assets	(E)+(F)	(H)	**¥12,407.5**	¥13,660.5
Capital adequacy ratio	(D)/(H) x 100%		**13.25%**	11.76%

(2) Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Resona Bank, Ltd.

March 31			Billions of yen 2012 (Basel Ⅱ F-IRB)	2011 (Basel Ⅱ F-IRB)
Tier 1 capital	Capital stock		**¥ 279.9**	¥ 279.9
	Capital reserve		**279.9**	279.9
	Other capital surplus		**97.2**	97.2
	Other retained earnings		**458.5**	376.0
	Other		**96.5**	97.7
	Less: Planned distribution of income		**92.8**	52.3
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Less: Capital increase due to securitization transactions		**4.3**	4.8
	Less: 50% of excess of expected losses relative to eligible reserves		**—**	—
	Total of Tier 1 capital before deduction of deferred tax assets		**1,115.0**	1,073.7
	Less: Deduction of deferred tax assets		**—**	—
	Subtotal	(A)	**1,115.0**	1,073.7
	Preferred securities with a step-up interest rate provision		**94.5**	95.6
Tier 2 capital	45% of revaluation reserve for land		**29.2**	30.0
	General reserve for possible loan losses		**2.4**	3.0
	Excess of eligible reserves relative to expected losses		**34.1**	37.7
	Hybrid debt capital instruments		**461.1**	468.9
	Subtotal		**526.9**	539.8
	Tier 2 capital included as qualifying capital	(B)	**526.9**	539.8
Deductions	Deductions for total risk-based capital	(C)	**20.4**	28.8
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 1,621.5**	¥ 1,584.6
Risk-weighted assets	On-balance-sheet items		**¥10,618.6**	¥11,535.5
	Off-balance-sheet items		**1,009.2**	1,299.1
	Credit risk assets	(E)	**11,627.8**	12,834.6
	Operational risk equivalent assets ((G)/8%)	(F)	**690.8**	725.2
	(For reference: Amount equivalent to operational risk)	(G)	**55.2**	58.0
Total risk-weighted assets	(E)+(F)	(H)	**¥12,318.7**	¥13,559.9
Capital adequacy ratio	(D)/(H) x 100%		**13.16%**	11.68%

FINANCIAL INFORMATION OF SAITAMA RESONA BANK, LTD.

Non-consolidated Balance Sheet

Saitama Resona Bank, Ltd. March 31, 2012	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Assets			
Cash and due from banks	¥ 402,666	¥ 594,433	$ 4,899
Call loans	173,054	127,099	2,105
Monetary claims bought	32,345	42,278	393
Trading securities	40,793	34,843	496
Securities	4,165,970	3,743,045	50,687
Loans and bills discounted	6,468,096	6,388,352	78,696
Foreign exchange assets	5,972	8,126	72
Other assets	50,005	48,003	608
Tangible fixed assets	57,426	57,710	698
Intangible fixed assets	2,837	2,924	34
Deferred tax assets	22,301	23,819	271
Customers' liabilities for acceptances and guarantees	15,028	17,247	182
Reserve for possible loan losses	(48,143)	(51,971)	(585)
Total Assets	¥11,388,353	¥11,035,914	$138,561
Liabilities			
Deposits	¥10,552,145	¥10,193,712	$128,387
Negotiable certificates of deposit	90,400	121,890	1,099
Call money	60,045	64,545	730
Borrowed money	123,190	106,100	1,498
Foreign exchange liabilities	189	159	2
Bonds	125,500	105,500	1,526
Other liabilities	68,612	88,248	834
Reserve for employees' bonuses	2,612	2,650	31
Reserve for employees' retirement benefits	5,110	4,221	62
Other reserves	7,127	7,078	86
Acceptances and guarantees	15,028	17,247	182
Total Liabilities	¥11,049,961	¥10,711,353	$134,444
Net assets			
Capital stock	¥ 70,000	¥ 70,000	$ 851
Capital surplus	100,000	100,000	1,216
Capital reserve	100,000	100,000	1,216
Retained earnings	139,042	137,243	1,691
Total shareholders' equity	¥ 309,042	¥ 307,243	$ 3,760
Net unrealized gains on available-for-sale securities	30,104	18,109	366
Net deferred losses on hedges	(754)	(791)	(9)
Total valuation and translation differences	¥ 29,350	¥ 17,317	$ 357
Total Net Assets	¥ 338,392	¥ 324,560	$ 4,117
Total Liabilities and Net Assets	¥11,388,353	¥11,035,914	$138,561

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.

Non-consolidated Statement of Income

Saitama Resona Bank, Ltd.

Year ended March 31, 2012	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Income			
Interest income	**¥138,979**	¥146,187	**$1,690**
Interest on loans and bills discounted	**117,564**	123,906	**1,430**
Interest and dividends on securities	**20,434**	21,280	**248**
Other interest income	**981**	1,000	**11**
Fees and commissions	**32,495**	32,286	**395**
Other operating income	**4,942**	6,356	**60**
Other income	**6,809**	5,942	**82**
Total Income	**183,227**	190,773	**2,229**
Expenses			
Interest expenses	**10,971**	13,329	**133**
Interest on deposits	**6,798**	9,095	**82**
Other interest expenses	**4,172**	4,234	**50**
Fees and commissions	**19,716**	19,745	**239**
Other operating expenses	**2,214**	3,449	**26**
General and administrative expenses	**77,364**	78,174	**941**
Other expenses	**11,622**	17,462	**141**
Total Expenses	**121,889**	132,162	**1,483**
Income before income taxes	**61,337**	58,610	**746**
Income taxes—current	**26,198**	23,727	**318**
Income taxes—deferred	**(860)**	(10)	**(10)**
Net income	**¥ 35,999**	¥ 34,892	**$ 437**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.

Deposits and Negotiable Certificates of Deposit

Saitama Resona Bank, Ltd.	Billions of yen	
March 31	2012	2011
Liquid deposits	¥ 6,733.3	¥ 6,286.8
Time deposits	3,710.2	3,759.0
Other deposits	198.9	269.7
Total	¥10,642.5	¥10,315.6

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor

Saitama Resona Bank, Ltd.	Billions of yen	
March 31	2012	2011
Individuals	¥ 8,095.8	¥ 7,822.4
Corporations	1,783.7	1,714.3
Other	672.5	656.9
Total	¥10,552.1	¥10,193.7

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Consumers

Saitama Resona Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	2012	2011	2012	2011
Loans to SMEs and individuals	¥5,736.0	¥5,622.6	88.6%	88.0%

Loans to Consumers

Saitama Resona Bank, Ltd.	Billions of yen	
March 31	2012	2011
Consumer loans total	¥3,814.4	¥3,709.1
Housing loans	3,708.9	3,605.9

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry

Saitama Resona Bank, Ltd.

March 31	Billions of yen	
	2012	2011
Manufacturing	**¥ 463.6**	¥ 450.3
	7.17%	7.05%
Agriculture, forestry	**5.4**	6.9
	0.08%	0.11%
Fishery	**0.0**	0.0
	0.00%	0.00%
Mining, quarrying of stone, gravel extraction	**2.4**	2.5
	0.04%	0.04%
Construction	**197.8**	194.0
	3.06%	3.04%
Electricity, gas, heating, water	**13.8**	14.7
	0.21%	0.23%
Information and communication	**22.3**	21.3
	0.34%	0.33%
Transportation, postal service	**133.7**	137.2
	2.07%	2.15%
Wholesale and retail trade	**378.3**	387.8
	5.85%	6.07%
Finance and insurance	**31.4**	30.2
	0.49%	0.47%
Real estate	**548.8**	543.7
	8.49%	8.51%
Goods rental and leasing	**34.3**	32.4
	0.53%	0.51%
Services	**386.9**	390.9
	5.98%	6.12%
Government, local government	**351.2**	375.7
	5.43%	5.88%
Others	**3,897.4**	3,800.0
	60.26%	59.49%
Total	**¥6,468.0**	¥6,388.3
	100.0%	100.0%

Risk-managed Loans

Saitama Resona Bank, Ltd.

March 31	2012	Change	2011
	Billions of yen		
Loans to borrowers in legal bankruptcy	**¥ 5.2**	**¥ 0.5**	¥ 4.6
Past due loans	**87.4**	**(1.8)**	89.3
Loans past due three months or more	**0.5**	**(1.8)**	2.4
Restructured loans	**21.4**	**(2.5)**	23.9
Total*	**¥ 114.7**	**¥ (5.6)**	¥ 120.4
Total loans and bills discounted	**¥6,468.0**	**¥79.7**	¥6,388.3
Ratio of risk-managed loans to total loans and bills discounted (%)	**1.77**	**(0.11)**	1.88

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Act

Saitama Resona Bank, Ltd.

March 31	2012	Change	2011
	Billions of yen		
Unrecoverable or valueless claims	**¥ 15.6**	**¥(0.3)**	¥ 16.0
Risk claims	**77.4**	**(1.7)**	79.2
Special attention loans	**22.0**	**(4.4)**	26.4
Financial Reconstruction Law subtotal	**115.1**	**(6.5)**	121.6
Normal claims	**6,402.6**	**81.1**	6,321.5
Financial Reconstruction Law total*	**¥6,517.7**	**¥74.5**	¥6,443.2
Coverage ratio (%)	**87.96**	**1.59**	86.37

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses

Saitama Resona Bank, Ltd.

March 31	2012	Change	2011
	Billions of yen		
Reserves for possible loan losses	**¥48.1**	**¥(3.8)**	¥51.9
General reserve for possible loan losses	**27.4**	**(5.6)**	33.0
Specific reserve for possible loan losses	**20.7**	**1.8**	18.8

Securities

Saitama Resona Bank, Ltd.

March 31	2012	2011
	Billions of yen	
Japanese national and local government bonds	**¥3,979.3**	¥3,491.4
Japanese corporate bonds	**61.3**	130.1
Japanese corporate stocks	**104.4**	105.2
Other securities	**20.7**	16.1
Total book value	**¥4,165.9**	¥3,743.0

Capital Adequacy Ratio

Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Saitama Resona Bank, Ltd.

March 31			Billions of yen 2012 (Basel II F-IRB)	2011 (Basel II F-IRB)
Tier 1 capital	Capital stock		**¥ 70.0**	¥ 70.0
	Capital reserve		**100.0**	100.0
	Legal reserve		**20.0**	20.0
	Other retained earnings		**119.0**	117.2
	Less: Planned distribution of income		**17.8**	17.1
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Less: Capital increase due to securitization transactions		**4.8**	5.1
	Less: 50% of excess of expected losses relative to eligible reserves		**5.7**	7.9
	Subtotal	(A)	**280.5**	277.0
Tier 2 capital	General reserve for possible loan losses		**0.1**	0.2
	Excess of eligible reserves relative to expected losses		**—**	—
	Hybrid debt capital instruments		**167.0**	177.0
	Subtotal		**167.1**	177.2
	Tier 2 capital included as qualifying capital	(B)	**167.1**	177.2
Deductions	Deductions for total risk-based capital	(C)	**8.1**	10.2
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 439.6**	¥ 443.9
Risk-weighted assets	On-balance-sheet items		**¥3,219.9**	¥3,352.1
	Off-balance-sheet items		**48.9**	50.8
	Credit risk assets	(E)	**3,268.8**	3,403.0
	Operational risk equivalent assets ((G)/8%)	(F)	**255.2**	265.1
	(For reference: Amount equivalent to operational risk)	(G)	**20.4**	21.2
Total risk-weighted assets	(E)+(F)	(H)	**¥3,524.0**	¥3,668.1
Capital adequacy ratio	(D)/(H) x 100%		**12.47%**	12.10%

FINANCIAL INFORMATION OF THE KINKI OSAKA BANK, LTD.

Non-consolidated Balance Sheet

The Kinki Osaka Bank, Ltd.

March 31, 2012	Millions of yen 2012	Millions of yen 2011	Millions of U.S. dollars 2012
Assets			
Cash and due from banks	**¥ 127,993**	¥ 52,665	**$ 1,557**
Call loans	**—**	20,000	**—**
Monetary claims bought	**56,854**	71,702	**691**
Trading securities	**—**	6	**—**
Securities	**956,741**	810,559	**11,640**
Loans and bills discounted	**2,458,941**	2,511,403	**29,917**
Foreign exchange assets	**3,769**	3,574	**45**
Other assets	**29,237**	19,256	**355**
Tangible fixed assets	**31,714**	30,920	**385**
Intangible fixed assets	**609**	836	**7**
Deferred tax assets	**6,123**	11,561	**74**
Customers' liabilities for acceptances and guarantees	**13,450**	15,869	**163**
Reserve for possible loan losses	**(26,152)**	(26,925)	**(318)**
Total Assets	**¥3,659,282**	¥3,521,430	**$44,522**
Liabilities			
Deposits	**¥3,236,120**	¥3,270,471	**$39,373**
Negotiable certificates of deposit	**111,300**	18,700	**1,354**
Payables under securities lending transactions	**90,120**	—	**1,096**
Borrowed money	**62,600**	83,500	**761**
Foreign exchange liabilities	**51**	56	**0**
Other liabilities	**14,027**	12,608	**170**
Reserve for employees' bonuses	**1,723**	2,101	**20**
Reserve for employees' retirement benefits	**5,930**	5,894	**72**
Other reserves	**3,309**	3,559	**40**
Acceptances and guarantees	**13,450**	15,869	**163**
Total Liabilities	**¥3,538,634**	¥3,412,760	**$43,054**
Net assets			
Capital stock	**¥ 38,971**	¥ 38,971	**$ 474**
Capital surplus	**55,439**	55,439	**674**
Capital reserve	**38,971**	38,971	**474**
Other capital surplus	**16,467**	16,467	**200**
Retained earnings	**24,584**	18,291	**299**
Total shareholders' equity	**¥ 118,994**	¥ 112,702	**$ 1,447**
Net unrealized gains/(losses) on available-for-sale securities	**1,653**	(4,032)	**20**
Total valuation and translation differences	**¥ 1,653**	¥ (4,032)	**$ 20**
Total Net Assets	**¥ 120,648**	¥ 108,669	**$ 1,467**
Total Liabilities and Net Assets	**¥3,659,282**	¥3,521,430	**$44,522**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.

Non-consolidated Statement of Income

The Kinki Osaka Bank, Ltd.

Year ended March 31, 2012	Millions of yen		Millions of U.S. dollars
	2012	2011	**2012**
Income			
Interest income	**¥49,745**	¥53,157	**$605**
Interest on loans and bills discounted	**44,305**	46,997	**539**
Interest and dividends on securities	**4,785**	5,466	**58**
Other interest income	**654**	693	**7**
Fees and commissions	**12,894**	14,128	**156**
Other operating income	**1,781**	4,499	**21**
Other income	**2,982**	5,406	**36**
Total Income	**67,404**	77,192	**820**
Expenses			
Interest expenses	**4,903**	6,407	**59**
Interest on deposits	**3,504**	5,011	**42**
Other interest expenses	**1,398**	1,396	**17**
Fees and commissions	**7,210**	6,990	**87**
Other operating expenses	**313**	1,762	**3**
General and administrative expenses	**42,057**	43,591	**511**
Other expenses	**9,977**	14,592	**121**
Total Expenses	**64,462**	73,344	**784**
Income before income taxes	**2,941**	3,848	**35**
Income taxes—current	**(18,496)**	(7,800)	**(225)**
Income taxes—deferred	**4,899**	1,169	**59**
Net income	**¥16,539**	¥10,479	**$201**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥82.19=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012, has been used.

Deposits and Negotiable Certificates of Deposit

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2012**	2011
Liquid deposits	**¥1,622.3**	¥1,562.2
Time deposits	**1,579.6**	1,666.4
Other deposits	**145.4**	60.5
Total	**¥3,347.4**	¥3,289.1

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2012**	2011
Individuals	**¥2,563.3**	¥2,593.4
Corporations	**658.4**	656.9
Other	**14.3**	20.0
Total	**¥3,236.1**	¥3,270.4

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Consumers (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2012**	2011	**2012**	2011
Loans to SMEs and individuals	**¥2,280.3**	¥2,323.9	**92.7%**	92.5%

Loans to Consumers (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2012**	2011
Consumer loans total	**¥1,158.2**	¥1,152.3
Housing loans	**1,119.7**	1,110.0

Loans and Bills Discounted by Industry

The Kinki Osaka Bank, Ltd.

March 31	Billions of yen	
	2012	2011
Manufacturing	**¥ 288.2**	¥ 311.2
	11.72%	12.40%
Agriculture, forestry	**0.5**	0.6
	0.02%	0.03%
Fishery	**0.1**	0.0
	0.01%	0.00%
Mining, quarrying of stone, gravel extraction	**0.1**	0.2
	0.01%	0.01%
Construction	**120.3**	126.8
	4.89%	5.05%
Electricity, gas, heating, water	**0.2**	0.7
	0.01%	0.03%
Information and communication	**14.9**	16.5
	0.61%	0.66%
Transportation, postal service	**39.8**	42.3
	1.62%	1.69%
Wholesale and retail trade	**311.2**	327.8
	12.66%	13.05%
Finance and insurance	**25.3**	37.1
	1.03%	1.48%
Real estate	**206.2**	201.7
	8.39%	8.03%
Goods rental and leasing	**20.5**	20.6
	0.83%	0.82%
Services	**134.2**	143.1
	5.46%	5.70%
Government, local government	**125.2**	115.2
	5.10%	4.59%
Others	**1,171.4**	1,166.8
	47.64%	46.46%
Total	**¥2,458.9**	¥2,511.4
	100.00%	100.00%

Risk-managed Loans

The Kinki Osaka Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen		
	2012	Change	2011
Loans to borrowers in legal bankruptcy	**¥ 0.8**	**¥ (1.6)**	¥ 2.4
Past due loans	**65.6**	**6.2**	59.4
Loans past due three months or more	**0.5**	**(0.6)**	1.1
Restructured loans	**29.7**	**(2.9)**	32.7
Total*	**¥ 96.7**	**¥ 1.0**	¥ 95.7
Total loans and bills discounted	**¥2,458.9**	**¥(52.4)**	¥2,511.4
Ratio of risk-managed loans to total loans and bills discounted (%)	**3.93**	**0.12**	3.81

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Act

The Kinki Osaka Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen		
	2012	Change	2011
Unrecoverable or valueless claims	**¥ 9.9**	**¥ (4.9)**	¥ 14.8
Risk claims	**57.2**	**9.6**	47.5
Special attention loans	**30.2**	**(3.5)**	33.8
Financial Reconstruction Law subtotal	**97.4**	**1.1**	96.2
Normal claims	**2,386.7**	**(58.1)**	2,444.9
Financial Reconstruction Law total*	**¥2,484.1**	**¥(56.9)**	¥2,541.1
Coverage ratio (%)	**81.53**	**(2.35)**	83.89

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses

The Kinki Osaka Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen		
	2012	Change	2011
Reserves for possible loan losses	**¥26.1**	**¥(0.7)**	¥26.9
General reserve for possible loan losses	**16.0**	**(1.9)**	18.0
Specific reserve for possible loan losses	**10.1**	**1.1**	8.9

Securities

The Kinki Osaka Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen	
	2012	2011
Japanese national and local government bonds	**¥474.9**	¥380.5
Japanese corporate bonds	**396.7**	358.3
Japanese corporate stocks	**11.4**	10.9
Other securities	**73.6**	60.6
Total book value	**¥956.7**	¥810.5

Capital Adequacy Ratio

(1) Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

The Kinki Osaka Bank, Ltd.

March 31			Billions of yen 2012 (Basel Ⅱ F-IRB)	2011 (Basel Ⅱ F-IRB)
Tier 1 capital	Capital stock		**¥ 38.9**	¥ 38.9
	Capital surplus		**55.4**	55.4
	Retained earnings		**30.6**	23.7
	Less: Planned distribution of income		**7.8**	5.1
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Foreign currency translation adjustments		**—**	—
	Minority interests in consolidated subsidiaries		**—**	—
	Subtotal	(A)	**117.2**	113.0
Tier 2 capital	General reserve for possible loan losses		**0.3**	0.3
	Excess of eligible reserves relative to expected losses		**3.5**	3.8
	Hybrid debt capital instruments		**55.0**	65.0
	Subtotal		**58.9**	69.2
	Tier 2 capital included as qualifying capital	(B)	**58.9**	69.2
Deductions	Deductions for total risk-based capital	(C)	**0.3**	0.8
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 175.8**	¥ 181.4
Risk-weighted assets	On-balance-sheet items		**¥1,193.1**	¥1,277.4
	Off-balance-sheet items		**17.7**	29.1
	Credit risk assets	(E)	**1,210.9**	1,306.6
	Operational risk equivalent assets ((G)/8%)	(F)	**98.6**	104.9
	(For reference: Amount equivalent to operational risk)	(G)	**7.8**	8.3
Total risk-weighted assets	(E)+(F)	(H)	**¥1,309.5**	¥1,411.5
Capital adequacy ratio	(D)/(H) x 100%		**13.43%**	12.85%

(2) Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

The Kinki Osaka Bank, Ltd.

March 31			Billions of yen 2012 (Basel Ⅱ F-IRB)	2011 (Basel Ⅱ F-IRB)
Tier 1 capital	Capital stock		**¥ 38.9**	¥ 38.9
	Capital reserve		**38.9**	38.9
	Other capital surplus		**16.4**	16.4
	Other retained earnings		**24.5**	18.2
	Less: Planned distribution of income		**7.8**	5.1
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Less: 50% of excess of expected losses relative to eligible reserves		**0.3**	—
	Subtotal	(A)	**110.7**	107.5
Tier 2 capital	General reserve for possible loan losses		**0.1**	0.1
	Excess of eligible reserves relative to expected losses		**—**	0.6
	Hybrid debt capital instruments		**55.0**	65.0
	Subtotal		**55.1**	65.8
	Tier 2 capital included as qualifying capital	(B)	**55.1**	65.8
Deductions	Deductions for total risk-based capital	(C)	**0.7**	0.8
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 165.2**	¥ 172.6
Risk-weighted assets	On-balance-sheet items		**¥1,191.4**	¥1,275.6
	Off-balance-sheet items		**14.9**	25.9
	Credit risk assets	(E)	**1,206.4**	1,301.6
	Operational risk equivalent assets ((G)/8%)	(F)	**93.9**	100.7
	(For reference: Amount equivalent to operational risk)	(G)	**7.5**	8.0
Total risk-weighted assets	(E)+(F)	(H)	**¥1,300.3**	¥1,402.4
Capital adequacy ratio	(D)/(H) x 100%		**12.70%**	12.30%

MEMO

STATUS OF CAPITAL ADEQUACY/ BASEL II DATA SECTION

CONTENTS

SCOPE OF CONSOLIDATION

■ Differences between those companies belonging to the Corporate Group (hereinafter, Holding Company Group) for which the capital adequacy ratio is calculated based on the method stipulated in "Standards for Bank Holding Companies to Examine the Adequacy of its Capital Based on Assets, Etc. held by it and its Subsidiaries pursuant to Article 52-25 of the Banking Law" (Article 15 of Notification 20 dated March 27, 2006, issued by the Financial Services Agency (hereinafter, Notification on Consolidated Capital Adequacy)), and those companies that are included in the scope of consolidation based on the Regulations for Preparation of Consolidated Financial Statements.

Asahi Servicos e Representacoes Ltda. is not included in the scope of consolidation under the provisions of Article 5-2 of the Regulations for Preparation of Consolidated Financial Statements, but, based on Article 15 of the Notification on Consolidated Capital Adequacy, this company is included in the Holding Company Group for calculation of the consolidated capital adequacy ratio.

■ Number, names, and principal business activities of the major consolidated subsidiaries in the Holding Company Group

Number of consolidated subsidiaries: 16

Names and principal business activities of consolidated subsidiaries: As shown below

(As of March 31, 2012)

Company Name	Principal Business Activities
Resona Bank, Ltd.	Banking and trust banking business
Saitama Resona Bank, Ltd.	Banking business
The Kinki Osaka Bank, Ltd.	Banking business
Resona Guarantee Co., Ltd.	Credit guarantee
Daiwa Guarantee Co., Ltd.	Credit guarantee
Kinki Osaka Shinyo Hosho Co., Ltd.	Credit guarantee
Resona Kessai Service Co., Ltd.	Collection of bills and receivables, and factoring
Resona Card Co., Ltd.	Credit card administration and credit guarantee
Resona Capital Co., Ltd.	Private equity business
Resona Research Institute Co., Ltd.	Business consulting services
Resona Business Service Co., Ltd.	Subcontracted operations, Temporary staffing
P.T. Bank Resona Perdania	Banking business
P.T. Resona Indonesia Finance	Finance leasing
TD Consulting Co., Ltd.	Investment consulting
Asahi Finance (Cayman), Ltd.	Financing
Resona Preferred Global Securities (Cayman) Limited	Financing

■ Names and principal business activities of affiliated companies engaging in financial services businesses as specified in Article 21 of the Notification on Consolidated Capital Adequacy

Company Name	Principal Business Activities
Japan Trustee Services Bank, Ltd.	Trust and banking business

■ Companies for which deductions from capital set forth in Article 20, Paragraph 1, Item 2, Section 1 to 3 of Notification on Consolidated Capital Adequacy are applicable

Number of companies: 2

■ Number and name of companies described in Article 52-23, Paragraph 1, Item 10 of the Banking Law that are mainly engaged in business activities described in Subsection 1 of such item or companies set forth in Item 11 of such paragraph, but that are not in the Holding Company Group

None

■ Restrictions on transfer of funds or capital within the Holding Company Group

There are no specific restrictions on transfer of funds or capital within the Holding Company Group.

■ Companies subject to deduction from capital as per Article 20, Paragraph 1, Item 2, Section 1 to 3 of Notification on Consolidated Capital Adequacy with its capital below regulatory required amount and total shortfall amount

None

CAPITAL

Structure of Capital and Assessment of Capital Adequacy

The composition of the capital of Resona Holdings, Inc., is as shown below. Please note that the capital ratio is calculated based on the "Notification on Consolidated Capital Adequacy," and is computed on a consolidated basis. The amounts of credit risk assets are calculated according to the Foundation Internal Ratings-Based (hereafter, F-IRB) Approach.

■ Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

(Millions of yen)

As of March 31,			2012	2011	2012 (For reference: BIS International Standard)
Tier 1 capital	Capital stock		**340,472**	340,472	**340,472**
	Non-cumulative perpetual preferred stock (Note 1)		**—**	—	**—**
	Advance payment for new shares		**—**	—	**—**
	Capital surplus		**237,082**	237,082	**237,082**
	Retained earnings		**1,086,693**	879,383	**1,086,693**
	Less: Treasury stock		**86,849**	86,847	**86,849**
	Advance payment for treasury stock		**—**	—	**—**
	Less: Planned distribution of income		**46,404**	46,894	**46,404**
	Less: Unrealized loss on available-for-sale securities		**—**	—	**—**
	Foreign currency translation adjustments		**(4,629)**	(4,468)	**(4,629)**
	Rights to acquire new shares		**—**	—	**—**
	Minority interests in consolidated subsidiaries		**109,845**	110,248	**109,845**
	Preferred securities issued by overseas SPCs		**94,518**	95,622	**94,518**
	Less: Goodwill		**—**	—	**—**
	Less: Intangible fixed assets recognized as a result of a merger		**—**	—	**—**
	Less: Capital increase due to securitization transactions		**9,160**	10,036	**9,160**
	Less: 50% of excess of expected losses relative to eligible reserves		**—**	—	**—**
	Total of Tier 1 capital before deduction of deferred tax assets		**1,627,049**	1,418,940	**1,627,049**
	Less: Deduction of deferred tax assets (Note 2)		**—**	—	**—**
	Subtotal	(A)	**1,627,049**	1,418,940	**1,627,049**
	Preferred securities with a step-up interest rate provision (Note 3)	(B)	**94,518**	95,622	**94,518**
Tier 2 capital	45% of unrealized gains on available-for-sale securities		**—**	—	**52,492**
	45% of revaluation reserve for land		**29,257**	30,040	**29,257**
	General reserve for possible loan losses		**10,853**	12,708	**10,810**
	Excess of eligible reserves relative to expected losses		**46,763**	50,902	**93,914**
	Hybrid debt capital instruments		**593,617**	621,469	**593,617**
	Perpetual subordinated debt (Note 4)		**123,318**	248,169	**123,318**
	Subordinated debt with maturity dates and preferred stocks with maturity dates (Note 5)		**470,298**	373,300	**470,298**
	Subtotal		**680,491**	715,121	**780,092**
	Tier 2 capital included as qualifying capital	(C)	**680,491**	715,121	**780,092**
Deductions	Deductions for total risk-based capital (Note 6)	(D)	**6,137**	15,055	**6,214**
Total qualifying capital	(A)+(C)–(D)	(E)	**2,301,403**	2,119,006	**2,400,927**
Risk-weighted assets	On-balance-sheet items		**15,169,239**	16,250,356	**15,233,954**
	Off-balance-sheet items		**1,157,311**	1,474,360	**1,157,337**
	Credit risk assets	(F)	**16,236,551**	17,724,716	**16,391,291**
	Market risk equivalent assets (H)/8%	(G)	**—**	—	**267,945**
	(For reference: Amount equivalent to market risk)	(H)	**—**	—	**21,435**
	Operational risk equivalent assets (J)/8%	(I)	**1,115,625**	1,169,164	**1,115,625**
	(For reference: Amount equivalent to operational risk)	(J)	**89,250**	93,533	**89,250**
	Credit risk asset adjustments	(K)	**—**	—	**—**
	Amount equivalent to operational risk adjustments	(L)	**—**	—	**—**
	Total (F)+(G)+(I)+(K)+(L)	(M)	**17,442,176**	18,893,881	**17,774,863**
Capital adequacy ratio (Japanese domestic standard) (E)/(M) x 100 (%)			**13.19**	11.21	**13.50**
Consolidated Tier 1 capital ratio (A)/(M) x 100 (%)			**9.32**	7.51	**9.15**
Percentage of preferred securities with conditions for interest rate step-ups in consolidated Tier 1 capital = (B)/(A) x 100 (%)			**5.80**	6.73	**5.80**
Total consolidated capital required (Note 7)			**1,395,374**	1,511,510	**1,421,989**

Notes: 1. Since the holding company's capital stock cannot be classified by types of shares issued, the amount of non-cumulative perpetual preferred stock is not shown.
2. The amount of net deferred tax assets at March 31, 2011, was ¥186,996 million, and the limit allowed to incorporate deferred tax assets into regulatory capital was ¥283,788 million. The amount of net deferred tax assets at March 31, 2012, was ¥169,335 million, and the limit allowed to incorporate deferred tax assets into regulatory capital was ¥325,409 million.

3. These are stocks and other securities with conditions for interest rate step-ups, for which there is a possibility of call and amortization (including preferred securities issued through overseas special-purpose companies (SPCs)), as stipulated in Article 17, Paragraph 2 of the Notification on Consolidated Capital Adequacy.
4. Instruments for raising capital that have the characteristics of liabilities, as stipulated in Article 18, Paragraph 1, Item 3 of the Notification on Consolidated Capital Adequacy, having all of the following characteristics:
(1) Uncollateralized, subordinated to other liabilities and already paid in,
(2) Except under specified conditions, these securities cannot be called or amortized,
(3) Proceeds from these securities may be used to cover losses as the Holding Company Group continues its operations, and
(4) Interest payments on these securities may be postponed.
5. These securities are specified in Article 18, Paragraph 1, Item 4 and Article 18, Paragraph 1, Item 5 of the Notification on Consolidated Capital Adequacy. However, this subordinated debt with maturity dates are limited to those with maturity dates of over five years at the time of their respective contracts.
6. Deductions are specified in Article 20, Paragraph 1, Item 1 through Article 20, Paragraph 1, Item 6 of the Notification on Consolidated Capital Adequacy. These figures include the amounts of securities of other financial instruments for raising capital issued by other financial institutions that are held deliberately by the Holding Company Group and the amount of investments as stipulated in Article 20, Paragraph 1, Item 2 of the said Notification.
7. Since the Holding Company adopts the Basel II F-IRB Approach for calculating credit risk assets, it uses 8% to calculate total required capital on a consolidated basis.
8. Figures have been calculated pursuant to Financial Services Agency Notification No. 79, Article 2-3 (Special Measure Allowing Greater Flexibility in Some Areas for Capital Requirements of Banks and Other Financial Institutions). Capital requirements under BIS International Standards are shown in the column marked "for reference."
9. Pursuant to Industry Committee Report No. 30 of the Japanese Institute of Certified Public Accountants, we have made an engagement with ERNST & YOUNG SHIN-NIHON LLC to have them conduct Agreed-Upon Procedures in the areas of calculating the consolidated capital adequacy ratio as of March 31, 2012. This external audit is not conducted as a part of an audit performed under certain laws, such as the Corporate Law. Under certain procedures agreed between the certified public accountant and Resona Holdings, Inc., the certified public accountant reviews and evaluates our effectiveness of internal control to calculating the capital adequacy ratio and does not provide any opinion to the capital adequacy ratio itself.

Outline of Preferred Securities

The Holding Company's consolidated subsidiary Resona Bank, Ltd. (hereinafter, the Company), has issued the preferred securities outlined below through its overseas special-purpose company. The securities are included in calculation of the Holding Company's consolidated capital adequacy ratio (Japanese domestic standard) as eligible Tier 1 capital.

Issuer	Resona Preferred Global Securities (Cayman) Limited
Type of Securities	Non-cumulative perpetual preferred securities (hereinafter, preferred securities)
Maturity	None (perpetual)
Optional Redemption	The preferred securities may be redeemed at the option of the issuer on any dividend payment date in or after July 2015, subject to the prior approval of the Financial Services Agency.
Amount of Issue	US$1.15 billion
Date for Payment of the Issue Price	July 25, 2005
Dividend Rate	Dividends on the preferred securities will be payable at a fixed rate through the dividend payment date in July 2015. After this date, the dividend rate will become variable and a step-up coupon will be added.
Dividend Payment Date	July 30 of each year, provided that if this date in any year falls on a day that is not a business day, payment will be made on the next business day. From July 2016, in the event that a dividend payment date falls on a date that is not a business day, and the next business day falls in the following month, the dividend payment date shall be the last business day before July 30.
Mandatory Dividend Payment	Provided that the conditions detailed below for mandatory suspension (limitation) or optional suspension (limitation) of dividends are not met for any fiscal year, the full amount of dividends on the preferred securities described here must be paid on the dividend payment date following the conclusion of such fiscal year.
Mandatory Suspension (Limitation) of Dividend	Dividend payments will be suspended upon the occurrence of a liquidation event, reorganization event, insolvency event, or government action (See Note 1 below.). In the event that a Preferred Stock Dividend Limitation or Distributable Profits Limitation is applied, dividends will be suspended or subject to limitation in accordance with such an application. Unpaid dividends shall not accrue to subsequent periods.
Preferred Stock Dividend Limitation	If the dividends paid on the Company's preferred stock (See Note 2 below.) are reduced, dividends on the preferred securities will be reduced by the same percentage.
Distributable Profits Limitation	If there are insufficient Available Distributable Profits (See Note 3 below.) (i.e. in the case where the Available Distributable Profits are less than the total amount of dividends to be paid), dividends on the preferred securities will be limited to the amount of Available Distributable Profits.
Optional Suspension (Limitation) of Dividend	The Company may, at its option, suspend or limit the dividends upon the occurrence of any of the following events. However, in the event that dividends are to be paid on other preferred securities, dividends shall also be paid at the same ratio on the preferred securities described here, regardless of the order of their respective dividend payment dates. Unpaid dividends shall not accrue to subsequent periods. 1. When a "regulatory event" (See Note 4 below.) occurs. 2. In the event that the Company has not paid dividends on the Company's common stock for the most recently concluded fiscal year.
Liquidation Preference	The preferred securities rank effectively *pari passu* with the Company's preferred shares as to liquidation preference.

Notes: 1. Liquidation event, reorganization event, insolvency event, or government action
(Liquidation event)
Commencement of a liquidation proceeding, adjudication to commence a bankruptcy proceeding, approval to prepare a reorganization plan for liquidation and submission of a rehabilitation plan for liquidation
(Reorganization event)
Adjudication to commence a corporate reorganization proceeding under the Corporate Reorganization Law, adjudication to commence a civil rehabilitation proceeding under the Civil Rehabilitation Law
(Insolvency event)
(1) In the event of inability to pay debts, or in the event of inability to pay debts upon the payment of aforementioned dividends or the concern of such occurring
(2) In the event of liabilities exceeding assets, or in the event of liabilities exceeding assets upon the payment of aforementioned dividends
(Government action)
In the event that the responsible regulatory agency issues a proclamation that the Company is insolvent or is in the condition of having liabilities in excess of assets; to place the Company under state management; or to transfer the Company to a third party

2. The Company's preferred stock: The Company's preferred stock which has been issued directly by the Company and has the highest priority for the payment of dividends among preferred stock
3. Available Distributable Profits: Available Distributable Profits are defined as the amount of Distributable Profits for the fiscal year immediately prior to the current year less the sum of the amount of dividends paid or to be paid on the Company's preferred stock for such immediately prior year. (However, the interim dividend to be paid on the Company's preferred stock in the current year is not considered in the computation of Available Distributable Profits.) However, when there are securities issued by subsidiaries of the Company, rights to dividends, voting rights, and rights exercisable in the event of liquidation of which are determined by reference to the Company's financial position and operating performance and which have the same ranking for their issuer as these preferred securities do to their issuer, adjustments are made to Available Distributable Profits.
4. Regulatory event: A regulatory event occurs when the Company's capital adequacy ratio or Tier 1 ratio falls below the minimum level as prescribed by banking regulations, or when such ratios fall below required minimum levels upon the payment of aforementioned dividends.

■ Capital Requirements for Credit Risk

(Millions of yen)

As of March 31,	2012	2011
Capital requirements for credit risk (excluding equity exposures in the Internal Ratings-based (IRB) Approach, exposures relating to investment funds)	**1,835,219**	2,008,342
Standardized Approach (Note 1)	**59,115**	60,570
IRB Approach (Note 2)	**1,764,738**	1,926,002
Corporate exposures (Note 3)	**1,277,036**	1,389,104
Sovereign exposures	**10,968**	11,476
Bank exposures	**27,427**	28,791
Residential mortgage exposures	**279,561**	320,873
Qualified revolving retail exposures	**14,060**	16,935
Other retail exposures	**92,992**	99,125
Other IRB exposures (Note 4)	**62,692**	59,696
Securitization exposures	**11,365**	21,769
Capital requirements for credit risk of equity exposures in the IRB Approach	**38,601**	45,546
Market-Based Approach (Simple Risk Weight Method)	**5,236**	10,275
Market-Based Approach (Internal Models Approach) (Note 5)	**—**	—
PD/LGD Approach	**3,723**	4,126
Exposures subject to transitional grandfathering provisions (Article 13 of the Supplementary Provisions of Notification on Consolidated Capital Adequacy)	**29,642**	31,144
Capital requirements for exposures relating to investment funds	**8,473**	12,302
Total	**1,882,295**	2,066,191

Notes: 1. Capital requirement for portfolios under the Standardized Approach is calculated as "credit risk-weighted asset amount x 8% + deduction for total risk-based capital."
2. Capital requirement for portfolios under the IRB Approach is calculated as "credit risk-weighted asset amount (multiplied by the scaling factor of 1.06) x 8% + expected losses + deduction for total risk-based capital."
3. Corporate exposures include Specialised Lending and exposures to SMEs.
4. Other IRB exposures include purchased receivables assets and other assets.
5. The Holding Company Group does not adopt the Internal Models Approach.

■ Capital Requirements for Market Risk

Since an exceptional treatment is applicable, the Holding Company Group does not include the amount equivalent to market risk in its calculation of required regulatory capital.

■ Capital Requirements for Operational Risk

(Millions of yen)

As of March 31,	2012	2011
The Standardized Approach	**89,250**	93,533

Notes: 1. Capital requirement for operational risk is calculated in accordance with the following formula; Amount equivalent to operational risk x 12.5 x 8%
2. Capital requirement for operational risk is calculated using the Standardized Approach. The Holding Company Group does not adopt the Basic Indicator Approach nor Advanced Measurement Approach.

Outline of Instruments for Raising Capital

The financial instruments the Holding Company uses for raising capital are as listed below:

■ Common and Preferred Stock

1. Number of Common and Preferred Stock Shares and Related Matters

(1) Number of Authorized Common and Preferred Stock Shares

Class of stock	Authorized number of shares
Common Stock	7,300,000,000
Class C Preferred Stock	12,000,000
Class F Preferred Stock	8,000,000
Class Three Preferred Stock	225,000,000
Class Four Preferred Stock	10,000,000
Class Five Preferred Stock	10,000,000
Class Six Preferred Stock	10,000,000
Class Seven Preferred Stock	10,000,000
Class Eight Preferred Stock	10,000,000
Total	7,595,000,000 (Note)

Note: The Articles of Incorporation of the Company were amended as approved at the Ordinary General Meeting of Shareholders held on June 22, 2012. The authorized number of shares has been revised as follows.
The total number of shares that may be issued by the Company shall be 7,574,520,000 shares, and the total number of shares in each class that may be issued by the Company shall be as described below: provided, however, that the total number of authorized shares in each class with respect to the First through Fourth Series of Class 7 Preferred Shares shall not exceed 10,000,000 shares in the aggregate and the total number of authorized shares in each class with respect to the First through Fourth Series of Class 8 Preferred Shares shall not exceed 10,000,000 shares in the aggregate, respectively.

Common Stock:	7,300,000,000 shares
Class C Preferred Stock:	12,000,000
Class F Preferred Stock:	8,000,000
Class Three Preferred Stock:	225,000,000
Class Four Preferred Stock:	2,520,000
Class Five Preferred Stock:	4,000,000
Class Six Preferred Stock:	3,000,000
No. 1 Class Seven Preferred Stock:	10,000,000
No. 2 Class Seven Preferred Stock:	10,000,000
No. 3 Class Seven Preferred Stock:	10,000,000
No. 4 Class Seven Preferred Stock:	10,000,000
No. 1 Class Eight Preferred Stock:	10,000,000
No. 2 Class Eight Preferred Stock:	10,000,000
No. 3 Class Eight Preferred Stock:	10,000,000
No. 4 Class Eight Preferred Stock:	10,000,000

(2) Number of Common and Preferred Stock Shares Issued and Outstanding

Class of stock	Number of shares issued and outstanding (March 31, 2012)	Name of stock exchange or securities dealers association	Voting rights and other matters
Common stock	2,514,957,691	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section)	These are standard stocks of the Company and have full voting rights without any restrictions. Minimum trading unit: 100 stocks
Class C No. 1 Preferred Stock	12,000,000	—	Minimum trading unit: 100 stocks (Notes 1, 2, 3 and 4)
Class F No. 1 Preferred Stock	8,000,000	—	Minimum trading unit: 100 stocks (Notes 1, 5, 6 and 7)
Class Three No. 1 Preferred Stock	225,000,000	—	Minimum trading unit: 100 stocks, With voting rights (Notes 1, 8, 9 and 10)
Class Four Preferred Stock	2,520,000	—	Minimum trading unit: 100 stocks (Notes 1 and 11)
Class Five Preferred Stock	4,000,000	—	Minimum trading unit: 100 stocks (Notes 1 and 12)
Class Six Preferred Stock	3,000,000	—	Minimum trading unit: 100 stocks (Notes 1 and 13)
Total	2,769,477,691	—	—

Notes:

1. Class C No. 1 and Class F No. 1 Preferred Stocks,which were issued under the Law concerning Emergency Measures for Early Strengthening of Financial Functions (“Early Strengthening Law”),as well as Class 4,Class 5 and Class 6 Preferred Stocks, which were issued with a view to implementing an appropriate capital policy aimed at early repayment of public funds,are not attached with voting rights to be exercised in the general meeting of shareholders.(However,the shareholders of the aforesaid preferred stocks are entitled to exercise voting rights in the event that the issuer has not distributed preferred dividends on these preferred stocks.)
   Class Three No.1 Preferred Stocks issued under the Deposit Insurance Law are attached with the voting rights to be exercised in the general meeting of shareholders in view of the percentage of voting rights held by the Deposit Insurance Corporation.
2. The details of the bonds with subscription right to shares in relation to Class C No. 1 Preferred Stock (referred to in this section as the “Preferred Shares”) including a clause providing for resetting the exchange price are as follows.
   (1) There is a provision that, in the event that the exchange price for the Preferred Shares is revised downward as a result of a decline in the price of the Company’s Common Share, the number of Common Shares to be issued as a result of the exercise of a right to request acquisition shall be larger than prior to such a downward revision. However, the exchange price is shown in (3) below as a minimum of ¥1,501. Therefore, as provided for in (2) below, the exchange price will not be revised and the number of common shares to be transferred with the exercise of acquisition rights will not increase in comparison with the pre-revision exchange price. Please also note that, as stated in 4-(4)-(d) below, in the event that the Company issues Common Shares or disposes of Common Shares held as treasury shares in exchange for payments less than market value, and in certain other specified cases, predefined adjustments shall be made to the exchange price, accordingly.
   (2) Criteria for resetting the exchange price and frequency of exchange price reset
      (a) Criteria for resetting the exchange price
      The exchange price shall be the average of the closing prices (including indicative prices)(regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc., on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date.
      (b) Frequency of exchange price reset
      Once per year (On January 1 of each year, up to January 1, 2015)
   (3) Floor exchange price and upper limit on the number of Common Shares to be issued as a result of the exercise of rights to request acquisition
      (a) Floor exchange price
      ¥1,501
      (b) Upper limit on the number of Common Shares to be issued as a result of the exercise of rights to request acquisition
      39,973,351 shares (Based on 12,000,000 shares issued and outstanding for the Preferred Shares as of May 31, 2012. The number is equivalent to 1.58% of the number of Common Shares issued as of the same date.)
   (4) There is no provision that allows the Company to make advance redemption of the entire amount of the Preferred Shares or acquire all outstanding Preferred Shares through its own decision.
3. The agreements between the issuer and holder of Class C No. 1 Preferred Stock (referred to in this section as the “Preferred Shares”) are as follows.
   (1) No agreements exist with the holders of the Preferred Shares regarding matters related to rights to request acquisition of the Preferred Shares.
   (2) No agreements exist with the holders of the Preferred Shares regarding matters related to transactions in the Company’s shares.
4. The details regarding Class C No. 1 Preferred Stock (referred to in this section as the “Preferred Shares”) are as follows.
   (1) Dividends on the Preferred Shares
      (a) Dividends on the Preferred Shares
      When the Company makes dividends of surplus, the Company shall pay to the holders of the Preferred Shares (the “Preferred Shareholders”) of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the “Preferred Dividends”). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends shall be reduced by the amount of such Preferred Interim Dividends.
      The total amount of Preferred Dividends to be paid per share shall be ¥68.
      (b) Non-cumulative dividends
      If the total amount of dividends of surplus that are paid to the Preferred Shareholders in any business year fall short of the amount of the Preferred Dividends, the amount of the shortage shall not accrue to the subsequent business years.
      (c) Non-participatory dividends
      The total amount of dividends of surplus to be paid to the Preferred Shareholders in a business year shall be limited to the amount of the Preferred Dividends, and no dividends of surplus shall be paid to the Preferred Shareholders in excess thereof.
      (d) Preferred Interim Dividends on the Preferred Shares
      In the event that the Company declares the interim dividends, the Company shall pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.
   (2) Distribution of residual assets
   When the residual assets of the Company are to be distributed, the Preferred Shareholders shall be paid ¥5,000 per share, prior to any such payments to holders of Common Shares. No additional distribution of residual assets shall be made to the Preferred Shareholders.
   (3) Seniority
   The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Six Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of residual assets.
   (4) Right to request acquisition
      (a) Period for making requests
      Up to March 31, 2015, excluding the period from the day immediately following a record date for determining shareholders entitled to exercise their votes at a shareholders meeting until the day on which the shareholders meeting the subject of such record date is concluded.
      (b) Exchange price
      The exchange price is ¥1,501.
      (c) Reset of the exchange price
      The exchange price shall be reset on January 1 of each year, up to January 1, 2015 (hereinafter, the Reset Date) to the Market Price as of the Reset Date (the Exchange Price after Reset). Provided that if the Exchange Price after Reset would fall below ¥1,501 (the Floor Price), the Exchange Price after Reset shall be the Floor Price. Market Price for this purpose shall mean the average of the closing prices (including indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date. Such average shall be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).
      (d) Adjustments in the exchange price
      Certain adjustments shall be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.
   (5) Acquisition clause
   When no requests have been made through March 31, 2015 for the exchange of the Preferred Shares, on April 1, 2015, the Company shall deliver Common Shares to the Preferred Shareholders in exchange for the Preferred Shares according to the following formula. The paid-in amount per share of the Preferred Shares (¥5,000) shall be divided by the average of the closing prices (including the indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc., on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding April 1, 2015. Such average shall be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward). If the average so calculated is less than ¥1,667, the number of Common Shares calculated by dividing the paid-in amount per share of the Preferred Shares (¥5,000) by ¥1,667 shall be delivered.
   (6) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
   When a decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 shall not apply.

(7) Voting rights clause
The Preferred Shareholders shall not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, that the Preferred Shareholders shall have voting rights (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436-3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 53 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(8) Rights to new shares and other matters
Except when specific legal provisions indicate otherwise, the Preferred Shares shall not be consolidated or split. In addition, the Preferred Shareholders shall not receive free distributions of shares, as provided for under Article 185 of the Company Law or free rights to receive new shares under Article 277 of the said law. The Preferred Shareholders shall not be granted rights to distributions of shares under Article 202-1 or granted rights to receive rights to new shares under Article 241-1 of the said law.

(9) General Meeting Decision by Class of Shareholder
No provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

5. The details of the bonds with subscription right to shares in relation to Class F No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") including a clause providing for resetting the exchange price are as follows.

(1) There is a provision that, in the event that the exchange price for the Preferred Shares is revised downward as a result of a decline in the price of the Company's Common Share, the number of Common Shares to be issued as a result of the exercise of a right to request acquisition shall be larger than prior to such a downward revision. However, the exchange price is shown in (3) below as a minimum of ¥3,240. Therefore, as provided for in (2) below, the exchange price will not be revised and the number of common shares to be transferred with the exercise of acquisition rights will not increase in comparison with the pre-revision exchange price. Please also note that, as stated in 7-(4)-(d) below, in the event that the Company issues Common Shares or disposes of Common Shares held as treasury shares in exchange for payments less than market value, and in certain other specified cases, predefined adjustments shall be made to the exchange price, accordingly.

(2) Criteria for resetting the exchange price and frequency of exchange price reset
(a) Criteria for resetting the exchange price
The exchange price shall be the average of the closing prices (including indicative prices)(regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc., on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date.
(b) Frequency of exchange price reset
Once per year (On July 1 of each year, up to July 1, 2014)

(3) Floor exchange price and upper limit on the number of Common Shares to be issued as a result of the exercise of rights to request acquisition
(a) Floor exchange price
¥3,240
(b) Upper limit on the number of Common Shares to be issued as a result of the exercise of rights to request acquisition
30,864,197 shares (Based on 8,000,000 shares issued and outstanding for the Preferred Shares as of May 31, 2012. The number is equivalent to 1.22% of the number of Common Shares issued as of the same date.)

(4) There is no provision that allows the Company to make advance redemption of the entire amount of the Preferred Shares or acquire all outstanding Preferred Shares through its own decision.

6. The agreements between the issuer and holder of Class F No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.
(1) No agreements exist with the holders of the Preferred Shares regarding matters related to rights to request acquisition of the Preferred Shares.
(2) No agreements exist with the holders of the Preferred Shares regarding matters related to transactions in the Company's shares.

7. The details regarding Class F No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares
(a) Dividends on the Preferred Shares
When the Company makes dividends of surplus, the Company shall pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends shall be reduced by the amount of such Preferred Interim Dividends.
The total amount of Preferred Dividends to be paid per share shall be ¥185.
(b) Non-cumulative dividends
If the total amount of dividends of surplus that are paid to the Preferred Shareholders in any business year fall short of the amount of the Preferred Dividends, the amount of the shortage shall not accrue to the subsequent business years.
(c) Non-participatory dividends
The total amount of dividends of surplus to be paid to the Preferred Shareholders in a business year shall be limited to the amount of the Preferred Dividends, and no dividends of surplus shall be paid to the Preferred Shareholders in excess thereof.
(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company shall pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of residual assets
When the residual assets of the Company are to be distributed, the Preferred Shareholders shall be paid ¥12,500 per share, prior to any such payments to holders of Common Shares. No additional distribution of residual assets shall be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Six Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of residual assets.

(4) Right to request acquisition
(a) Period for making requests
Up to November 30, 2014. excluding the period from the day immediately following a record date for determining shareholders entitled to exercise their votes at a shareholders meeting until the day on which the shareholders meeting the subject of such record date is concluded.
(b) Exchange price
The exchange price is ¥3,240.
(c) Reset of the exchange price
The exchange price shall be reset on July 1 of each year, up to July 1, 2014 (hereinafter, the Reset Date) to the Market Price as of the Reset Date (the Exchange Price after Reset). Provided that if the Exchange Price after Reset would fall below ¥3,240 (the Floor Price), the Exchange Price after Reset shall be the Floor Price. Market Price for this purpose shall mean the average of the closing prices (including indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date. Such average shall be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).
(d) Adjustments in the exchange price
Certain adjustments shall be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.

(5) Acquisition clause
When no requests have been made through November 30, 2014 for the exchange of the Preferred Shares, on December 1, 2014, the Company shall deliver Common Shares to holders of the Preferred Shares in exchange for the Preferred Shares according to the following formula. The paid-in amount per share of the Preferred Shares (¥12,500) shall be divided by the average of the closing prices (including the indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc., on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding December 1, 2014. Such average shall be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward). If the average so calculated is less than ¥3,598, the number of Common Shares calculated by dividing the paid-in amount per share of the Preferred Shares (¥12,500) by ¥3,598 shall be delivered.

(6) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When a decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 shall not apply.

(7) Voting rights clause
The Preferred Shareholders shall not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, 53 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436-3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 53 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(8) Rights to new shares and other matters
Except when specific legal provisions indicate otherwise, the Preferred Shares shall not be consolidated or split. In addition, the Preferred Shareholders shall not receive free distributions of shares, as provided for under Article 185 of the Company Law or free rights to receive new shares under Article 277 of the said law. The Preferred Shareholders shall not be granted rights to distributions of shares under Article 202-1 or granted rights to receive rights to new shares under Article 241-1 of the said law.

(9) General Meeting Decision by Class of Shareholder
No provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

8. The details of the bonds with subscription right to shares in relation to Class Three No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") including a clause providing for resetting the exchange price are as follows.

(1) There is a provision that, in the event that the exchange price for the Preferred Shares is revised downward as a result of a decline in the price of the Company's Common Share, the number of Common Shares to be issued as a result of the exercise of a right to request acquisition shall be larger than prior to such a downward revision. Please also note that, as stated in 10-(4)-(d) below, in the event that the Company issues Common Shares or disposes of Common Shares held as treasury shares in exchange for payments less than market value, and in certain other specified cases, predefined adjustments shall be made to the exchange price, accordingly.

(2) Criteria for resetting the exchange price and frequency of exchange price reset
(a) Criteria for resetting the exchange price
The exchange price shall be the average of the closing prices (including indicative prices)(regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc., on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date.
(b) Frequency of exchange price reset
Once per year (On May 1 of each year, as from May 1, 2011)
(3) Floor exchange price and upper limit on the number of Common Shares to be issued as a result of the exercise of rights to request acquisition
(a) Floor exchange price
¥154
(b) Upper limit on the number of Common Shares to be issued as a result of the exercise of rights to request acquisition
2,922,077,922 shares (Based on 225,000,000 shares issued and outstanding for the Preferred Shares as of May 31, 2012. The number is equivalent to 116.18% of the number of Common Shares issued as of the same date.)
(4) There is no provision that allows the Company to make advance redemption of the entire amount of the Preferred Shares or acquire all outstanding Preferred Shares through its own decision.

9. The agreements between the issuer and holder of Class Three No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.
(1) No agreements exist with the holders of the Preferred Shares regarding matters related to rights to request acquisition of the Preferred Shares.
(2) No agreements exist with the holders of the Preferred Shares regarding matters related to transactions in the Company's shares.

10. The details regarding Class Three No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.
(1) Dividends on the Preferred Shares
(a) Dividends on the Preferred Shares
When the Company makes dividends of surplus, the Company shall pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Share during the immediately preceding business year, the amount of the Preferred Dividends shall be reduced by the amount of such Preferred Interim Dividends. An amount per share equal to the paid-in amount per share of the Preferred Shares (¥2,000) multiplied by the annual rate of Preferred Dividends for the business year immediately preceding the payment of Preferred Dividends (as provided below) (which shall be calculated down to one-thousandths of one yen and then rounded to the nearest one-hundredths of one yen, ¥0.005 rounded upward) shall be paid. The annual rate of Preferred Dividends shall be the rate per annum, which shall be calculated in accordance with the following formula, for each business year starting on or after April 1, 2004 and ending on the day immediately preceding the next date of revision of the annual rate of Preferred Dividends:
Annual rate of Preferred Dividends = Euro Yen LIBOR (one-year) plus 0.5%
The annual rate of Preferred Dividends shall be calculated down to the fourth decimal place below one percent and then rounded to the nearest one-thousandth of one percent, 0.0005% rounded upward.
The dates of revision of the annual rate of Preferred Dividends shall be each April 1 on and after April 1, 2004.
Euro Yen LIBOR (one-year) shall mean the rate published by the British Bankers' Association (BBA) as the one-year Euro Yen London Interbank Offered Rate (one-year Euro Yen LIBOR (360-day basis)) at 11:00 a.m., London time, on April 1, 2004 or each date of revision of annual rate of dividends (or, if any such date falls on a non-business day, the immediately preceding business day). If Euro Yen LIBOR (one-year) is not published, the rate published by the Japanese Bankers Association as the one-year Japanese Yen Tokyo Interbank Offered Rate (Japanese Yen TIBOR) at 11:00 a.m., Japan time, on the immediately following business day, or the rate which shall be deemed comparable to such rate, shall be used in lieu of the Euro Yen LIBOR (one-year).
The term "business day" shall mean a day on which banks are open for foreign currency and foreign exchange business in London and Tokyo.
(b) Non-cumulative dividends
If the total amount of dividends of surplus that are paid to the Preferred Shareholders in any business year fall short of the amount of the Preferred Dividends, the amount of the shortage shall not accrue to the subsequent business years.
(c) Non-participatory dividends
The total amount of dividends of surplus to be paid to the Preferred Shareholders in a business year shall be limited to the amount of the Preferred Dividends, and no dividends of surplus shall be paid to the Preferred Shareholders in excess thereof.
(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company shall pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.
(2) Distribution of residual assets
When the residual assets of the Company are to be distributed, the Preferred Shareholders shall be paid ¥2,000 per share, prior to any such payments to Common Shareholders. No additional distribution of residual assets shall be made to the Preferred Shareholders.
(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Six Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of residual assets.
(4) Right to request acquisition
(a) Period for making requests
Requests for acquisition of the Preferred Shares can be made at any time after July 1, 2010.
(b) Exchange price
The exchange price is ¥392.
(c) Reset of the exchange price
The exchange price shall be reset on May 1 of each year (hereinafter, the Reset Date) to the Market Price as of the Reset Date (the Exchange Price after Reset). Provided that if the Exchange Price after Reset would fall below ¥154 (the Floor Price), the Exchange Price after Reset shall be the Floor Price. Market Price for this purpose shall mean the average of the closing prices (including indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date. Such average shall be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).
(d) Adjustments in the exchange price
Certain adjustments shall be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.
(5) Acquisition clause
No acquisition clause exists.
(6) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When a decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 shall not apply.
(7) Voting rights clause
The Preferred Shareholders have voting rights at the Company's General Meeting of Shareholders.
(8) Rights to new shares and other matters
Except when specific legal provisions indicate otherwise, the Preferred Shares shall not be consolidated or split. In addition, the Preferred Shareholders shall not receive free distributions of shares, as provided for under Article 185 of the Company Law or free rights to receive new shares under Article 277 of the said law. The Preferred Shareholders shall not be granted rights to distributions of shares under Article 202-1 or granted rights to receive rights to new shares under Article 241-1 of the said law.
(9) General Meeting Decision by Class of Shareholder
No provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

11. The details regarding Class Four Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.
(1) Dividends on the Preferred Shares
(a) Dividends on the Preferred Shares
When the Company makes dividends of surplus, the Company shall pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends shall be reduced by the amount of such Preferred Interim Dividends. Dividends per share of the Preferred Shares shall be equal to the subscription price per share multiplied by the rate of Preferred Dividends described below.
The rate of Preferred Dividends shall be 3.970% per annum (¥992.50 per ¥25,000 subscription price).
(b) Non-cumulative dividends
If the total amount of dividends of surplus that are paid to the Preferred Shareholders in any business year fall short of the amount of the Preferred Dividends, the amount of the shortage shall not accrue to the subsequent business years.
(c) Non-participatory dividends
The total amount of dividends of surplus to be paid to the Preferred Shareholders in a business year shall be limited to the amount of the Preferred Dividends, and no dividends of surplus shall be paid to the Preferred Shareholders in excess thereof.
(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company shall pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.
(2) Distribution of residual assets
When the residual assets of the Company are to be distributed, the Preferred Shareholders shall be paid ¥25,000 per share, prior to any such payments to Common Shareholders. No additional distribution of residual assets shall be made to the Preferred Shareholders.
(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Six Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of residual assets.
(4) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When a decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 shall not apply.
(5) Acquisition clause
The Company may, on one or more days to be determined separately by the Representative Executive Officer pursuant to the provisions of Article 168-1 of the Company Law which shall be dates on or after August 31, 2013, acquire all or some of the Preferred Shares, and in such case the Company shall pay, in exchange for each share of the Preferred Shares, the amount of money equal to ¥25,000, plus the amount equal to the accrued dividends (which shall mean the amount of the Preferred Dividends prorated for the period from the first day of the business year in which the acquisition takes place through the date of acquisition (including such first day and the date of acquisition), less the amount of the Preferred Interim Dividends if the same was paid during the same business year).
When the Company acquires only some of the Preferred Shares, the Representative Executive Officer shall select shares to be acquired by drawing lots.

(6) Voting rights clause
The Preferred Shareholders shall not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, that the Preferred Shareholders shall have voting rights (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460- 2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436- 3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 53 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(7) General Meeting Decision by Class of Shareholder
Provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

12. The details regarding Class Five Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares
When the Company makes dividends of surplus, the Company shall pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends shall be reduced by the amount of such Preferred Interim Dividends. Dividends per share of the Preferred Shares shall be equal to the subscription price per share multiplied by the rate of Preferred Dividends described below.
The rate of Preferred Dividends shall be 3.675% per annum (¥918.75 per ¥25,000 subscription price).

(b) Non-cumulative dividends
If the total amount of dividends of surplus that are paid to the Preferred Shareholders in any business year fall short of the amount of the Preferred Dividends, the amount of the shortage shall not accrue to the subsequent business years.

(c) Non-participatory dividends
The total amount of dividends of surplus to be paid to the Preferred Shareholders in a business year shall be limited to the amount of the Preferred Dividends, and no dividends of surplus shall be paid to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company shall pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of residual assets
When the residual assets of the Company are to be distributed, the Preferred Shareholders shall be paid ¥25,000 per share, prior to any such payments to Common Shareholders. No additional distribution of residual assets shall be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Six Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of residual assets.

(4) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 shall not apply.

(5) Acquisition clause
The Company may, on one or more days to be determined separately by the Representative Executive Officer pursuant to the provisions of Article 168-1 of the Company Law which shall be dates on or after August 28, 2014, acquire all or some of the Preferred Shares, and in such case the Company shall pay, in exchange for each share of the Preferred Shares, the amount of money equal to ¥25,000, plus the amount equal to the accrued dividends (which shall mean the amount of the Preferred Dividends prorated for the period from the first day of the business year in which the acquisition takes place through the date of acquisition (including such first day and the date of acquisition), less the amount of the Preferred Interim Dividends if the same was paid during the same business year).
When the Company acquires only some of the Preferred Shares, the Representative Executive Officer shall select shares to be acquired by drawing lots.

(6) Voting rights clause
The Preferred Shareholders shall not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, that the Preferred Shareholders shall have voting rights (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460- 2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436- 3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 53 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(7) General Meeting Decision by Class of Shareholder
Provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

13. The details regarding Class Six Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares
When the Company makes dividends of surplus, the Company shall pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends shall be reduced by the amount of such Preferred Interim Dividends.
Dividends per share of the Preferred Shares shall be equal to the subscription price per share multiplied by the rate of Preferred Dividends described below.
The rate of Preferred Dividends shall be 4.95% per annum (¥1,237.50 per ¥25,000 subscription price)

(b) Non-cumulative dividends
If the total amount of dividends of surplus that are paid to the Preferred Shareholders in any business year fall short of the amount of the Preferred Dividends, the amount of the shortage shall not accrue to the subsequent business years.

(c) Non-participatory dividends
The total amount of dividends of surplus to be paid to the Preferred Shareholders in a business year shall be limited to the amount of the Preferred Dividends, and no dividends of surplus shall be paid to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company shall pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of residual assets
When the residual assets of the Company are to be distributed, the Preferred Shareholders shall be paid ¥25,000 per share, prior to any such payments to Common Shareholders. No additional distribution of residual assets shall be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Six Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of residual assets.

(4) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 shall not apply.

(5) Acquisition clause
The Company may, on one or more days to be determined separately by the Representative Executive Officer pursuant to the provisions of Article 168-1 of the Company Law which shall be dates on or after December 8, 2016, acquire all or some of the Preferred Shares, and in such case the Company shall pay, in exchange for each share of the Preferred Shares, the amount of money equal to ¥25,000, plus the amount equal to the accrued dividends (which shall mean the amount of the Preferred Dividends prorated for the period from the first day of the business year in which the acquisition takes place through the date of acquisition (including such first day and the date of acquisition), less the amount of the Preferred Interim Dividends if the same were paid during the same business year).
When the Company acquires only some of the Preferred Shares, the Representative Executive Officer shall select shares to be acquired by drawing lots.

(6) Voting rights clause
The Preferred Shareholders shall not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, that, the Preferred Shareholders shall have voting rights (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436-3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 53 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 53 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(7) General Meeting Decision by Class of Shareholder
Provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

2. Number of Shares Issued and Outstanding, Trends in Paid-in Capital, and Capital Reserve

Date	Changes in number of total shares issued and outstanding (1,000 shares)	Number of total shares issued and outstanding (1,000 shares)	Increase/ (decrease) in paid-in capital (Millions of yen)	Paid-in capital (Millions of yen)	Increase/ (decrease) in capital reserve (Millions of yen)	Capital reserve (Millions of yen)
June 5, 2007 (Note 1)	100	20,324	175,000	502,201	175,000	502,201
June 5, 2007 (Note 2)	—	20,324	(175,000)	327,201	(175,000)	327,201
July 31, 2007 (Note 3)	0	20,324	—	327,201	—	327,201
August 28, 2007 (Note 4)	40	20,364	50,000	377,201	50,000	377,201
August 28, 2007 (Note 5)	—	20,364	(50,000)	327,201	(50,000)	327,201
September 28, 2007 (Note 6)	(0)	20,364	—	327,201	—	327,201
January 4, 2009 (Note 7)	2,016,071	2,036,436	—	327,201	—	327,201
January 5, 2009 (Note 8)	(0)	2,036,436	—	327,201	—	327,201
March 13, 2009 (Note 9)	(28,177)	2,008,258	—	327,201	—	327,201
September 8, 2009 (Note 10)	75,000	2,083,258	51,825	379,026	51,825	379,026
September 8, 2009 (Note 11)	—	2,083,258	(51,825)	327,201	(51,825)	327,201
September 8, 2009 (Note 12)	(10,000)	2,073,258	—	327,201	—	327,201
December 8, 2009 (Note 13)	3,000	2,076,258	37,500	364,701	37,500	364,701
December 8, 2009 (Note 14)	—	2,076,258	(37,500)	327,201	(37,500)	327,201
August 31, 2010 (Note 15)	(200,000)	1,876,258	—	327,201	—	327,201
January 31, 2011 (Note 16)	1,237,000	3,113,258	260,586	587,787	260,586	587,787
January 31, 2011 (Note 17)	—	3,113,258	(260,586)	327,201	(260,586)	327,201
February 18, 2011 (Note 18)	63,000	3,176,258	13,271	340,472	13,271	340,472
March 11, 2011 (Note 19)	(406,780)	2,769,477	—	340,472	—	340,472

Notes: 1. Paid-in placement to a third party (100,000 shares of Class Nine Preferred Stock), issue price of ¥3,500,000 per share, with ¥1,750,000 included in paid-in capital
2. Transfer to other capital surplus through a reduction in capital and capital reserve, accompanying the issuance of Class Nine Preferred Shares, based on Article 447-3 and Article 448-3 of the Company Law of Japan.
3. Issuance of common shares following the exercise of acquisition rights to have the Company acquire outstanding Class D No. 1 Preferred Shares
4. Paid-in placement to a third party (40,000 shares of Class Five Preferred Stock), issue price of ¥2,500,000 per share, with ¥1,250,000 included in paid-in capital
5. Transfer to other capital surplus through a reduction in capital and capital reserve, accompanying the issuance of Class Five Preferred Shares, based on Article 447-3 and Article 448-3 of the Company Law of Japan.
6. Retirement of treasury stock (Class D No. 1 Preferred Shares).
7. At a meeting of the Board of Directors on May 16, 2008, it was resolved to implement a stock split (in which the Company's outstanding common stock and all types of preferred stock would be split at the ratio of 100 shares for each one share outstanding). Amendments to the Articles of Incorporation to this effect were duly approved at the Ordinary General Meeting of Shareholders held on June 26, 2008. In addition, a proposal was made and approved to change a portion of the Company's Articles of Incorporation to introduce the minimum trading unit system for the Company's common stock and all types of preferred stock. Under this system, the minimum trading unit will be 100 stocks. Please note that the effective date of the stock split was January 4, 2009, and the change in the Articles of Incorporation became effective with the effectiveness of the stock split.
8. Accompanying the implementation of the Law Revising a Portion of the Law Concerning Transfers of Bonds, Etc., to Increase the Efficiency of the Settlement of Stock, Etc., Transactions (Law No. 88, 2004), fractional stocks less than a specified fraction of the minimum trading unit will be truncated (Common Shares: 0.7 and Class Two No. 1 Preferred Stock: 0.1).
9. Retirement of treasury stock (27,220,200 shares of Class B No. 1 Preferred Stock and 957,600 shares of Class E No. 1 Preferred Stock)
10. Paid-in placement to a third party (75,000,000 shares of Common Stock), issue price of ¥1,382 per share, with ¥691 included in paid-in capital.
11. Transfer to other capital surplus through a reduction in capital and capital reserve, accompanying the issuance of Common Shares, based on Article 447-3 and Article of 448-3 of the Company Law of Japan.
12. Retirement of treasury stock (10,000,000 shares of Class Nine Preferred Stock)
13. Paid-in placement to a third party (3,000,000 shares of Class Six Preferred Stock), issue price of ¥25,000 per share, with ¥12,500 included in paid-in capital.
14. Transfer to other capital surplus through a reduction in capital and capital reserve accompanying the issuance of Class Six Preferred Shares, based on Article 447-3 and Article of 448-3 of the Company Law of Japan.
15. Retirement of treasury stock (200,000,000 shares of Class One No. 1 Preferred Stock)
16. Paid-in public offering (1,237,000,000 shares of Common Stock), issue price of ¥440 per share, issue price of ¥421.32, with ¥210.66 included in paid-in capital
17. Transfer to other capital surplus through a reduction in capital and capital reserve accompanying the issuance of Common Shares, based on Article 447-3 and Article 448-3 of the Company Law of Japan.
18. Paid-in placement to a third party (63,000,000 shares of Common Stock), issue price of ¥421.32 per share, with ¥210.66 included in paid-in capital.
19. Retirement of treasury stock (75,000,000 shares of Class One No. 1 Preferred Stock, 281,780,000 shares of Class Two No. 1 Preferred Stock, and 50,000,000 shares of Class Three No. 1 Preferred Stock).

3. Ownership of Common Stock and Preferred Stock

(1) Common stock

	As of March 31, 2012								
	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	15	137	98	12,908	513	154	333,568	347,393	—
Number of minimum trading units held	1,274	5,275,608	450,104	6,751,996	6,430,304	3,860	6,225,863	25,139,009	1,056,791
Ownership percentage	0.01	20.98	1.79	26.87	25.57	0.02	24.76	100.00	—

Notes: 1. In the table above, "Individuals and others" and "Fractional shares" contain 641,850 minimum trading units and 59 fractional shares held as treasury stocks.
2. In the above table, the item "Other corporations" contains 65 minimum trading units held in the name of the Japan Securities Depository Center.
3. There are 20,705 shareholders who hold only fractional shares.

(2) Class C No. 1 Preferred Stock

	As of March 31, 2012								
	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	120,000	—	—	—	120,000	—
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

(3) Class F No. 1 Preferred Stock

	As of March 31, 2012								
	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	80,000	—	—	—	80,000	—
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

(4) Class Three No. 1 Preferred Stock

	As of March 31, 2012								
	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	2,250,000	—	—	—	2,250,000	—
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

(5) Class Four Preferred Stock

	As of March 31, 2012								
	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	—	1	—	—	—	—	—	1	—
Number of minimum trading units held	—	25,200	—	—	—	—	—	25,200	—
Ownership percentage	—	100.00	—	—	—	—	—	100.00	—

(6) Class Five Preferred Stock

	As of March 31, 2012								
	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	—	1	—	—	—	—	—	1	—
Number of minimum trading units held	—	40,000	—	—	—	—	—	40,000	—
Ownership percentage	—	100.00	—	—	—	—	—	100.00	—

(7) Class Six Preferred Stock

	As of March 31, 2012								
	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	—	3	—	—	—	—	—	3	—
Number of minimum trading units held	—	30,000	—	—	—	—	—	30,000	—
Ownership percentage	—	100.00	—	—	—	—	—	100.00	—

4. Major Shareholders

(1) Stockholdings by Number of Stocks

Shareholder	As of March 31, 2012		
	Address	Number of stocks owned (stocks)	Ownership percentage of total shares
Deposit Insurance Corporation of Japan	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	728,262,500	26.29
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	127,425,200	4.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	83,255,700	3.00
The Dai-ichi Mutual Life Insurance Company, Ltd.	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	59,241,900	2.13
CACEIS BANK FRANCE/CREDIT AGRICOLE SA	91 93 BD Pasteur, 75015 Paris, France	39,483,700	1.42
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	38,032,700	1.37
The CHASE MANHATTAN BANK 380501	5. Rue Plaetis. L-2338 Luxembourg	34,565,300	1.24
JP MORGAN CHASE BANK 380055	270 Park Avenue, New York, NY 10017, USA	28,187,318	1.01
Japan Trustee Services Bank, Ltd. (Trust Account 4)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	26,435,100	0.95
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	338 Pitt Street, Sydney, NSW 2000, Australia	24,806,043	0.89
Total	—	1,189,695,461	42.95

Notes: 1. In addition to the above, the Company holds 64,185,059 treasury stock (2.31% of the total stocks issued).
2. In the reports on large holdings (changes) submitted by the Resolution and Collection Corporation and one other stockholder on March 11, 2011, it was indicated that the Deposit Insurance Corporation of Japan held 736,039,400 shares as of March 8, 2011 (which represented 26.57% of the total stocks issued). Since the Company cannot confirm actual ownership as of March 31, 2012, the information on stockholdings contained in the Company's Stockholder Register has been entered in the table above.

(2) Stockholdings by Voting Percentage

Shareholder	Address	Number of stocks owned (stocks)	Ownership percentage of total shares
	As of March 31, 2012		
Deposit Insurance Corporation of Japan	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	7,282,625	27.22
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	1,274,252	4.76
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	832,557	3.11
The Dai-Ichi Mutual Life Insurance Company, Ltd.	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	552,419	2.06
CACEIS BANK FRANCE/CREDIT AGRICOLE SA	91 93 BD Pasteur, 75015 Paris, France	394,837	1.47
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	380,327	1.42
THE CHASE MANHATTAN BANK 380501	5. Rue Plaetis. L-2338 Luxembourg	345,653	1.29
JP MORGAN CHASE BANK 380055	270 Park Avenue, New York, NY 10017, USA	281,873	1.05
Japan Trustee Services Bank, Ltd. (Trust Account 4)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	264,351	0.98
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	338 Pitt Street, Sydney, NSW 2000, Australia	248,060	0.92
Total	—	11,856,954	44.32

5. Status of Voting Rights

(1) Stock issued and outstanding

Type of Stock	Number of Shares	Number of Voting Rights	Comments
	As of March 31, 2012		
Non-voting stock	Class C No. 1 Preferred Stock 12,000,000 Class F No. 1 Preferred Stock 8,000,000 Class Four Preferred Stock 2,520,000 Class Five Preferred Stock 4,000,000 Class Six Preferred Stock 3,000,000	—	The details regarding various types of stock are covered in the section “1. Number of Common and Preferred Stock Shares and Related Matters.”
Stock with restricted voting rights (treasury stock, etc.)	—	—	—
Stock with restricted voting rights (other types)	—	—	—
Stock with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 64,185,000	—	—
Stock with full voting rights (other types)	Common stock 2,449,715,900 Class Three No. 1 Preferred Stock 225,000,000	Common stock 24,497,159 Class Three No. 1 Preferred Stock 2,250,000	The details regarding various types of stock are covered in the section “1. Number of Common and Preferred Stock Shares and Related Matters.” (Notes 1 and 2)
Fractional shares (shares less than one trading unit)	Common stock 1,056,791	—	(Note 3)
Total number of shares issued and outstanding	2,769,477,691	—	—
Number of voting rights for total shareholders	—	26,747,159	—

Notes: 1. In the table above, the entry “Stock with full voting rights (other types)” includes 6,500 shares (65 voting rights) in the name of Japan Securities Depository Center.
2. On the Registry of Shareholders, The Kinki Osaka Bank, Ltd., is listed as a shareholder even though it does not actually own these shares. The number of such shares on the Registry is 100 shares (1 voting right) for The Kinki Osaka Bank. These shares are included in the entry “Stock with full voting rights (other types).”
3. In the table above, shares under “Fractional shares” included 59 shares held by the Company as treasury stock.

(2) Treasury stock

Shareholder	Address	Stocks held in own name	Stocks held under other name(s)	Number of stocks owned	Ownership percentage of total shares
	As of March 31, 2012				
(Treasury stock) Resona Holdings, Inc.	5-65, Kiba 1-chome, Koto-ku, Tokyo	64,185,000	—	64,185,000	2.55
Total	—	64,185,000	—	64,185,000	2.55

Notes: 1. On the Registry of Shareholders, The Kinki Osaka Bank, Ltd., is listed as a shareholder even though it does not actually own these shares. The number of such shares on the Registry is 100 shares (1 voting right) for The Kinki Osaka Bank. These shares are included in the entry “Stock with full voting rights (other types)” in the preceding table.
2. The number of shares issued and outstanding used in the computation of “Percentage ownership of total shares” is the total number of common shares issued and outstanding.

■ Preferred Securities

Item	As of March 31, 2012 (Millions of yen)	Date of repayment or maturity
Preferred securities	94,518	—
Total	94,518	—

■ Subordinated Loans and Bonds

Item	As of March 31, 2012 (Millions of yen)	Date of repayment or maturity
Perpetual subordinated debt	123,318	—
Subordinated loans	—	—
Subordinated bonds	123,318	—
Subordinated debt with maturity dates	470,298	—
Subordinated loans	39,000	March 2018 to March 2021
Subordinated bonds	431,298	September 2014 to March 2027
Total	593,617	—

Credit Risk

■ Ratings Applied to Portfolio Subject to Standardized Approach

1. Qualified Rating Agencies Used in Making Judgments on Risk Weights

In determining the risk weights for portfolios to which the Standardized Approach is applied, the Holding Company Group makes use of ratings issued by the following five qualified rating agencies (Eligible External Credit Assessment Institutions (ECAI)): Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P), and Fitch Ratings Limited (Fitch). These rating agencies are those designated by the Financial Services Agency, as of March 31, 2012, and are "qualified rating agencies" for the purposes of Basel II.

2. Types of Exposure and Qualified Rating Agencies Used

The Holding Company Group has specified the use of the following rating agencies for certain obligors and types of exposure as shown below. In all cases, when there are two or more ratings available from qualified rating agencies and these ratings differ, the second smallest risk weight counting from the smallest risk weight is adopted. (When one smallest risk weight is corresponding to two or more ratings, the smallest risk weight is adopted.)

Types of Obligor and Exposure	Rating Agency Used
Central governments and central banks Local governments in Japan Foreign non-central government public-sector entities Multilateral Development Banks Japan Finance Organization for Municipalities Government-affiliated organizations in Japan Local public corporations Banks Securities companies	Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P), Fitch Ratings Limited (Fitch)
Investment funds (assets backed up with underlying investments in multiple assets)	Same as the above
Securitized products Structured finance	Same as the above
Other than the above	Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P)

■ Credit Risk Exposure at Fiscal Year-End: By Region, By Industry, Including Claims Past Due Three Months or More, or Default: By Residual Contractual Maturity

(Millions of yen)

	As of March 31, 2012					
	Total	Loans and bills discounted, foreign exchange, etc.	Securities	Off-balance sheet transactions	Derivatives transactions	Past due three months or more, or default
By Region						
Japan	46,993,278	29,195,945	11,112,068	4,858,058	1,278,711	950,667
Overseas	—	—	—	—	—	—
Exposure to which the Standardized Approach is applied	1,147,477	427,593	184,719	87,761	125	23,095
Total	48,140,755	29,623,539	11,296,788	4,945,819	1,278,837	973,763
By Industry						
Manufacturing	3,265,308	2,631,230	287,801	250,800	92,894	132,995
Agriculture and forestry	45,422	44,486	60	872	0	1,547
Fishery	1,759	1,630	100	29	—	28
Mining, quarrying of stone, gravel extraction	16,106	14,387	891	800	22	316
Construction	664,207	551,818	44,051	66,888	862	51,000
Electricity, gas, heating, water	131,219	104,842	20,817	5,302	256	10
Information and communication	278,093	234,880	19,148	20,089	3,094	31,144
Transportation, postal services	550,962	485,362	26,655	31,289	7,551	16,694
Wholesale and retail trade	2,649,929	2,270,290	119,396	87,162	157,513	201,506
Finance and insurance	2,855,981	988,679	289,549	579,943	996,118	7,512
Real estate	4,094,454	3,984,534	27,151	49,696	9,771	221,916
Goods rental and leasing	421,462	404,129	4,939	11,765	580	3,414
Services	1,635,450	1,488,088	44,490	88,440	9,499	130,023
Individuals	10,006,997	9,911,981	—	94,245	—	152,547
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	19,249,720	5,643,616	10,034,827	3,570,730	544	—
Foreign central governments and central banks, etc.	171,227	949	170,278	—	—	7
Others	954,973	435,034	21,908	—	—	0
Exposure to which the Standardized Approach is applied	1,147,477	427,593	184,719	87,761	125	23,095
Total	48,140,755	29,623,539	11,296,788	4,945,819	1,278,837	973,763
By Residual Contractual Maturity						
One year or less	7,231,702	3,142,058	2,967,218	985,620	87,767	/
One year to less than three years	4,827,589	2,235,943	2,156,822	137,454	297,368	/
Three years to less than five years	5,922,837	2,333,494	3,213,467	38,353	337,521	/
Five years to less than seven years	2,337,207	1,238,502	790,283	28,697	279,724	/
Over seven years	16,822,451	14,834,785	1,602,122	109,213	276,330	/
Exposures with no maturity dates	9,851,491	5,411,161	382,154	3,558,718	—	/
Exposure to which the Standardized Approach is applied	1,147,477	427,593	184,719	87,761	125	/
Total	48,140,755	29,623,539	11,296,788	4,945,819	1,278,837	/

(Millions of yen)

	As of March 31, 2011					
	Total					Past due three months or more, or default
		Loans and bills discounted, foreign exchange, etc.	Securities	Off-balance sheet transactions	Derivatives transactions	
By Region						
Japan	45,300,843	29,649,359	9,672,583	4,221,904	1,207,828	1,016,597
Overseas	—	—	—	—	—	—
Exposure to which the Standardized Approach is applied	1,294,217	494,116	220,622	86,388	14,364	25,611
Total	46,595,060	30,143,476	9,893,206	4,308,293	1,222,193	1,042,209
By Industry						
Manufacturing	3,300,373	2,612,487	302,512	260,186	122,843	140,318
Agriculture and forestry	60,871	59,851	80	926	10	2,147
Fishery	1,651	1,651	—	0	—	33
Mining, quarrying of stone, gravel extraction	14,718	13,717	891	88	21	448
Construction	713,021	604,092	43,828	63,480	979	51,045
Electricity, gas, heating, water	108,729	75,263	21,214	11,935	316	135
Information and communication	282,512	247,963	16,768	13,447	4,252	30,740
Transportation, postal services	555,902	489,534	28,538	28,760	8,962	14,041
Wholesale and retail trade	2,715,450	2,287,271	117,029	77,587	227,850	183,629
Finance and insurance	2,723,240	1,357,645	261,958	278,836	820,946	8,354
Real estate	3,721,971	3,621,269	27,289	54,111	9,887	257,372
Goods rental and leasing	384,327	367,331	4,961	11,439	595	3,068
Services	1,682,800	1,550,080	37,998	80,051	10,446	140,622
Individuals	10,259,346	10,150,334	—	108,055	0	184,632
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	17,639,451	5,679,423	8,726,313	3,232,997	716	—
Foreign central governments and central banks, etc.	41,804	1,158	40,645	—	—	7
Others	1,094,669	530,281	42,554	—	—	0
Exposure to which the Standardized Approach is applied	1,294,217	494,116	220,622	86,388	14,364	25,611
Total	46,595,060	30,143,476	9,893,206	4,308,293	1,222,193	1,042,209
By Residual Contractual Maturity						
One year or less	7,271,968	3,610,573	2,730,692	809,233	97,610	/
One year to less than three years	4,307,452	2,200,549	1,654,272	125,268	327,363	/
Three years to less than five years	5,498,101	2,355,508	2,830,309	40,157	272,126	/
Five years to less than seven years	2,134,568	1,048,234	722,303	34,903	329,127	/
Over seven years	16,427,054	14,833,213	1,314,862	97,377	181,601	/
Exposures with no maturity dates	9,661,697	5,601,280	420,142	3,114,965	—	/
Exposure to which the Standardized Approach is applied	1,294,217	494,116	220,622	86,388	14,364	/
Total	46,595,060	30,143,476	9,893,206	4,308,293	1,222,193	/

Notes: 1. Figures presented refer to the credit risk exposure to which the Foundation Internal Ratings-Based (F-IRB) approach is applied (Exposures relating investment funds and securitization exposures are not included). However, assets of non-financial companies exempt from F-IRB calculations and other assets which are minimal are treated as Exempt Assets, and the Standardized Approach is applied in calculating the risk assets (For stocks held by the subsidiaries, the F-IRB approach is applied and such stocks are not included among the Excluded Assets.).
2. Exposures to which the F-IRB approach is applied are presented before the subtraction of reserves, etc., before partial direct write-offs, and after taking into account the effect of credit risk mitigation techniques. In addition, exposures to which the Standardized Approach is applied are presented after the subtraction of reserves, etc., after partial direct write-offs, and after taking into account the effect of credit risk mitigation techniques.
3. "Loans and bills discounted, foreign exchanges, etc." includes the following transactions: cash and due from banks, call loans, monetary claims bought, trading account securities included in trading assets, loans and bills discounted, foreign exchange assets, and others.
4. "Off-balance sheet transactions" includes customers' liabilities for acceptances and guarantees, commitments, and amounts equivalent to credit risk exposure in relation to loans in the trust account (after taking into account of the Credit Conversion Factor (CCF)).
5. "Total" of types of exposures includes other assets, premises and equipment, intangible fixed assets, and deferred tax assets. Also, since the figures presented are after the set-off of internal transactions, the total may not coincide with a sum of the above shown items.

■ General Reserve for Possible Loan Losses and Special Reserve for Certain Overseas Loans

(Millions of yen)

Years ended March 31,	2012			2011		
	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year
General reserve for possible loan losses	**292,278**	**(57,799)**	**234,478**	296,349	(4,071)	292,278
Special reserve for certain overseas loans	**3**	**(1)**	**2**	1	1	3

Note: The Holding Company Group does not prepare the breakdown of general reserve for possible loan losses by region and industry.

■ Specific Reserve for Possible Loan Losses: By Region and Industry

(Millions of yen)

Year ended March 31,	2012		
	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year
By Region			
Japan	**130,037**	**13,162**	**143,200**
Overseas	**—**	**—**	**—**
Total	**130,037**	**13,162**	**143,200**
By Industry			
Manufacturing	**31,100**	**1,794**	**32,895**
Agriculture and forestry	**57**	**24**	**81**
Fishery	**—**	**—**	**—**
Mining, quarrying of stone, gravel extraction	**20**	**0**	**20**
Construction	**2,369**	**436**	**2,806**
Electricity, gas, heating, water	**1**	**(1)**	**—**
Information and communication	**8,624**	**(6,815)**	**1,809**
Transportation, postal services	**953**	**363**	**1,316**
Wholesale and retail trade	**37,784**	**7,807**	**45,591**
Finance and insurance	**1,234**	**2,106**	**3,341**
Real estate	**7,483**	**8,975**	**16,459**
Goods rental and leasing	**257**	**(164)**	**93**
Services	**11,796**	**3,561**	**15,358**
Individuals	**5,014**	**(117)**	**4,897**
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	**268**	**(75)**	**193**
Foreign central governments and central banks, etc.	**—**	**—**	**—**
Others	**23,070**	**(4,734)**	**18,336**
Total	**130,037**	**13,162**	**143,200**

Year ended March 31,	2011		
	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year
By Region			
Japan	141,028	(10,973)	130,055
Overseas	—	—	—
Total	141,028	(10,973)	130,055
By Industry			
Manufacturing	29,878	1,221	31,100
Agriculture and forestry	69	(12)	57
Fishery	6	(6)	—
Mining, quarrying of stone, gravel extraction	61	(41)	20
Construction	3,606	(1,236)	2,369
Electricity, gas, heating, water	—	1	1
Information and communication	18,591	(9,967)	8,624
Transportation, postal services	1,666	(713)	953
Wholesale and retail trade	24,463	13,320	37,784
Finance and insurance	1,225	8	1,234
Real estate	18,604	(11,120)	7,483
Goods rental and leasing	466	(208)	257
Services	13,656	(1,859)	11,796
Individuals	5,023	(9)	5,014
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	268	—	268
Foreign central governments and central banks, etc.	—	—	—
Others	23,439	(350)	23,088
Total	141,028	(10,973)	130,055

Notes: 1. The by-industry breakdown is for the specific reserves provided for the exposures held by Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank.
2. The “Others” category of the by-industry segment includes the specific reserves provided for the exposures held by subsidiaries other than the aforementioned banking subsidiaries.

■ Write-Offs of Claims: By Industry

(Millions of yen)

Year ended March 31,	2012	2011
Manufacturing	**7,629**	9,051
Agriculture and forestry	**56**	13
Fishery	**0**	7
Mining, quarrying of stone, gravel extraction	**—**	—
Construction	**4,482**	5,309
Electricity, gas, heating, water	**0**	8
Information and communication	**2,854**	1,155
Transportation, postal services	**446**	1,134
Wholesale and retail trade	**17,267**	13,003
Finance and insurance	**(3)**	331
Real estate	**3,015**	6,227
Goods rental and leasing	**194**	238
Services	**4,652**	6,739
Individuals	**2,506**	2,486
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	**—**	—
Foreign central governments and central banks, etc.	**—**	—
Others	**6,749**	6,590
Total	**49,853**	52,299

Notes: 1. The by-industry breakdown is for the write-offs made for the exposures held by Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank.
2. The “Others” category includes the write-offs made for the exposures held by subsidiaries other than the aforementioned banking subsidiaries.

[Exposure Subject to the Standardized Approach]

■ Exposure by Risk Weight Category

(Millions of yen)

As of March 31,	2012		2011	
	With external rating	**Without external rating**	With external rating	Without external rating
0%	**451**	**264,586**	114	310,708
10%	**—**	**100,918**	—	155,596
20%	**50,983**	**2**	103,019	1
35%	**—**	**—**	—	—
50%	**58,348**	**57**	45,225	—
75%	**—**	**53**	—	51
100%	**392**	**637,126**	6,496	635,488
150%	**—**	**34,553**	—	37,513
350%	**—**	**—**	—	—
Others	**1**	**—**	—	—
Total	**110,178**	**1,037,299**	154,856	1,139,360
Deduction from capital	**—**	**—**	—	—

Notes: 1. Credit ratings are those provided by the qualified rating agencies.
2. Exposures by risk weight categories are reported as the balance after taking into account the effect of credit risk mitigation techniques.
3. The item “Deduction from capital” in the table above is the amount subtracted from capital based on Article 20, Paragraph 1, Item 3 and Item 6 of the Notification on Consolidated Capital Adequacy (Confined to cases where Article 105 and Article 114-1 of the Notification on Consolidated Capital Adequacy are applied).

[Exposure Subject to the IRB Approach]

■ Specialised Lending Exposure subject to Slotting Criteria by Risk Weight Category

(1) Specialised Lending Exposure Excluding High Volatility Commercial Real Estate Lending (Millions of yen)

Slotting criteria	Residual contractual maturity	Risk weights	**As of March 31, 2012**	As of March 31, 2011
Strong	Under 2 and half years	50%	**5,263**	7,944
	Over 2 and half years	70%	**16,101**	9,024
Good	Under 2 and half years	70%	**21,600**	31,843
	Over 2 and half years	90%	**55,040**	36,751
Satisfactory	No term	115%	**56,918**	42,573
Weak	No term	250%	**9,744**	21,578
Default	No term	0%	**2,201**	3,632
Total			**166,870**	153,348

(2) High Volatility Commercial Real Estate Lending (Millions of yen)

Slotting criteria	Residual contractual maturity	Risk weights	**As of March 31, 2012**	As of March 31, 2011
Strong	Under 2 and half years	70%	**—**	—
	Over 2 and half years	95%	**4,851**	4,851
Good	Under 2 and half years	95%	**374**	795
	Over 2 and half years	120%	**5,731**	5,168
Satisfactory	No term	140%	**—**	—
Weak	No term	250%	**—**	—
Default	No term	0%	**—**	—
Total			**10,956**	10,815

■ Equity Exposure under Simple Risk Weight Method by Risk Weight Category

(Millions of yen)

As of March 31,	**2012**	2011
Risk weights		
300%	**10,728**	27,444
400%	**7,376**	9,694
Total	**18,105**	37,138

■ Corporate Exposures

(Millions of yen)

Credit rating	**As of March 31, 2012**				
	PD (Estimated) (Note 1)	**LGD (Estimated) (Note 1)**	**Weighted average RW**	**On balance sheet EAD**	**Off balance sheet EAD**
SA, A	**0.17%**	**42.47%**	**31.43%**	**2,714,519**	**490,664**
B–E	**1.29%**	**41.86%**	**79.12%**	**7,522,585**	**575,650**
F, G	**12.72%**	**41.18%**	**171.36%**	**1,298,470**	**85,216**
Default	**100.00%**	**43.47%**	**/**	**698,373**	**49,781**
Total	**/**	**/**	**/**	**12,233,948**	**1,201,313**

Credit rating	As of March 31, 2011				
	PD (Estimated) (Note 1)	LGD (Estimated) (Note 1)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	0.16%	43.50%	32.10%	2,575,867	352,230
B–E	1.51%	42.04%	83.36%	7,491,429	720,828
F, G	12.99%	41.30%	173.42%	1,506,132	111,256
Default	100.00%	43.57%	/	727,808	56,974
Total	/	/	/	12,301,238	1,241,290

Notes: 1. Weighted average figures based on EAD
2. Specialised lending exposure subject to supervisory slotting criteria is not included.

■ Sovereign Exposures

(Millions of yen)

Credit rating	As of March 31, 2012				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	**0.00%**	**45.01%**	**0.38%**	**15,810,541**	**3,569,822**
B–E	**1.74%**	**44.80%**	**115.29%**	**41,245**	**1,482**
F, G	**16.95%**	**37.26%**	**180.74%**	**549**	**134**
Default	**100.00%**	**45.00%**	**/**	**7**	**—**
Total	**/**	**/**	**/**	**15,852,343**	**3,571,439**

Credit rating	As of March 31, 2011				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	0.00%	44.72%	0.44%	14,405,528	3,231,824
B–E	1.21%	44.97%	111.39%	45,235	1,643
F, G	16.85%	36.47%	181.04%	536	371
Default	100.00%	45.00%	/	7	—
Total	/	/	/	14,451,306	3,233,839

Note: Weighted average figures based on EAD

■ Bank Exposures

(Millions of yen)

Credit rating	As of March 31, 2012				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	**0.13%**	**35.88%**	**20.28%**	**729,237**	**578,007**
B–E	**0.75%**	**45.57%**	**69.66%**	**29,291**	**13,034**
F, G	**12.06%**	**32.22%**	**135.69%**	**9,314**	**2,259**
Default	**—**	**—**	**/**	**—**	**—**
Total	**/**	**/**	**/**	**767,844**	**593,301**

Credit rating	As of March 31, 2011				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	0.12%	44.48%	21.12%	927,023	364,276
B–E	0.88%	45.71%	69.32%	38,453	11,423
F, G	16.85%	37.26%	176.25%	7,658	1,165
Default	—	—	/	—	—
Total	/	/	/	973,136	376,865

Note: Weighted average figures based on EAD

■ Equity Exposures subject to PD/LGD Approach

(Millions of yen)

	As of March 31, 2012			As of March 31, 2011		
Credit rating	PD* (Estimated)	Weighted average RW	Balance	PD* (Estimated)	Weighted average RW	Balance
SA, A	**0.17%**	**143.40%**	**16,601**	0.17%	140.39%	18,662
B–E	**0.92%**	**229.23%**	**3,758**	0.85%	229.95%	3,835
F, G	**12.65%**	**474.82%**	**623**	16.36%	506.99%	884
Default	**100.00%**	**/**	**0**	100.00%	/	0
Total	**/**	**/**	**20,984**	/	/	23,381

Note: Weighted average figures based on Balance

■ Retail Exposures

(Millions of yen)

	As of March 31, 2012						
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
Residential mortgage exposures	/	/	/	**8,312,474**	**26,187**	**—**	**—**
Non-default	**1.14%**	**34.01%**	**30.85%**	**8,206,524**	**25,074**	**—**	**—**
Default	**100.00%**	**34.69%**	/	**105,949**	**1,112**	**—**	**—**
Qualifying revolving retail exposures	/	/	/	**124,000**	**44,157**	**452,502**	**9.76%**
Non-default	**3.90%**	**70.77%**	**62.23%**	**123,261**	**44,107**	**452,226**	**9.75%**
Default	**100.00%**	**71.77%**	/	**738**	**50**	**275**	**18.38%**
Other retail exposures	/	/	/	**2,075,064**	**34,817**	**50,376**	**23.19%**
Non-default	**1.62%**	**30.69%**	**27.44%**	**1,983,528**	**33,895**	**50,156**	**23.18%**
Default	**100.00%**	**38.16%**	/	**91,535**	**921**	**220**	**25.24%**

	As of March 31, 2011						
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
Residential mortgage exposures	/	/	/	8,301,054	29,154	—	—
Non-default	1.15%	38.87%	34.36%	8,172,488	27,710	—	—
Default	100.00%	38.88%	/	128,565	1,444	—	—
Qualifying revolving retail exposures	/	/	/	127,354	51,065	455,602	11.21%
Non-default	4.29%	76.85%	68.76%	126,489	51,002	455,314	11.20%
Default	100.00%	77.25%	/	865	62	288	21.74%
Other retail exposures	/	/	/	2,081,360	39,207	50,577	25.14%
Non-default	1.74%	33.20%	29.12%	1,985,011	38,160	50,349	25.14%
Default	100.00%	38.22%	/	96,349	1,046	228	26.03%

Note: Weighted average figures based on EAD

■ Actual Losses by Types of Exposures and Comparison to the Result of the Year Before (Notes 1 and 2)

(Millions of yen)

Years ended March 31,	**2012**	2011
Resona Holdings, Inc. (Consolidated) (Note 4)	**13,816**	61,561
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 4)	**4,478**	36,818
Corporate exposures	**44,105**	19,515
Sovereign exposures	**(0)**	(1)
Bank exposures	**—**	—
Residential mortgage exposures	**(947)**	1,812
Qualified revolving retail exposures	**1**	(0)
Other retail exposures	**10,879**	12,216
Resona Bank, Ltd. (Consolidated) (Note 4)	**(6,446)**	17,378
Resona Bank, Ltd. (Non-Consolidated) (Note 4)	**(6,003)**	17,590
Corporate exposures	**29,721**	8,319
Sovereign exposures	**(0)**	1
Bank exposures	**—**	—
Residential mortgage exposures	**(603)**	969
Qualified revolving retail exposures (Note 3)	**—**	—
Other retail exposures	**5,473**	6,470
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 4)	**4,332**	10,762
Corporate exposures	**8,235**	6,324
Sovereign exposures	**—**	—
Bank exposures	**—**	—
Residential mortgage exposures	**(345)**	319
Qualified revolving retail exposures (Note 3)	**—**	—
Other retail exposures	**2,672**	2,034
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 4)	**7,581**	10,697
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 4)	**6,150**	8,465
Corporate exposures	**6,148**	4,871
Sovereign risk exposures	**—**	(2)
Bank exposures	**—**	—
Residential mortgage exposures	**1**	523
Qualified revolving retail exposures	**1**	(0)
Other retail exposures	**2,734**	3,711

Notes: 1. Actual losses refer to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gain from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the credit guarantee corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
2. Actual losses for equity exposures which apply the PD/LGD approach are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
3. Since the losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, Inc., actual losses have been omitted from the above exposure classification.
4. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

Analysis

The credit-related expenses of Resona Holdings for the year ended March 31, 2012, amounted to ¥13.8 billion, ¥47.7 billion lower than in the previous fiscal year.

The principal reason for this was that the net provision to the general reserve for loan losses for the Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank was ¥49.4 billion, which was ¥43.7 billion lower than in the previous fiscal year.

By exposure category, loan write-offs and provisions to loan loss reserves increased in the wholesale category, and, as a result credit-related expenses related to corporate exposures increased.

■ Comparison of Estimated and Actual Losses by Types of Exposures

(Millions of yen)

	As of March 31, 2011 (Note 4)		Year ended March 31, 2012
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	13,816
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	534,745	3,096	4,478
Corporate exposures	474,037	(1,031)	44,105
Sovereign exposures	377	373	(0)
Bank exposures	1,673	1,673	—
Residential mortgage exposures	11,450	3,264	(947)
Qualified revolving retail exposures	575	568	1
Other retail exposures	43,024	(5,303)	10,879
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	(6,446)
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	424,081	(14,344)	(6,003)
Corporate exposures	386,655	(18,365)	29,721
Sovereign exposures	207	203	(0)
Bank exposures	1,532	1,532	—
Residential mortgage exposures	7,364	3,797	(603)
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	24,779	(5,041)	5,473
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	61,783	13,720	4,332
Corporate exposures	52,764	11,901	8,235
Sovereign exposures	137	137	—
Bank exposures	69	69	—
Residential mortgage exposures	1,426	97	(345)
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	7,368	1,539	2,672
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 7)	/	/	7,581
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	48,880	3,720	6,150
Corporate exposures	34,616	5,432	6,148
Sovereign exposures	33	33	—
Bank exposures	71	71	—
Residential mortgage exposures	2,660	(630)	1
Qualified revolving retail exposures	575	568	1
Other retail exposures	10,876	(1,802)	2,734

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2011.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

■ Comparison of Estimated and Actual Losses by Types of Exposures

(Millions of yen)

	As of March 31, 2010 (Note 4)		Year ended March 31, 2011
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	61,561
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Notes 7 and 8)	530,270	(16,368)	36,818
Corporate exposures	479,069	(28,124)	19,515
Sovereign exposures	671	667	(1)
Bank exposures	1,849	1,849	—
Residential mortgage exposures	9,759	5,526	1,812
Qualified revolving retail exposures	/	/	(0)
Other retail exposures	33,953	(1,200)	12,216
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	17,378
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	463,701	(32,200)	17,590
Corporate exposures	420,868	(42,576)	8,319
Sovereign exposures	514	510	1
Bank exposures	1,571	1,571	—
Residential mortgage exposures	8,431	5,349	969
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	27,380	(1,982)	6,470
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	66,568	15,832	10,762
Corporate exposures	58,200	14,451	6,324
Sovereign exposures	156	156	—
Bank exposures	277	277	—
Residential mortgage exposures	1,327	177	319
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	6,572	782	2,034
The Kinki Osaka Bank, Ltd. (Consolidated) (Notes 7 and 8)	/	/	10,697
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Notes 7 and 8)	/	/	8,465
Corporate exposures	/	/	4,871
Sovereign exposures	/	/	(2)
Bank exposures	/	/	—
Residential mortgage exposures	/	/	523
Qualified revolving retail exposures	/	/	(0)
Other retail exposures	/	/	3,711

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2010.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.
8. Since The Kinki Osaka Bank has applied the internal rating-based approach since March 31, 2011, the expected loss (EL) was not calculated for the year ended March 31, 2010.

(Millions of yen)

	As of March 31, 2009 (Note 4)		Year ended March 31, 2010
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	114,650
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	552,096	(11,819)	70,906
Corporate exposures	498,261	(28,175)	56,033
Sovereign exposures	747	742	(111)
Bank exposures	3,275	3,275	(675)
Residential mortgage exposures	13,096	9,686	1,218
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	28,699	(5,307)	10,096
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	54,810
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	490,781	(21,388)	54,183
Corporate exposures	444,632	(35,867)	51,531
Sovereign exposures	461	456	(111)
Bank exposures	3,094	3,094	(675)
Residential mortgage exposures	11,973	9,258	680
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	22,645	(6,294)	6,868
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	61,315	9,569	16,723
Corporate exposures	53,628	7,691	4,501
Sovereign exposures	285	285	—
Bank exposures	181	181	—
Residential mortgage exposures	1,122	428	538
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	6,053	986	3,227

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2009.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

(Millions of yen)

	As of March 31, 2008 (Note 4)		Year ended March 31, 2009
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	181,446
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	506,707	(23,923)	155,193
Corporate exposures	455,032	(34,685)	105,647
Sovereign exposures	1,628	1,622	52
Bank exposures	3,622	3,622	440
Residential mortgage exposures	11,039	7,093	(26)
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	31,084	(5,854)	9,996
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	130,148
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	456,271	(29,763)	130,777
Corporate exposures	411,770	(38,502)	90,478
Sovereign exposures	1,433	1,427	52
Bank exposures	2,778	2,778	440
Residential mortgage exposures	9,930	6,732	(106)
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	26,058	(6,485)	8,108
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	50,436	5,839	24,415
Corporate exposures	43,262	3,816	15,168
Sovereign exposures	194	194	—
Bank exposures	843	843	—
Residential mortgage exposures	1,108	360	79
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	5,026	631	1,888

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2008.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

Credit Risk Mitigation Techniques

In calculating the Capital Adequacy Ratio, the Holding Company Group adopts the "Comprehensive Approach" as credit risks mitigation techniques which is stipulated in the Notification on Consolidated Capital Adequacy. Credit risk mitigation techniques are approaches to reduce the level of credit risk borne by the Holding Company Group such as the pledging of Eligible Financial Collateral, offsetting loans with deposits held with the Holding Company Group (On-Balance Sheet Netting), other eligible IRB collateral, guarantees, and the use of credit derivatives.

■ Principal Types of Collateral

The principal type of collateral is as follows.

1. Cash and deposits
2. Stocks of corporations which is composed in the stock index of our country
3. Publicly traded stocks other than those stated above in 2
4. Real estate
5. Discounted bills
6. Bonds

■ Outline of Procedure on Evaluation and Administration of Collateral

The pledged collateral is properly retained by acquiring the lien on the mortgage and administered under the retention policy so that timely execution of collateral rights is possible. In order to properly acknowledge the coverage status of loans to collateral held, collateral which their value fluctuates according to the financial market are re-evaluated periodically.

■ Outline of Policy and Procedure for On-Balance Sheet Netting of Loans and Deposits

Under the Agreements, such as "Agreement on Bank Transactions," which stipulates on On-Balance Sheets Netting of Loans and Deposits, we will offset the loan balance with the deposit held with us without pledge as collateral and define that amount as credit risk exposure after applying credit risk mitigation techniques. When there is a maturity and/or currency mismatch, we will adjust the offset amount according to the practices stipulated in the Notification on Consolidated Capital Adequacy.

■ Outline of Policy and Procedure on Legally Binding Netting Contracts for Derivative and Repo-Style Transactions

In applying bilateral netting contracts for derivatives and repo-style transactions, the Bank reviews its legality prior to engagement of the contract. In the case of International SWAP and Derivative Association (ISDA) Master Agreements, we review and confirm that the article on Close-out Netting is legally binding under the laws of each country.

For transactions that are entered individually, we obtain comments from the legal counsel and conduct compliance checks in order to maintain its legality.

The transaction subject to credit risk mitigation techniques in the Trading and Banking Book is as follows.

Transactions: Derivative Transactions (Interest rate swaps, Currency swaps, Interest rate options, FRA, Forward contracts, Currency options, etc.), Repo-style Transactions

■ Information on Credit and Market Risk Concentration Arising from Credit Risk Mitigation Techniques

There is no credit and market risk concentration as a result of the use of credit risk mitigation techniques.

■ Types of Guarantors and Principal Counterparties in Credit Derivative Transactions and Explanation of Their Credit Standings

Major guarantors are central and local governments, local public entities, foreign public entities other than the central government, multilateral development banks, and banks and securities companies with lower risk weight compared to the borrower and/or the claims subject to the guarantee.

There is no outstanding balance of credit derivatives.

■ Exposure to which Credit Risk Mitigation Techniques Method Is Applied

(Millions of yen)

	As of March 31, 2012				
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives	Total
Internal Ratings-based Approach	**699,373**	**2,358,513**	**2,687,416**	**—**	**5,745,304**
Corporate exposures	**431,604**	**2,357,172**	**922,113**	**—**	**3,710,890**
Sovereign exposures	**102**	**948**	**154,183**	**—**	**155,234**
Bank exposures	**267,667**	**393**	**—**	**—**	**268,060**
Residential mortgage exposures	**/**	**/**	**811,806**	**—**	**811,806**
Qualifying revolving retail exposures	**/**	**/**	**—**	**—**	**—**
Other retail exposures	**/**	**/**	**799,312**	**—**	**799,312**
Standardized Approach	**85,189**	**/**	**—**	**—**	**85,189**
Total	**784,563**	**2,358,513**	**2,687,416**	**—**	**5,830,493**

	As of March 31, 2011				
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives	Total
Internal Ratings-based Approach	491,574	2,247,183	2,647,373	—	5,386,131
Corporate exposures	355,423	2,245,829	938,917	—	3,540,170
Sovereign exposures	115,090	470	175,934	—	291,495
Bank exposures	20,560	883	31,287	—	52,730
Residential mortgage exposures	/	/	676,606	—	676,606
Qualifying revolving retail exposures	/	/	—	—	—
Other retail exposures	/	/	824,628	—	824,628
Standardized Approach	2,097	/	5	—	2,102
Total	493,671	2,247,183	2,647,379	—	5,388,233

Notes: 1. Does not include on-balance-sheet netting
2. Credit risk mitigation techniques applied to assets which compose the investment funds are not included.

Derivative Transactions

■ Status of Derivative Transactions and Long-Settlement Transactions

(Millions of yen)

	As of March 31, 2012				
	Notional or contract amount	Fair value	Gross replacement cost	Gross add-ons	Credit equivalent amount
Long-settlement transactions	**—**	**—**	**—**	**—**	**—**
Interest rate related					
Interest rate swaps	**52,900,266**	**43,239**	**392,423**	**414,911**	**807,334**
Interest rate options	**2,009,115**	**26,833**	**26,833**	**2,139**	**28,973**
Subtotal	**54,909,381**	**70,072**	**419,257**	**417,050**	**836,307**
Currency-related					
Currency swaps	**2,461,030**	**(56,650)**	**58,503**	**121,641**	**180,144**
Currency options	**1,323,673**	**140,756**	**140,756**	**54,127**	**194,883**
Forward contracts	**1,436,096**	**(29,002)**	**25,653**	**41,847**	**67,501**
Subtotal	**5,220,800**	**55,102**	**224,913**	**217,616**	**442,529**
Subtotal (prior to netting)	**60,130,182**	**125,175**	**644,170**	**634,666**	**1,278,837**
Credit risk mitigation under close-out netting contracts					**686,048**
Credit risk mitigation by pledged collateral (Note 3)					**(30,268)**
Total (after netting)					**623,056**

(Millions of yen)

	As of March 31, 2011				
	Notional or contract amount	Fair value	Gross replacement cost	Gross add-ons	Credit equivalent amount
Long-settlement transactions	—	—	—	—	—
Interest rate related					
Interest rate swaps	40,751,161	33,684	270,392	297,598	567,990
Interest rate options	3,349,257	44,271	44,272	8,331	52,603
Subtotal	44,100,418	77,955	314,664	305,929	620,593
Currency-related					
Currency swaps	3,014,432	(81,475)	86,683	163,954	250,638
Currency options	1,456,548	200,756	200,756	62,998	263,755
Forward contracts	1,507,572	(50,817)	26,755	46,187	72,943
Subtotal	5,978,553	68,464	314,196	273,140	587,336
Subtotal (prior to netting)	50,078,972	146,419	628,860	579,069	1,207,930
Credit risk mitigation under close-out netting contracts					578,697
Credit risk mitigation by pledged collateral (Note 3)					(127,981)
Total (after netting)					757,214

Notes: 1. The credit equivalent amount is calculated according to the Notification on Consolidated Capital Adequacy as follows.
(1) Foreign exchange transactions with the original contractual period within 5 business days are omitted from calculating the credit equivalent amount.
(2) The credit equivalent amount is calculated under the Current Exposure method by adding gross add-ons (market fluctuation risk taking in consideration of residual contractual maturity), to individual derivative transactions at fair market value (Gross replacement cost is limited to figures larger than zero.).
2. There is no outstanding balance of credit derivative transactions as of March 31, 2012.
3. The effect of credit risk mitigation of collateralized derivative transactions as of March 31, 2012, is as follows.
Collateral is composed of cash.
(1) Collateral placed: 42,789
(2) Collateral held: 12,521
(2)-(1): (30,268)

Securitization Exposures

[Securitization Exposures]

In this Annual Report, all securitization exposures that meet the conditions set forth in the Notification on Consolidated Capital Adequacy are disclosed.

The conditions stipulated in the Notification on Consolidated Capital Adequacy refer to the following. Credit risk related to the underlying assets has been stratified into two or more levels of exposure according to a senior and subordinated structure and a portion or all of these transactions are transferred to third parties (a non-recourse senior and subordinated structure). These include housing loan claims, etc., a subordinated portion of assets of the Company that have been liquefied and ownership in group investment arrangements that have a senior and subordinate structure. Please note that those assets classified as Specialised Lending have been excluded in line with the requirements of the Notification on Consolidated Capital Adequacy.

[Securitized Products]

In the “Financial Results for FY2011 (Reference Materials)” issued on May 11, 2012, securitized products disclosed in the section “Securitized products held” include those defined in the “Practical Guidelines for Financial Instruments Accounting” as instruments to be treated as securities and, for administrative purposes, all directly held securitized products. Accordingly, securitization exposure is not necessarily defined under the same concepts.

■ Securitization Exposures Held by the Holding Company Group

(Millions of yen)

Classification	By Product Type		By Account Headings		By Basel II Exposure Items	
Balance of securitized products (Disclosed as of May 11, 2012)	ABS	1,050	Monetary claims bought	167,056	Securitization exposure	104,081
	CMBS	4,219	Foreign bonds	10,844	Specialised lending exposure	3,689
	RMBS	183,296	Securities	10,665	Retail exposure	2,876
					Purchased receivables	77,918
	Total	188,566	Total	188,566	Total	188,566

(In addition to the above types of securities, the Company held ¥36.0 billion in short-term bonds, as securities for trading purposes, that were issued as part of an asset-backed commercial paper program.)

Classification	By Product Type		By Account Headings		By Basel II Exposure Items	
Balance other than those listed above	ABCP	5,853	Monetary claims bought	1,246	Securitization exposure	102,548
	ABL	65,415	Trading assets	5,853	Amount deemed appropriate	1,246
	CMBS	1,246	Loans and bills discounted	96,694		
	RMBS	31,278				
	Total	103,795	Total	103,795	Total	103,795

Classification	By Product Type		By Account Headings		By Basel II Exposure Items	
Total balance	ABCP	5,853	Monetary claims bought	168,303	Securitization exposure	206,630
	ABL	65,415	Trading assets	5,853	Specialised lending exposure	3,689
	ABS	1,050	Foreign bonds	10,844	Retail exposure	2,876
	CMBS	5,466	Securities	10,665	Amount deemed appropriate	1,246
	RMBS	214,575	Loans and bills discounted	96,694	Purchased receivables	77,918
	Total	292,362	Total	292,362	Total	292,362

EAD of securitization exposure	200,723
Required capital	5,980
Deduction from capital*	5,654*

ABCP (Asset-Backed Commercial Paper)
ABL (Asset-Based Lending)
ABS (Asset-Backed Securities)
CMBS (Commercial Mortgage-Backed Securities)
RMBS (Residential Mortgage-Backed Securities)

Notes: 1. Securitized products are entirely held in the banking book.
2. Total securitization products reported above amount to ¥292.3 billion and are equivalent to 0.68% of the total assets on the consolidated balance sheet.
3. In addition to the deduction from capital* mentioned above, the amount of capital increase due to securitization transactions (¥9,160 million) is also deducted from capital for Basel II capital measurement purposes.
4. The Resona Group has no direct investments in securitized products linked with the U.S. subprime housing loans and securitized products guaranteed by the U.S. monolines.

■ Method of Calculating Risk-Weighted Assets for Credit Risk of securitization Exposures

In calculating the risk-weighted asset for credit risk of securitization exposures, the Resona Group adopts the Ratings-Based Approach and the Supervisory Formula Approach as stipulated in Notification on Consolidated Capital Adequacy.

■ Name of Formula Used in Calculating the Amount Corresponding to Market Risk in Securitization Exposure

Since an exceptional treatment is applicable, the Resona Group does not include the amount equivalent to market risk.

■ When the Holding Company Group Securitizes Third-Party Assets through Special-Purpose Entities, Indicate the Type of Special-Purpose Entity and whether the Holding Company Group Holds Securitization Exposure from such Transaction

Special-Purpose Entity for Securitization	Type
AB Global Funding Limited, Tokyo Branch	SPC
March Asset Management Co., Ltd.	SPC

With respect to the status, whether the Holding Company Group retains the securitization exposure from such transactions or not, please refer to "Securitization Exposure that Is Subject to Calculation of Credit Risk Assets, When the Holding Company Group Is the Sponsor (ABCP, etc.)".

■ Name of the Subsidiaries of the Holding Company Group (Excluding Consolidated Subsidiaries) and Affiliated Companies That Holds Securitization Exposure Conducted by the Holding Company Group (Including Securitization Transactions Conducted through Special-Purpose Entities)

None

■ Accounting Policy with Respect to Securitization Exposures

The Holding Company Group applies the Accounting Standards for Financial Instruments and the Practical Guidelines for Accounting for Financial Instruments in accounting for securitization transactions. For those securitization transactions in which the Group is an investor, such financial assets are reported at market value. However, for securitization transactions where the Group is the originator, the following accounting treatment is applied.

With respect to future cash inflows, collection costs, credit risk, risk of redemption before maturity, and others that compose the concerned financial assets, transfer and extinction of ownership and the residual financial assets are recognized, provided that the following conditions are all satisfied.

Conditions:

1. The contractual rights of the recipient of the financial assets that are transferred are legally secured from the transferring party and the creditors of the transferring party.
2. The contractual rights to the benefits of the financial assets that are transferred to the recipient can be received directly or indirectly by normal methods.
3. The transferring party does not have any rights or duties to repurchase the financial assets that such party has transferred prior to the date of maturity.

When these conditions for the recognition of extinction are satisfied, the book value of the portion to be extinguished and the difference between the amount to be received or paid is treated as a gain (loss) for the accounting period. The book value of the portion to be extinguished is calculated as a proportion to the book value of the financial assets.

Moreover, when new financial assets or new financial liabilities are created as a result of the extinction of financial assets, such new assets and liabilities are reported at market value.

Please note that in securitization transactions involving the use of a special-purpose company and trust, when the Group as the transferring party holds all or a portion of the securities or other financial instruments issued by the special-purpose company, that portion is treated as a residual portion and is not recognized as an extinction of the financial assets.

■ Qualified Credit Ratings Agency in Determining the Risk Weights for Securitization Exposures

In calculating the risk-weighted assets for credit risk of Securitization Exposures, the Holding Company Group applies the Ratings-Based Approach and adopts the ratings issued by the following Qualified Ratings Agencies (Eligible External Credit Assessment Institutions). These rating agencies are those designated by the Financial Services Agency, as of March 31, 2012.

- Rating and Investment Information, Inc. (R&I)
- Japan Credit Rating Agency, Ltd. (JCR)
- Moody's Investors Service, Inc. (Moody's)
- Standard and Poor's Ratings Services (S&P)
- Fitch Ratings Limited (Fitch)

■ When using the Internal Assessment Approach, give a summary of the method

The Resona Group does not use the Internal Assessment Approach

■ When Material Changes Occur in Quantitative Information, Give a Statement of the Content

None

■ Securitization Exposure that Is Subject to Calculation of Credit Risk Assets When the Holding Company Group Is the Originator.

1. Breakdown of Securitization Exposure Retained

Based on Notification No. 15 issued by the Financial Services Agency in 2007, beginning at the end of March 2012, securitization holdings exposure is presented as securitization exposure (excluding re-securitization exposure) and re-securitization exposure.

(1) Securitization exposure (excluding re-securitization exposure)

(Millions of yen)

	As of March 31, 2012											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	**—**	**15,862**	**23,409**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**39,272**	**7,169**
Risk weight:												
To 20%	**—**	**2,600**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,600**	**33**
Over 20% to 100%	**—**	**—**	**23,409**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**23,409**	**1,044**
Over 100% to 1,250%	**—**	**9,220**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**9,220**	**2,048**
Deduction from capital	**—**	**4,042**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,042**	**4,042**
Capital increase due to securitization transactions	**—**	**4,840**	**4,319**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**9,160**	**9,160**

Notes: 1. The item "Deduction from capital" in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(Millions of yen)

	As of March 31, 2011											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	—	15,872	23,409	—	—	—	—	—	—	3,627	42,909	11,858
Risk weight:												
To 20%	—	2,600	—	—	—	—	—	—	—	—	2,600	39
Over 20% to 100%	—	—	23,409	—	—	—	—	—	—	—	23,409	1,475
Over 100% to 1,250%	—	9,224	—	—	—	—	—	—	—	—	9,224	2,667
Deduction from capital	—	4,048	—	—	—	—	—	—	—	3,627	7,675	7,675
Capital increase due to securitization transactions	—	5,181	4,854	—	—	—	—	—	—	—	10,036	10,036

Notes: 1. The item "Deduction from capital" in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(2) Re-securitization exposure

None

2. Underlying Assets

(Millions of yen)

	As of March 31, 2012										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	**—**	**87,623**	**36,030**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**123,654**
Asset transfer-type securitizations	**—**	**87,623**	**36,030**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**123,654**
Past due three months or more, or default	**—**	**3,577**	**44**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,622**
Losses during the year	**—**		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
Synthetic securitizations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Past due three months or more, or default	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Losses during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of exposures securitized during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of gain (loss) recognized for the period in connection with securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Securitization exposures subject to early amortization provisions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of assets held for the purpose of securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

(Millions of yen)

	As of March 31, 2011										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	—	101,749	44,436	—	—	—	—	—	—	7,658	153,844
Asset transfer-type securitizations	—	101,749	44,436	—	—	—	—	—	—	7,658	153,844
Past due three months or more, or default	—	2,665	—	—	—	—	—	—	—	303	2,969
Losses during the year	—	107	—	—	—	—	—	—	—	—	107
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—

■ Securitization Exposure that Is Subject to Calculation of Market Risk When the Holding Company Group Is the Originator.

None

■ Securitization Exposure that Is Subject to Calculation of Credit Risk Assets When the Holding Company Group Is the Sponsor of Securitization Programs (ABCP, etc.).

1. Breakdown of Securitization Exposures Retained

Based on Notification No. 15 issued by the Financial Services Agency in 2007, beginning at the end of March 2012, securitization holdings exposure is presented as securitization exposure (excluding re-securitization exposure) and re-securitization exposure.

(1) Securitization exposure (excluding re-securitization exposure)

(Millions of yen)

	As of March 31, 2012										Total	
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Amount	Required capital
Retained securitization exposures	**—**	**—**	**—**	**—**	**14,471**	**—**	**—**	**53,852**	**466**	**2,481**	**71,271**	**3,282**
Risk weight:												
To 20%	**—**	**—**	**—**	**—**	**14,471**	**—**	**—**	**18,563**	**—**	**842**	**33,876**	**204**
Over 20% to 100%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**33,686**	**—**	**824**	**34,510**	**1,622**
Over 100% to 1,250%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,602**	**—**	**—**	**1,602**	**173**
Deduction from capital	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**466**	**814**	**1,281**	**1,281**
Capital increase due to securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Notes: 1. The item "Deduction from capital" in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(Millions of yen)

	As of March 31, 2011										Total	
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Amount	Required capital
Retained securitization exposures	—	—	—	—	23,530	—	—	51,348	513	1,754	77,146	5,890
Risk weight:												
To 20%	—	—	—	—	23,530	—	—	19,981	—	237	43,748	741
Over 20% to 100%	—	—	—	—	—	—	—	20,442	—	191	20,633	1,295
Over 100% to 1,250%	—	—	—	—	—	—	—	10,924	—	—	10,924	2,014
Deduction from capital	—	—	—	—	—	—	—	—	513	1,326	1,839	1,839
Capital increase due to securitization transactions	—	—	—	—	—	—	—	—	—	—	—	—

Notes: 1. The item "Deduction from capital" in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(2) Re-securitization exposure

None

2. Underlying Assets

(Millions of yen)

	As of March 31, 2012										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	**—**	**—**	**—**	**—**	**5,044**	**—**	**—**	**67,378**	**1,781**	**3,353**	**77,557**
Asset transfer-type securitizations	**—**	**—**	**—**	**—**	**5,044**	**—**	**—**	**67,378**	**1,781**	**3,353**	**77,557**
Past due three months or more, or default	**—**	**—**	**—**	**—**	**11**	**—**	**—**	**—**	**—**	**5**	**17**
Losses during the year	**—**	**—**	**—**	**—**	**465**	**—**	**—**	**60**	**559**	**10**	**1,095**
Synthetic securitizations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Past due three months or more, or default	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Losses during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of exposures securitized during the year*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**115,151**	**—**	**3,229**	**118,380**
Amount of gain (loss) recognized for the period in connection with securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Securitization exposures subject to early amortization provisions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of assets held for the purpose of securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Note: Includes purchase of claims, such as bills, lease receivables, and accounts receivables, etc., originally held by our customers and trust beneficiary rights composed of above-mentioned underlying assets through issuance of CP (ABCP) and/or offering loans (ABL) to special-purpose companies.

(Millions of yen)

	As of March 31, 2011										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	—	—	—	—	10,181	—	—	61,357	1,716	2,647	75,902
Asset transfer-type securitizations	—	—	—	—	10,181	—	—	61,357	1,716	2,647	75,902
Past due three months or more, or default	—	—	—	—	37	—	—	—	—	5	43
Losses during the year	—	—	—	—	148	—	—	351	593	14	1,107
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year*	—	—	—	—	24,217	—	—	102,028	—	815	127,062
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—

Note: Includes purchase of claims, such as bills, lease receivables, and accounts receivables, etc., originally held by our customers and trust beneficiary rights composed of above-mentioned underlying assets through issuance of CP (ABCP) and/or offering loans (ABL) to special-purpose companies.

■ Securitization Exposure that Is Subject to Calculation of Market Risk When the Holding Company Group Is the Sponsor of Securitization Programs (ABCP, etc.).

None

■ Securitization Exposure that Is Subject to the Calculation of Credit Risk Assets When the Holding Company Group Is an Investor.

Based on Notification No. 15 issued by the Financial Services Agency in 2007, beginning at the end of March 2012, securitization holdings exposure is presented as securitization exposure (excluding re-securitization exposure) and re-securitization exposure.

(1) Securitization exposure (excluding re-securitization exposure)

(Millions of yen)

	As of March 31, 2012											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total Amount	Total Required capital
Retained securitization exposures	469	62,671	10,804	—	—	—	—	979	—	8	74,933	791
Risk weight:												
To 20%	—	62,671	10,804	—	—	—	—	979	—	8	74,464	452
Over 20% to 100%	139	—	—	—	—	—	—	—	—	—	139	8
Over 100% to 1,250%	—	—	—	—	—	—	—	—	—	—	—	—
Deduction from capital	330	—	—	—	—	—	—	—	—	—	330	330

Notes: 1. The item "Deduction from capital" in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(Millions of yen)

	As of March 31, 2011											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total Amount	Total Required capital
Retained securitization exposures	2,690	105,929	12,695	833	—	—	—	1,415	—	6,647	130,212	4,337
Risk weight:												
To 20%	1,020	104,110	12,695	833	—	—	—	1,415	—	701	120,776	1,175
Over 20% to 100%	857	1,819	—	—	—	—	—	—	—	2,000	4,676	162
Over 100% to 1,250%	—	—	—	—	—	—	—	—	—	1,930	1,930	169
Deduction from capital	813	—	—	—	—	—	—	—	—	2,015	2,829	2,829

Notes: 1. The item "Deduction from capital" in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(2) Re-securitization exposure

(Millions of yen)

	As of March 31, 2012											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total Amount	Total Required capital
Retained securitization exposures	—	20,899	—	—	—	—	—	—	—	—	20,899	391
Risk weight:												
To 20%	—	20,685	—	—	—	—	—	—	—	—	20,685	350
Over 20% to 100%	—	—	—	—	—	—	—	—	—	—	—	—
Over 100% to 1,250%	—	214	—	—	—	—	—	—	—	—	214	40
Deduction from capital	—	—	—	—	—	—	—	—	—	—	—	—

Notes: 1. The item "Deduction from capital" in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

Credit risk reduction has not been applied for holdings of re-securitization exposure.

■ Securitization Exposure that Is Included in the Calculation of Market Risk When the Holding Company Group Is an Investor.

None

Equity Exposures in the Banking Book

■ Equity Exposure on the Consolidated Balance Sheets

(Millions of yen)

As of March 31,	2012		2011	
	Consolidated balance sheet amount	Market value	Consolidated balance sheet amount	Market value
Listed stocks and other similar investment/equity exposure	**478,179**	**478,179**	494,872	494,872
Investment/equity exposure other than the above	**79,155**	**79,155**	84,323	84,323
Total	**557,335**	**557,335**	579,196	579,196

■ Gain (Loss) on Sale or Write-off of Equity Exposure

(Millions of yen)

Years ended March 31,	2012	2011
Gain on sale	**11,146**	8,669
Loss on sale	**(7,623)**	(5,888)
Write-off	**(1,215)**	(3,598)
Net gains/(losses)	**2,307**	(817)

■ Unrealized Gain Recognized on the Consolidated Balance Sheet but Not on the Consolidated Statement of Income

(Millions of yen)

As of March 31,	2012	2011
Unrealized gain	**114,043**	110,708

■ Unrealized Gain (Loss) Not Recognized Either on the Consolidated Balance Sheet or on the Consolidated Statement of Income

None

■ Equity Exposure Portfolio

(Millions of yen)

As of March 31,	2012	2011
Market-based approach (Simple Risk Weight Method)	**18,105**	37,138
Market-based approach (Internal Models Approach)	**—**	—
PD/LGD Approach	**20,984**	23,381
Grandfathering provision applied	**349,315**	367,033
Exposure to those enterprises assigned 0% risk weight under the Standardized Approach	**1**	1
Total	**388,406**	427,555

Exposures Relating to Investment Funds

■ Exposures Relating to Investment Funds

(Millions of yen)

As of March 31,	2012	2011
Exposures relating to investment funds	**25,114**	54,637

Interest Rate Risk in the Banking Book

■ Outlier Framework

Under Basel II, a decline in economic value arising in the banking book under a hypothetical interest rate shock scenario, or stress conditions, is estimated and compared with broadly defined capital (Tier 1 plus Tier 2 capital). If the decline in economic value is more than 20% of broadly defined capital, the Bank is considered an “outlier” and may be required to reduce its risk or take other corrective measures.

The corresponding figures for the Group (Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank) are shown in the following table. According to these data, none of the Group banks is classified as an outlier.

■ Results of Estimates under the Outlier Framework

(Billions of yen)

As of March 31,	2012		2011	
	Decline in economic value	Percentage of Tier 1 plus Tier 2 capital	Decline in economic value	Percentage of Tier 1 plus Tier 2 capital
Resona Bank	**427**	**2.7%**	105.6	6.6%
Saitama Resona Bank	**211**	**4.8%**	8.7	2.0%
The Kinki Osaka Bank	**45**	**2.8%**	15.5	9.0%

Notes: 1. The parameters for estimating the decline in economic value are: Interest rate scenarios assume interest rate shocks in the 99th percentile over an observation period of five years and a holding period of one year.

2. An internal model has been adopted to estimate the interest rate risk of liquid deposits with no maturities.

[Disclosure on Remuneration]

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■ Full Text of Disclosure on Remuneration

1. Status of Organizational Systems Related to Remuneration of Resona Group Relevant Officers and Employees

(1) Scope of “Relevant Officers and Employees”

The scope of “Relevant Officers” and “Relevant Employees” (referred to collectively as “Relevant Officers and Employees”) are specified in the “Notification on Remuneration*” and have the following meanings as applied by the Resona Group.

*Notification on Remuneration: Based on the Ordinance for Enforcement of the Banking Act Article 19-2 Paragraph 1 Item 6, this notification covers matters related to remuneration, and specifies persons who may have a material impact on banking operations and the state of bank assets as the head of the Financial Services Agency has issued a separate notice (Financial Services Agency Notification No. 21) specifying such persons.

1) Scope of “Relevant Officers”

“Relevant Officers” are the Company’s Directors and Executive Officers. Outside directors are excluded.

2) Scope of “Relevant Employees”

“Relevant Employees” are staff of the Company and officers and employees of principal consolidated subsidiaries who “receive a high level of remuneration” and may have a material impact on the banking operations and/or the assets of the Resona Group.

(a) Scope of “Principal Consolidated Subsidiaries”

“Principal consolidated subsidiaries” are those subsidiaries whose total assets exceed 2% of the consolidated total assets of the bank holding company and are consolidated subsidiaries that have a material impact on Resona Group management. Specifically, these subsidiaries are Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd.

(b) Scope of “Persons Receiving High Level of Remuneration”

“Persons receiving a high level of remuneration” are those persons receiving the base amount of remuneration or higher from the Company and its principal consolidated subsidiaries. (Here and hereinafter, “Resona Group refers to the Company (Resona Holdings, Inc.), which is the holding company for the Resona Group, and its principal consolidated subsidiaries.) In the Resona Group, the criterion for compensation is ¥19 million or higher, which was the average annual compensation received by full-time Directors in fiscal 2011 computed by dividing the total amount of compensation paid to Directors by the number of Directors. This base compensation amount is applied in common to all principal consolidated subsidiaries that have the same compensation system and level.

Please note that when Severance Payments are made, the amount of the Severance Payment is deducted from remuneration and then, “the amount corresponding to the Severance Payment divided by the number of years of service” is added back. The resulting figure is regarded as that person’s remuneration.

(c) Scope of “Persons Having a Material Impact on the Business and/or the Assets of the Resona Group”

“Persons having a material impact on the business and/or Assets of the Resona Group” are those persons who may have a substantial impact on the conduct of the Resona Group’s operations in the course of executing regular transactions and managing matters under their supervision and who may have an important impact on the state of assets if losses are reported. Specifically, such persons include staff of the Risk Management Division and Compliance Division; Directors and Corporate Auditors of the Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd., (excluding Outside Directors and Outside Corporate Auditors); and Executive Officers with the additional titles of Senior Managing Executive Officer, Managing Executive Officer and Executive Officers in charge of either the Market, Risk Management, or Compliance sections as well as the staff of these sections.

Please note that, because of the differences in the compensation decision-making process, Directors, Corporate Auditors, and Executive Officers of principal consolidated subsidiaries that is included in "Relevant Officers" and "Relevant Employees" are regarded as "Relevant Officers, etc." in Disclosure on Remuneration. In addition, "Relevant Employees" after the exclusion of such Directors, Corporate Auditors, and Executive Officers are regarded as "Relevant Staff."

(2) Decision Making on Remuneration of Relevant Officers and Employees

1) Decision Making on Remuneration of Relevant Officers, etc.
Resona Holdings, Inc., adopted the Committees Governance Model and has formed a Compensation Committee as required by law.

The Compensation Committee is responsible for setting policies regarding decision making for remuneration of Directors and Executive Officers as well as for making decisions on compensation of individual Directors and Executive Officers. The Compensation Committee comprises a majority of Outside Directors, is independent of the business promotion departments, and has the authority to set compensation policy and the amounts of remuneration of individual Directors and Executive Officers.

Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd., are companies that have adopted the Corporate Auditors Model, and the total amount of monthly compensation of their Directors and the total amount of monthly compensation of their Corporate Auditors are decided by their respective General Meeting of Shareholders. The monthly compensation of individual Directors is decided by the Representative Director and President of the respective banks, who has been delegated this authority by the Board of Directors of the respective banks. Please note that, when such decisions are made, the Compensation Committee of the Company (Resona Holdings, Inc.) takes account of established standards for compensation of Directors and the total amount of monthly compensation. In addition, the monthly compensation of individual Corporate Auditors is set within the limits of the total amount of monthly compensation and is decided through consultation among the Corporate Auditors. On the other hand, the compensation of Executive Officers, who are appointed by the Board of Directors, is set by the Representative Director and President, based on the compensation standards set by the previously mentioned Compensation Committee.

2) Decision Making on Remuneration of Relevant Staff
The remuneration of relevant staff is set and paid based on the salary policies duly established by such as the management committees of the respective Resona Group companies. These policies are systematically designed and put in writing by the Human Resources sections of the Resona Group companies, which are independent of the business promotion departments. In addition, when the salary policies of principal consolidated subsidiaries are changed, this is reported to the Company's Human Resources section, which is responsible for verifying the appropriateness of such changes.

Please note that compensation of traders and others in certain market sections in the Company's principal consolidated subsidiaries are decided on an individual basis according to their duties and responsibilities.

(3) Decision Making on Remuneration of the Staff of Risk Management Division and Compliance Division

The compensation of the staff of the Risk Management Division and Compliance Division of Group companies is set based on salary policies, and the specific amounts are decided by the head of the respective Human Resources sections of these companies, which are independent of the business promotion departments, based on assessments of performance.

Moreover, personnel assessment items are used to evaluate the attainment of goals that have been set and approved by the persons responsible for employees in the Risk Management Division and Compliance Division. These goals reflect the contributions of employees within the risk management and compliance frameworks.

(4) Total Amount of Remuneration Paid to Members of the Committees, such as the Compensation Committee, and the Number of Meetings Held

	Number of Meetings (April 2011 to March 2012)
Compensation Committee (Resona Holdings, Inc.)	4
Executive Committee (Resona Bank, Ltd.)	2
Executive Committee (Saitama Resona Bank, Ltd.)	2
Executive Committee (The Kinki Osaka Bank, Ltd.)	2

Notes: 1. The Compensation Committee has three members, two of whom are Outside Directors, and the total amount of remuneration is not shown. In addition, as regards the single member of the committee aside from the Outside Directors, since the amount paid for services on the Compensation Committee cannot be separated from other compensation, the total amount of remuneration is not shown.

2. The number of meetings of the Executive Committees of Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd is the number of meetings of the Executive Committees held for deciding on compensation of relevant staff. Moreover, regarding the composition of the Executive Committees, since the amount corresponding to the performance of duties related to decisions on compensation cannot be separated from other compensation, the total amount of remuneration is not shown. Please note that, as regards to the compensation of officers of the respective banks, since decisions on the compensation system and levels are made by the Compensation Committee, related matters are not included on the agendas of the Executive Committees shown above.

2. Evaluation of the Appropriateness of the Design and Operation of the Remuneration System of Resona Group Relevant Officers and Employees

(1) Remuneration Policy

1) Remuneration Policy of Relevant Officers, etc.

(a) Remuneration Policy of the Company's Directors and Executive Officers

The Compensation Committee has established the following policies regarding the compensation of Directors and Executive Officers and the policy for decision making regarding the remuneration of individual Directors and Executive Officers. Based on these policies, decisions are made on the compensation of individual officers. Please note that the retirement benefit system was abolished as of June 2004.

a. Compensation System for Directors

Remuneration for Directors consists of a position-based fixed portion, a performance-based variable portion, and a duty-based additional fixed portion.

To enable the supervision of Executive Officers to function in a sound manner, the ratio of the position-based fixed portion to the performance-based variable portion (standard amount) is set at 95 to 5, thus placing strong emphasis on compensation for their position.

(i) Position-based fixed portion
The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual.

(ii) Performance-based variable portion
The performance-based variable portion is determined after taking into consideration the results of the Company's previous fiscal year.

(iii) Duty-based additional fixed portion
The duty-based additional fixed portion is determined by the nature and scope of responsibilities held by each Outside Director who also serves as a member of the Nomination Committee, Compensation Committee, and/or Audit Committee.

b. Compensation System for Executive Officers

Remuneration for Executive Officers consists of the position-based fixed portion, a performance-based variable portion (standard amount), and a share-based portion.

The ratio of the position-based fixed portion to the performance-based variable portion is set at 60 to 40, respectively.
(i) Position-based fixed portion
The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual.
(ii) Performance-based variable portion
The performance-based variable portion is determined after taking into consideration the results of the Company as well as the performance of each individual in the previous fiscal year.
(iii) Share-based variable portion (introduced in June 2010)
The share-based variable portion is determined for the purpose of acquiring Company shares when income before taxes and minority interest in the previous fiscal year has surpassed a certain level in the Company's Business Revitalization Plan. Executive Officers who receive this share-based variable portion shall acquire Company shares by disbursing a certain amount of this portion to the Directors' Shareholding Association every month. They possess such shares for up to one year after their retirement.

A certain amount of each benefit is paid monthly by cash.

Officers holding both the positions of Director and Executive Officer concurrently are paid only their compensation as Executive Officers. Executive Officers who concurrently hold the position of Representative Director and President in subsidiary banks are not paid as Executive Officers.

(b) Remuneration Policy of Officers of Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd.

The respective general meetings of shareholders of these Group banks decide on the total amount of monthly remuneration of their Directors, and their respective Representative Director and President are authorized by their Board of Directors to set the remuneration of individual Directors within the limits of the total monthly remuneration.

In addition, taking account of the matters decided by the Compensation Committee of Resona Holdings, Inc., these Group banks have established the following policies regarding the setting of the remuneration of individual Directors (non-executive), the Representative Director(s), and the Directors with executive responsibilities and Executive Officers (hereinafter, Representative Director, etc.). Please note that the retirement benefit system was abolished as of June 2004.

a. Compensation System for Directors (non-executive)

Remuneration of Directors (non-executive) consists of a position-based fixed portion and a performance-based variable portion. To enable the supervision of Representative Directors, etc., to function in a sound manner, the ratio of the position-based fixed portion to the performance-based variable portion (standard amount) is set at 95 to 5, thus placing strong emphasis on compensation for their position.
(i) Position-based fixed portion
The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual.
(ii) Performance-based variable portion
The performance-based variable portion is determined after taking into consideration the results of the Company's previous fiscal year.

b. Compensation system for Representative Directors, Etc.

Remuneration of Representative Directors, etc., consists of the position-based fixed portion, a performance-based variable portion, and a share-based portion. The ratio of the position-based fixed portion to the performance-based variable portion (standard amount) is set at 60 to 40, respectively.
(i) Position-based fixed portion
The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual.
(ii) Performance-based variable portion
The performance-based variable portion is determined after taking into consideration the results of the Company as well as the performance of each individual in the previous fiscal year.
(iii) Share-based variable portion (introduced in June 2010)
The share-based variable portion is determined for the purpose of acquiring Company shares when income before taxes and minority interest in the previous fiscal year has surpassed a certain level in the Company's Business Revitalization Plan. Representative Directors who receive this share-based variable portion shall acquire Company shares by disbursing a certain amount of this portion to the Directors' Shareholding Association every month. They possess such shares for up to one year after their retirement.

The remuneration of Corporate Auditors is determined as follows. The scope of the total monthly amount of remuneration of Corporate Auditors is decided by the General Meeting of Shareholders. The monthly remuneration to be received by individual Corporate Auditors is decided, within the scope of the total amount, through consultation among the Corporate Auditors.

A certain amount of each benefit is paid monthly by cash.

2) Remuneration Policy of Relevant Staff

For relevant staff, compensation consists of a fixed amount that is set according to duties and responsibilities and an amount that is linked to corporate performance. To reflect such contribution, compensation is decided based on assessments of performance. Please note that, when deciding on remuneration, the officer in charge of Human Resources sections takes account of this compensation system, the status of performance assessments, and actual payments as well as confirms that compensation practices do not place excessive emphasis on performance.

(2) Impact of the Level of Overall Remuneration on Capital

(Relevant Officers, etc.)

To ensure that the overall level of compensation paid by the Resona Group is financially sound for the Group as a whole and consistent with the future outlook, the Compensation Committee calculates the maximum amount (theoretical value) that may be paid under the compensation system, then compares the outlook for payments to officers with the Business Revitalization Plan, and confirms that such payments will not have an adverse impact on the adequacy of the Group's capital in the future.

(Relevant Staff)

Regarding compensation to the staff of the Resona Group, the Company considers the management condition of the Group as well as the Group's performance, the portion of compensation that varies with assessments of performance of individuals, and the temporary payment portion; then compares these figures with the Business Revitalization Plan; and confirms that such payment will not have an adverse impact on the adequacy of the Group's capital in the future. In addition, the Company compares the amount of salaries paid for the fiscal year with the level of income for the fiscal year as well as the status of retained earnings to confirm that these payments will not have an adverse impact on the capital ratio.

3. Consistency between the Remuneration System of Resona Group Relevant Officers and Employees and Risk Management and the Link between Remuneration and Corporate Performance

(1) Method of Taking Account Risks in Deciding Remuneration

(Relevant Officers, etc.)

The portion of the compensation of Executive Officers and Representative Directors that is linked to corporate performance is determined with reference to the performance of Group companies in the previous fiscal year and individual performance. Indicators used in assessing corporate performance are not only income before taxes but also include profitability, soundness, and efficiency. In addition, in assessing individual performance, reference is made to the attainment of objectives that have been set after taking account of various risks that may occur in the divisions where the Executive Officers and Representatives are in charge.

For Directors (non-executive), the portion of compensation linked to corporate performance is set with reference to the Company's performance in the previous fiscal year, but the ratio of this portion in the individual's remuneration is set at a low level.

(Relevant Staff)

When the Resona Group companies design and review their payroll systems, the Human Resources section performs these design and review activities, and final decisions are made by the authorized organizational unit after being reviewed by the Executive Committee. Please note that, when such matters are brought up in meetings of the Executive Committee, the departments in charge of comprehensive risk management verify the appropriateness and suitability of the relevant payroll systems from a risk management perspective.

(2) Portion Linked to Corporate Performance in Deciding Remuneration of Relevant Officers and Employees

1) Method for Calculating the Portion Linked to Corporate Performance

(Relevant Officers, etc.)

When the Compensation Committee decides on compensation policy for Officers of the Resona Group as a whole, it takes account of the management policies, operating environment, and other relevant matters and then decides on the percentage of the portion of compensation linked to corporate performance for the fiscal year.

(Relevant Staff)

The portion of compensation linked to performance to be paid to the staff is determined based on Group performance according to a predetermined formula.

2) Method for Making Adjustments in the Portion Linked to Corporate Performance

(Relevant Officers, etc.)

When performance of Group companies is not satisfactory, the portion of compensation linked to corporate performance for relevant Officers, etc. of the Resona Group may be reduced by lowering the percentage contained in the predetermined formula.

(Relevant Staff)

When performance of Group companies is not satisfactory, the portion of compensation linked to corporate performance for the staff of the Resona Group may be reduced by lowering the percentage contained in the predetermined formula.

3) Assessment that the Linkage to Corporate Performance Is not Excessively Short-Term Oriented

(Relevant Officers, etc.)

For compensation of officers, etc. of Resona Group, the Compensation Committee has established criteria for the payment of compensation and, by assessing the ratio of the portion of compensation linked to corporate performance and the appropriateness of amounts paid, works to verify that compensation practices do not place excessive emphasis on performance.

(Relevant Staff)

For compensation of the staff of the Resona Group, taking into account the compensation system, assessments of performance, and actual payments made, Officers in charge of Human Resources sections confirm that compensation practices in their respective companies do not place excessive emphasis on performance.

4) Monitoring and Restraint on Transactions that Only Reduce Risk Superficially

In principal consolidated subsidiaries Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd., the middle-office and back-office departments as well as the internal auditing departments monitor transactions at appropriate intervals to ensure that relevant officers and employees have not made arrangements, etc., to reduce risk superficially and that there is no behavior that may be contrary to the intent of the compensation system, which has been designed to be consistent with risk management.

4. Types, Amounts, and the Method of Remuneration Paid to Resona Group Relevant Officers and Employees

■ Total Amount of Remuneration of Relevant Officers and Employees

(From April 1, 2011 to March 31, 2012)

Item	Number	Total remuneration (¥ million)	Total fixed compensation			Total variable compensation			
				Basic compensation	Other		Basic compensation	One-time payments	Other
Relevant Officers (excluding Outside Officers)	14	392	221	221	—	170	170	—	—
Relevant Employees	20	438	246	246	—	191	170	21	

Notes: 1. The compensation of relevant officers includes the amount of compensation as officers of principal consolidated subsidiaries.

2. Basic compensation includes retirement benefits paid during the fiscal year (lump-sum retirement benefit payments divided by the number of years of service).

5. Other Matters for Reference Regarding Remuneration System of Resona Group Relevant Officers and Employees

There are no other matters that need to be mentioned other than the items previously referred in this document.

MEMO

CORPORATE DATA SECTION

CONTENTS

DIRECTORS AND EXECUTIVE OFFICERS

As of July 1, 2012

■ Directors

Post	Name	Concurrent Post
Director, Chairman and Executive Officer Member of Nominating Committee Member of Compensation Committee	Eiji Hosoya	Chairman and Director of Resona Bank, Ltd.
Director, President and Representative Executive Officer	Seiji Higaki	Deputy Chairman and Director of Resona Bank, Ltd.
Director, Deputy President and Representative Executive Officer	Kazuhiro Higashi	Representative Director, Deputy President and Executive Officer of Resona Bank, Ltd.
Director Member of Audit Committee	Kaoru Isono	
Independent Director Chairperson of Compensation Committee	Tsutomu Okuda	Chairman and CEO of J. FRONT RETAILING Co., Ltd. Outside Director of Osaka Securities Exchange Co., Ltd.
Independent Director Chairperson of Audit Committee	Shusai Nagai	Outside Director of Saitama Resona Bank, Ltd. Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School
Independent Director Member of Nominating Committee	Emi Osono	Professor of Hitotsubashi University Graduate School of International Corporate Strategy Outside Director of Lawson, Inc.
Independent Director Chairperson of Nominating Committee	Toshio Arima	Chairman of the Board, Global Compact Japan Network Outside Director of Kirin Holdings Company, Limited Outside Director of Fuji Heavy Industries Ltd.
Independent Director, Member of Audit Committee	Yoko Sanuki	Representative of NS Law Office Outside Director of Meiji Holdings Co., Ltd.
Independent Director, Member of Compensation Committee	Yasuhiro Maehara	Professor, School of International and Public Policy, Hitotsubashi University

Note: The six independent directors—Tsutomu Okuda, Shusai Nagai, Emi Osono, Toshio Arima, Yoko Sanuki, and Yasuhiro Maehara—meet the conditions for outside directors set forth in Article 2-15 of the Company Law of Japan.

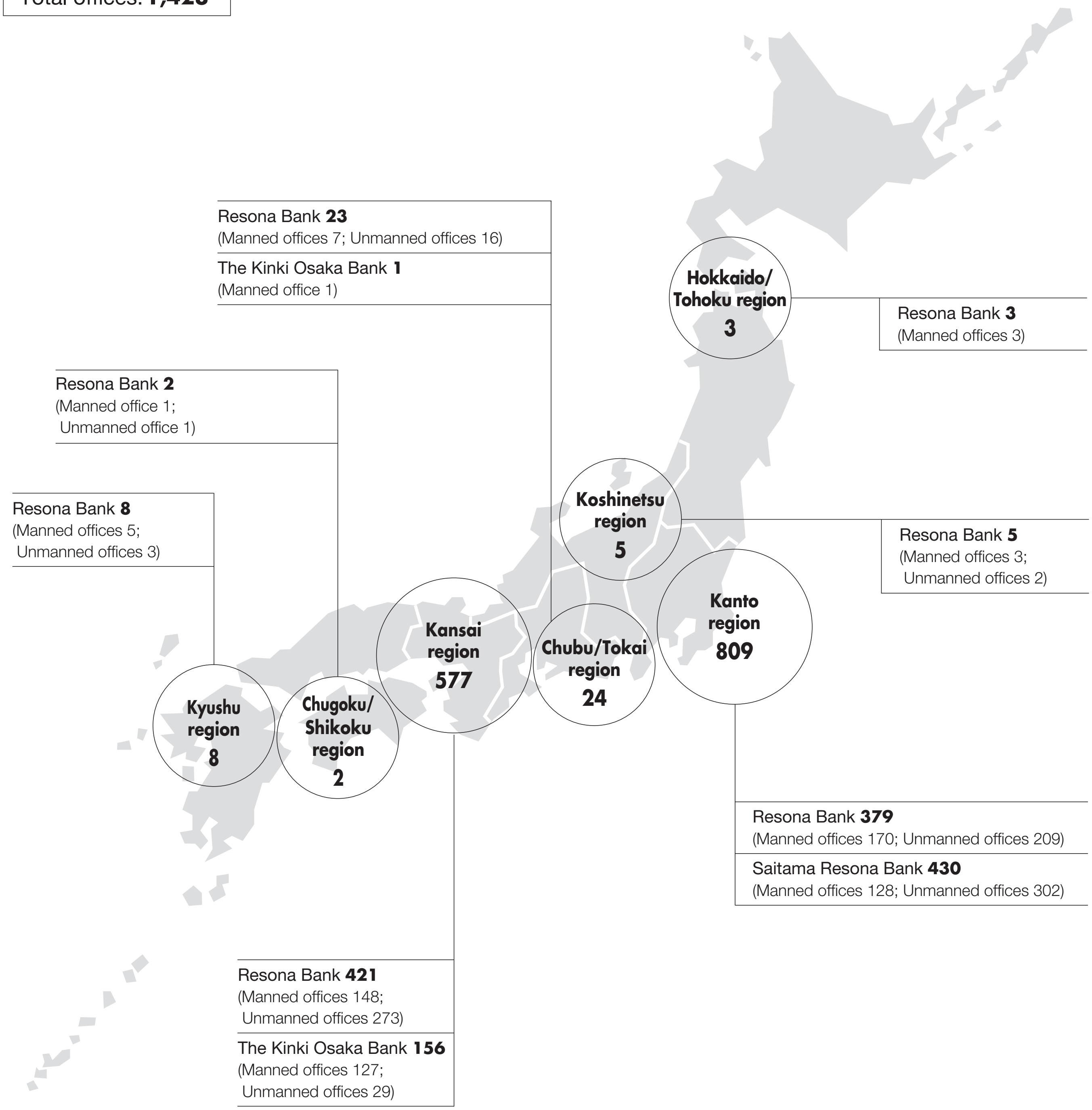
■ Executive Officers

Post	Name	Concurrent Post
Executive Officer	Naoki Iwata	Representative Director and President of Resona Bank, Ltd.
Executive Officer	Masahito Kamijo	Representative Director and President of Saitama Resona Bank, Ltd.
Executive Officer	Hiroyuki Ikeda	Representative Director, President and Executive Officer of The Kinki Osaka Bank, Ltd.
Executive Officer	Kazuyoshi Ikeda	Senior Managing Executive Officer and Director of Resona Bank, Ltd. Outside Director of Saitama Resona Bank, Ltd.
Executive Officer	Koichi Matsui	Managing Executive Officer of Resona Bank, Ltd.
Executive Officer	Hisashi Saito	Managing Executive Officer of Resona Bank, Ltd.
Executive Officer	Makoto Nomura	
Executive Officer	Masanao Kuzuno	Executive Officer of Resona Bank, Ltd.
Executive Officer	Yasunori Uno	Executive Officer of Resona Bank, Ltd.
Executive Officer	Kenichiro Masuda	Outside Director of The Kinki Osaka Bank, Ltd.

DOMESTIC NETWORK

As of March 31, 2012

Total offices: **1,428**



Domestic Branches

(As of March 31, 2012)

	Resona Bank	Saitama Resona Bank	The Kinki Osaka Bank	Total of the three banks	Including: Kanto region	Including: Kansai region
Manned offices	337	128	128	593	298	275
Unmanned offices	504	302	29	835	511	302
Total offices	841	430	157	1,428	809	577

INTERNATIONAL NETWORK

As of March 31, 2012

Resona Bank, Ltd.

■ ASIA

Hong Kong Representative Office
Unit 01, 6/F.,
Tower1, Lippo Centre
89 Queensway Admiralty,
Hong Kong, S.A.R.,
The People's Republic of China
Phone: 852-2532-0500
Fax: 852-2522-5378

Singapore Representative Office
20 Cecil Street,
#12-03 Equity Plaza,
Singapore 049705,
Republic of Singapore
Phone: 65-6333-0378
Fax: 65-6333-0797

Shanghai Representative Office
Room No. 2709,
Shanghai International
Trade Centre,
2201 Yan An Xi Lu, Shanghai,
The People's Republic of China
Phone: 86-21-6275-5198
Fax: 86-21-6275-5229

Bangkok Representative Office
31st Floor, Abdulrahim Place,
990 Rama 4 Road,
Silom, Bangrak,
Bangkok 10500,
Thailand
Phone: 66-2-636-2311
Fax: 66-2-636-2316

PT. Bank Resona Perdania

Head Office
Jl. Jend. Sudirman Kav. 40-41,
Jakarta, Indonesia
Phone: 62-21-5701958
Fax: 62-21-5701936
SWIFT: BPIAIDJA

Cikarang Sub-Branch
2nd Floor,
EJIP Center Building,
EJIP Industrial Park Plot 3A,
Cikarang Selatan,
Bekasi, West Java, Indonesia
Phone: 62-21-8974940
Fax: 62-21-8974941

Karawang Sub-Branch
1st Floor, Graha KIIC,
Jl. Permata Raya Lot C-1B,
Kawasan Industri KIIC,
Karawang,
West Java, Indonesia
Phone: 62-21-89115020
Fax: 62-267-647347

MM 2100 Sub-Branch
Ruko Mal Bekasi Fajar Blok D
No. 8, MM2100 Industrial Town,
Cikarang Barat, Bekasi,
West Java, Indonesia
Phone: 62-21-89982151
Fax: 62-21-89982943

Surabaya Branch
3rd Floor Plaza BRI, Suite 305,
Jl. Jend. Basuki Rachmat No. 122,
Surabaya 60271,
East Java, Indonesia
Phone: 62-31-5355858
Fax: 62-31-5352007

Bandung Branch
Suite 204 & 205, 2nd Floor,
Graha Bumiputera,
Jl. Asia Afrika No. 141-149,
Bandung, West Java, Indonesia
Phone: 62-22-4241742
Fax: 62-22-4241207

PT. Resona Indonesia Finance
5th Floor,
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Jl. Jend. Sudirman Kav. 40-41,
Jakarta, Indonesia
Phone: 62-21-5701956
Fax: 62-21-5701961

■ JAPAN

Tokyo Head Office
Fukagawa Gatharia W2 Bldg.,
5-65, Kiba 1-chome,
Koto-ku, Tokyo 135-8582, Japan
Phone: 81-3-6704-2111
SWIFT: DIWAJPJT

Osaka Head Office
2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8610,
Japan
Phone: 81-6-6271-1221
SWIFT: DIWAJPJT

Internet Address
http://www.resona-gr.co.jp/resonabank/

The Kinki Osaka Bank, Ltd.

■ JAPAN

Head Office
4-27, Shiromi 1-chome,
Chuo-ku, Osaka 540-8560, Japan
Phone: 81-6-6945-2121
SWIFT: OSABJPJS

Internet Address
http://www.kinkiosakabank.co.jp/

Saitama Resona Bank, Ltd.

■ JAPAN

Head Office
4-1, Tokiwa 7-chome,
Urawa-ku, Saitama 330-9088, Japan

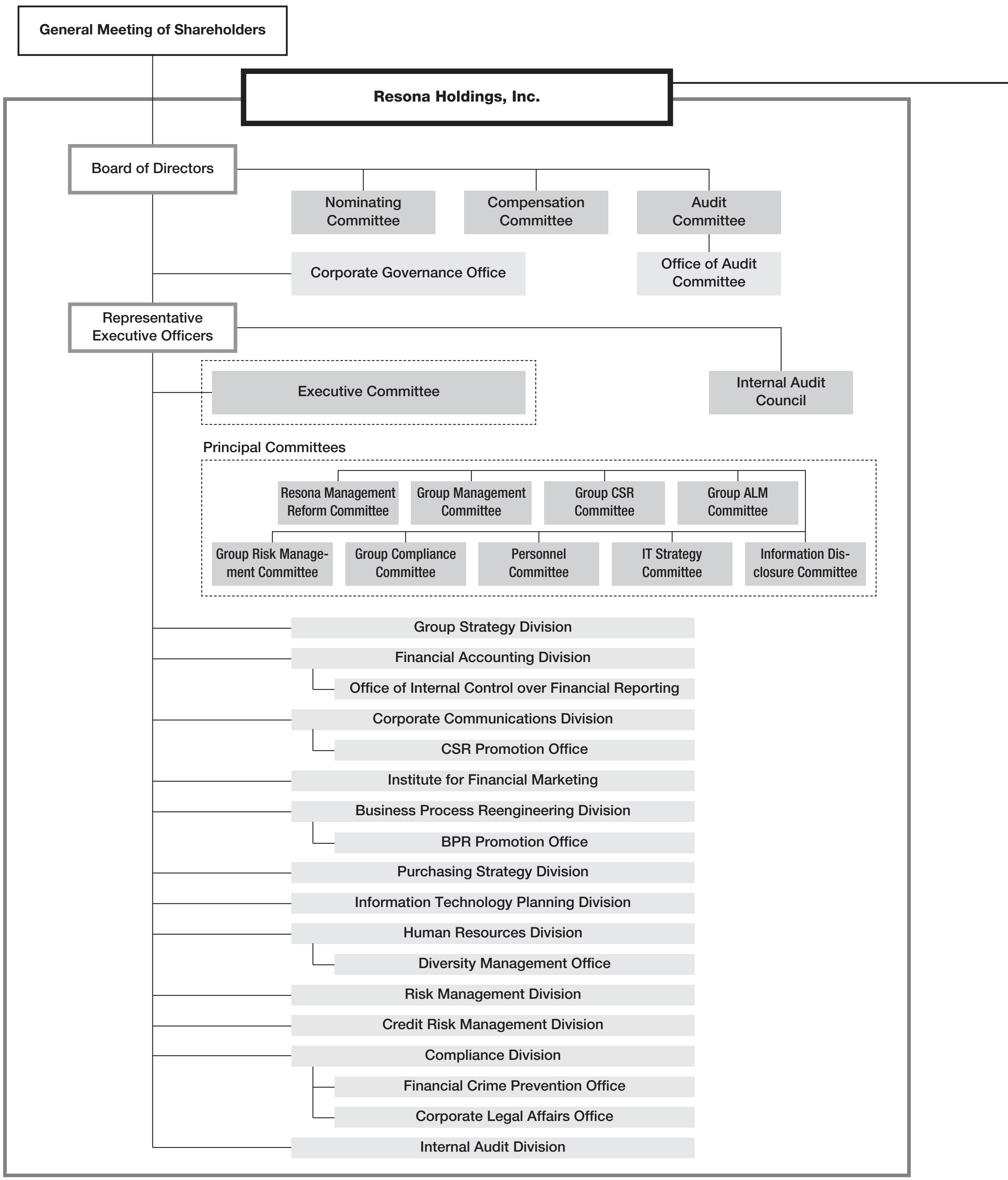
Tokyo Office
Fukagawa Gatharia W2 Bldg.,
5-65, Kiba 1-chome,
Koto-ku, Tokyo 135-8582, Japan

Phone: 81-48-824-2411
SWIFT: SAIBJPJT

Internet Address
http://www.resona-gr.co.jp/saitamaresona/

ORGANIZATION CHART AND OUTLINE OF THE GROUP

As of July 1, 2012



Resona Holdings' Ownership: 100%	Resona Holdings' Ownership: 100%	Resona Holdings' Ownership: 100%
Resona Bank, Ltd.	**Saitama Resona Bank, Ltd.**	**The Kinki Osaka Bank, Ltd.**
Banking and trust banking business	Banking business	Banking business

Principal Subsidiaries and Affiliates

Name	Address	Capital (Millions)	Operations	Established	Equity ownership by Group companies (%)
Banking and trust banking business					
■ Resona Guarantee Co., Ltd.	Urawa-ku, Saitama-shi	¥14,000	Credit guarantee	May 8, 1975	100.0
■ Daiwa Guarantee Co., Ltd.	Chuo-ku, Osaka-shi	¥6,000	Credit guarantee	July 23, 1969	100.0
■ Kinki Osaka Shinyo Hosho Co., Ltd.	Chuo-ku, Osaka-shi	¥6,397	Credit guarantee	Mar. 17, 1995	100.0
■ Resona Research Institute Co., Ltd.	Chuo-ku, Osaka-shi	¥100	Business consulting services	Oct. 1, 1986	100.0
▲ Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	¥51,000	Banking and trust banking business	June 20, 2000	33.3
■ P.T. Bank Resona Perdania	Jakarta, Indonesia	IDR 285,000	Banking business	Feb. 15, 1956	43.4
Finance-related business					
■ Resona Card Co., Ltd.	Koto-ku, Tokyo	¥1,000	Credit card administration Credit guarantee	Feb. 12, 1983	77.5
■ Resona Capital Co., Ltd.	Chuo-ku, Tokyo	¥10,649	Private equity business	Mar. 29, 1988	100.0
■ Resona Kessai Service Co., Ltd.	Chuo-ku, Tokyo	¥1,000	Factoring	Oct. 25, 1978	100.0

■ Consolidated subsidiaries
▲ Affiliates accounted for by the equity method

INVESTOR INFORMATION

As of March 31, 2012

Tokyo Head Office
Fukagawa Gatharia W2 Bldg.,
5-65, Kiba 1-chome,
Koto-ku, Tokyo 135-8582, Japan
Tel: 81-3-6704-3111

Osaka Head Office
2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8608, Japan
Tel: 81-6-6268-7400

Paid-in Capital
¥340,472 million

Number of Shareholders
(Common stock)
347,393

Stock Exchange Listings
Tokyo Stock Exchange (1st Section)
Osaka Securities Exchange (1st Section)

Transfer Agent and Registrar
Sumitomo Mitsui Trust Bank, Ltd.
1-4-1, Marunouchi, Chuo-ku,
Tokyo 108-8233, Japan

Independent Auditor
Deloitte Touche Tohmatsu LLC

Number of Employees
16,881 (Consolidated)
533 (Non-consolidated)

Common Stock/Preferred Stock

(Number of shares)

	Authorized (End of March 2012)	Issued (End of March 2012)
Common Stock	7,300,000,000	2,514,957,691
Class C No. 1 Preferred Stock	12,000,000	12,000,000
Class F No. 1 Preferred Stock	8,000,000	8,000,000
Class Three No. 1 Preferred Stock	225,000,000	225,000,000
Class Four Preferred Stock	10,000,000	2,520,000
Class Five Preferred Stock	10,000,000	4,000,000
Class Six Preferred Stock	10,000,000	3,000,000
Class Seven Preferred Stock	10,000,000	—
Class Eight Preferred Stock	10,000,000	—
	7,595,000,000	2,769,477,691

Stock Price Range on the Tokyo Stock Exchange

(First Section) (Yen)

	2011						2012					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
High	414	409	386	367	362	358	354	400	419	391	344	330
Low	376	332	319	328	326	333	331	336	378	337	290	278

Major Shareholders

	Number of shares held	Percentage of total shares issued
Deposit Insurance Corporation of Japan	728,262,500	26.29
Japan Trustee Services Bank, Ltd. (Trust Account)	127,425,200	4.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	83,255,700	3.00
The Dai-Ichi Mutual Life Insurance Company, Ltd.	59,241,900	2.13
CACEIS BANK FRANCE/CREDIT AGRICOLE SA	39,483,700	1.42
Japan Trustee Services Bank, Ltd. (Trust Account 9)	38,032,700	1.37
THE CHASE MANHATTAN BANK 380501	34,565,300	1.24
JP MORGAN CHASE BANK 380055	28,187,318	1.01
Japan Trustee Services Bank, Ltd. (Trust Account 4)	26,435,100	0.95
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	24,806,043	0.89
Total	1,189,695,461	42.95

CONTACT:

Group Strategy Division
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RESONA Resona Holdings

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