

Supplementary Explanatory Material for the Results of 1-3Q Period of FY2014



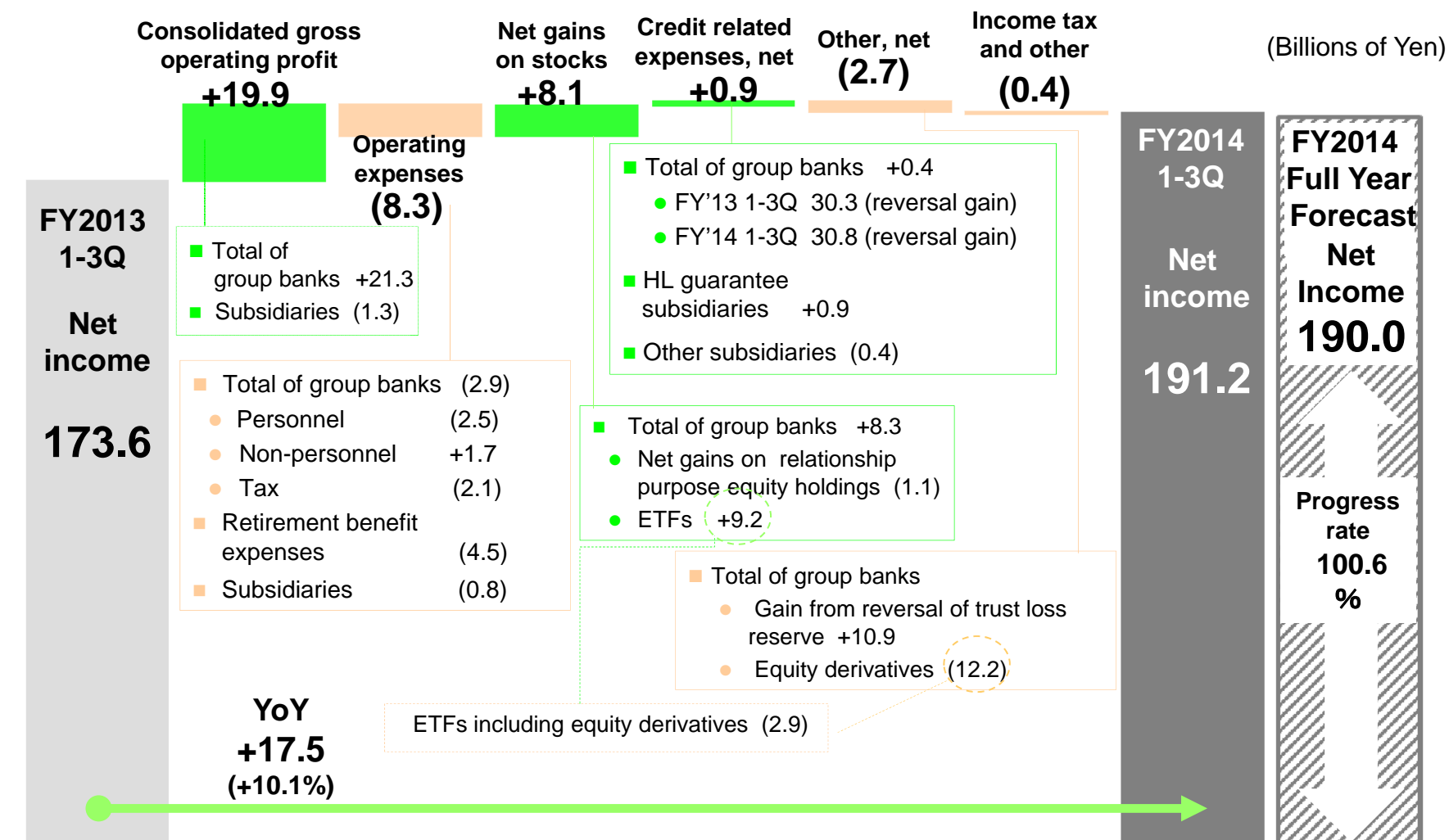
RESONA

Resona Holdings

February 12, 2015

Consolidated Net Income for 1-3Q FY2014 Compared with 1-3Q FY2013

- Posted Y191.2bn of consolidated net income, up Y17.5bn (+10.1%) YoY, surpassing the full year forecast
- Consolidated gross operating profit increased by Y19.9bn (+4.3%), primarily due to increase in fee income and net gains on bonds
- Continued to book a gain from reversal of credit-related expenses



Summary of Operating Results for 1-3Q Period of FY2014

Total of Group Banks (Amounts in billions of yen)	FY2013 1-3Q	FY2014 1-3Q	Change	Rate of Progress ^{*3}	Comments
(1) Gross operating profit	415.5	436.8	+5.1%	78.4%	(1) Up Y21.3 bn YoY Progress rate against the full-year guidance is 78.4%
(2) Net interest income	314.3	313.7	(0.1)%	—	(2) Down Y0.5 bn YoY
(3) Fees and commission income^{*1}	85.5	91.2	+6.6%	—	(3) Up Y5.7 bn YoY mainly due to strong insurance product sale and real estate brokerage business
(4) Net gains on bonds (including futures)	6.9	20.8	+197.4%	—	(4) Up Y13.8 bn YoY Accumulated net gains on JGB and foreign bonds
(5) Other income (net)	8.6	11.0	+27.1%	—	
(6) Operating expenses	(248.3)	(251.3)	(1.1)%	75.0%	(6) In line with the guidance
(7) Actual net operating profit^{*2}	167.1	185.5	+10.9%	83.5%	
(8) Net gains/(losses) on stocks	26.9	35.2	+30.8%	150.0%	(8) Steadily accumulated gains from ETF trading
(9) Credit expense, net	30.3	30.8	—	—	(9) Fewer new bankruptcy and downward migration of borrowers and increase in upward migration of borrowers
(10) Pre-tax income	225.7	246.7	+9.3%	97.9%	
(11) Net income (A)	152.4	175.3	+14.9%	101.9%	
Resona HD Consolidated (Amounts in billions of yen)	FY2013 1-3Q	FY2014 1-3Q	Change	Rate of Progress ^{*3}	Comments
(12) Net Income (B)	173.6	191.2	+10.1%	100.6%	(12) Tax rate on an accounting basis: 28.8%
(13) Difference (B) – (A)	21.2	15.9	(24.8)%	—	(13) Progress rate against the plan is 88.4%

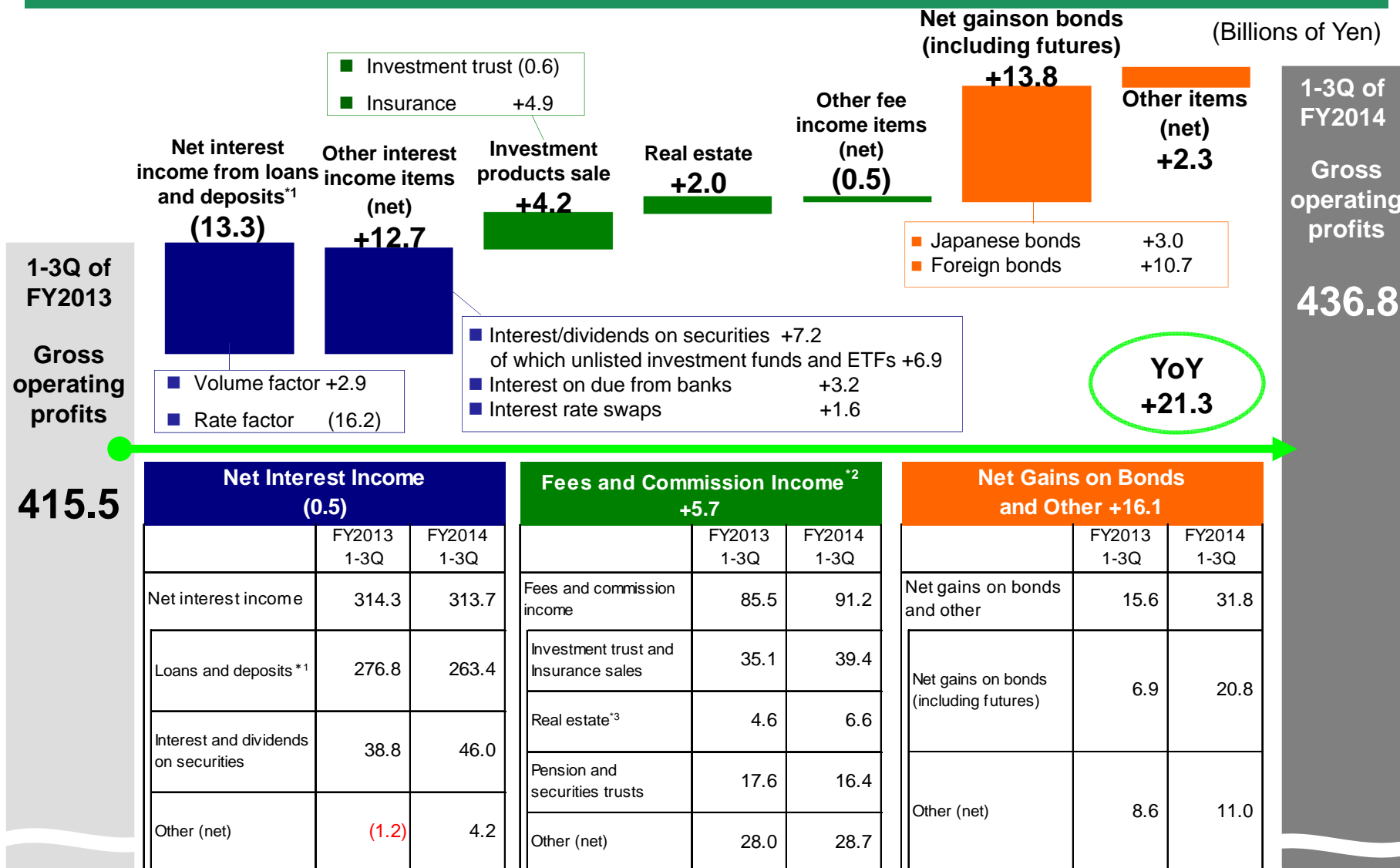
*1. Fees and commission income plus trust fees

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

*3. Rate of progress against the full-year guidance for FY2014 announced in Nov 2014

Gross Operating Profits for 1-3Q FY2014 Compared with 1-3Q FY2013 (Total of Group Banks)

Top-line income has steadily progressed towards a goal of turning it around



*1. Domestic operations (Deposits include NCDs)

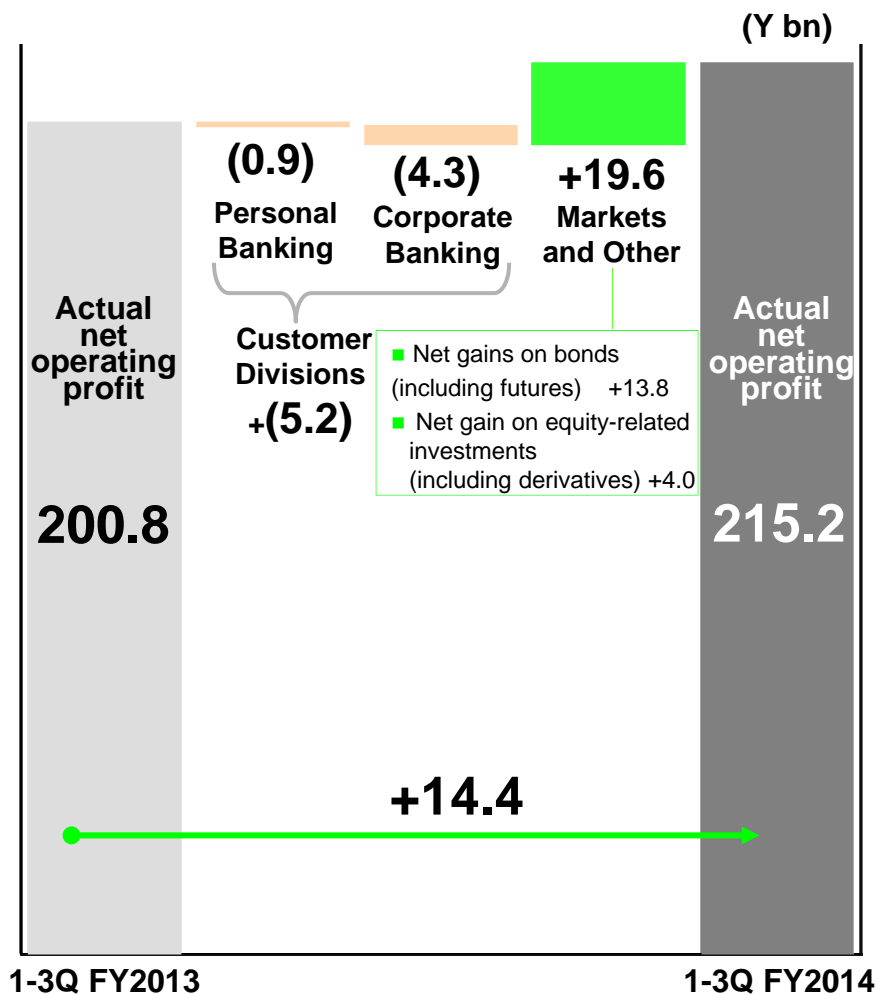
*2. Fees and commission income plus trust fees

*3. Excluding equity investments

Outline of Results by Business Segments (1)

- Actual net operating profit increased by Y14.4bn YoY due to Markets division

(Billions of Yen)			FY2013 1-3Q	FY2014 1-3Q	Change
Customer Divisions	(1)	Gross operating profit	405.5	402.0	(3.4)
	(2)	Operating expense	(245.2)	(246.9)	(1.7)
	(3)	Actual net operating profit	160.2	155.0	(5.2)
Personal Banking	(4)	Gross operating profit	196.6	195.0	(1.6)
	(5)	Operating expense	(132.1)	(131.4)	+0.6
	(6)	Actual net operating profit	64.4	63.5	(0.9)
Corporate Banking	(7)	Gross operating profit	208.8	207.0	(1.8)
	(8)	Operating expense	(113.0)	(115.4)	(2.4)
	(9)	Actual net operating profit	95.8	91.5	(4.3)
Markets and Other	(10)	Gross operating profit	46.0	66.8	+20.8
	(11)	Operating expense	(5.5)	(6.6)	(1.1)
	(12)	Actual net operating profit	40.5	60.2	+19.6
Total	(13)	Gross operating profit	451.5	468.9	+17.3
	(14)	Operating expense	(250.7)	(253.6)	(2.8)
	(15)	Actual net operating profit	200.8	215.2	+14.4



Definition of management accounting

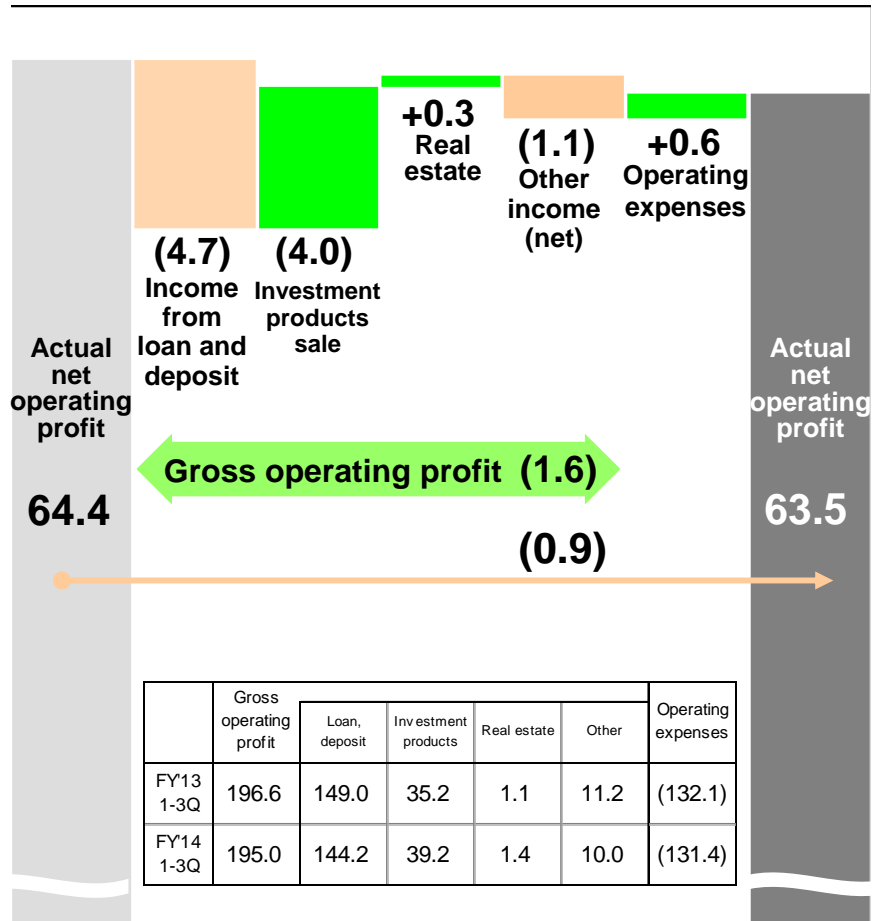
- Numbers reported above refer to 3 Resona Group banks and 3 loan guarantee subsidiaries.
- Gross operating profit of "Markets" segment includes a part of net gains on stocks.
- "Other" segment refers to the divisions in charge of management and business administration.

Outline of Results by Business Segments (2)

Personal Banking Segment

- Actual net operating profit decreased by Y0.9bn
 - Investment trust and insurance sale made up for decrease in income from loan and deposit

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



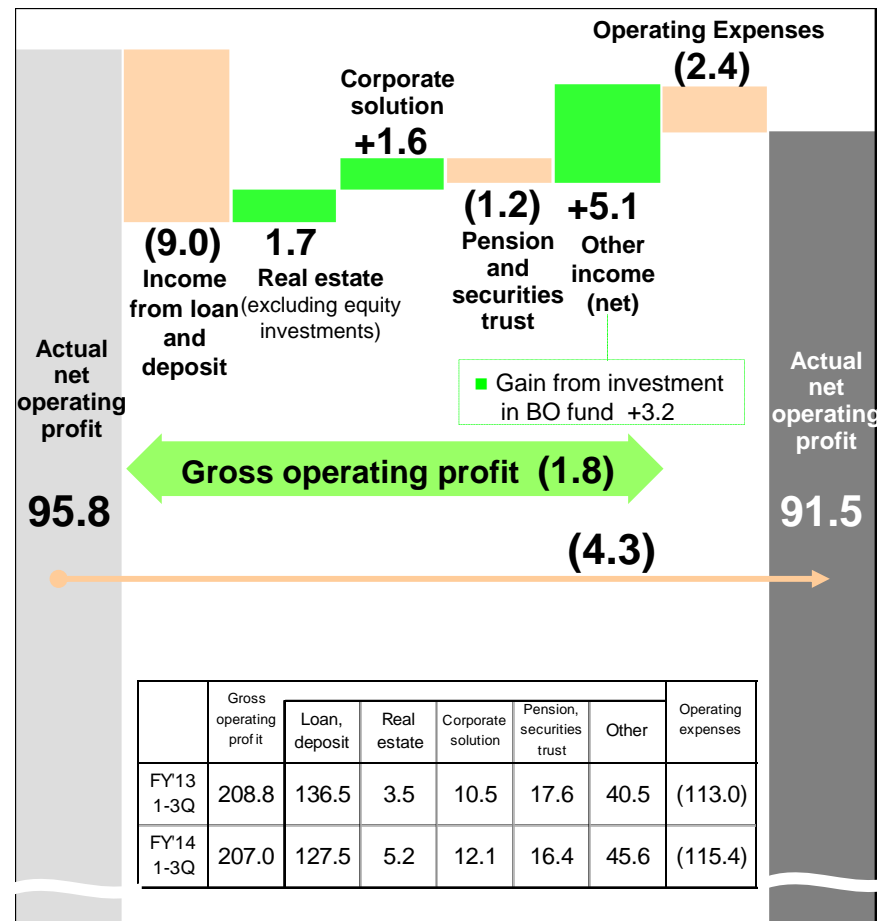
FY2013 1-3Q

FY2014 1-3Q

Corporate Banking Segment

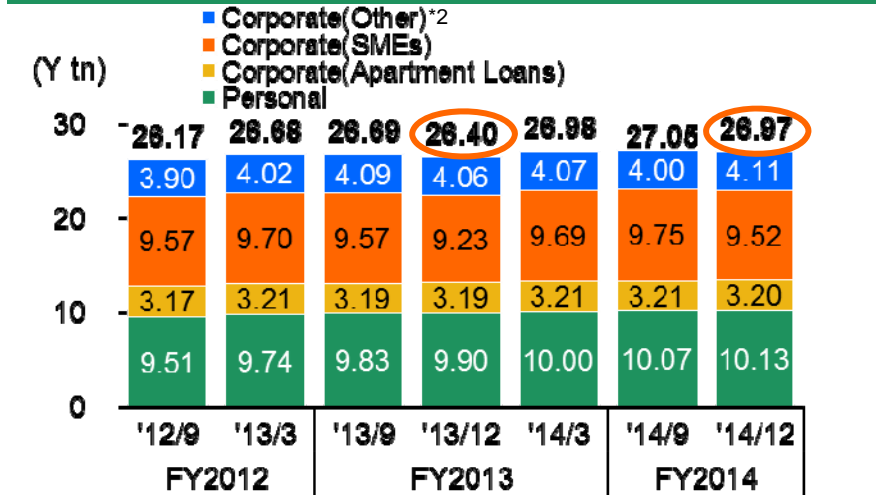
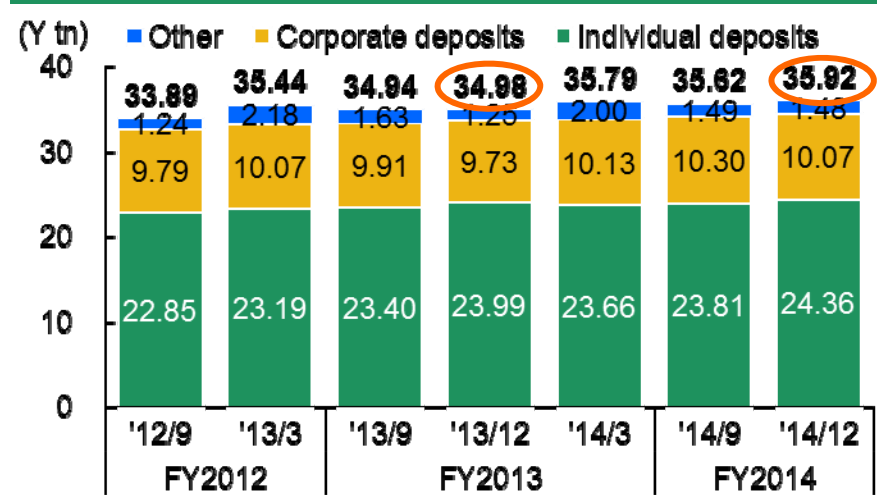
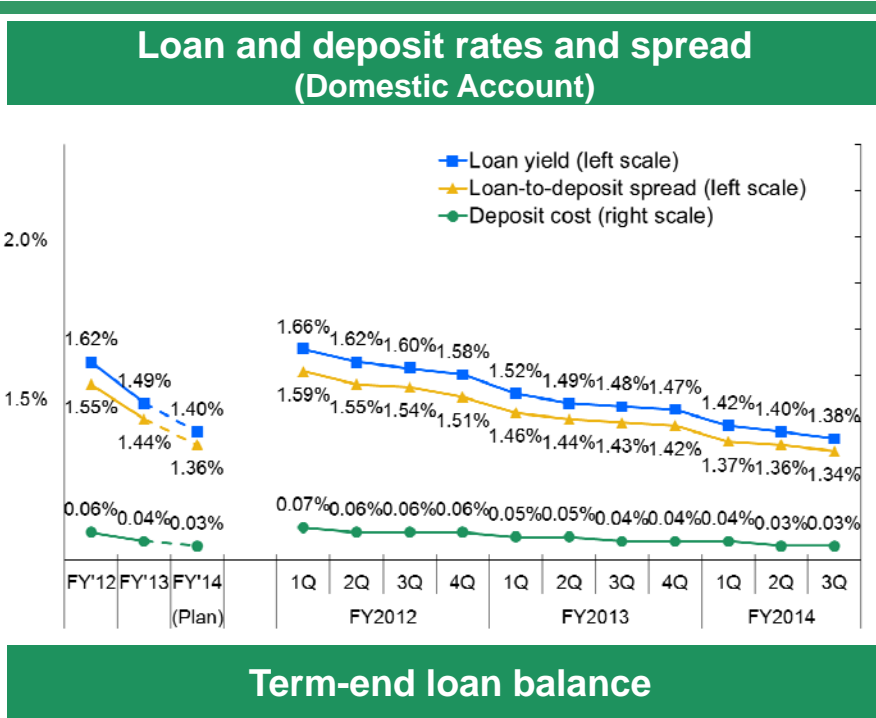
- Actual net operating profit decreased by Y4.3bn
 - Primarily owing to a decline in income from loan and deposit

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



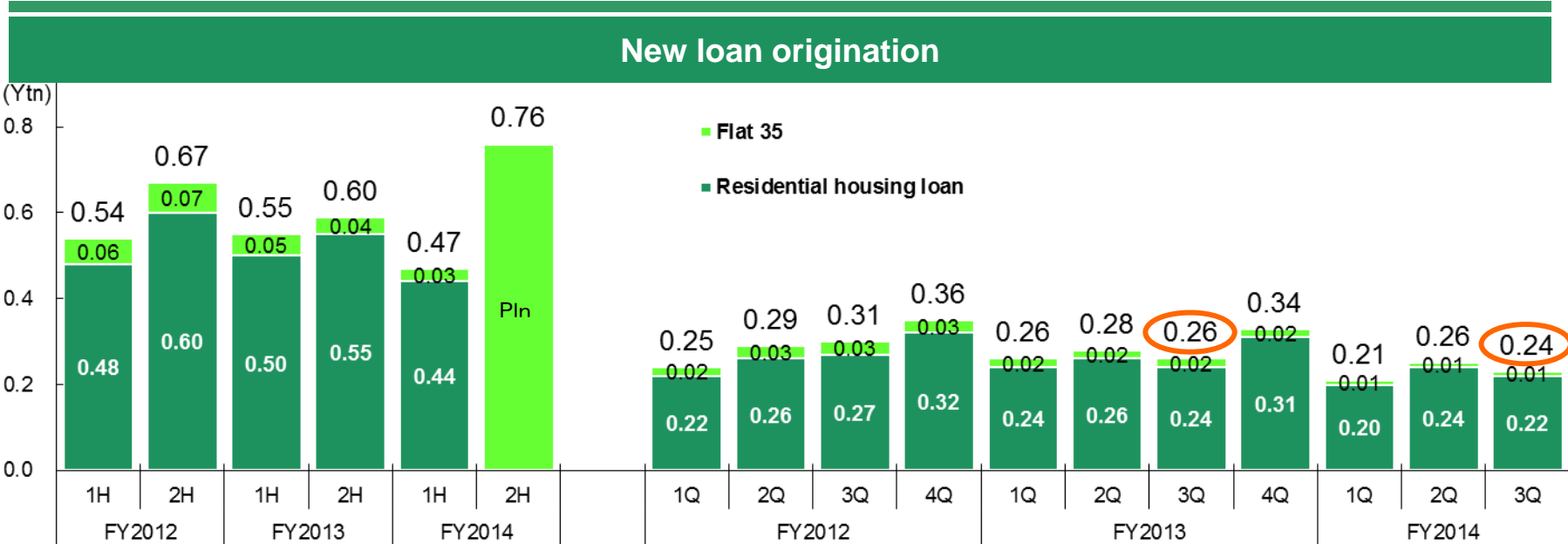
Trend of Loan and Deposit (Total of Group Banks)

(Trillion Yen)		FY2014					
		1-3Q		FY2014			
		(Act)	YoY change	(Plan)	YoY change		
Average loan balance		(1)	26.46	+1.35%	26.59	+1.73%	
Domestic acct.	Loans	Average balance	(2)	25.97	+1.19%	26.15	+1.74%
		Yield	(3)	1.39%	(0.09)%	1.39%	(0.09)%
	Corporate Banking Business Unit*1	Average balance	(4)	15.01	+0.99%	15.10	+1.50%
		Yield	(5)	1.28%	(0.10)%	1.28%	(0.09)%
	Personal Banking Business Unit*1	Average balance	(6)	10.03	+2.55%	10.08	+2.79%
		Yield	(7)	1.60%	(0.08)%	1.60%	(0.08)%
	Deposits (Including NCDs)	Average balance	(8)	37.07	+3.44%	36.61	+1.68%
		Cost	(9)	0.03%	(0.01)%	0.04%	(0.00)%
	Loan-to-deposit spread		(10)	1.35%	(0.08)%	1.35%	(0.08)%



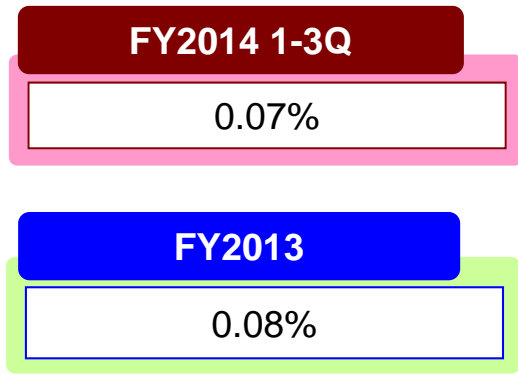
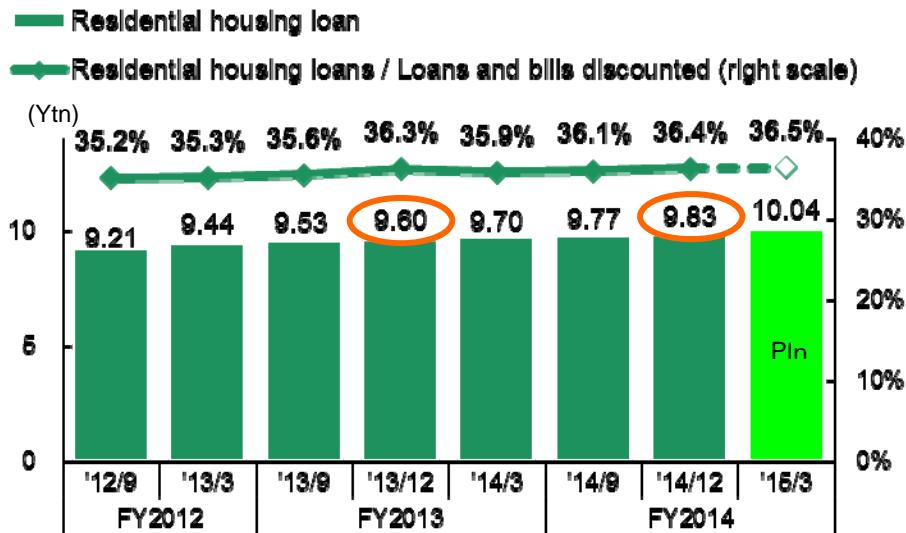
*1. Corporate Banking Business Unit : Corporate loans(excluding loans to governments) + Apartment loans
 Personal Banking Business Unit: Residential housing loans + Consumer loans
 *2. Include the loan extended to Resona Holdings (Y0.24 tn as of '12/9, Y0.19tn as of '13/3, and Y0.30tn after'13/9)

Trend of Residential Housing Loan (Total of Group Banks)



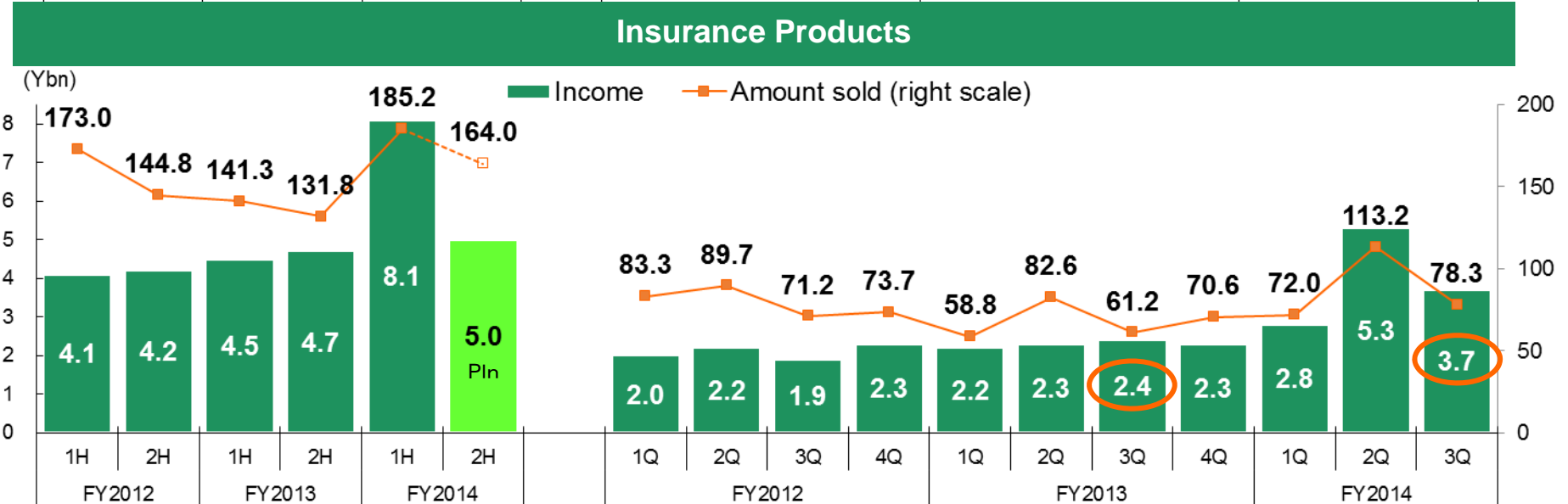
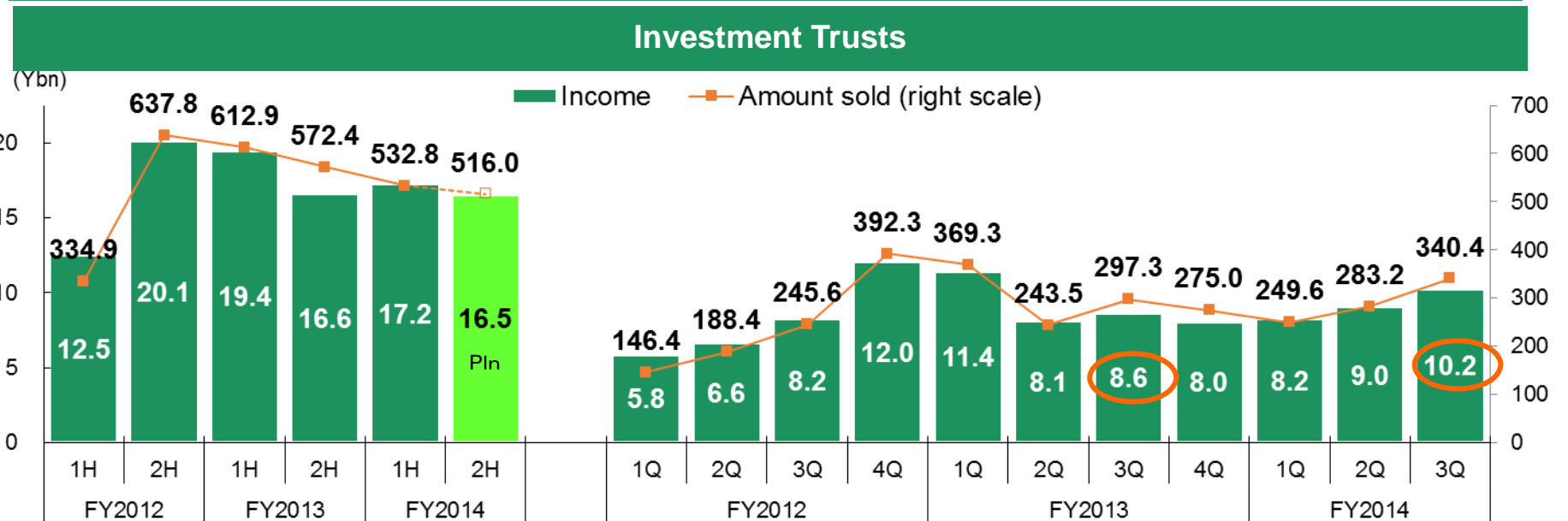
Term-end loan balance

Net loss ratio*1 remains low



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

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



Trend of Credit Cost, NPL and Securities Portfolio

Trend of credit costs and NPL

■ Credit costs

(Y bn)		FY2012		FY2013			FY 2014	
		1H	2H	1H	3Q	2H	1H	3Q
Total of group banks (A)	(1)	11.2	10.1	14.8	15.5	12.2	23.1	7.7
General reserve	(2)	20.4	8.9	12.2	14.8	16.2	17.6	7.4
Specific reserve and other items	(3)	(9.1)	1.1	2.5	0.6	(3.9)	5.4	0.2
New bankruptcy, downward migration	(4)	(28.2)	(16.9)	(15.4)	(11.6)	(21.3)	(14.5)	(3.6)
Collection/upward migration	(5)	19.1	18.1	18.0	12.2	17.3	20.0	3.8
Difference (B) - (A)	(6)	(5.9)	(2.4)	(0.8)	3.4	0.2	0.8	2.2
Of which, HL guarantees subsidiaries	(7)	(2.6)	(3.0)	0.5	3.4	0.9	2.6	2.3
Of which, Resona Card	(8)	(1.7)	0.4	(1.3)	0.0	(0.2)	(1.1)	(0.2)
RHD consolidated (B)	(9)	5.3	7.7	13.9	18.9	12.5	23.9	9.9

(Note) Positive figures represent reversal gains

■ Non Performing Loan

(Y bn)		Mar. 2013	Mar. 2014	Sep. 2014	Dec. 2014
NPL Balance	(10)	565.2	484.3	445.5	434.7
NPL Ratio	(11)	2.06%	1.74%	1.60%	1.56%

Securities portfolio (RHD Consolidated)

■ Available-for-sale securities

- Net unrealized gain as of Dec. 31, 2014 : Y485.0 bn
- Stocks : Break-even Nikkei average 6,000 yen
- JGB : Average duration 3.1 years, BPV Y0.62 bn

(Y bn)		Mar.'14	Sep.'14	Dec.'14	Unrealized gains
Available-for-sale securities *1	(1)	6,201.1	5,412.2	3,893.6	485.0
Stocks	(2)	331.9	332.2	331.2	452.7
Bonds	(3)	5,553.5	4,763.3	3,235.9	22.1
JGBs	(4)	4,453.5	3,606.6	2,055.5	8.3
Average duration (years)	(5)	3.1	3.4	3.1	
Basis Point Value (BPV)	(6)	(1.41)	(1.26)	(0.62)	
Local Government and corporate bond	(7)	1,099.9	1,156.6	1,180.3	13.8
Other	(8)	315.6	316.6	326.4	10.1
Foreign securities	(9)	153.4	220.6	148.3	1.9
Unrealized gains, net	(10)	333.2	424.8	485.0	
Bonds held to maturity *2	(11)	2,150.7	2,324.9	2,334.6	
Unrealized gains, net	(12)	67.8	69.1	84.3	

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

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

Capital Adequacy Ratio (Consolidated)

Domestic Standard

- Adopted the Basel 3 from Mar. 31, 2014
- For the methodology to calculate the credit risk weighted assets, RHD/RB/SR started adopting the A-IRB approach from Mar. 31, 2014

(Ybn)		Sep. 30, 2014	Dec. 31, 2014	Change
Capital adequacy ratio	(1)	13.71%	13.78%	0.07%
Total Capital	(2)	2,175.9	2,236.9	60.9
Core Capital: instruments and reserves	(3)	2,182.7	2,243.5	60.7
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	(4)	1,126.2	1,184.8	58.6
Capital and capital surplus, retained earnings	(5)	1,211.8	1,270.3	58.5
Treasury stock	(6)	(85.5)	(85.5)	0.0
Eligible non-cumulative perpetual preferred stock	(7)	238.0	238.0	-
Eligible capital instrument subject to transitional arrangement	(8)	698.2	698.2	-
Other	(9)	120.2	122.4	2.1
Core Capital: regulatory adjustments	(10)	6.7	6.5	(0.2)
Risk weighted assets	(11)	15,870.8	16,224.8	354.0
Credit risk weighted assets	(12)	12,999.4	13,175.3	175.9
Amount equivalent to market risk / 8%	(13)	161.3	179.9	18.6
Amount equivalent to operational risk / 8%	(14)	1,069.3	1,069.3	-
Credit risk weighted assets adjustments	(15)	1,640.7	1,800.2	159.4

(Reference) International Standard

- Banks adopting the IRB approach to calculate credit risk weighted assets are required to satisfy:
 - Minimum common equity Tier 1 ratio of 4.5% *1

(Ybn)		Sep. 30, 2014	Dec. 31, 2014	Change
Common equity Tier 1 ratio	(1)	7.15%	7.42%	0.27%
Tier 1 ratio	(2)	8.79%	9.03%	0.24%
Total capital adequacy ratio	(3)	13.25%	13.53%	0.28%
Common equity Tier 1 capital	(4)	1,185.9	1,253.6	67.7
Directly issued qualifying common share capital plus related capital surplus and retained earnings	(5)	1,204.4	1,272.7	68.3
Capital and capital surplus, retained earnings	(6)	1,083.8	1,142.3	58.5
Treasury stock	(7)	(85.5)	(85.5)	0.0
Accumulated other comprehensive income	(8)	68.4	77.6	9.2
Public funds	(9)	128.0	128.0	-
Regulatory adjustments	(10)	18.4	19.0	0.5
Other Tier 1 capital	(11)	270.9	271.6	0.7
Tier1 capital	(12)	1,456.9	1,525.3	68.4
Tier2 capital	(13)	740.4	759.5	19.1
Total capital (Tier1+Tier2)	(14)	2,197.3	2,284.9	87.5
Risk weighted assets	(15)	16,574.3	16,878.3	303.9
Credit risk weighted assets	(16)	13,650.5	13,819.5	168.9
Amount equivalent to market risk / 8%	(17)	161.3	179.9	18.6
Amount equivalent to operational risk / 8%	(18)	1,069.3	1,069.3	-
Credit risk weighted assets adjustments	(19)	1,693.1	1,809.5	116.3

*1. Minimum regulatory requirement of common equity Tier 1 ratio is 4.0% on and after Mar. 31, 2014, 4.5% on and after Mar. 31, 2015.

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

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

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



RESONA