

Supplementary Explanatory Material for the Results of 1Q Period of FY 2014



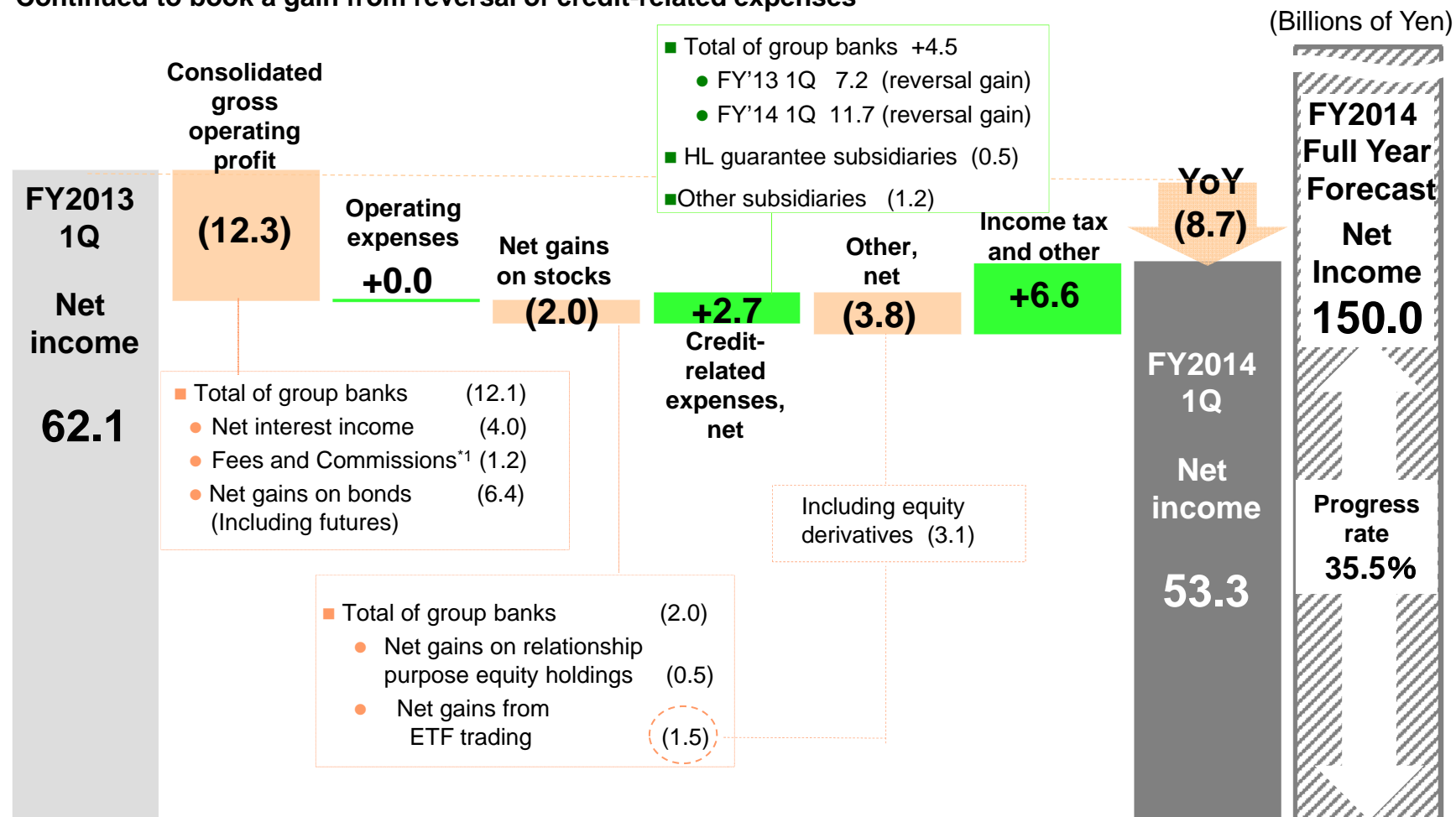
RESONA

Resona Holdings

August 12, 2014

Outline of Results for 1Q FY2014

- Posted Y53.3bn of consolidated net income, down Y8.7bn (14.1%) YoY, with a progress rate against the full year forecast being 35.5%
- Consolidated gross operating profit declined by Y12.3bn (7.7%), primarily due to lower net interest income and deceleration in net gains on bonds
- Net gains on stocks declined by JPY2.0bn (29.7%) YoY
- Continued to book a gain from reversal of credit-related expenses



*1. Fees and commission income plus trust fees

Summary of Operating Results for 1Q Period of FY2014

Total of Group Banks (Amounts in billions of yen)	FY2013 1Q	FY2014 1Q	Change	Rate of Progress ^{*3}	Comments
(1) Gross operating profit	145.3	133.1	(8.3)%	23.9%	(1) Down Y12.1 bn YoY Progress rate against the full-year guidance is 23.9%
(2) Net interest income	104.1	100.1	(3.8)%	—	(2) Down Y4.0 bn YoY (Of which, net interest income from domestic loans and deposits declined by Y4.2 bn YoY) Fell short of the Co. Plan by Y1.8 bn
(3) Fees and commission income^{*1}	31.0	29.8	(3.9)%	—	(3) Down Y1.2 bn YoY, but almost in line with the Co. Plan
(4) Net gains on bonds (including futures)	8.6	2.2	(74.1)%	—	(4) Down Y6.4 bn YoY, but almost in line with the Co. Plan
(5) Other income (net)	1.3	0.9	(34.0)%	—	
(6) Operating expenses	(83.0)	(81.9)	+1.2%	24.4%	(6) Efforts for low-cost operation made up for an increase related to sales tax hike
(7) Actual net operating profit^{*2}	62.2	51.1	(17.8)%	23.0%	
(8) Net gain/(loss) on stocks	6.8	4.7	(30.4)%	47.7%	(8) Steadily accumulated gains from ETF trading
(9) Credit expense, net	7.2	11.7	—	—	(9) Fewer new bankruptcy and downward migration of borrowers and increase in upward migration of borrowers
(10) Pre-tax income	76.4	64.5	(15.5)%	31.7%	
(11) Net income (A)	55.8	47.6	(14.6)%	35.2%	
Resona HD Consolidated (Amounts in billions of yen)	FY2013 1Q	FY2014 1Q	Change	Rate of Progress ^{*3}	Comments
(12) Net Income (B)	62.1	53.3	(14.1)%	35.5%	(12) Tax rate on an accounting basis: 26.0%
(13) Difference (B) – (A)	6.3	5.7	(9.2)%	—	(13) Progress rate against the Co. Plan is 38.0%

*1. Fees and commission income plus trust fees

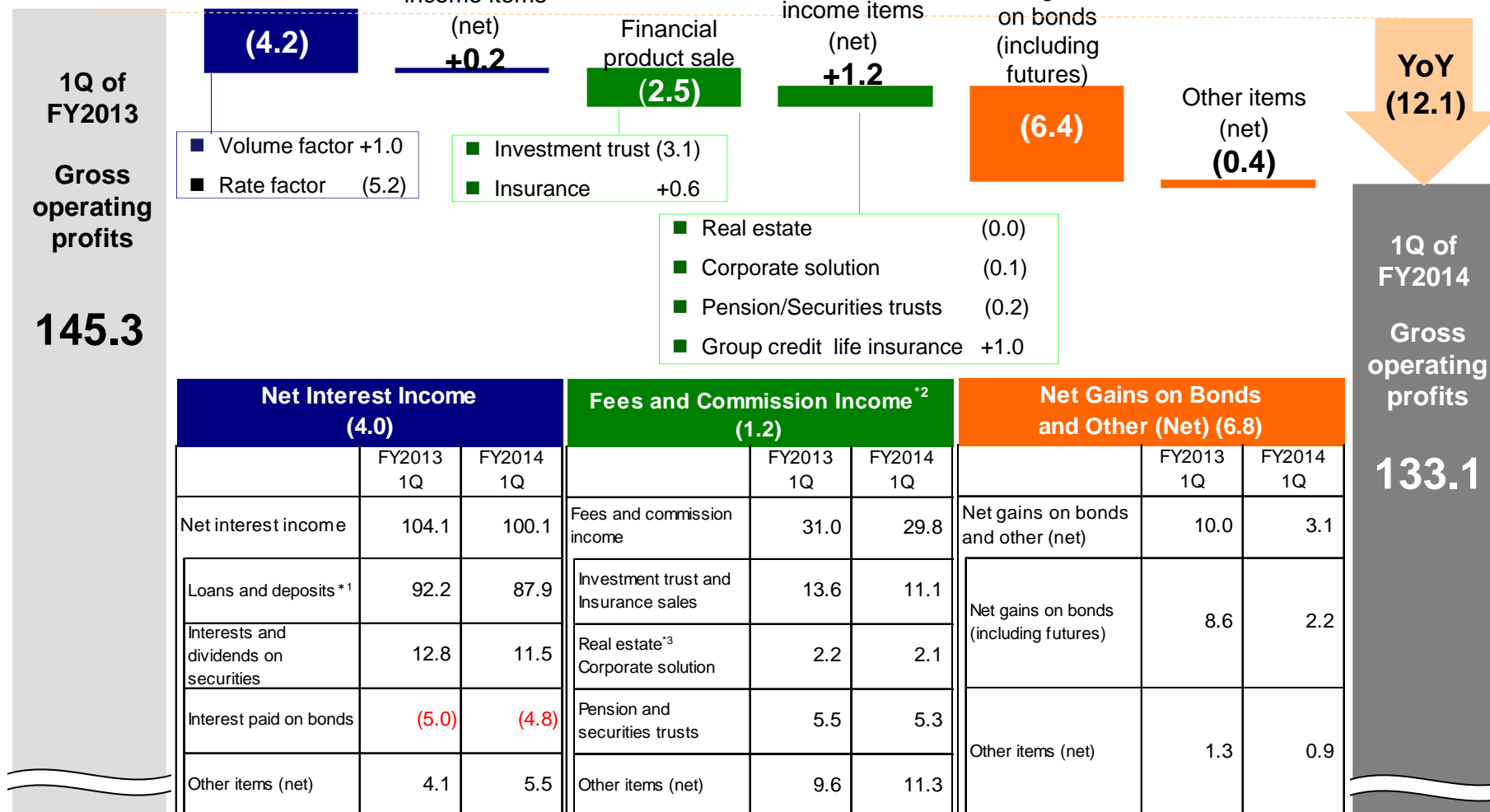
*2. Net operating profit before transfer to general reserve for possible loan losses and expenses related to NPL disposal in the trust account

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

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

Gross operating profits decreased by ¥12.1bn YoY

Net interest income from loans and deposits*1 (Billions of Yen)



*1. Domestic operations (Deposits include NCDs)

*2. Fees and commission income plus trust fees

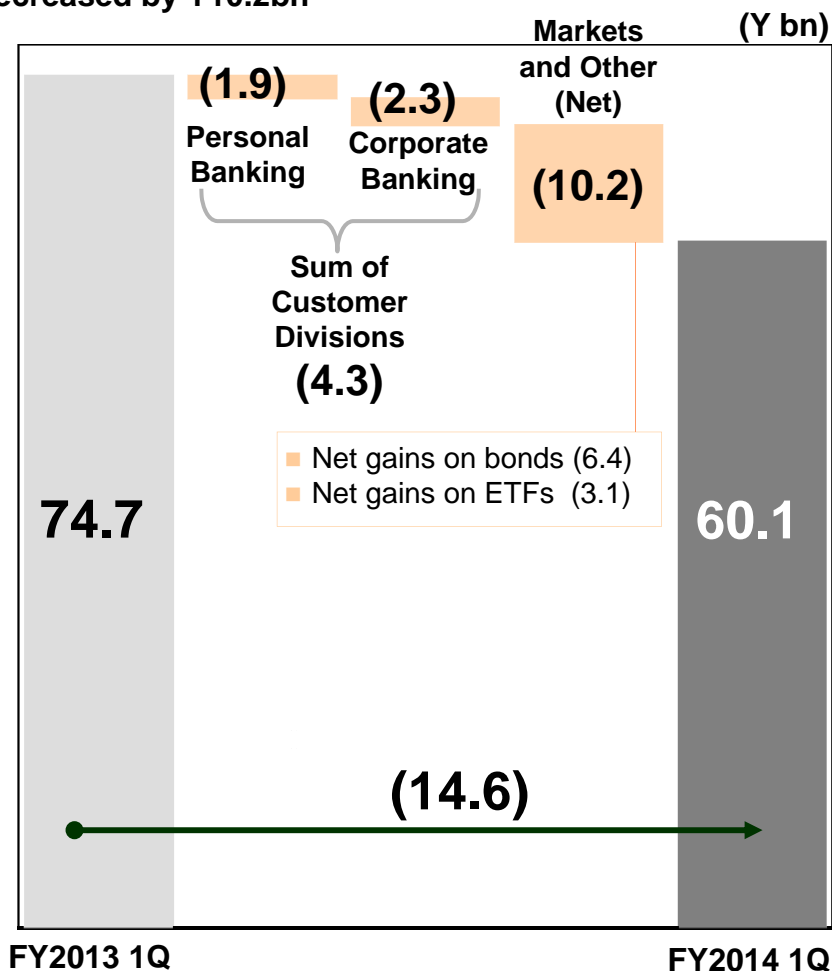
*3. Excluding equity investments

Outline of Results by Business Segments (1)

Actual net operating profit decreased by Y14.6bn YoY due to a slowdown in Market division

- Actual net operating profit of “Customer Divisions” decreased by Y4.3bn YoY
- Actual net operating profit of “Markets and Other (Net)” decreased by Y10.2bn

(Billions of Yen)			1Q FY2013	1Q FY2014	Change
Sum of Customer Divisions	(1)	Gross operating profit	138.0	132.6	(5.4)
	(2)	Operating expense	(81.4)	(80.3)	+ 1.1
	(3)	Actual net operating profit	56.6	52.2	(4.3)
Personal Banking	(4)	Gross operating profit	70.0	66.9	(3.0)
	(5)	Operating expense	(44.4)	(43.3)	+ 1.0
	(6)	Actual net operating profit	25.6	23.6	(1.9)
Corporate Banking	(7)	Gross operating profit	68.0	65.6	(2.3)
	(8)	Operating expense	(37.0)	(36.9)	+ 0.0
	(9)	Actual net operating profit	31.0	28.6	(2.3)
Markets and Other (Net)	(10)	Gross operating profit	20.4	10.2	(10.2)
	(11)	Operating expense	(2.4)	(2.4)	(0.0)
	(12)	Actual net operating profit	18.0	7.8	(10.2)
Total	(13)	Gross operating profit	158.5	142.9	(15.6)
	(14)	Operating expense	(83.8)	(82.7)	+ 1.0
	(15)	Actual net operating profit	74.7	60.1	(14.6)



*1. Numbers reported above refer to 3 Resona Group banks and 3 loan guarantee subsidiaries.

*2. Gross operating profit of “Markets” segment includes a part of net gains on stocks.

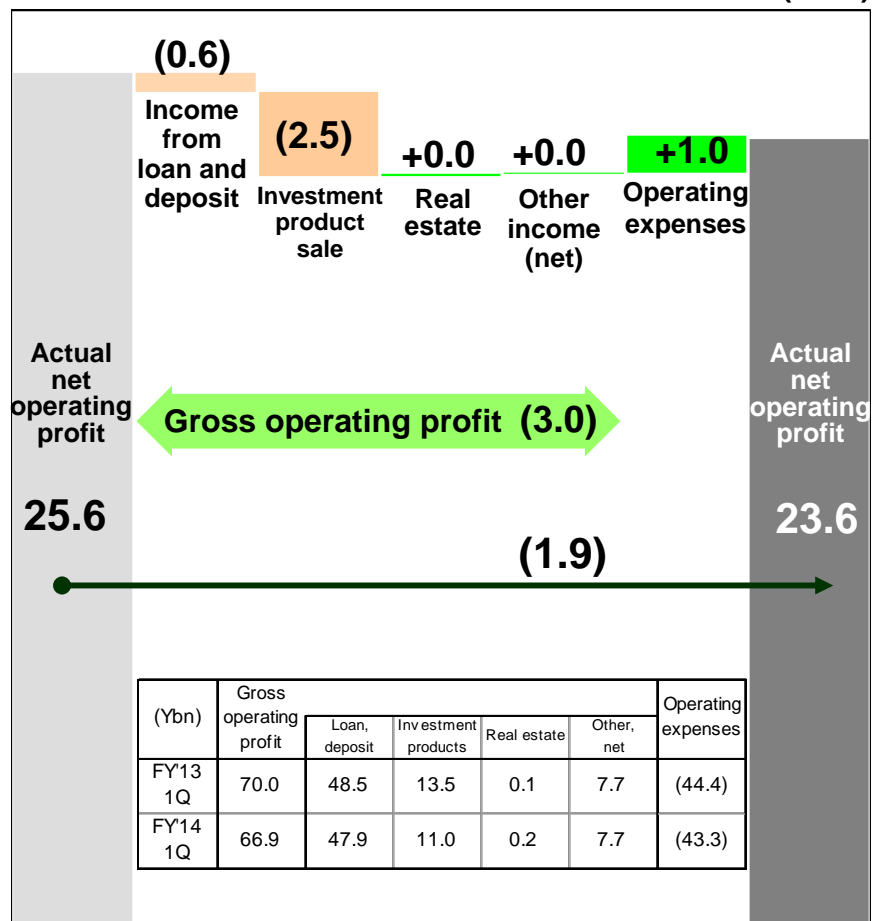
*3. “Other” segment refers to the divisions in charge of management and business administration.

Outline of Results by Business Segments (2)

Personal Banking Segment

- Actual net operating profit decreased by Y1.9bn
 - Swing from a good income earned in the same period of last year from investment product sale

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



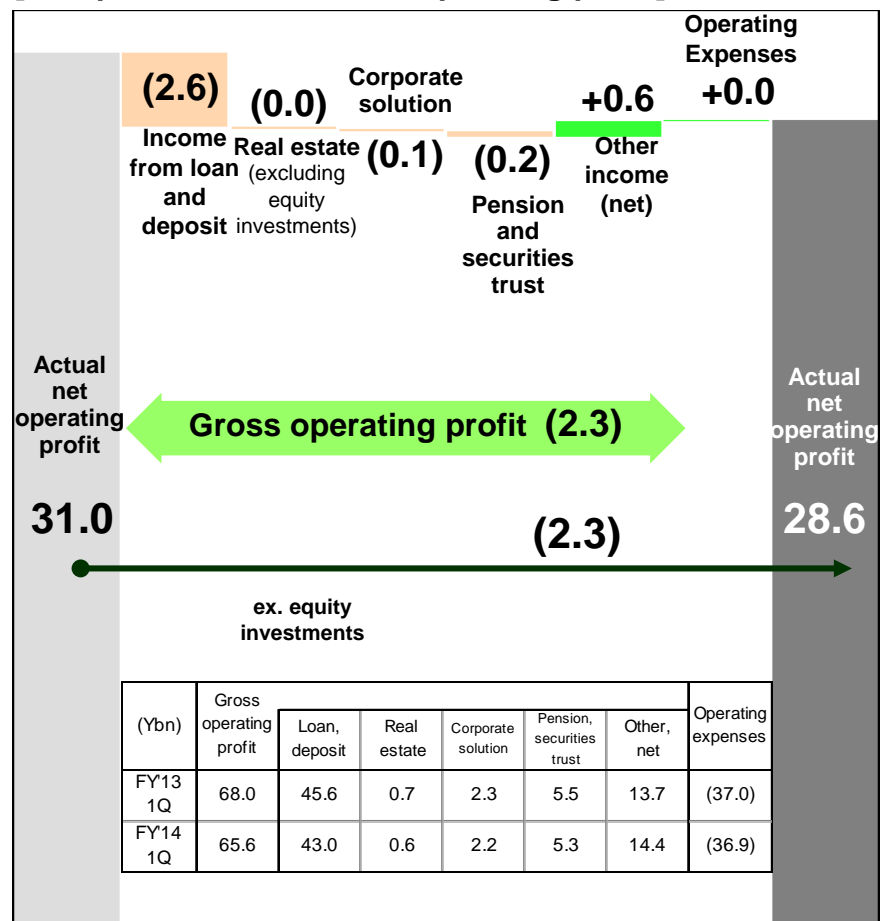
FY2013 1Q

FY2014 1Q

Corporate Banking Segment

- Actual net operating profit decreased by Y2.3bn
 - Primarily owing to a decline in net interest income from loans and deposits

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



FY2013 1Q

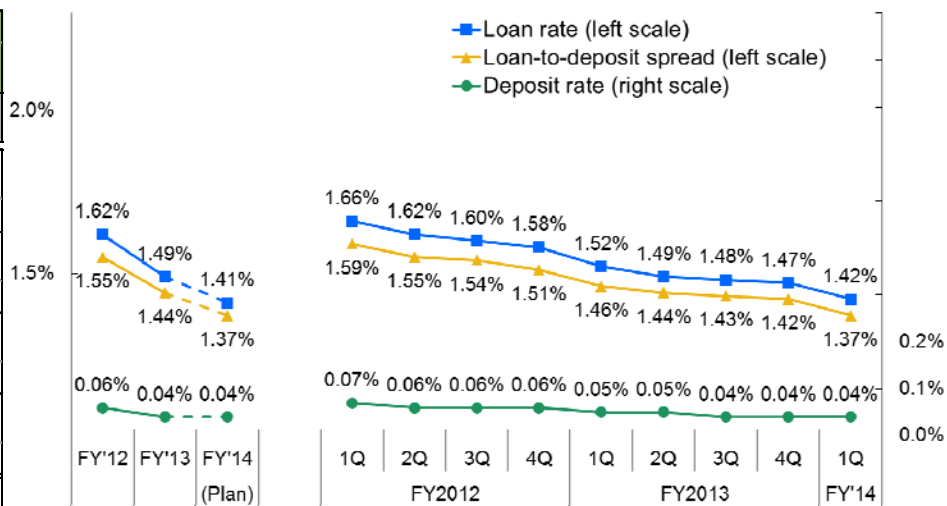
FY2014 1Q

Trend of Loan and Deposit (Total of Group Banks)

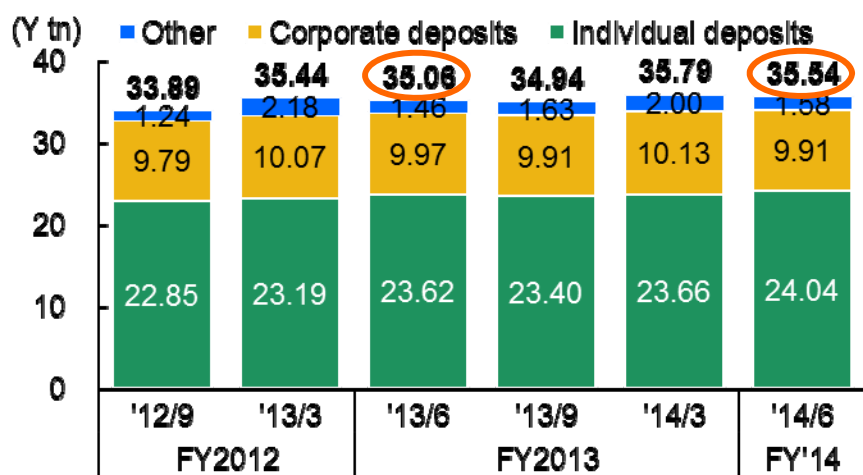
Average loan balance and spread

(Trillion Yen)			FY2013 1Q		FY2014 1Q		
			(Act)	YoY change	(Act)	YoY change	
Average loan balance			(1)	26.04	+0.62	26.37	+0.32
Domestic account	Loans	Average balance	(2)	25.60	+0.48	25.90	+0.30
		Yield	(3)	1.52%	(0.14)%	1.42%	(0.10)%
	Corporate Loans*1	Average balance	(4)	11.62	+0.03	11.75	+0.12
		Yield	(5)	1.33%	(0.11)%	1.23%	(0.10)%
	Housing Loans*1	Average balance	(6)	12.94	+0.40	13.19	+0.25
		Yield	(7)	1.71%	(0.13)%	1.62%	(0.09)%
	Deposits (Including NCDs)	Average balance	(8)	35.93	+1.12	36.85	+0.91
		Cost	(9)	0.05%	(0.02)%	0.04%	(0.01)%
	Loan-to-deposit spread		(10)	1.46%	(0.13)%	1.37%	(0.08)%

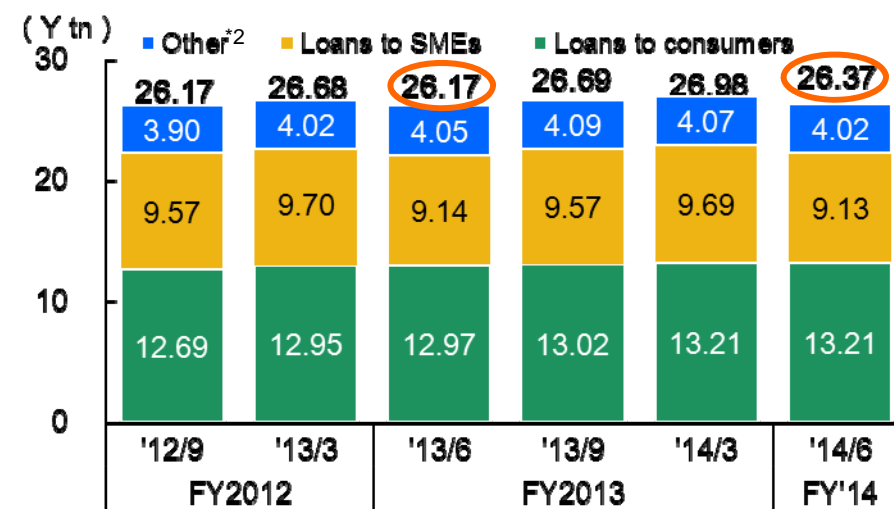
Loan and deposit rates and spread (Domestic Account)



Term-end deposit balance



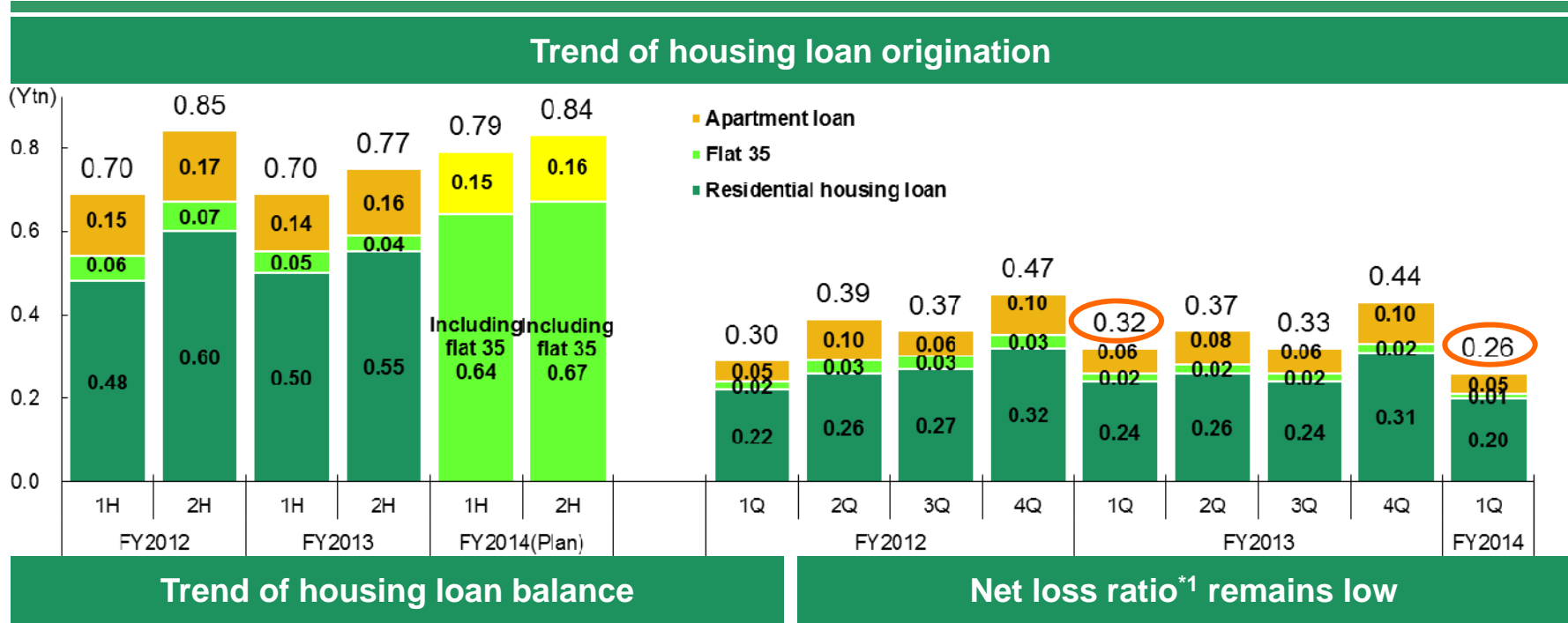
Term-end loan balance



*1. Internal administration purpose classification

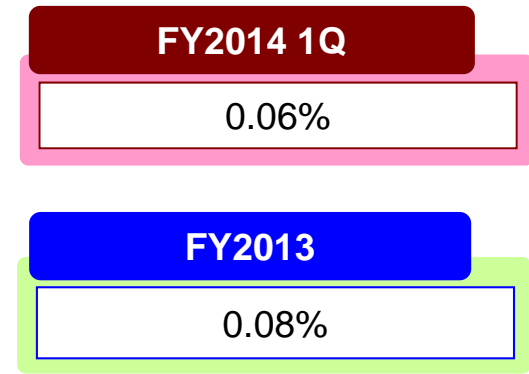
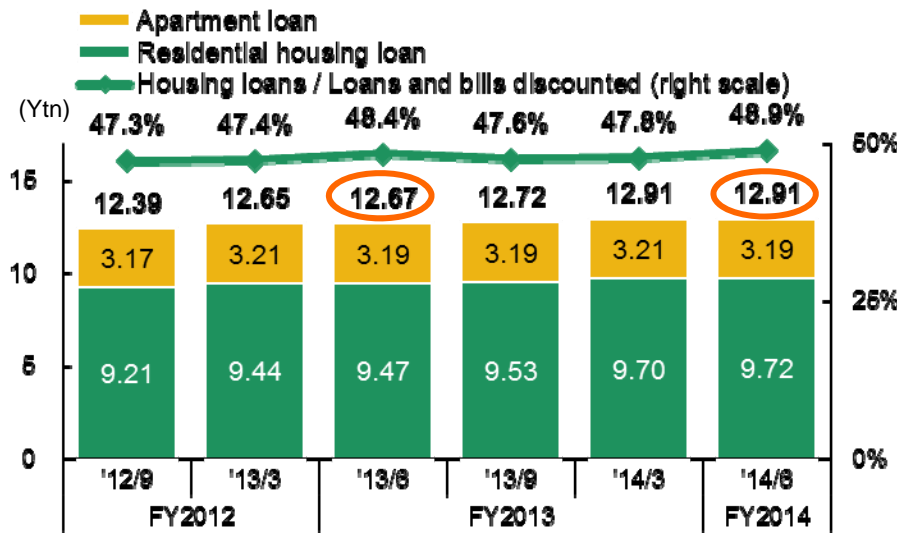
*2. Include the loan extended to Resona Holdings (Y0.24 tn as of '12/9, Y0.19tn as of '13/3, Y0.30tn as of '13/6 and thereafter)

Trend of Housing Loan Business (Total of Group Banks)



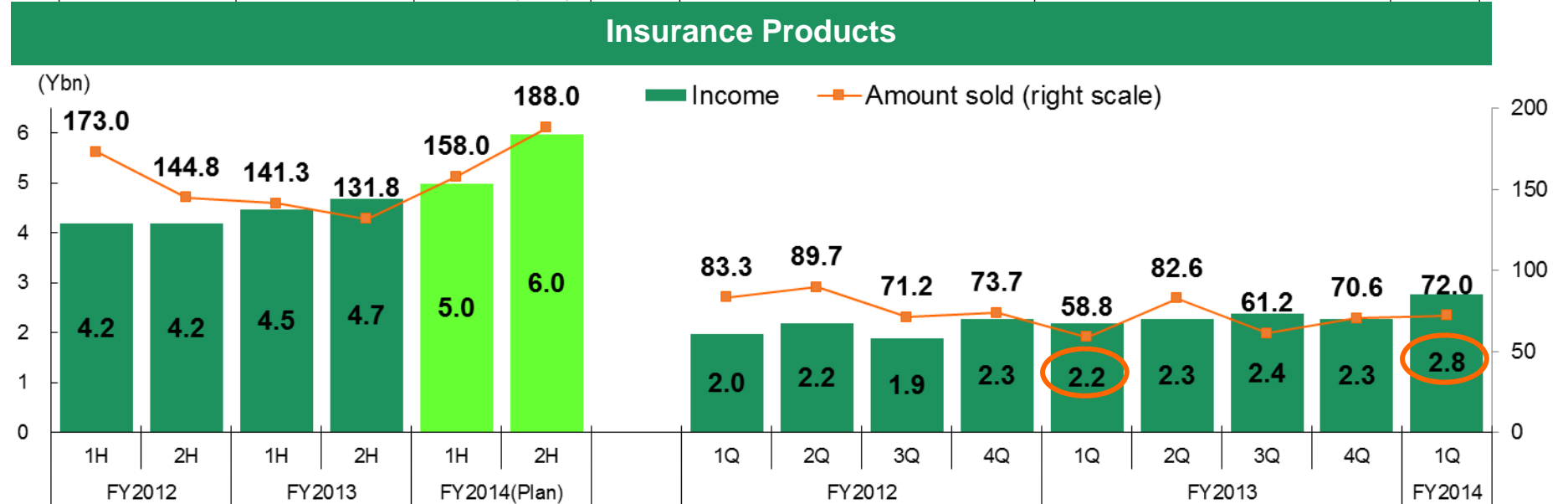
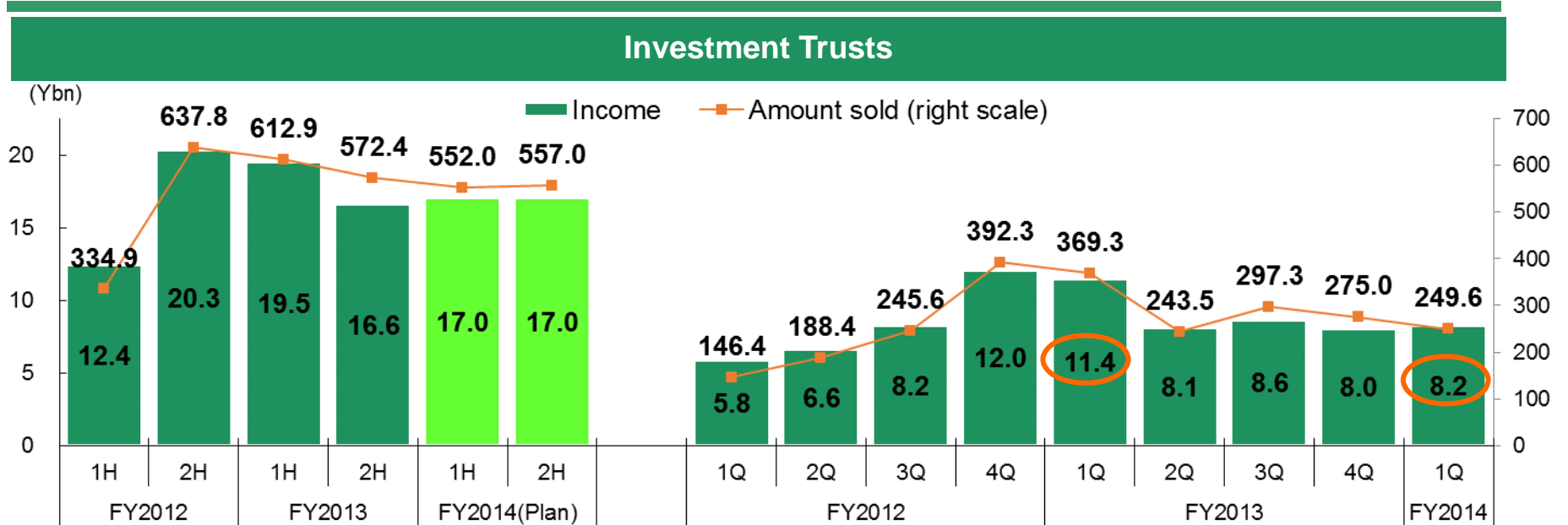
Trend of housing loan balance

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)



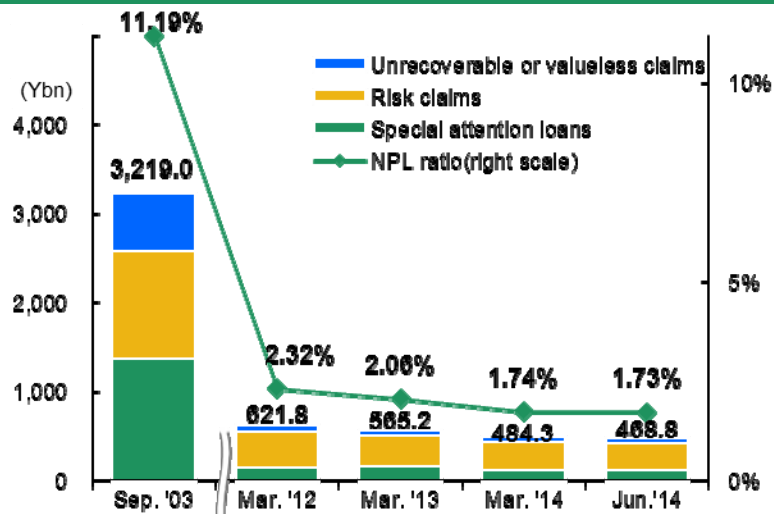
Trend of Credit Cost, NPL and Securities Portfolio

Trend of credit costs

(Y bn)		FY2012	FY 2013		FY 2014	
			1Q		1Q	Plan
Total of group banks (A)	(1)	21.4	7.2	27.1	11.7	(25.5)
General reserve	(2)	29.4	7.2	28.4	6.9	
Specific reserve and other items	(3)	(7.9)	0.0	(1.3)	4.8	
New bankruptcy, downward migration	(4)	(45.2)	(6.9)	(36.8)	(6.0)	
Other	(5)	37.2	6.8	35.4	10.9	
Difference (B) - (A)	(6)	(8.3)	1.4	(0.6)	(0.2)	(4.5)
RHD consolidated (B)	(7)	13.0	8.7	26.4	11.4	(30.0)

(Note) Positive figures represent reversal gains

Trend of NPL and NPL ratio (Total of Group Banks)



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

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

Securities portfolio (RHD Consolidated)

Available-for-sale securities

- Net unrealized gain as of Jun. 30, 2014 : Y379.7 bn
- Stocks : Break-even Nikkei average 6,100 yen
- JGB : Average duration 3.2 years, BPV Y1.06 bn

(Y bn)		Mar.'13	Mar.'14	Jun.'14	Unrealized gains
Available-for-sale securities *1	(1)	7,697.0	6,201.1	5,055.0	379.7
Stocks	(2)	337.2	331.9	333.3	357.2
Bonds	(3)	6,962.2	5,553.5	4,382.5	16.4
JGBs	(4)	5,662.8	4,453.5	3,292.3	4.5
Average duration (years)	(5)	2.7	3.1	3.2	
Basis Point Value (BPV)	(6)	(1.59)	(1.41)	(1.06)	
Local Government Bonds	(7)	214.7	199.4	201.6	5.4
Corporate Bonds	(8)	1,084.7	900.5	888.6	6.4
Other	(9)	397.4	315.6	339.1	5.9
Foreign securities	(10)	268.3	153.4	139.2	1.6
Unrealized gains, net	(11)	258.0	333.2	379.7	
Bonds held to maturity *2	(12)	2,224.7	2,150.7	2,157.3	
Unrealized gains, net	(13)	76.4	67.8	70.2	

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)		Mar. 31, 2014 Basel 3	Jun. 30, 2014 Basel 3	Change
Capital adequacy ratio	(1)	14.33%	14.88%	0.55%
Total Capital	(2)	2,278.5	2,335.8	57.2
Risk weighted assets	(3)	15,896.8	15,693.4	(203.3)
Total Capital	(4)	2,278.5	2,335.8	57.2
Core Capital: instruments and reserves	(5)	2,285.7	2,342.8	57.0
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	(6)	1,030.7	1,085.7	55.0
Capital and capital surplus, retained earnings	(7)	1,195.5	1,171.4	(24.0)
Treasury stock	(8)	(85.8)	(85.6)	0.1
Planned distribution of income	(9)	(78.9)	-	78.9
DIC Preferred stock	(10)	196.0	196.0	-
Eligible non-cumulative perpetual preferred stock	(11)	238.0	238.0	-
Eligible capital instrument subject to transitional arrangement	(12)	698.2	698.2	-
Other	(13)	122.8	124.8	2.0
Core Capital: regulatory adjustments	(14)	7.2	7.0	(0.2)
Risk weighted assets	(15)	15,896.8	15,693.4	(203.3)
Credit risk weighted assets	(16)	13,268.8	13,023.4	(245.4)
Amount equivalent to market risk / 8%	(17)	178.4	219.1	40.7
Amount equivalent to operational risk / 8%	(18)	1,080.8	1,080.8	-
Credit risk weighted assets adjustments	(19)	1,368.7	1,370.0	1.2

(Reference) International Standard

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

(Ybn)		Mar. 31, 2014 Basel 3	Jun. 30, 2014 Basel 3	Change
Common equity Tier 1 ratio	(1)	7.73%	8.21%	0.48%
Tier 1 ratio	(2)	9.38%	9.88%	0.50%
Total capital adequacy ratio	(3)	13.68%	14.32%	0.64%
Common equity Tier 1 capital	(4)	1,268.1	1,336.9	68.7
Directly issued qualifying common share capital plus related capital surplus and retained earnings	(5)	1,291.4	1,355.5	64.0
Capital and capital surplus, retained earnings	(6)	1,035.5	1,043.4	7.9
Treasury stock	(7)	(85.8)	(85.6)	0.1
Planned distribution of income	(8)	(78.9)	-	78.9
Accumulated other comprehensive income	(9)	54.6	62.0	7.3
Public funds	(10)	356.0	324.0	(32.0)
Regulatory adjustments	(11)	23.2	18.5	(4.6)
Other Tier 1 capital	(12)	270.5	271.8	1.3
Tier1 capital	(13)	1,538.7	1,608.8	70.0
Tier2 capital	(14)	705.6	722.5	16.8
Total capital (Tier1+Tier2)	(15)	2,244.4	2,331.3	86.9
Risk weighted assets	(16)	16,398.3	16,269.7	(128.5)
Credit risk weighted assets	(17)	13,706.1	13,498.2	(207.9)
Amount equivalent to market risk / 8%	(18)	178.4	219.1	40.7
Amount equivalent to operational risk / 8%	(19)	1,080.8	1,080.8	-
Credit risk weighted assets adjustments	(20)	1,432.8	1,471.5	38.6

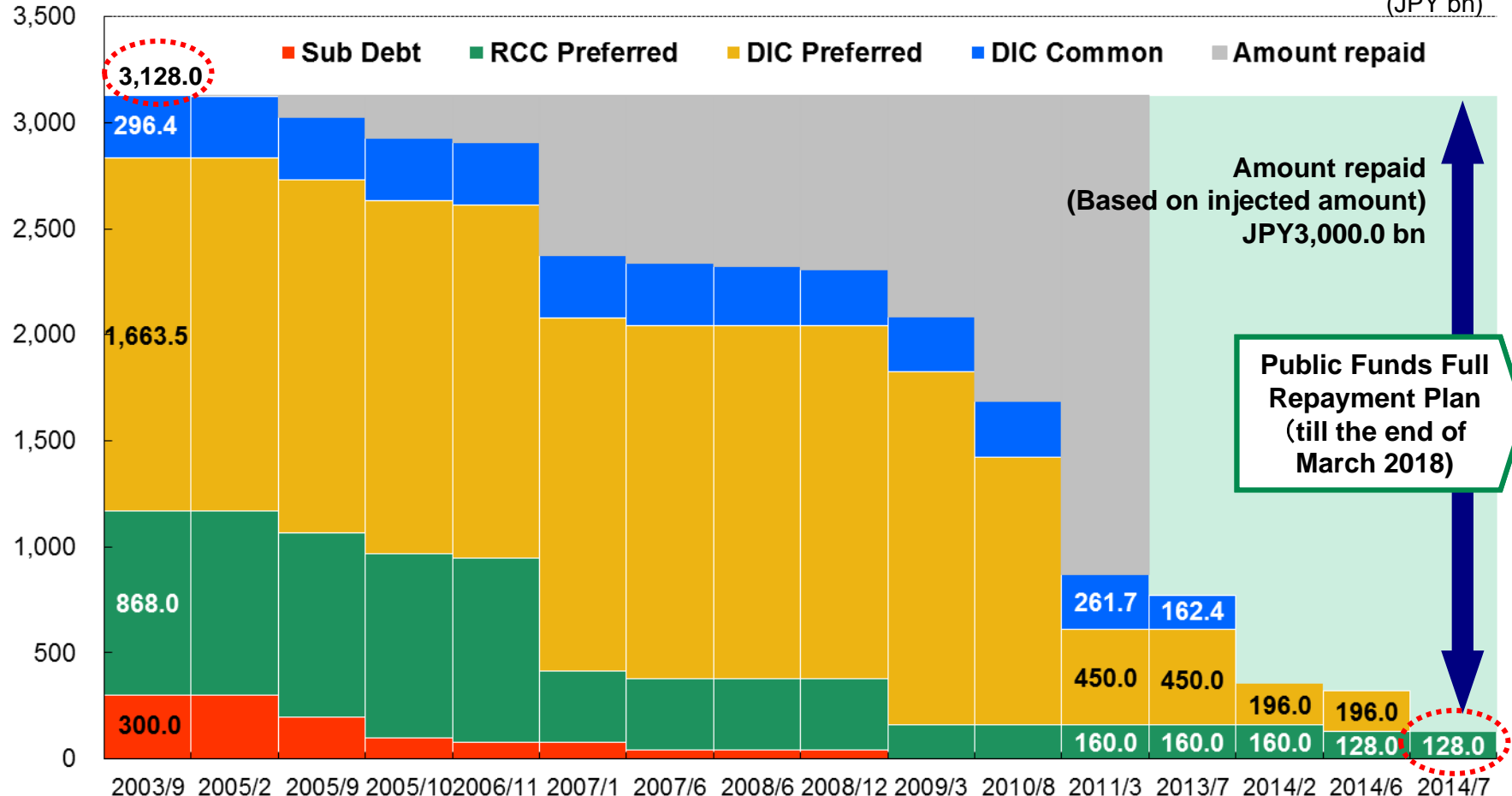
*1. Minimum regulatory requirement of common equity Tier 1 ratio is 4.0% on and after Mar. 31, 2014, 4.5% on and after Mar. 31, 2015.

Repayment Efforts Entering the “Final Stage” to Complete Full Repayment

Fully repaid DIC Preferred stock, the balance of public funds has been reduced to Y128.0bn

■ Chronological repayment of public funds (based on injected amount)

(JPY bn)

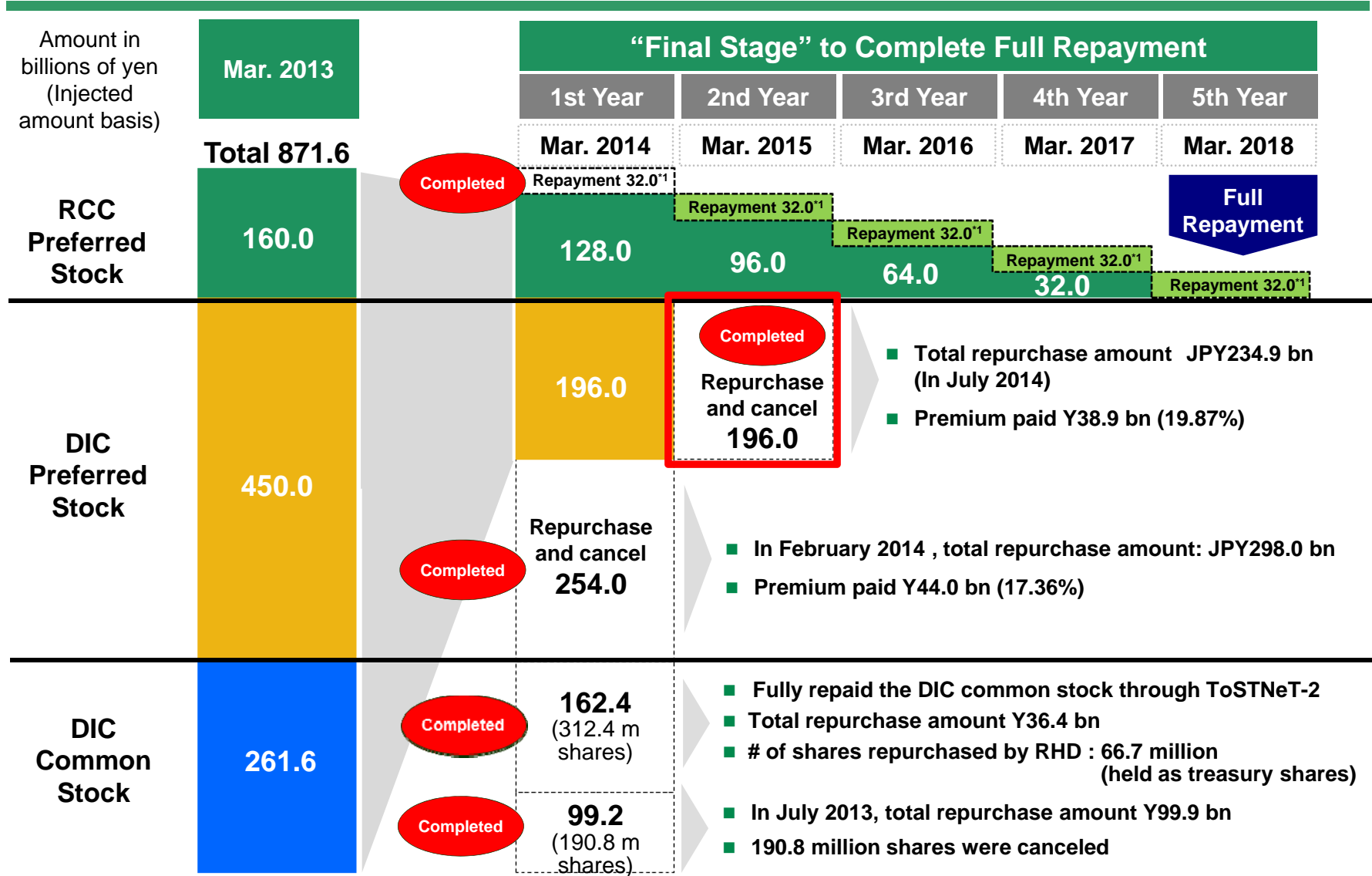


■ Resona HD’s dividend per share on common stock (annual)



*1. Adjusted to stock split in FY2007

Progress of “Public Funds Full Repayment Plan”



Maintain CET1 and Tier1 ratios above 5.5% and 7.0%, respectively, during the repayment period

*1. To be repaid with dividends distributed after each fiscal year-end

Impacts of the Repurchase and Cancellation of the DIC Preferred Shares in July 2014

- Maintaining a sound capital adequacy level even after the repurchase and cancellation
- The number of potential shares has been greatly reduced by the repurchase and cancellation

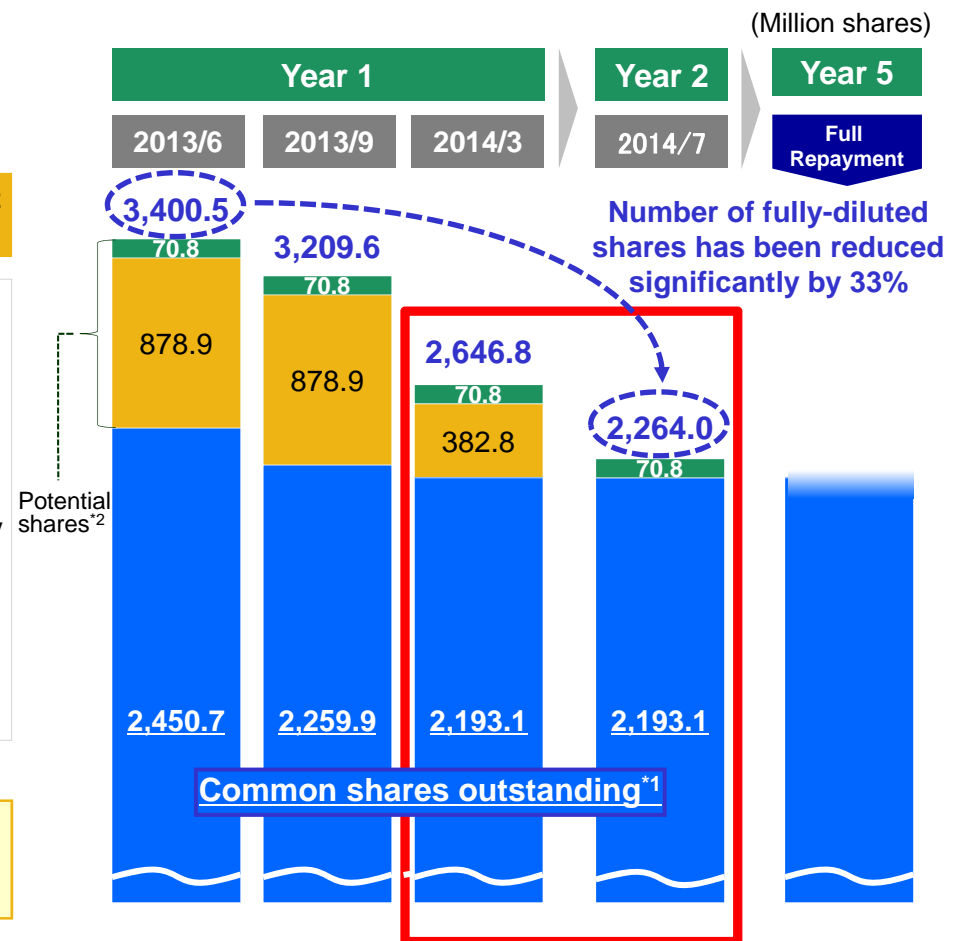
Impact of the repayment on RHD's consolidated CAR

- Estimated impact of the repayment on capital ratios based on the RWA amounts as of Jun. 30, 2014

		June 30, 2014	Amount spent ¥234.9 bn
Domestic Standard	Capital adequacy ratio	14.88%	Bring down the ratios by approximately 1.5%
	RWA (billion yen)	15,693.4	
International Standard	CET1 ratio	8.21%	
	Tier 1 ratio	9.88%	
	RWA (billion yen)	16,269.7	

Maintain CET1 and Tier 1 ratios above 5.5% and 7.0%, respectively, throughout the repayment process

Reduction in the number of potential shares



*1. Excluding the treasury shares

*2. Based on the exchange price and ratios applicable as of May 1, 2014

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