Financial Results for the First Half of FY 2013
Financial Highlights

RESONA

November 12, 2013

Resona Holdings, Inc.

I. Financial Highlights for the First Half of Fiscal Year 2013

(Billions of Yen)

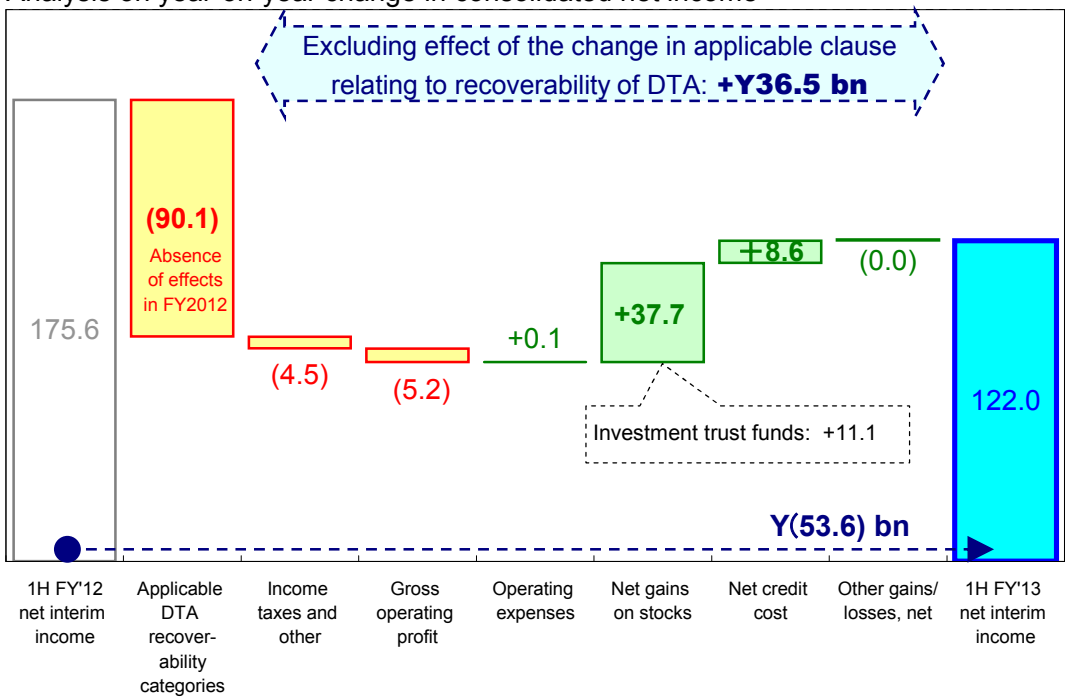
Posted Y120.0 bn of consolidated net interim income (Page 1-2)
Net interim income decreased by Y53.6 bn (-30.5%) YoY, but exceeded the forecast by Y52.0 bn (+74.2%)
⇒ Y36.5 bn YoY increase in net interim income excluding the one-time gain posted last year due to the change in DTA recoverability category (+90.1bn).
⇔ Net gains on stocks and net credit-related expenses showed improvements on a YoY basis and from the forecast
> Net gains on stocks improved by Y37.7bn YoY and exceeded the forecast (total of 3 group banks) by Y20.0 bn.
> Net credit-related expenses improved by Y8.6bn YoY and by Y35.8bn from the forecast (total of 3 group banks).

Top-line income (total of 3 group banks) exceeded the forecast primarily driven by strong fees and commission income (Page 3-4)
Actual net operating profit (total of 3 group banks) declined by Y5.6 bn (-4.5%) YoY, but exceeded the forecast by Y3.1 bn (+2.6%)
⇔ Consolidated loan balance increased by approx. Y500.0 bn YoY
⇔ Loan-to-deposit spread (domestic operation, total of 3 group banks): 1.45% (-11bp YoY, or -2bp from the forecast)
⇔ Financial product sale: Investment trust sale increased by 80% YoY
⇔ Gain on trading of equity ETFs covered a decrease in net gains on bonds.

Maintained and further improved soundness in asset quality (Page 5,7)
NPL ratio as of Sep. 30, 2013 (total of 3 group banks): Below 2% (1.91%)
Unrealized gain on available-for-sale securities as of Sep. 30, 2013 (total of 3 group banks): Y294.2 bn
Consolidated capital adequacy ratio as of Sep. 30. 2013: 15.21%; Tier 1 ratio: 11.16% (preliminary ratios)

Steadily implemented the Public Funds Full Repayment Plan (announced in May 2013) (Page 6)
Repurchased and cancelled a part of the common shares held by Deposit Insurance Corporation of Japan (DICJ) in July 2013, totaling Y99.2 bn on an injected amount basis
⇒Submitted a request to dispose of the remaining shares to DICJ in August 2013

Analysis on year-on-year change in consolidated net income



Resona Holdings (Consolidated)	1H FY2013	YoY change	(Announced in May 2013) Change from forecast
Ordinary profit	**174.3**	+39.3	+64.3
Net interim income	**122.0**	(53.6)	+52.0

Resona Holdings (Non-consolidated)	1H FY2013	YoY change	(Announced in May 2013) Change from forecast
Ordinary profit	**122.5**	+3.8	(2.5)
Net interim income	**123.3**	+4.5	(1.7)

	Total of 3 group banks (Non-consolidated) 1H FY2013	YoY change	(Announced in May 2013) Change from forecast	Resona Bank (Non-consolidated)	YoY change	(Announced in May 2013) Change from forecast	Saitama Resona Bank	YoY change	(Announced in May 2013) Change from forecast	Kinki Osaka Bank (Non-consolidated)	YoY change	(Announced in May 2013) Change from forecast
Gross operating profit	**285.8**	(4.2)	+3.8	189.0	(3.9)	+1.0	69.0	(1.9)	-	27.8	+1.6	+2.8
Operating expenses	**(167.7)**	(1.3)	(0.7)	(110.2)	(1.4)	(1.2)	(38.1)	(0.3)	(0.1)	(19.3)	+0.3	(0.2)
Actual net operating profit*	**118.1**	(5.6)	+3.1	78.8	(5.3)	(0.2)	30.8	(2.2)	(0.2)	8.4	+2.0	+2.9
Cost income ratio (after NPL disposal in the trust account)	**58.6%**	+1.3%		58.3%	+1.9%		55.2%	+2.0%		69.5%	(6.0)%	

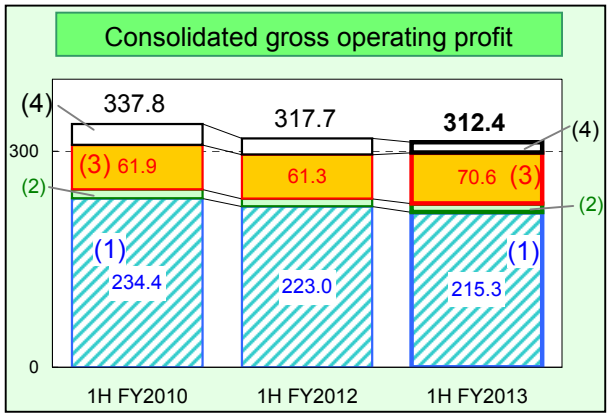
* Actual net operating profit: net operating profit before NPL disposal in the trust account and before provision to general reserve for possible loan losses

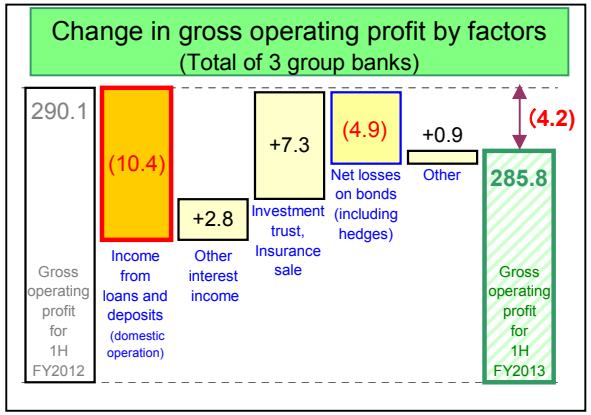
Note 1. Amounts less than 0.1billion yen are rounded down.
Note 2. In principle, figures are based on non-consolidated figures of group banks.

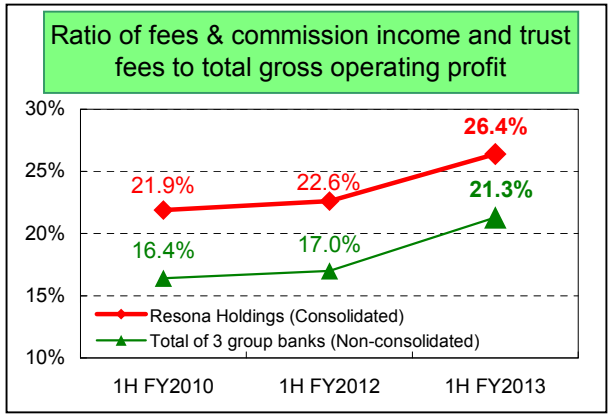
(Billions of Yen)

II. Outline of Financial Results for 1H of FY2013

	Resona Holdings (Consolidated) (A)	YoY change	Difference (A)－(B)	Total of 3 group banks (Non-consolidated) (B)	YoY change	Resona	Saitama Resona	Kinki Osaka	Factors accounting for the difference (A)-(B) (Approx. figures) RC: Resona Card, RG: Resona Guarantee
Gross operating profit	**312.4**	(5.2)	+26.6	**285.8**	(4.2)	**189.0**	**69.0**	**27.8**	
(1) Net interest income	215.3	(7.7)	+4.5	210.8	(7.6)	132.1	58.6	20.0	RC 1.5 bn and other
Income from loans and deposits				184.3	(10.4)	115.6	50.5	18.2	Domestic operations, Banking account and Deposits include NCDs
(2) Trust fees	11.8	+1.2	(0.0)	11.8	+1.2	11.8	-	-	
(3) Fees and commission income	70.6	+9.2	+21.5	49.1	+10.1	34.8	10.0	4.1	RG 14.1 bn, RC 6.9 bn and other
(4) Other operating income	14.6	(8.0)	+0.5	14.0	(8.0)	10.1	0.2	3.6	
Net gains/(losses) on bonds	9.2	(10.6)	-	9.2	(10.6)	5.5	0.2	3.4	
Actual net operating profit				**118.1**	(5.6)	78.8	30.8	8.4	Net operating profit before NPL disposal in the trust account and before provision to general reserve for possible loan losses
Core operating profit				108.8	+5.0	73.2	30.5	5.0	Net operating profit before net gains/(losses) on bonds, before NPL disposal in the trust account and before provision to general reserve for possible loan
Operating expenses (including non-recurring items)	(175.6)	+0.1	(8.9)	(166.7)	+0.2	(108.1)	(38.7)	(19.8)	RC (5.5) bn, RG (1.6) bn and other
Net gains/(losses) on stocks	20.0	+37.7	+0.0	20.0	+37.9	19.4	0.2	0.4	
Credit related expenses, net	13.9	+8.6	(0.8)	14.8	+3.5	15.2	0.7	(1.2)	RG (0.5) bn, RC (1.3) bn and other
Other gain/(loss), net	5.0	(0.0)	+2.4	2.6	(1.9)	1.9	0.6	0.0	
Income before income taxes	**175.8**	+41.0	+19.2	**156.6**	+35.4	**117.5**	**31.8**	**7.1**	
Income taxes and other	(53.8)	(94.7)	(5.0)	(48.7)	(88.2)	(33.9)	(11.8)	(2.9)	Minority interests in net income (4.3) bn, Income tax of RHD and other (0.6) bn
Net interim income	**122.0**	(53.6)	+14.1	**107.9**	(52.7)	**83.6**	**20.0**	**4.2**	

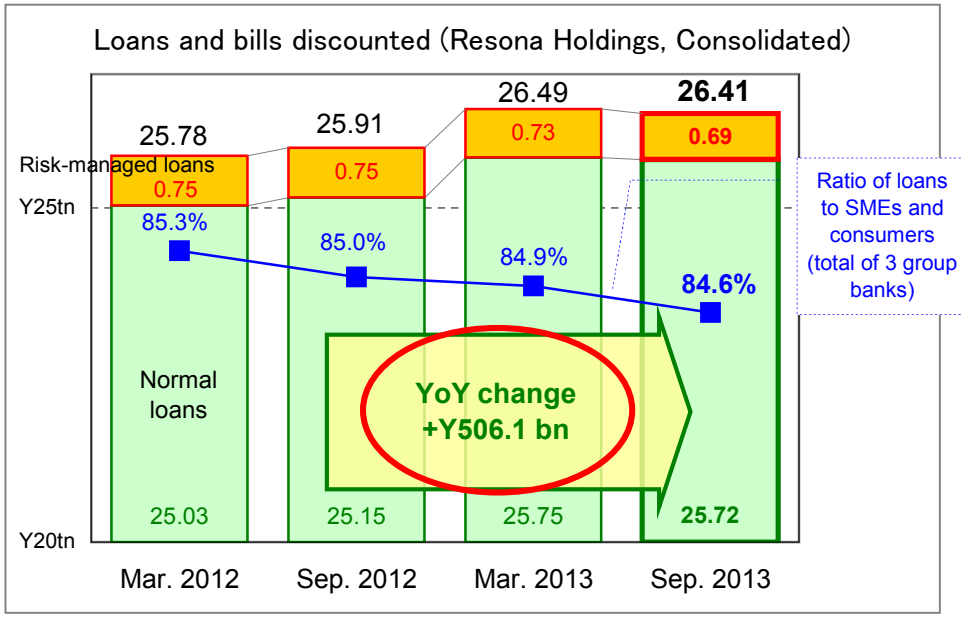


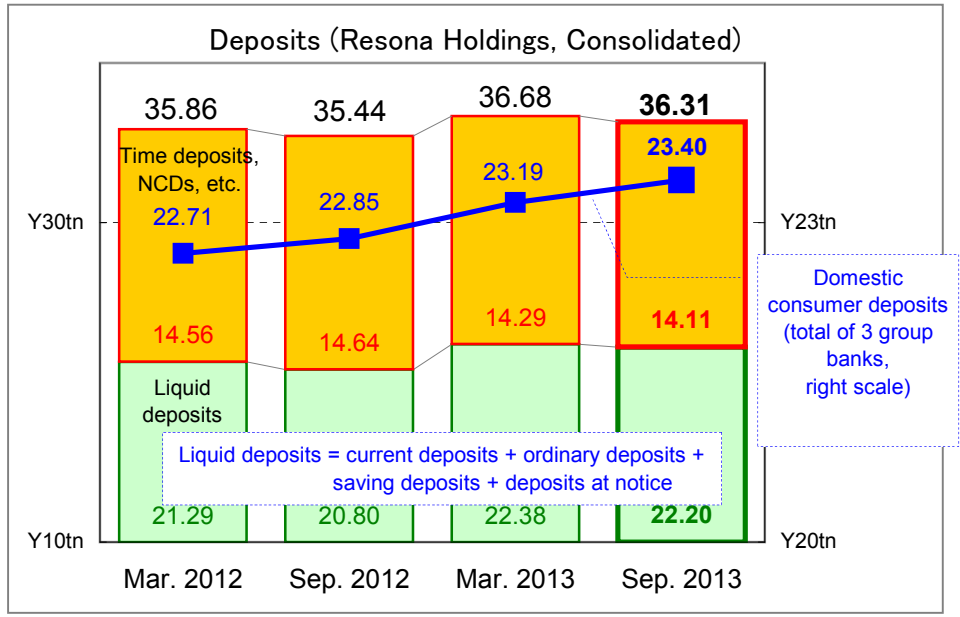


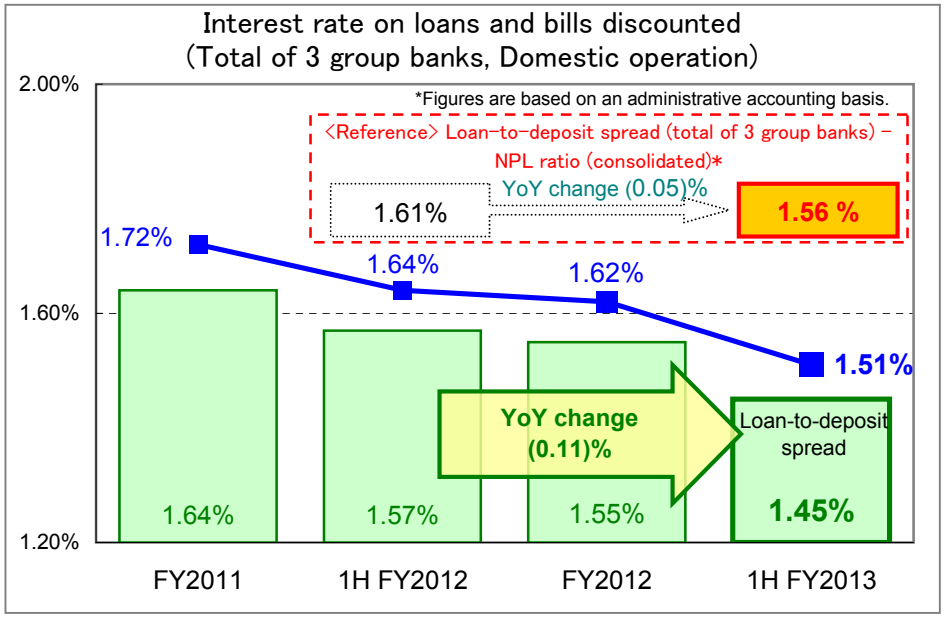


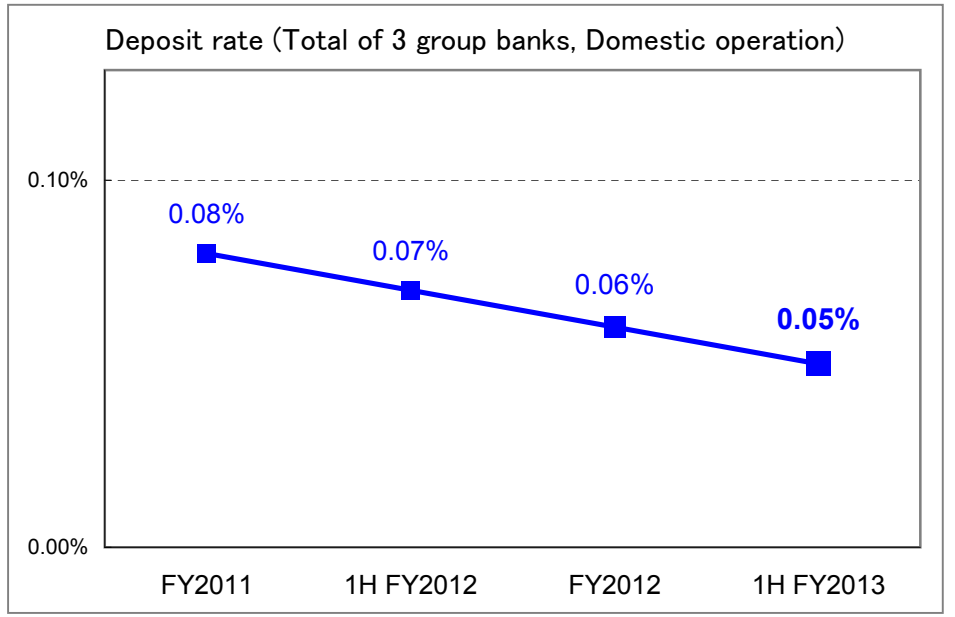
Note 1. Amounts less than 0.1billion yen are rounded down.
Note 2. In principle, figures are based on non-consolidated figures of group banks.

III. Deposits, Loans and Bills discounted









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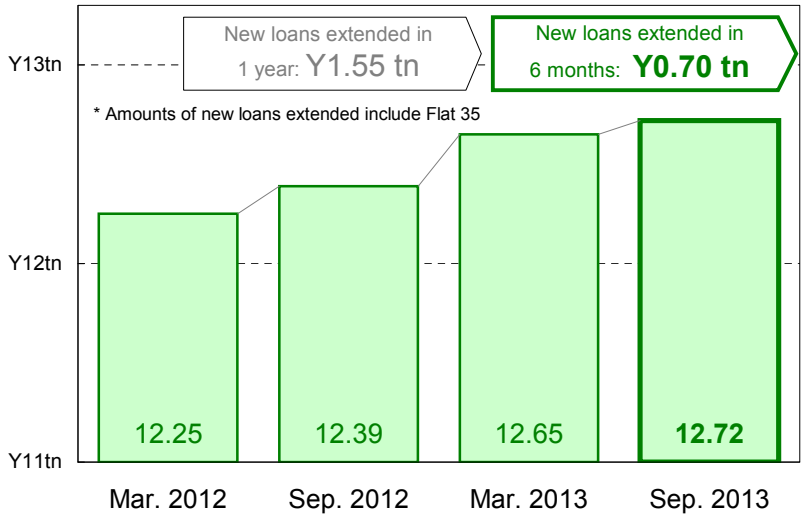
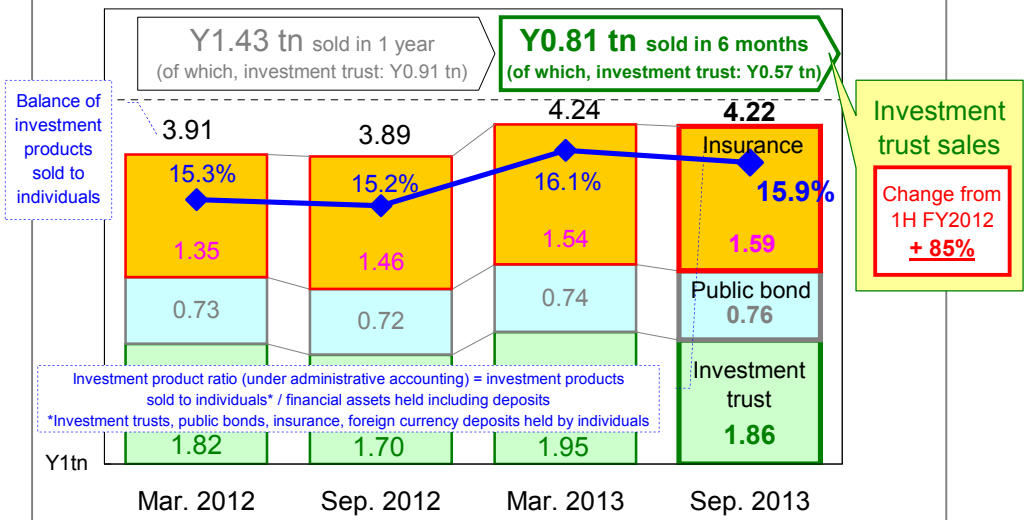
IV. Resona's Core Business ～Leading Field～

*Figures are based on an administrative accounting basis.

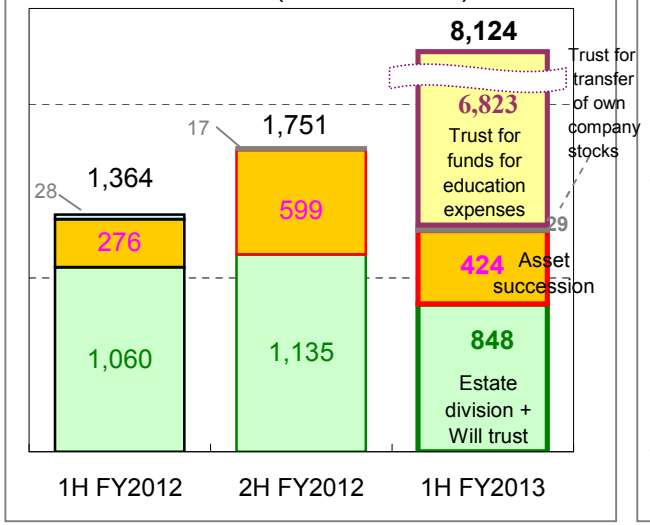
Housing loans (Total of 3 group banks)



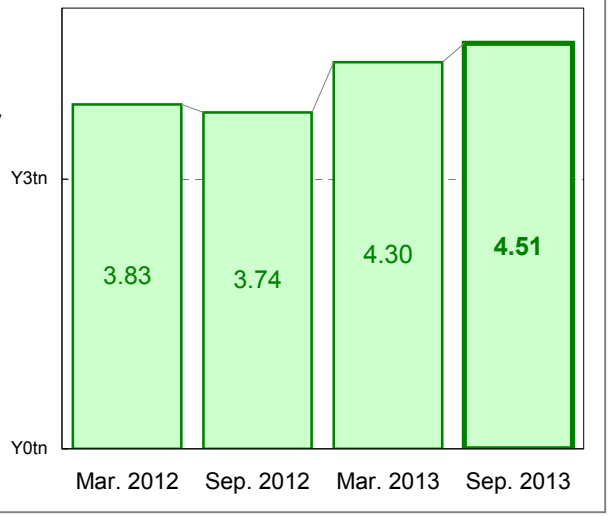
Investment products sold to individuals (Total of 3 group banks)



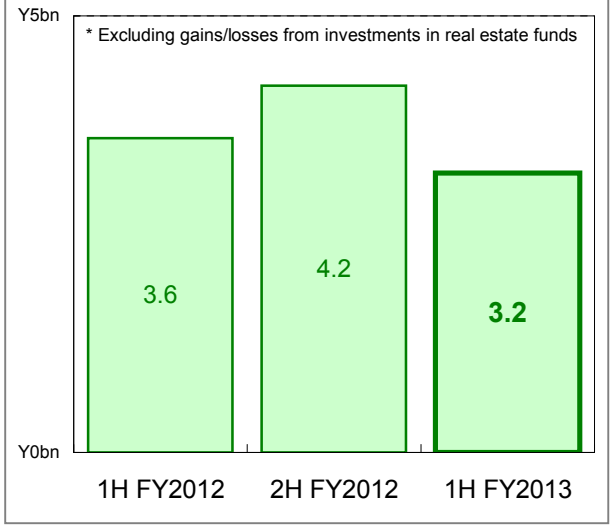
Inheritance / Asset succession Trust business (Resona Bank)



Balance of corporate pension entrusted to Resona Bank



Income from real estate business Resona Bank

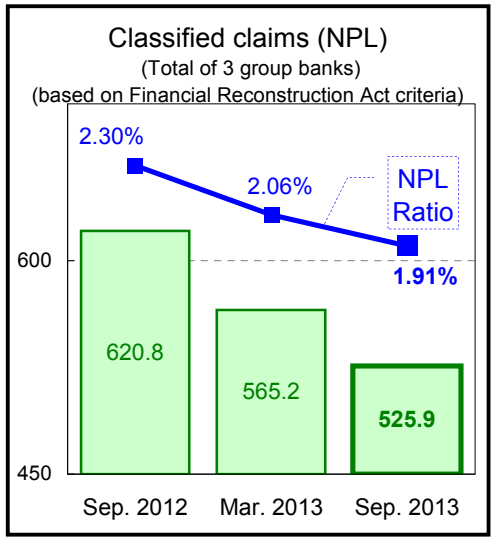


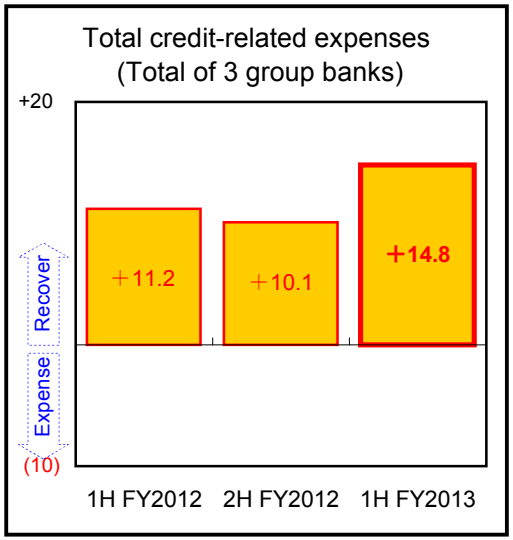
Note 1. Amount less than 0.1 billion yen are rounded down.
Note 2. In principle, figures are based on non-consolidated figures of group banks.

(Billions of Yen)

V. Classified Claims (NPL) and Credit Related Expenses

		Total of 3 group banks	Resona Bank	Saitama Resona Bank	Kinki Osaka Bank
	Disposal in the trust account	(0.0)	(0.0)	-	-
	Net addition to general reserve	12.2	8.0	2.3	1.8
	Net addition to specific reserve	0.6	4.1	(1.9)	(1.5)
	Write-off of loans and others	(8.9)	(4.8)	(1.6)	(2.4)
	Gain from recoveries of write-off claims	10.7	7.8	2.0	0.8
Total credit-related expenses		**14.8**	15.2	0.7	(1.2)
(1)	New bankruptcy, downward migration	**(15.4)**	(7.1)	(4.5)	(3.7)
(2)	Upward migration	**5.5**	3.8	0.9	0.8
(3)	Off-balancing and other	**12.4**	10.5	2.0	(0.1)
(4)	Provision of general reserve	**12.2**	8.0	2.3	1.8





(1) Loss from new bankruptcy or deterioration in borrower category, etc.
(2) Reversal of loan loss reserve due to improvements in borrower category, etc.
(3) Collection of claims from "doubtful" or lower category borrowers, gain from reversal of loan loss reserve due to off-balancing, and gain from recoveries of write-off claims
(4) Net impact of actual transfer to and reversal from general reserve for possible loan losses

	Total of 3 group banks	Resona Bank	Saitama Resona Bank	Kinki Osaka Bank
Unrecoverable or valueless claims	61.8	42.5	11.2	8.0
Risk claims	330.6	189.1	80.7	60.7
Special attention loans	133.4	86.7	24.0	22.6
Total classified claims (NPL)	**525.9**	318.4	115.9	91.5
Change from Mar. 31, '13	(39.2)	(39.7)	+1.9	(1.4)
NPL ratio *1	**1.91%**	1.75%	1.73%	3.55%
Change from Mar. 31, '13	(0.14)%	(0.22)%	+0.03%	(0.05)%

*1. NPL ratio = Total classified claims / Total claims defined under the Financial Reconstruction Act. (Banking and trust accounts) (Total of 3 group banks)

VI. Unrealized gains/(losses) on securities

	Total of 3 group banks	Resona Bank	Saitama Resona Bank	Kinki Osaka Bank
Held to maturity	65.7	36.3	21.9	7.3
Available for sale *3	**294.2**	208.5	75.7	9.9
Change from Mar. 31, '13	+36.6	+37.3	+0.9	(1.6)
Bonds *4	**4.1**	(6.2)	8.2	2.0
Floating rate JGBs	0.3	0.0	0.0	0.2
Stocks	**292.2**	220.0	67.1	5.0
Other	**(2.1)**	(5.2)	0.3	2.7
Balance of stock held (acquisition cost) *2	333.3	265.6	63.1	4.4

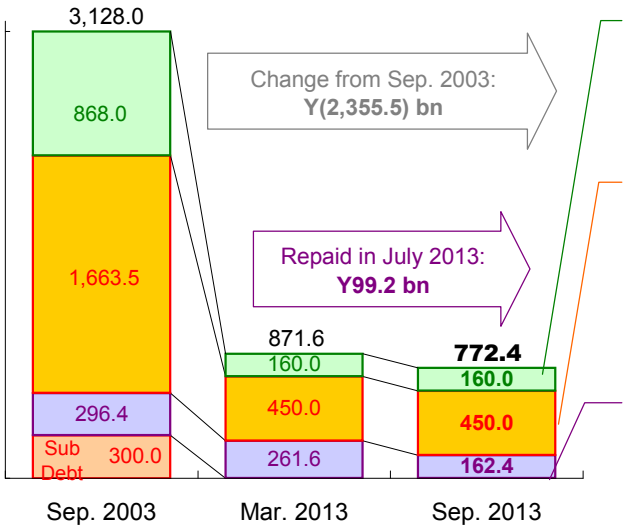
*2. Reported figures do not include stocks issued by subsidiaries and affiliated companies and unlisted stocks.
*3. The presented figures only include marketable securities. The figures presented in the table include securities, negotiable certificates of deposit (NCDs) included in "cash and due from banks" and a portion of "monetary claims bought."
*4. Fair values of floating-rate Japanese government bonds, which are included in "bonds" in "Available-for-sale securities", are based on the reference transaction price statistics prepared by the Japan Securities Dealers Association. These floating-rate JGBs would have Y0.6 bn of unrealized gain based on the fair values computed with a valuation model utilized for an internal administration purpose.

Note 1. Amounts less than 0.1 billion yen are rounded down.
Note 2. In principle, figures are based on non-consolidated figures of group banks.

VII. Status of Public Funds

(Billions of Yen)

	Amount Sep. 30, 2003 (1)	Amount Sep. 30, 2012 (2)	(2) - (1)	Time of Repayment
Total public funds received	3,128.0	772.4	**(2,355.5)**	
Preferred shares	2,531.5	610.0	(1,921.5)	
Early Strengthening Act	868.0	160.0	(708.0)	
Class B	408.0	-	(408.0)	Fully repaid in Mar. '09
Class C	60.0	60.0	-	
Class E	300.0	-	(300.0)	Fully repaid in Mar. '09
Class F	100.0	100.0	-	
Deposit Insurance Act	1,663.5	450.0	(1,213.5)	
Class 1	550.0	-	(550.0)	Fully repaid in Mar. '11
Class 2	563.5	-	(563.5)	Fully repaid in Mar. '11
Class 3	550.0	450.0	(100.0)	Repaid in Mar. '11
Subordinated debts	300.0	-	(300.0)	
Financial Function Stabilization Act	200.0	-	(200.0)	Fully repaid in Oct. '05
Early Strengthening Act	100.0	-	(100.0)	Fully repaid in Mar. '09
Common shares	296.4	162.4	(133.9)	Repaid in Jul. '13 and 3 other times



Early Strengthening Act Preferred shares: Y160.0 bn

☐ Repayment of Y32.0 bn each year shall be implemented through the special preferred dividend from FY2013

Deposit Insurance Act Preferred shares: Y450.0 bn

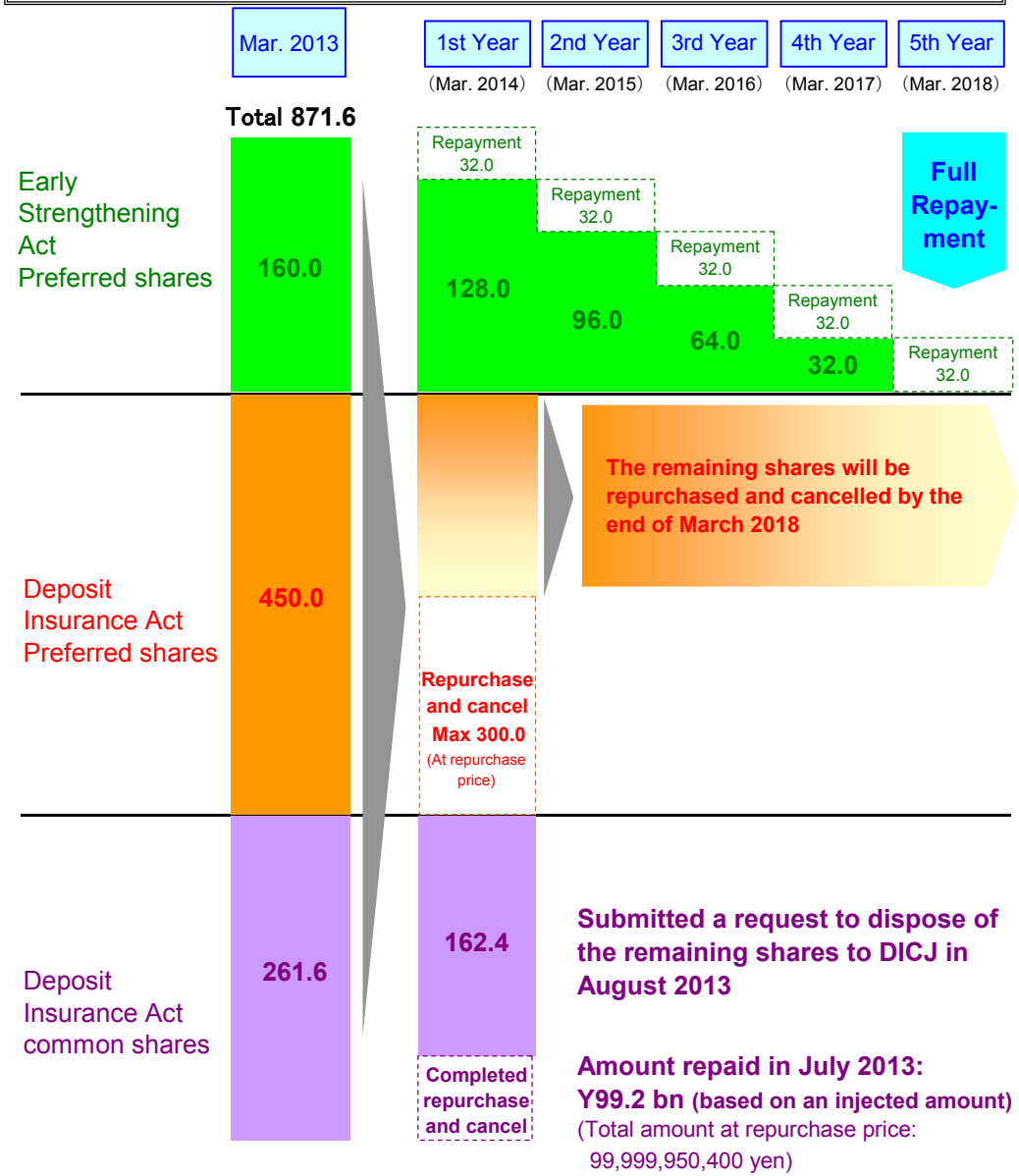
☐ Plan to repurchase and cancel a part of the relevant shares by March 2014（up to Y300.0 bn based on a repurchase price)

☐ The remaining portion is planned to be repaid by March 2018 through repurchase and cancellation

Deposit Insurance Act common shares: Y162.4 bn

☐ Submitted a request to dispose of the remaining shares to DICJ (August 2013)

Outline of the Public Funds Full Repayment Plan
(Announced in May 2013)



Note 1. Amounts less than 0.1 billion yen are rounded down.

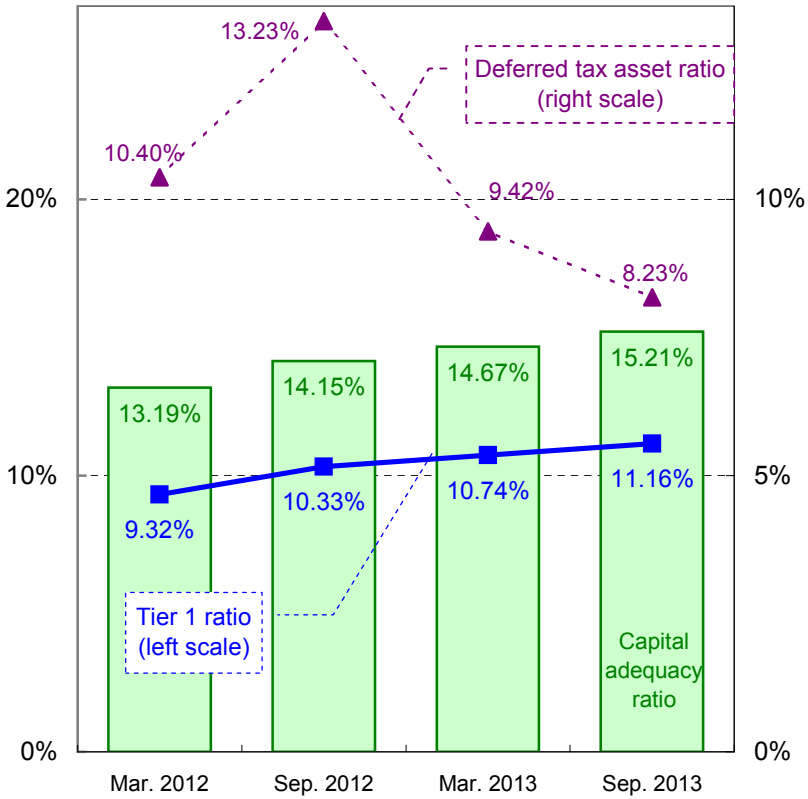
(Billions of Yen)

VIII. Capital Adequacy Ratio

	Sep. 2012	Mar. 2013 (1)	Sep. 2013 (2)	(Preliminary) (2) - (1)
RHD consolidated capital adequacy ratio (Japanese Domestic Standard)	14.15%	14.67%	**15.21%**	+0.54%
Tier 1 ratio	10.33%	10.74%	11.16%	+0.42%
Deferred tax asset ratio*1	13.23%	9.42%	8.23%	(1.19)%
Total qualifying capital (RHD consolidated)	2,453.2	2,554.1	2,589.1	+35.0
Tier 1	1,790.5	1,870.5	1,900.2	+29.6
Risk-weighted assets (RHD consolidated)	17,326.7	17,405.0	17,014.0	(391.0)
Total required capital (RHD consolidated)*2	1,386.1	1,392.4	1,361.1	(31.2)

	Resona (Consolidated)	Saitama Resona (Non-consolidated)	Kinki Osaka (Consolidated)
Capital adequacy ratio (Japanese Domestic Standard)	**14.57%**	**13.08%**	**13.87%**
Change from Mar. 31, '13	+1.08%	+0.62%	+0.52%
Tier 1 ratio	10.51%	8.78%	9.24%
Total qualifying capital	1,777.2	447.7	175.8
Change from Mar. 31, '13	96.1	18.9	+5.3
Tier 1	1,282.9	300.5	117.1
Risk-weighted assets	12,197.3	3,421.0	1,267.2
Change from Mar. 31, '13	(259.3)	(19.9)	(8.6)
Total required assets*2	975.7	273.6	101.3
Change from Mar. 31, '13	(20.7)	(1.5)	(0.6)

[Reference] Trend of RHD consolidated capital adequacy ratio (Japanese Domestic Standard)



*1 Deferred tax assets, net of deferred tax liabilities / Tier 1 capital
*2 Total required capital is calculated as "risk-weighted assets X 8%"

Note 1. Amounts less than 0.1 billion yen are rounded down.

(Billions of Yen)

IX. Earnings Forecasts for Fiscal Year Ending March 31, 2014

	Resona Holdings (Consolidated)			
	1H FY'13 (Actual)	Full year forecast	Change from original forecast	Change from previous year
Consolidated ordinary profit	174.3	**270.0**	+50.0	(15.1)
Net (interim) income	122.0	**185.0**	+40.0	(90.1)

	Resona Holdings (Non-consolidated)			
	1H FY'13 (Actual)	Full year forecast	Change from original forecast	Change from previous year
Operating income	128.3	**258.0**	-	+13.5
Operating profit	124.8	**250.0**	-	+12.6
Ordinary profit	122.5	**248.0**	(2.0)	+10.3
Net (interim) income	123.3	**248.0**	(2.0)	+10.2

Forecast for term-end per share dividend on common stock*	15 yen
Forecast for term-end per share dividend on preferred stock*	As pre-determined

* For details of the status of dividend distribution, please refer to the "Consolidated Financial Results for the First Half of Fiscal Year 2013".

	Total of 3 group banks (approx. figures)				Resona Bank			Saitama Resona Bank			Kinki Osaka Bank		
	1H FY'13 (Actual)	Full year forecast	Change from original forecast	Change from previous year	Full year forecast	Change from original forecast	Change from previous year	Full year forecast	Change from original forecast	Change from previous year	Full year forecast	Change from original forecast	Change from previous year
Gross operating profit	285.8	**563.0**	-	(18.6)	374.0	(2.0)	(13.9)	137.0	-	(4.8)	52.0	+2.0	+0.1
Operating expenses	(167.7)	**(330.0)**	-	+5.6	(217.0)	-	+3.2	(74.5)	-	+0.9	(38.5)	(0.5)	+1.3
Actual net operating profit	118.1	**233.0**	-	(13.0)	157.0	(2.0)	(10.6)	62.5	-	(3.8)	13.5	+1.5	+1.5
Ordinary profit	158.2	**249.0**	+48.0	(5.5)	183.5	+38.5	(4.2)	58.0	+4.5	(4.6)	7.5	+5.5	+3.4
Income before income taxes	156.6	**243.0**	+46.0	(10.7)	178.5	+36.0	(8.8)	57.0	+4.5	(5.4)	7.5	+5.5	+3.5
Net (interim) income	107.9	**164.0**	+33.0	(87.9)	124.0	+27.0	(81.5)	35.5	+3.0	(7.1)	4.5	+3.0	+0.8
Net gains/(losses) on stocks	20.0	**20.0**	+20.0	+27.7	19.5	+19.5	+26.9	-	-	(0.2)	0.5	+0.5	+1.0
Credit related expenses	14.8	**(14.5)**	+27.5	(35.9)	(5.0)	+22.0	(34.5)	(4.0)	+3.5	(1.9)	(5.5)	+2.5	+0.4

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

Note 1. Amounts less than 0.1 billion yen are rounded down.