

Resona Group Integrated Report 2016



 **Resona Holdings**

Resona Bank

Saitama Resona Bank

Kinki Osaka Bank

Becoming a financial services group that is **No.1** in the retail banking field

The Resona Group has established the “Resona Group Corporate Mission,” a general philosophy of management of the Group, and the “Resona Way,” a specific form of the philosophy, under which the Group implements business operations in a concerted manner.

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 Way (Resona Group Corporate Promises)

Customers and “Resona”

Resona cherishes relationships with customers.

Shareholders and “Resona”

Resona cherishes relationships with shareholders.

Society and “Resona”

Resona places importance on its ties with society.

Employees and “Resona”

Resona highly regards employees’ dignity and personality.

Resona Brand Declaration

In July 2015, the Resona Group has renewed the “Resona Brand Declaration” as new guiding principles of the Group for the next decade following our full repayment of public funds.

Every employee of the Resona Group shares the commitment and resolution to implement the “Resona Brand Declaration,” and we will strive to become a financial services group that is most supported by regional customers by maintaining the fundamental stance that “Customers’ joy and happiness are Resona’s.”

Link Together
Shape Future

Next Action

RESONA GROUP

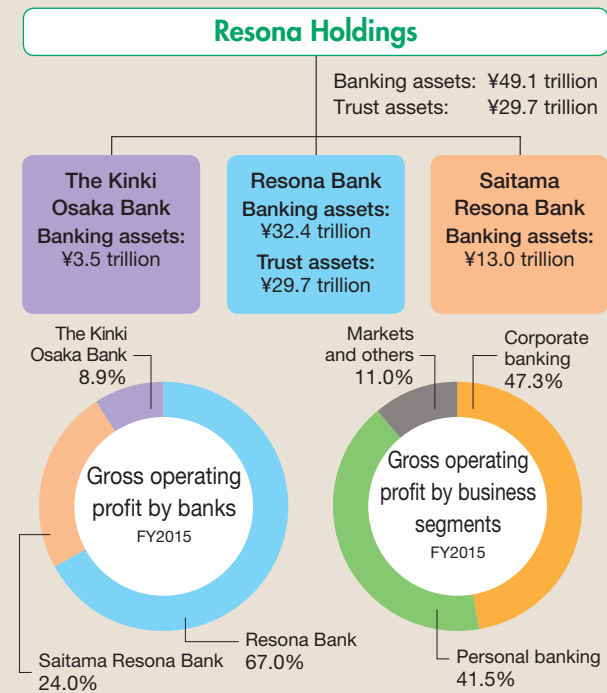
Customers’ joy and happiness are Resona’s
The Resona Group links dreams and security, and contributes to creating future beyond our customers’ expectation by taking the thoughts of each customer with care, and by being aware, thinking, and acting for ourselves.

Our aim is to deliver “a sense of excitement that exceeds mere satisfaction.”

Link Together, Shape the Future.

Resona Group At A Glance

As of March 31, 2016

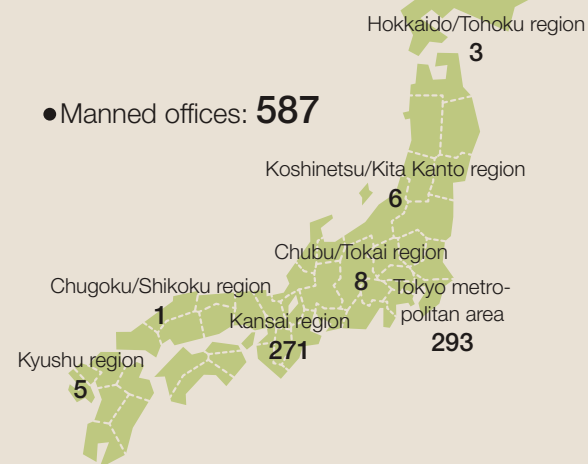


Operating Bases of Resona Group

Domestic Network

As of March 31, 2016

- Resona Group ATMs: **8,230 machines**
*including Bank Time and Coconimo (3,957 machines)
- Trust agencies: **28 banks**



International Network

As of June 30, 2016

- Overseas representative offices
Shanghai, Hong Kong, Bangkok, Ho Chi Minh, and Singapore
- P.T. Bank Resona Perdania (joint venture in Indonesia)
Head Office: 1, Branches: 2, and Sub-branches: 5
- Alliance with foreign banks: 17 banks

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Resona Group’s communication character
“Resonya”

Editorial policy (on issuing this Integrated Report)

This publication is an Integrated Report which aims to explain in a simple manner to all stakeholders the Resona Group’s strengths and measures undertaken to create sustainable corporate value. Our hope is that, through this Report, readers will understand our thoughts behind the Resona Group’s goal of becoming a financial service group that is No. 1 in the retail banking field.

Further information about corporate social responsibility is available on our website.

Resona Group's Value Creation Model

With a basic stance that the "Customers' joy and happiness are Resona's," the Resona Group contributes to promote regional economies by providing overwhelming customer convenience and optimized solutions through business activities based on the Group's strengths ("Activities").

The Resona Group will achieve sustainable growth together with its customers.

Strengths of the Resona Group

The Resona Group can build long-term relationship ("Relationship") with customers while the Group's three banks (Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank) with strong regional foundations provide individual and small and medium-sized enterprises (SME) customers ("Retail") with optimized one-stop solutions, including trust banking capabilities. Moreover, through the "Resona's reforms" that have been implemented from the perspective of customers following the injection of public funds, the Group has fostered a corporate culture that encourages employees to take on challenges for reforms, and this also led to solidify the strengths of the Resona Group.

Business activities based on the strengths of the Resona Group ("Activities")

Resona Group delivers the financial services well-suited to its customers' respective life stages more conveniently through its Omni-channel Strategy which makes banking "anytime" and "anywhere" happen. Our well-established corporate governance system strengthens this process.

Omni-channel strategy

Our strategy is to integrate all real and the Internet channels so that we can provide high-quality financial services flexibly and speedily, responding to diverse transaction behaviors of our customers. By always standing by the customers, we deliver a sense of excitement that exceed mere satisfaction.

▶ Please refer to pages 31 to 33 for details.

Financial services

Our services, which are beyond the bounds of conventional banking services, aim at "making customers happy and joyful." For individual customers, we offer products and services to satisfy their financial needs over their lifetime and for SME customers, we find solutions to the challenges they face in their business activities.

▶ Please refer to pages 23 to 30 and page 34 for details.

Inputs

587 manned branch offices mostly in the Tokyo metropolitan area and the Kansai region

Japan's largest commercial bank with full-line trust functions

Diversity in human resources

Flexible and latest IT infrastructure

Sound financial positions

Well-established corporate governance

We have selected the committees based corporate governance structure. The Board of Directors, mainly composed of highly independent outside directors, and three committees (Nominating Committee, Compensation Committee and Audit Committee) are well-functioning. Through this system, while utilizing the views brought about by outside directors adequately, we ensure transparency and fairness in management decision makings.

▶ Please refer to pages 35 to 37 for details.

Outcomes

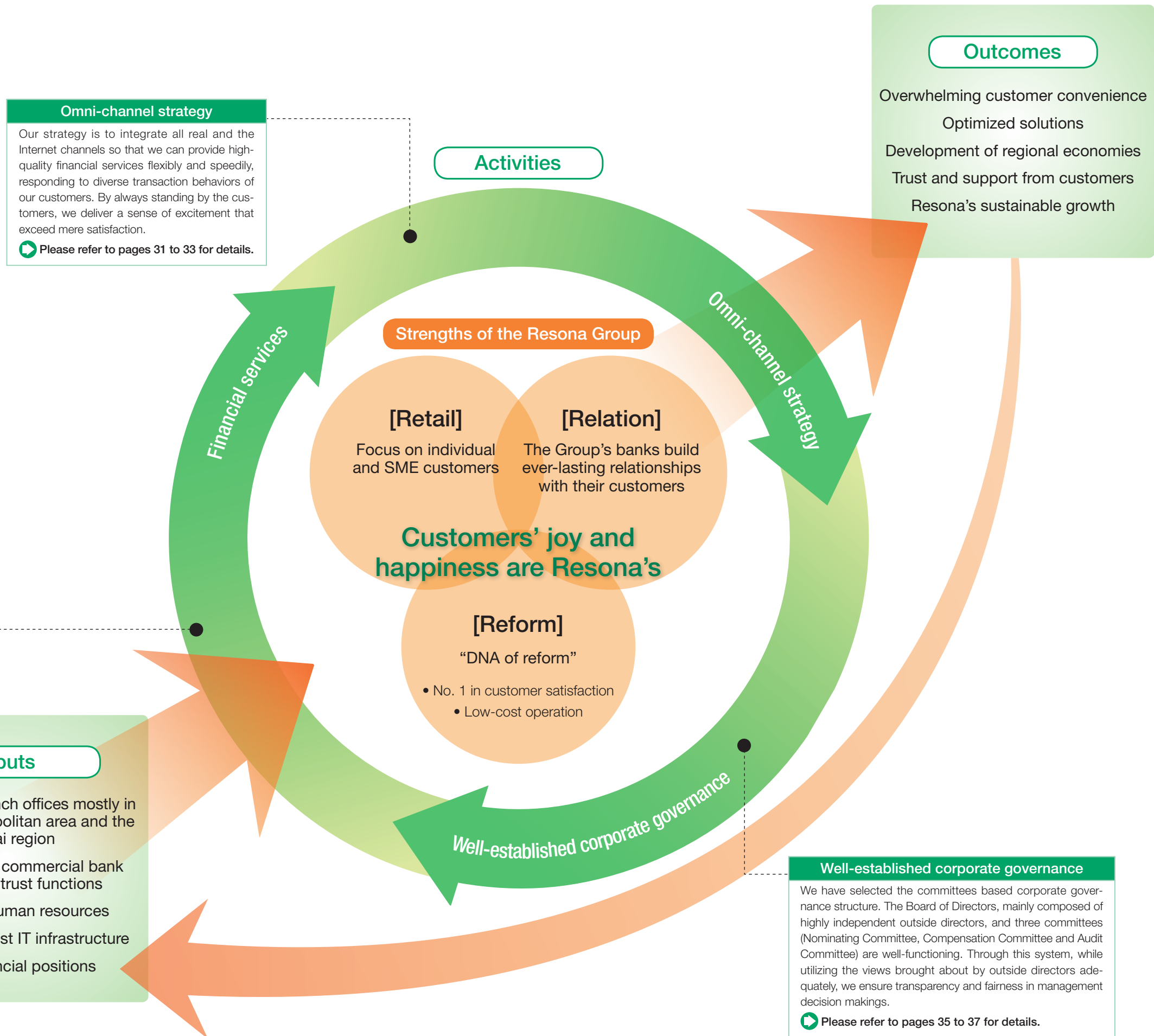
Overwhelming customer convenience

Optimized solutions

Development of regional economies

Trust and support from customers

Resona's sustainable growth



History of Resona's Reform

Evolving into a financial service business

Since the injection of public funds to reinforce its capital base, the Resona Group has undertaken a range of Group-wide measures including corporate governance reforms, drastic financial reforms and customer service reforms aimed at evolving into a genuine financial services group. In June 2015, we fully repaid the public funds. Through the "DNA of reform" fostered through the Resona reform, the Group continues to pursue reform and provide financial services that exceed customers' expectations.

- Received public funds under the Deposit Insurance Act
 - The first Japanese banking group which adopted the committees-based corporate governance structure
 - The intensive revitalization period in which the Group carried out disposal of NPLs, reduction of policy-oriented stocks and drastic restructuring of subsidiaries and affiliated companies.
- Resona Bank's Loan Plazas commenced operations on weekends and holidays



Mr. Eiji Hosoya (deceased), former chairman of Resona Holdings at a press conference (June 2003)

- In the midst of the Lehman crisis, recorded a consolidated net income of ¥123.9 billion (the highest among Japanese banks)
- Repaid ¥175.2 billion of public funds
- Resona Bank and Resona Trust & Banking merged

- Repaid ¥400.0 billion of public funds
- Relocated Tokyo Head Office from Otemachi to Kiba in Koto-ku



- Opened "7 Days Plaza Umekita" (Resona Bank) and "Umeda Plaza nanoka" (Kinki Osaka Bank) which are open all year round
- Launched "Re: Heart Club," an employee volunteering group



- Upgraded backbone mainframe system
- Increased dividend on common stock (from ¥15 to ¥17)
- Opened Ho Chi Minh City Representative Office as the first overseas office since the establishment of Resona Group
- Started offering 24/7 account transfer services among Resona Group banks
- Fully repaid public funds
- Established Resona Asset Management Co., Ltd.
- Opened Toyosu Branch (7 Days Plaza Toyosu)
- Relocated the Kinki Osaka Bank's head office within the Resona Group's Osaka Head Office building
- Established the Resona Foundation for Future

Balance of public funds

Peak balance in June 2003
¥3,128.0 billion

- Resumed dividend on common stock, and Resona Bank and Nara Bank merged



- Accelerated service and operational reforms
 - Commenced "zero-waiting time campaign" and "extended service hours until 5 p.m.," and introduced next-generation branches
 - Introduced Quick Navi services



- Returned to profitability
- Started education on finance and economics for children "Resona Kids' Money Academy"



- Repaid ¥532.7 billion of public funds
- Formed a business alliance with the Dai-ichi Life Insurance Company
- Opened Tokyo Midtown Branch



- Increased dividend on common stock (from ¥10 to ¥12)
- Repaid ¥813.5 billion of public funds
- Started handling VISA debit cards (Resona Bank)



- Formed a business alliance with Rizal Commercial Banking Corporation of the Philippines
- Formed a business alliance with Public Bank of Malaysia
- A communication character "Resonya" was born



- Increased dividend on common stock (from ¥12 to ¥15)
- Formed a business alliance with Myanmar Apex Bank
- Ranked No. 1 in the overall category in the Nikkei's 10th Survey on Banks' Retail Capability (Resona Bank)



June 2015
Full repayment of public funds

Financial Reforms Established sound financial base

We have established sound financial base through drastic financial forms. Even while focusing on retail business, we continue to ensure low-cost operations.

Non-performing loan ratio (total of Group Banks)	September 30, 2003 11.19%	March 31, 2016 1.51%
Balance of policy-oriented stocks (total of Group Banks)	March 31, 2003 Approximately ¥1.4 tn	March 31, 2016 ¥351.5 bn
Consolidated cost-to-income ratio	FY2002 66.2%	FY2015 56.0%
Credit rating*	March 31, 2003 BB+	March 31, 2016 A

* Long-term credit rating of Resona Bank (Standard & Poor's)

Governance Reforms Robust corporate governance structure

In 2003, Resona Holdings, Inc. became the first Japanese banking group that adopted the committees-based corporate governance structure with outside directors constituting majority members of the board. Since then, we have maintained a transparent management framework in which substantive discussions take place among members of the board.

The first Japanese banking group to adopt the committees based corporate governance structure.

Fully utilize external views in business management

6 outside directors

4 internal directors

Received the Corporate Governance of the Year Prize 2015

We were one of five winner companies selected by Japan Association of Corporate Directors as companies with an outstanding commitment to corporate governance.



Service Reforms Realized overwhelming customer convenience

Through service reforms in which we take the customer's perspective at all times, we aim to become an omni-bank which is convenient and reliable "anytime and anywhere" for our customers.

"24 hours / 365 days bank transfer services"

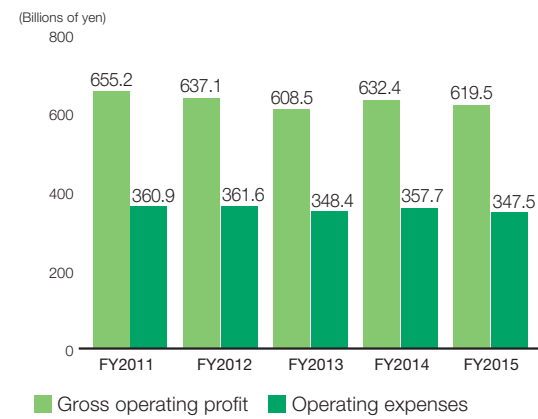
2015 Nikkei Superior Products and Services Awards, Nikkei Veritas Award for Superiority



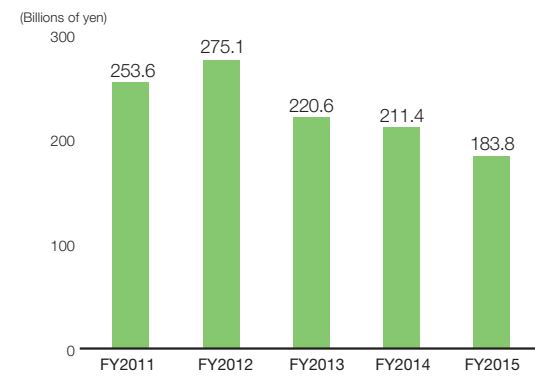
Financial and Non-Financial Highlights

Financial Highlights

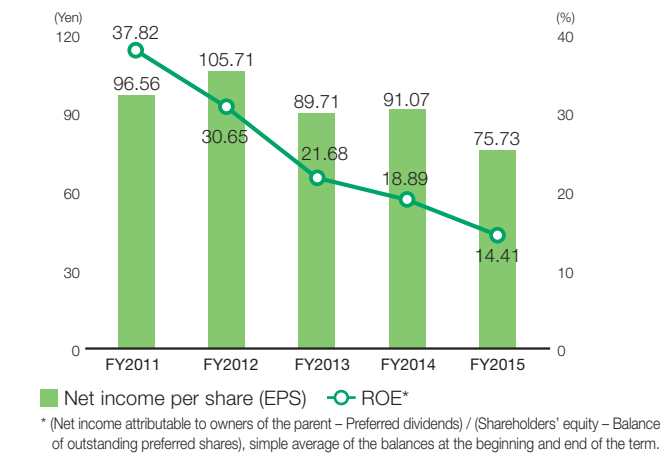
Gross operating profit, operating expenses (consolidated)



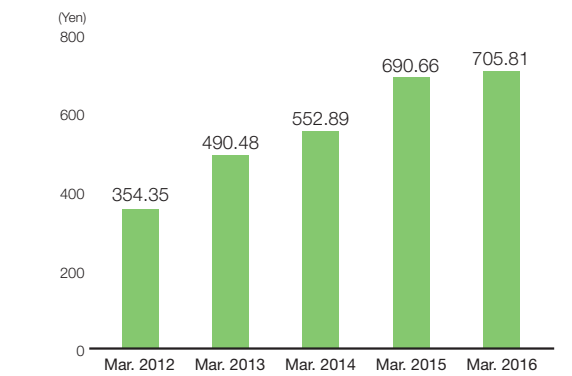
Net income attributable to owners of the parent



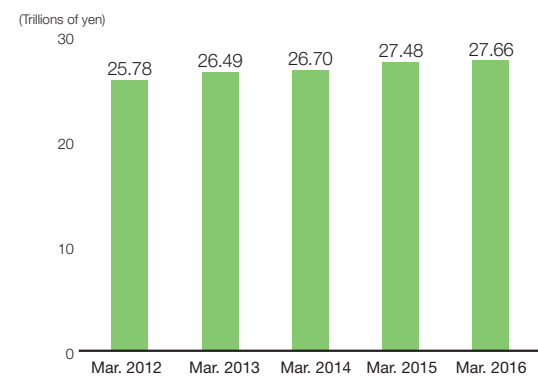
Net income per share (EPS) (left scale), ROE (right scale)



Net assets per share (BPS)



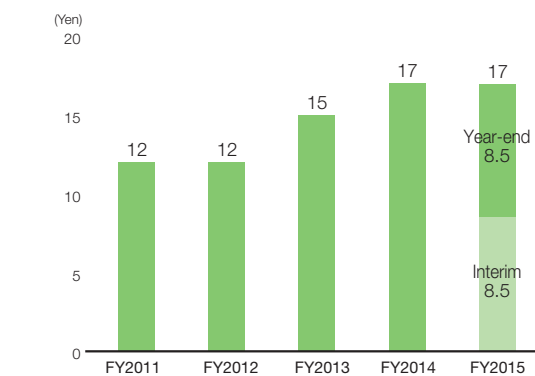
Loans and bills discounted (consolidated)



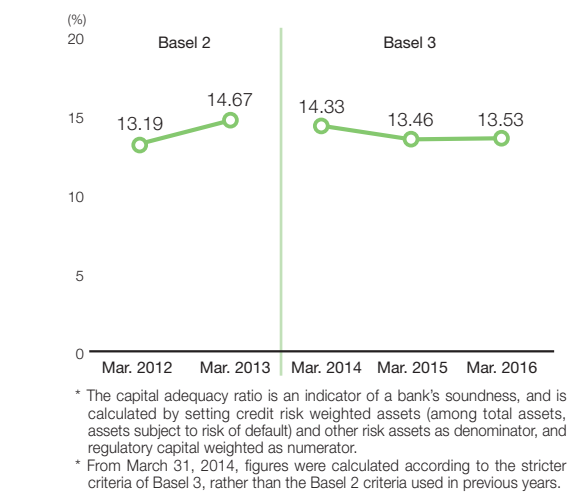
Deposits (consolidated) (Deposits + NCDs)



Dividends per share

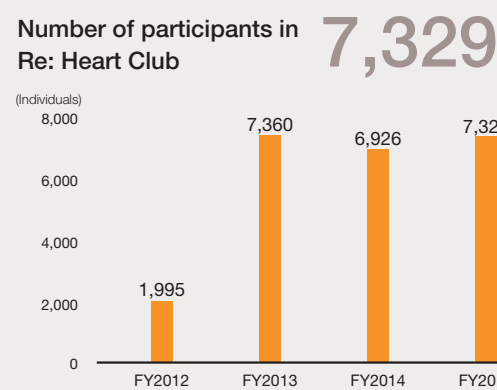


Capital adequacy ratio (Consolidated, Japanese Domestic Standard)



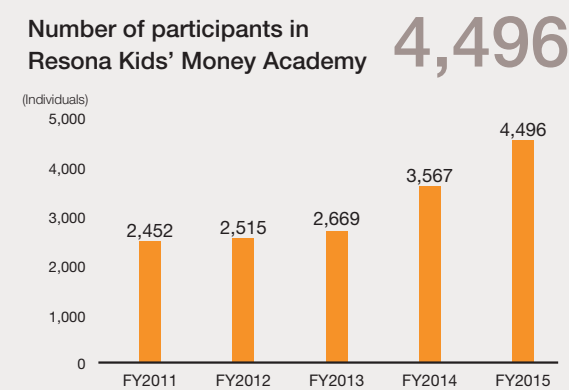
Non-Financial Highlights

Community



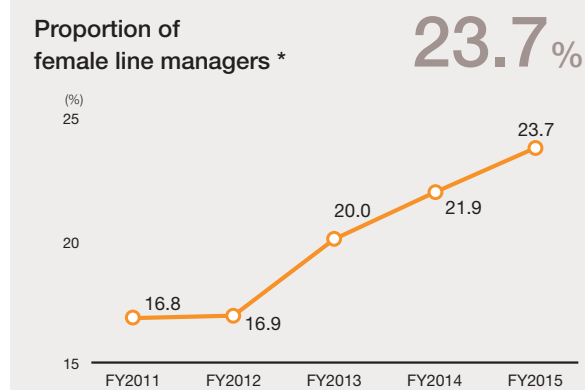
Re: Heart Club, an employee volunteer group, engages in a range of activities such as local and environmental volunteer activities in an effort to resolve social issues in regional communities.

Next Generation



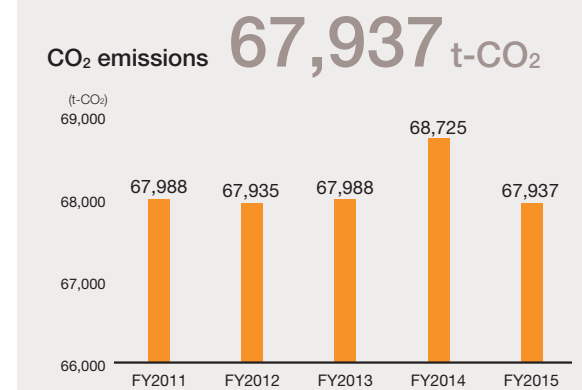
Through original quizzes and games devised by our employees, we explain to children the role of banks and the flow of money in society. To expand this initiative, we have arranged many collaborative programs with local enterprises and associations.

Diversity



* Proportion of women at or above line manager level, who have subordinates
To create a workplace environment that values diversity and allows people with diverse backgrounds to reach their full potential, we have set a target figure of 30% female line managers at the Group banks by 2020 as part of diversity management.

Environment



In 2008, we established the Resona Group Environmental Policies. Through considering "what we can do as members of regional communities," each employee is making an effort to reduce the usage of energy and paper in order to protect the global environment.

Management Personnel Supporting Growth of the Resona Group



1

Kazuhiro Higashi Director, President and Representative Executive Officer (President of Resona Bank, Limited)

Assumed the office of Executive Officer and General Manager of Financial Accounting Division of the Company in 2003, and then Director, Deputy President and Executive Officer in 2009, before assuming the current position of Director, President and Representative Executive Officer in 2013.

3

Yuji Furukawa Director and Representative Executive Officer

Assumed the office of Executive Officer, in charge of Corporate Administration Division of Resona Bank, Limited in 2010, and then assumed the current position of Director and Representative Executive Officer in charge of Human Resources Division and Corporate Governance Office in 2016. (Concurrently serves as Director and Executive Officer of Resona Bank, Limited)

5

Emi Osono Outside Director and Member of Nominating Committee

Assumed the position of Professor of Hitotsubashi University Graduate School of International Corporate Strategy in 2010, and then assumed the current position of Outside Director of the Company in 2011.

2

Tetsuya Kan Director and Representative Executive Officer

Assumed the office of Executive Officer, in charge of Osaka area (out-of city north block) of Resona Bank, Limited in 2008, and then assumed the current position of Director and Representative Executive Officer in charge of Group Strategy Division and Purchasing Strategy Division of the Company in 2013. (Concurrently serves as Director and Executive Officer of Resona Bank, Limited)

4

Kaoru Isono Director and Member of Audit Committee

Joined Long-Term Credit Bank of Japan in 1978. Assumed the office of Executive Officer in charge of Risk Management Division and Compliance Division of the Company in 2004, and then assumed the current position of Director of the Company in 2009.

6

Toshio Arima Outside Director, Chairperson of Nominating Committee, and Member of Compensation Committee

Joined Fuji Xerox Co., Ltd. in 1967. Assumed the office of President and Representative Director of Fuji Xerox Co., Ltd. in 2002, and then Outside Director of the Company in 2011 (incumbent). In the same year, assumed the office of Chairman of the Board of Global Compact Network Japan (incumbent), up to the present.

7

Yoko Sanuki Outside Director and Chairperson of Audit Committee

Registered as attorney-at-law in 1981. Assumed the office of Representative of NS Law Office (incumbent), and then assumed the current position of Outside Director in 2012.

9

Tadamitsu Matsui Outside Director, Member of Nominating Committee, and Member of Compensation Committee

Joined Seiyu GK in 1973. Assumed the office of Director of Ryohin Keikaku Co., Ltd. in 1993, and then President and Representative Director in 2001. Assumed the office of President and Representative Director of MATSUI office corporation in 2010 (incumbent), and then assumed the current position of Outside Director in 2014.

11

Kazuyoshi Ikeda Executive Officer (President of Saitama Resona Bank, Limited)

Assumed the office of Executive Officer in charge of IR Office, Planning Division, Public Relations Divisions and Corporate Governance office of the Company in 2004. Assumed the office of Representative Director and President of Saitama Resona Bank, Limited, and Executive Officer in charge of Group Strategy Division (corporate management of Saitama Resona Bank, Limited) of the Company in 2014, up to the present.

8

Mitsudo Urano Outside Director and Chairperson of Compensation Committee

Joined Nichirei Corporation in 1971. Assumed the office of Representative Director and President in 2001, and then Senior Advisor (incumbent) of Nichirei Corporation in 2013. In the same year, joined the Company as Outside Director, up to the present.

10

Hidehiko Sato Outside Director and Member of Audit Committee

Joined National Police Agency in 1968. Assumed the office of Commissioner General of National Police Agency in 2002. Registered as Attorney-at-law in 2011, and currently belongs to Hibiki Law Office (incumbent). Joined the Company as Outside Director in 2015, up to the present.

12

Koji Nakamae Executive Officer (President of The Kinki Osaka Bank, Limited)

Assumed the office of Executive Officer and General Manager of Corporate Administration Division and in charge of Secretary's Office of The Kinki Osaka Bank, Limited in 2008. Assumed the office of Representative Director and Executive Officer of The Kinki Osaka Bank, Limited, and Executive Officer in charge of Group Strategy Division (corporate management of The Kinki Osaka Bank, Limited) of the Company in 2013, up to the present.

Top Commitment

Resona Holdings and Resona Bank



No. 1 Retail Bank

The Resona Group strives to become a financial services group that is most supported by regional customers as it walks together with them into the future.

The Resona Group is a financial services group with strong operating bases in the Tokyo metropolitan area and the Kansai region and focuses on individual customers and small and medium-sized enterprises (“SMEs”). Also, we are the largest commercial bank group in Japan with trust function, which is capable of responding on a one-stop basis to various needs of customers through our commercial banking services and a full line of trust and real estate services. Our strength lies in this unique business model.

With a fundamental belief that “Customers’ joy and happiness are Resona’s,” we aim to become a No. 1 Retail Bank by pursuing customer-oriented services and increased convenience. We will strive to further enhance corporate value through a range of reforms to break away from conventional banking practices.

Question

1

Please tell us about “Resona’s reforms” executed after the injection of public funds.

It was in June 2013, or 13 years ago that Resona received the public fund totaling ¥1,960 billion under the Deposit Insurance Act. This was due to substantial decline in the capital adequacy ratio caused by the net loss of over ¥800 billion posted in the fiscal year ended March 2003 through the disposal of non-performing loans (NPLs) and latent losses on stocks and other securities, reversal of deferred tax assets and other factors. Following the infusion of public funds, we extensively pondered the reasons why we had faced such a circumstance, and subsequently executed “Resona’s reforms” aimed at becoming “a true retail bank.” What we have achieved through these reforms have now become Resona’s strengths and at the same time an integral part of us for stakeholders to understand the Resona Group.

Following the public fund injection, the first measure we took was to overhaul the management structure. We called on Eiji Hosoya (deceased), the then Vice President of East Japan Railway Company, as a Chairman and invited outside directors from various sectors. As a result, we became the first Japanese banking group which adopted the committee-based corporate governance structure. Then, under such slogans as “Common sense of Resona is not common sense of the general public,” “Never tell a lie, and don’t put off a decision” and “We must become a bank that is indispensable to our society,” which had continuously been expressed by the former Chairman, we commenced “Resona’s reforms” centering on financial, service and operational reforms.

In the first two years, we began by pushing ahead with drastic financial reform, and swept away the negative financial legacies. The NPL ratio, which peaked at 11.2%, was down to 3.4% by the end of March 2005, and by the end of March 2016, it was down to 1.5%. In the same way, for policy-oriented stocks held, the balance of around ¥1.4 trillion was reduced to around ¥400 billion by the end of March 2005, after selling over ¥1 trillion. At the end of March 2016, the balance was approximately ¥350 billion. In the fiscal year ended March 2005, we regained profitability, and have maintained such status since then, even in the aftermath of the Lehman crisis.

In service reforms, we launched “Zero Waiting Time” campaign. We also extended the business hours on weekdays from 3 p.m. to 5 p.m. at virtually all of our branches. Through these initiatives, all of us have shared the sense that “Resona can change” as well as “we must change.” Underlying idea of our “Service Reform” is to conceive from customers’ perspective at all times.

In operational reforms, we undertook a radical overhaul of back-office work under the slogan of “3 NOs & 3 LESSes*.” For a retail bank that handles a huge number of transactions with individual and SME customers, it is extremely important to strengthen services while at the same time increase cost competitiveness. While redefining our branches as a place for sales activities rather than a place for clerical work, we have significantly reduced the clerical work volume by standardizing and consolidating the clerical work process. Extra human resources generated from the reduction of administrative workload have been allocated to the sales departments, enabling us to strengthen sales force and enhance service level.

Through a range of reforms, the Resona Group was reborn as a company with “corporate culture that tirelessly encourages reforms.”

* “3 NOs” represent “No Waiting Time,” “No transaction Slips,” and “No Seals.” And “3 LESSes” represent “Paperless (reduce documents),” “Cashless (decrease cash transactions),” and “Back-less (reduce clerical work)”

Question 2 Please tell us about Resona's Value Creation Model.

Our strengths can be expressed in three "R"s—"Retail," which is to focus on our retail customer base composed of around 13 million individual customers and 430 thousand SMEs; "Relation," which is to build lasting relationships with customers through our three regionally oriented banks having primary operating base in the Tokyo metropolitan area and the Kansai region; "Reform," which is to continue to pursue reforms from the perspective of customers all the time.

We also have the unique feature of being Japan's largest commercial bank with trust functions which can provide a full range of trust banking services to retail customers. We also possess management resources including the highly flexible and cutting-edge IT infrastructure. Diversity in human resources is Resona's another strength. We became highly regarded as a bank which encourages female staffs to play active roles in the workplace. We have devoted significant management resources to train professional consultation staffs as well.

By combining such features and management resources with our strengths, we can provide high-quality financial services. In addition, through the "Omni-channel Strategy," we will deepen communication with our customers, and achieve significant improvements in customer convenience.

All of our activities have been supported by our advanced and transparent corporate governance system, the committee-based corporate governance structure which was adopted 13 years ago, and our strict risk management system.

In addition, we actively promote corporate social responsibility (CSR) activities. The keywords for our priority CSR issues include "Community," "Next Generation," "Diversity," and "Environment." Especially for "Next Generation," we have engaged in financial and economic education activities for children, "Resona Kids' Money Academy," for over ten years and planted seeds for the future.

Based on this unique business model, we will create value and achieve sustainable growth with our customers.

Question 3 What does "No. 1 Retail Bank" mean for you?

Our aim is to be the "No. 1 Retail Bank." This means we will become the best financial services group selected by individual and SME customers. When we try to provide innovative services as a front-runner, we need to remove every obstacle we encounter by ourselves. By trying to get over such difficulties, I believe we can accumulate true ability and achieve sustainable growth. For this reason, I will thoroughly focus on speed, competitiveness of our products and services, profitability and productivity.

Aiming to become the "No. 1 Retail Bank" is not merely a matter of winning competition with other banks. As players in other sectors such as retailers made an entry into the financial services, banks no longer have a monopoly on providing financial services. Recently, everyone talks about FinTech, information technology used for financial services. Technology advances every day. However, what customers desire is to receive high-quality consulting services from a reliable "person." In this respect, we will work on further improvements in the quality of our human capital so that we can provide high value-added services based on face-to-face interactive communication with our customers. Face-to-face communication, I believe, continues to be a fundamental element of the service industry.

Question 4 What is your strategy to become "No. 1 Retail Bank"?

When I was appointed to president in April 2013, I laid out the three management policies of "Succession and further deepening of Resonaism," "Establishing a business model as new financial services business," and "Further deepening of the Group's consolidated management."

Succession and further deepening of "Resonaism"

Our objective is to provide services that exceed the customers' expectations. To achieve this is "Resonaism" and our former chairman, Mr. Hosoya instilled the spirit. We inherited this "Resonaism" which encourages us to take on challenge for further reforms and have consistently strengthened this spirit within our organization. Our reforms will never end and we further deepen the "Resonaism." I will accelerate the speed of our reforms even further.

Establishing a business model as a new financial services business

What I have in my mind when I refer to "a new financial services business" will be accomplished by doing away with the conventional concept of banking services and making Resona Group banks available and accessible wherever a customer is and whenever he/she wants to utilize our services. We have commenced "Omni-channel Strategy" on a full scale in order to respond flexibly to diversifying financial behaviors of our customers and their sense of values. Based on this strategy, we will deliver our services via optimal channels.

Further deepening of the Group's consolidated management

By sharing each group bank's information and solution capabilities, the Resona Group can provide customers with high-quality services and valuable information while maintaining the close presence as a close friendly banking partner.

The Group's consolidated management has taken root and is making steady progress. Sharing of the trust and real estate functions of Resona Bank, business matching activities by the Group banks, and the universal over-the-counter services now available at any Resona Group banks' branches are the examples of such progress.

In July 2015, we renewed the "Resona Brand Declaration." The new brand message, "Link Together, Shape the Future" expresses our determination to reach out to all our customers and other stakeholders, ensure a prosperous future for our customers, and create new financial services that go beyond conventional wisdom. The new brand message also means that we will succeed and hand over the "Resonaism" spirit of reform that has guided us since the launch of the Group. In the Medium-term Management Plan (from the fiscal year ended March 31, 2015 to the fiscal year ending March 31, 2018) announced in February 2015, we adopted the two-pillar business strategies of "Cultivating strategic business areas even further" and "Challenging to create new profit opportunities" in an aim to shift our mindset toward aggressive management for the next decade following our full repayment of public funds.



The first pillar of “cultivating strategic business areas even further” means we will strengthen “growth, turnaround, and business succession solutions” for SMEs by leveraging the Group’s trust banking and real estate functions. For individual customers, we will attempt to create “total life solutions” that deliver highly valuable solutions tailored to the customers’ financial needs at various stages of their lives in a timely fashion.

“Challenging to create new profit opportunities” refers to establishment of a business model for a “new financial services business” which goes beyond conventional banking practices. Specifically, we will accelerate the “Omni-channel Strategy” with “anytime” and “anywhere” being key concepts and aim to establish a system in which we can provide high-quality services to our customers at any time and via any channels each of them finds convenient. We are also expanding the three open platforms of “retail customer base and functions,” “trust, real estate, and international business functions,” and “administration and IT systems,” by strengthening strategic investments and expanding alliances.

We have made steady progress in realizing overwhelming customer convenience, for example by launching the 24/7 real-time account transfer services among the Group’s three banks, and by commencing screening of housing loan applications on holidays and execution of housing loans on holidays.

In April 2016, we declared ourselves as “Omni-bank,” combining “Omni-channel” and “Bank.” By doing this, we aim to gain increasing recognition of our strategy.

In August 2015, we established Resona Asset Management Co., Ltd. as part of our strategy to strengthen the “open platforms.” The needs for asset management among individuals are expected to increase as they start shifting their money from savings to investments. Against a backdrop of such trend, we will provide the asset management know-how we have acquired through our experience in corporate pension management to individual customers both inside and outside the Group.

Question 5 To all stakeholders of Resona Group, please comment on the recent trend of business performance and capital management policies.

Full Repayment of Public Funds

Since the injection of public funds in 2003, the most important management issue had been the full repayment of the funds. In June 2015, we fully repaid them. Once again, we would like to thank the people of Japan, our business partners and our shareholders for their continued support up to now.

Full repayment of public funds is not our goal, but just a start for our new financial services. We are determined to live up to the expectations of our stakeholders and increase our corporate value while we provide customers with financial services that will shape their bright future.

Financial results for the fiscal year ended March 31, 2016

During the fiscal year ended March 31, 2016, the Japanese economy stagnated temporarily due to unclear outlook for the future as uncertainties regarding overseas economies surfaced and market volatility was heightened following the introduction of the negative interest rate policy by the Bank of Japan.

Under such operating environment, Resona Holdings, on a consolidated basis, posted ¥183.8 billion of net income attributable to owners of the parent for the year. It was down ¥27.6 billion from the previous fiscal year primarily due to decrease in net gains on stocks and increase in credit-related expense, but exceeded the profit guidance by ¥8.8 billion. Amid the severe operating environment, the customer divisions made strenuous efforts to make contributions to the results.

Earnings target for the fiscal year ending March 31, 2017

For the fiscal year ending March 31, 2017, given great uncertainties regarding the economic environment, we have announced our “earnings target” instead of the former earnings forecast of ¥160 billion in terms of Resona Holdings’ consolidated net income attributable to owners of the parent.

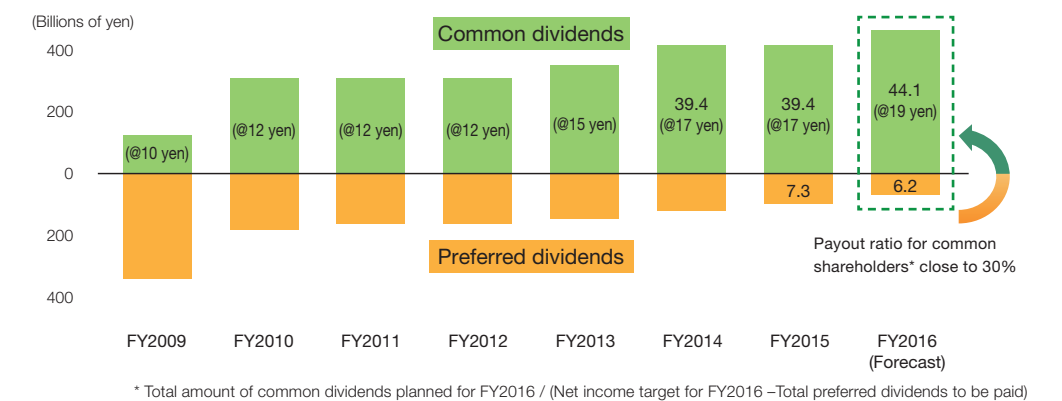
Although the loan yield is expected to decline due to the negative interest rate policy, we will build up good-quality loan assets by responding properly to financing needs of our corporate and individual customers for capital investments and acquisition of houses while we aim to increase our fee income by promoting our asset formation support business. At the same time, we will make every effort to effectively control our operating expenses and maintain the soundness of our loan portfolio so that we will be able to general stable net profit.

Direction of capital management

In terms of our capital ratio target, we aim to achieve 8% or higher common equity Tier 1 ratio (excluding net unrealized gains on available-for-sale securities) stably. Also we aim to maintain common shareholders’ equity-based ROE over 10%. Common equity Tier 1 ratio (excluding net unrealized gains on available-for-sale securities) as of March 31, 2016 was 8.13%, already in excess of our target. However, in anticipation of stricter capital adequacy rules, we believe it is necessary to strengthen our capital base to some extent while giving due attention to the level of ROE and enhancement of shareholder returns.

As for the forecast of dividend per common share for the fiscal year ending March 31, 2017, we plan to increase ¥2 per share and pay ¥19 per share annually. During the current fiscal year, we plan to repurchase and cancel the outstanding Class Six Preferred Stock (¥75.0 billion), subject to a regulatory approval. The preferred dividends to be saved by the repurchase will be shifted to our common shareholders so that we can increase dividends for common shareholders. In this regard, the planned DPS increase is in line with the shareholder return policy we have presented.

Common DPS increase through recycling of preferred dividends I



In conclusion

Japan has now entered what we call “super-aged” society and it has become one of the most important social challenges to hand over assets and businesses smoothly to the next generation. Services that banks are expected to provide are changing constantly as IT technologies advance rapidly. I believe that Resona’s existential value will be to offer a help for such social challenges and create new values.

We will continue our challenges with a sense of responsibility to help regional as well as national economy revive and prosper by supporting our customers’ businesses and lives financially.

We request your continuing supports and encouragements in the years ahead.

July 2016

Saitama Resona Bank



Aiming to be a bank trusted by residents of Saitama Prefecture and that grows with the prefecture. Becoming the No. 1 regional financial institution based on our corporate credo, “we preserve what we should preserve” and “we change what we should change.”

I would like to sincerely thank all stakeholders for their continued support and business with Saitama Resona Bank.

In fiscal 2015, the economy of Saitama Prefecture showed signs of recovery centered on consumer spending and housing investment, supported by moderate improvement in the employment situation and other factors. However, during the second half of the fiscal year, economic prospects turned unclear as corporate production activities and export growth became stagnant while capital expenditures by corporations lost momentum due to slowdown in emerging economies.

Meanwhile, the “Saitama economic area” has been steadily expanding because it maintains the top position in terms of the number of companies making entries to Saitama prefecture and the population has been on the rise continuously since the entire Ken-O Expressway or Metropolitan Inter-City Expressway opened.

Under these circumstances, Saitama Resona Bank is accelerating its measures to implement the “Omni-channel strategy” to which all Resona Group banks are committed, in an effort to improve customer convenience and provide high-quality financial services. Specifically, we have opened four “7 Days Plazas,” new outlet open 365 days a year, including the three (Kawaguchi, Minamikoshigaya and Honkawagoe) which we opened during fiscal 2015. In addition, we reopened the

Tokorozawa Higashiguchi Branch which extended its business hours to 8 p.m. as the first attempt by the Resona Group banks. The renewed branch office also commenced “‘seal-less’ transactions.”

We work to strengthen our relationships with regional communities and customers by providing our distinctively unique solutions, including the trust and real estate functions, information network covering the entire Japan and overseas which are offered as Resona Group’s common platform functions, in a timely fashion. Also we strive to enhance our presence in Saitama Prefecture by proactively getting involved in regional revitalization initiatives.

Looking ahead, the Saitama Resona Bank will address the challenge of evolving into a new financial services provider through our various initiatives to meet the diverse financial needs of our customers. At the same time, as a regional financial institution for Saitama Prefecture, we will realize our founding vision of becoming a bank trusted by the residents of Saitama Prefecture and that grows with the prefecture.

I would like to thank all stakeholders for their continued support and encouragement.

July 2016

Kinki Osaka Bank



Aiming to be a regional bank supported and appreciated the most by customers

I would like to sincerely thank all stakeholders for their continued support and business with the Kinki Osaka Bank, Ltd.

In fiscal 2015, against a background of heightened uncertainty in overseas economies, economic prospects of the Kansai region dimmed over the second half of the fiscal year, reflecting a rise in prices of raw materials, foreign exchange-rate fluctuation and other negative factors, combined with sluggish capital investment growth. On the other hand, looking ahead, we expect expanded economic activity, driven by sectors that remain robust and the increase in the number of foreign visitors to Japan as well as the accompanying inbound consumption boost.

In this environment, as a regional financial institution of the Resona Group, we promote community-based financial services that emphasize *kizuna* (bonds) with customers, and accelerate the support for growth of customers in an effort to improve customer convenience and revitalize the regional economy.

We also proactively work to spur regional revitalization through urban development, regional activation and competitive empowerment of local industries. Looking ahead, we plan to contribute further to the revitalization

of the Kansai region through alliances with local public organizations, universities and specialist institutions, providing our solutions to manufacturing companies and enterprises in their start-up stage.

In December 2015, we moved our head office to the Osaka Head Office building of the Resona Group. We will work to better serve customers by strengthening collaborations within the Group, and by promptly providing a wide range of high-quality financial services.

While continuing to draw on our distinctiveness as a community-based regional bank with strong ties with customers, we are taking measures that will enable us to contribute to all community stakeholders and become a bank supported and appreciated the most by customers through contribution to the regional community not only via our main businesses but via activities beyond our main practices.

Once again, I would like to thank all our stakeholders for their continued support and encouragement to us.

July 2016

Interview with Outside Directors



As the first company with a nominating committee, etc. among Japanese banking groups, Resona Holdings has invited Outside Directors to the Board of Directors from early on and has utilized their functions for strengthening the Resona's corporate governance. In this connection, we interviewed six of the current Outside Directors on their evaluation of the corporate governance at Resona and what future directions should be taken for sustainable growth.



Emi Osono Professor of Hitotsubashi University Graduate School of International Corporate Strategy

Mitsudo Urano Senior Advisor of Nichirei Corporation

Toshio Arima Chairman of the Board of Global Compact Network Japan

Tadamitsu Matsui President and Representative Director of MATSUI office corporation

Yoko Sanuki Attorney-at-law and Representative of NS Law Office

Hidehiko Sato Attorney-at-law of Hibiki Law Office

How would you evaluate the corporate governance of Resona?

Arima: I think the fact that independent Outside Officers account for a majority of members of the Board of Directors, and that Outside Officers form the core of each of the Nominating, Compensation and Audit Committees and serve as Chairpersons, indicates that the corporate governance system at Resona has achieved an outstanding degree of transparency and objectivity.

Sanuki: I think it's admirable that there is a clear separation between the function of monitoring and business execution of management, and that the Board of Directors is maintaining the monitoring role, by adopting an institutional framework of a "company with a nominating committee etc." model. Placing Internal Audit Division directly under the control of the Board of Directors or Audit Committee has also enabled the Audit Committee to order internal audits in cases of scandals, etc. involving management. This, I think, is also a major contribution to enhancement of the corporate governance.

Urano: With regard to succession plans, which are one of the most important points of corporate governance, I believe it is a major strength that a high degree of transparency is achieved with the involvement of Outside Officers in discussions, from clarification of the ideal candidate profile to selection and training of such candidates. Although the ultimate personnel selection is

conducted by the Nominating Committee, I believe it is an excellent mechanism that enables Outside Officers to gain detailed knowledge of candidate personnel during such selection process, and to voice opinions.

Arima: Concerning an atmosphere among the Board members, President Higashi and all Executive Officers seek our opinions and effectively utilize them in management. We hope to respond adequately to their expectations.

Sanuki: Also, as we are expected to monitor the management and advise from an external point of view, we need to carefully consider to what extent we should get access to technical information and get involved in such discussion. Nevertheless, my role as a member of the Audit Committee, I need to understand and address more information.

Urano: We receive necessary lectures and materials before the meetings and Resona provides information to Outside Officers adequately. But because banks are in general subject to far more legal constraints than other sectors, there might be a lack of knowledge in these areas. However, I think it is important to bring outside perspectives that are not rooted in conventional wisdom to bring about change at banks, taking account of regulatory reforms and other factors.

Please give us your thoughts on vision of sustainable growth of Resona.

Osono: Resona has declared its goal of being a "true service provider" and has carried out numerous reforms, but I believe what's important is to firmly establish the spirit of such change within the organization as a corporate culture. As Mr. Urano previously mentioned about the succession plans, I believe that the leader of Resona requires the qualities to encourage the reforms, and if personnel with such qualities will be spread not only to the management but also to the employee level, everybody becomes aware of the need of the reforms and it will give rise to numerous changes. Then, Resona will be able to build a unique position that will lead to further growth.

Matsui: There is an idea raised by Peter Drucker that "business has only two functions — marketing and innovation." If you look at how this applies to the growth strategy of Resona, marketing means knowing the changes affecting the customer — for example, it is important to understand and anticipate changes in customer segmentation and needs due to the aging of the population. And depth of that understanding is decisive factor to success or failure. Innovation also changes the way the company operates, and the possibility of growth differs greatly depending on what can and cannot be done. In this regard, we do need to get

away from the specialist world of banking and base our perspective on other sectors. And it will be necessary to have a corporate culture and an ability to get things done with regard to marketing and innovation.

Sato: I think companies that cannot respond to changes will not grow, or even survive. On the other hand, in order to accomplish the corporate mission, the company needs to have solid foundation of the business. In the case of Resona, mentioned by Ms. Osono earlier, to be a "true service provider," Resona aims to become the No. 1 retail bank under the slogan "common sense for banks is not common sense for the general public." Putting "the customer first" is the basic idea. Now by upholding this and resolutely getting done with marketing and innovation explained by Mr. Matsui, Resona can open the pathway to sustainable growth.

Osono: Innovation involves risk-taking. In particular, in the case of banks, because it causes enormous inconvenience to the customer if there is a mistake, there is a tendency to keep things within strict limits and act with a steady hand. While striking the right balance in this regard, I think what is expected of us as Outside Directors is creation of an environment for proactively meeting challenges.

Overview of the Resona Group's Growth Strategy

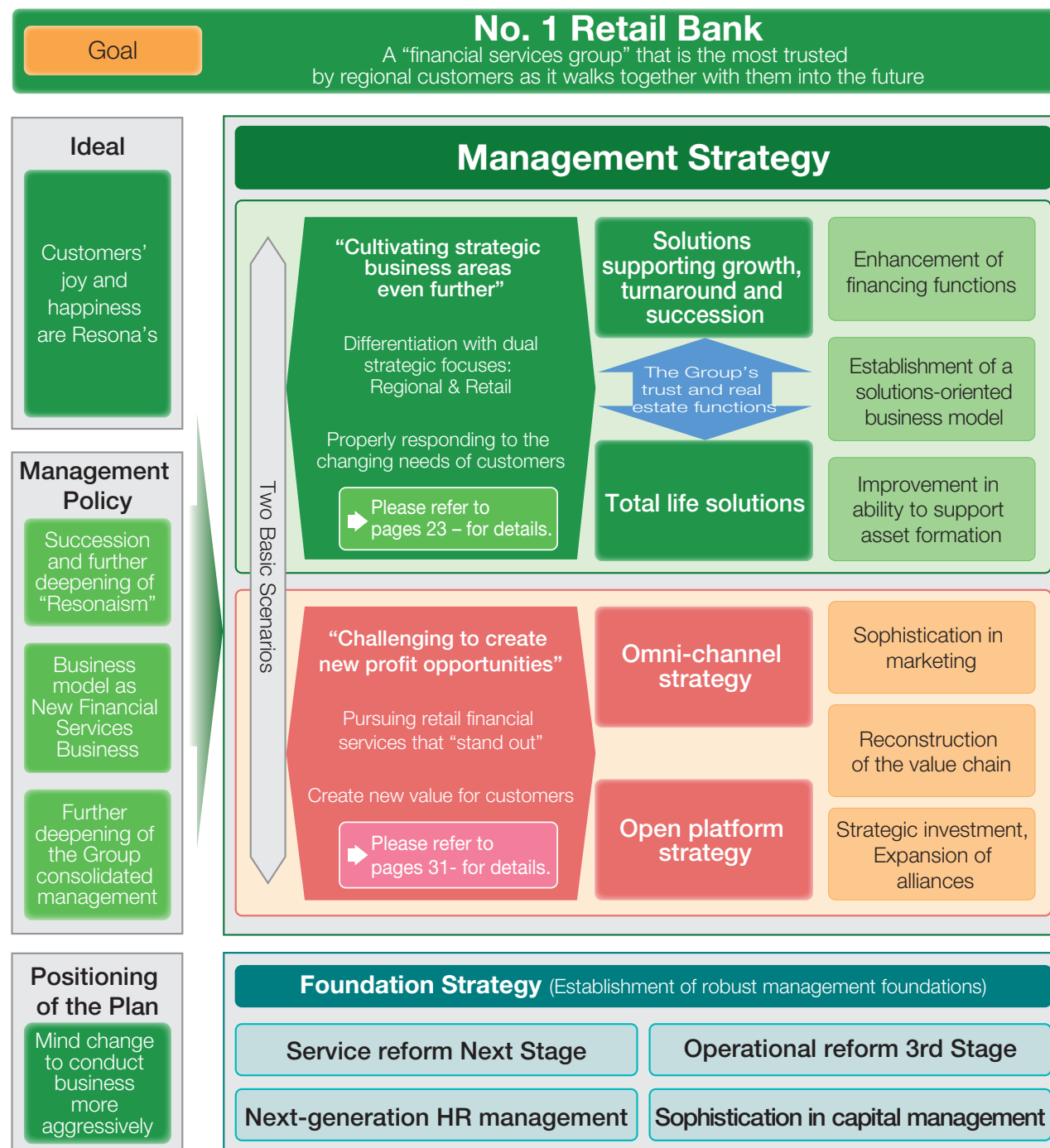
Strive to become the No. 1 Retail Bank

The current Medium-term Management Plan (from the fiscal year ended March 31, 2015 to the fiscal year ending March 31, 2018) makes a shift in mindset toward more aggressive management for the next decade, looking ahead at the years following the full repayment of public funds and presents our renewed determination to realize further growth in the medium to long term horizon.

Specifically, in order to ensure the Group's

sustainable growth, while upholding our basic stance that "Customers' joy and happiness are Resona's," we implement business strategies based on the basic scenarios comprising (1) "Cultivating strategic business areas even further" and (2) "Challenging to create new profit opportunities."

Furthermore, we carry out four foundation strategies as new reform measures taking into account the changes in the operating environment.



Business Strategy

(1) Cultivating strategic business areas even further

In order to ensure "sustainable growth driven by income from main business," we make efforts in "cultivating strategic business areas even further" through the sophistication in our differentiation strategy centering around our strong ties with regional communities and our expertise in the retail banking field.

Specifically, we will build long-term business relationship with our customers by providing "growth, turnaround and succession solutions" to corporate customers and "total life solutions" to individual customers.

In addition, in order to further develop our "Retail x Trust" business model, which integrates our customer base as retail banks and our trust functions, we will further strengthen the Group banks' capabilities to provide trust solutions.

We will increase the number of products and services we offer to our customers and build up assets under our management and loans outstanding by responding carefully to the diversified and complex needs of our customers and providing them with valuable solutions at an appropriate timing.

Foundation Strategy

In order to ensure the sustainable growth of the Group, we seek to maintain and strengthen a robust management platform through our four foundation strategies ("Service reforms Next Stage," "Operational reforms 3rd Stage," "Next-generation HR management," and "Sophistication in capital management") that support our aggressive business strategy.

Four Foundation Strategies



(2) Challenging to create new profit opportunities

In the retail banking field which is our primary market, as financial behaviors of our customers have been diversified greatly, the number of "unapproachable" customers are on the rise. We will capture new business opportunities by responding properly to these changes.

Looking ahead to the next decade, we aim to create new value for customers which is beyond the boundaries of the conventional banking services, and expand our business foundation by pursuing retail financial services that "stand out" for higher quality.

Specifically, we will realize "Omni-channel concept" in which we provide customers with high quality and customized retail financial services at the optimal place, time and channel. In addition, we will further enhance our three open platforms of "retail banking," "trust, real estate, international business" and "system and clerical work process" through "expansion of alliances" including strategic investments and alliances with other financial institutions.

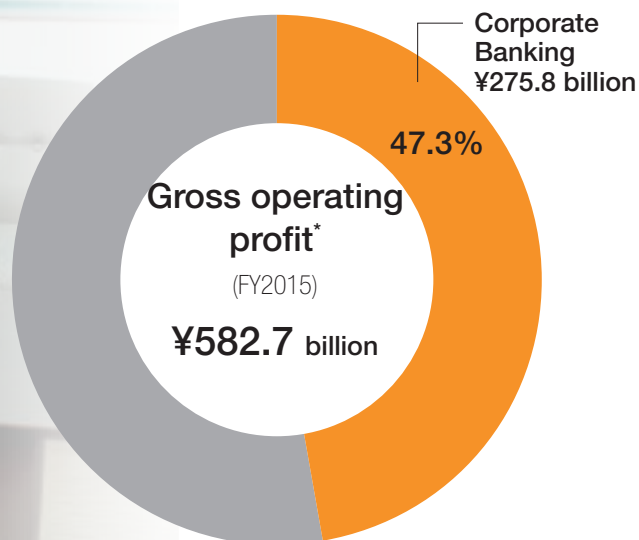
Cultivating Strategic Business Areas Even Further: Corporate Banking



Business Strategy

Against the backdrop of the Japanese government's growth strategy, we expect increasing demand for financing and revitalization of the real estate market. Customers' needs for business succession are also increasing amid aging of SME owners.

Under these circumstances, the Resona Group will strengthen the solutions for "growth, turnaround and succession" which it can offer to SME clients. Resona will establish a firm brand of being the No.1 bank for SMEs, providing them with multifaceted added values via the solutions offered.



* Total of gross operating profit of reportable segments disclosed in "Segment Information" in the securities report

Business Environment and Priority Business Fields

Change in social and economic circumstances

- Government's growth strategy, revitalization of the real estate market
- Aging of SME owners
- Pension system reform, structural change of the pension market
- Market entry of SMEs in Asia

Resona's competitive strengths

- 430,000 corporate customers
- Strong franchise value and regional foundations
- Japan's largest commercial bank offering the full lineup of trust functions
- Well-developed support system in ASEAN countries

Priority business fields

- Build good-quality loan assets
- Support of asset and business succession
- Real estate business
- Corporate pension business
- Support of SMEs' overseas business development
- Support of business growth and turnaround

Build Good-quality Loan Assets

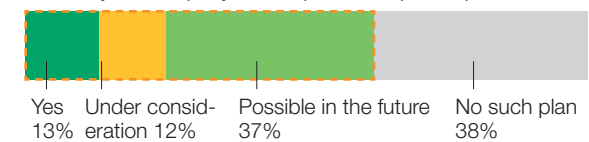
While demand for funds is expected to increase owing to the Japanese government's growth strategy and the Tokyo Olympics in 2020, our customer survey also revealed such needs for capital expenditure.

By precisely responding to increasingly diverse, sophisticated, and complex fund needs of customers, the Resona Group contributes to development of the Japanese economy and regional economies from the financial aspect.

Capturing needs for capital expenditure

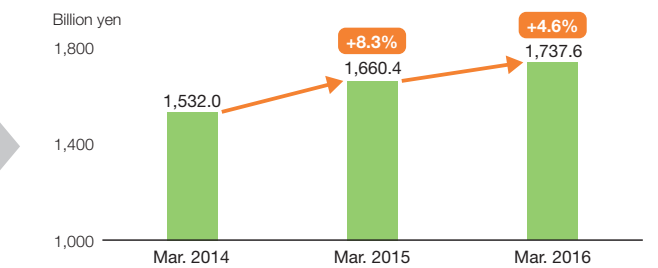
- Over 60% of Resona group's corporate customers intend to increase capital expenditure

< Does your company have a plan for capital expenditure * >



* Questionnaire survey which the Group banks conducted to its corporate customers (Number of customers responded: Approx. 30,000, Survey period: From January to February 2016)

Capital expenditure related loans

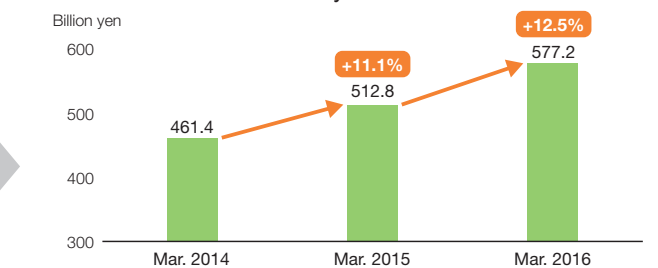


Capturing lean demand from growing industries

- Top-class customer base of hospitals, nursing and personal care facilities in Tokyo, Saitama and Osaka
- Offer various solutions by dedicated teams



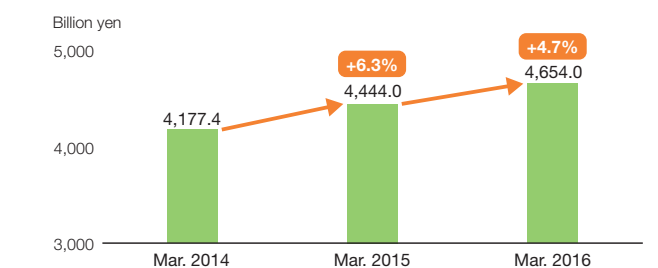
Loans to healthcare industry



Response to needs for asset and business succession (loans to "Premier" customers*)

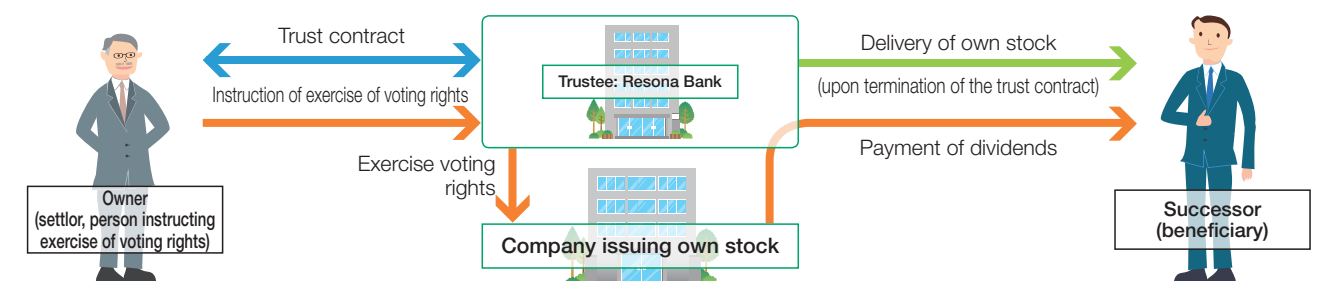
- Increasing needs for business succession amid aging of SME owners
- Strengthen solutions-oriented consulting for smooth business succession
- Achieve differentiation by offering high-quality succession solutions maximally leveraging the Group's functions

Loans to "Premier" customers



* Loans to asset management firms, SME owners, high net worth individuals, etc.

Own company stock succession trusts (with retained voting rights)



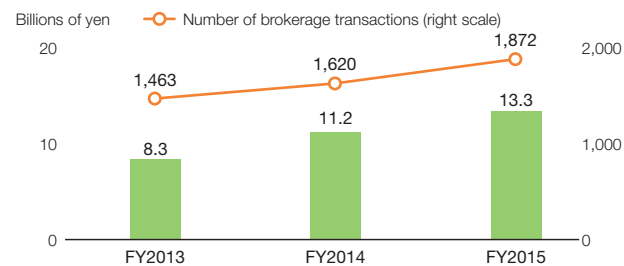
Solution to a concern of SME owner who wish to transfer own company shares while reluctant to cede full management control to the successor

Real Estate Business and Corporate Pension Business

Real Estate

In the field of real estate business, we are making the best use of our unique position as a sole commercial bank which is allowed to engage in this business. Exploiting our extensive branch network and the ample information gathered by the Group banks based on their strong relationship with their customers, we will provide the best solutions on a one-stop basis. We will further strengthen collaborations among the Group banks so that each bank can provide high value-added solutions to their customers.

Income from real estate business*

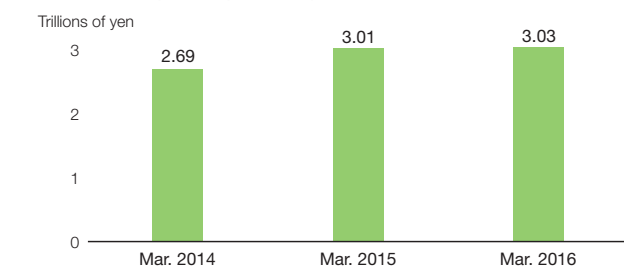


*Excluding gains from investments in real estate funds

Corporate pensions

In the field of corporate pension business, we are among the leading players in the industry in terms of the number of entrusted pension plans for which we play a lead manager role and know-how relating to pension plan administration we have acquired through our long experiences. Amid rising expectations that corporate pension plans will play a greater role in supplementing public pension plans, and in response to diversifying customer needs in line with the revision to the employees' pension plan, amendment of the Defined Contribution Pension Act, and other changes in circumstance, we will provide customers with optimal solutions utilizing our expertise and know-how we have built for both DB and DC pension schemes.

Balance of corporate pension plans entrusted to Resona Bank*

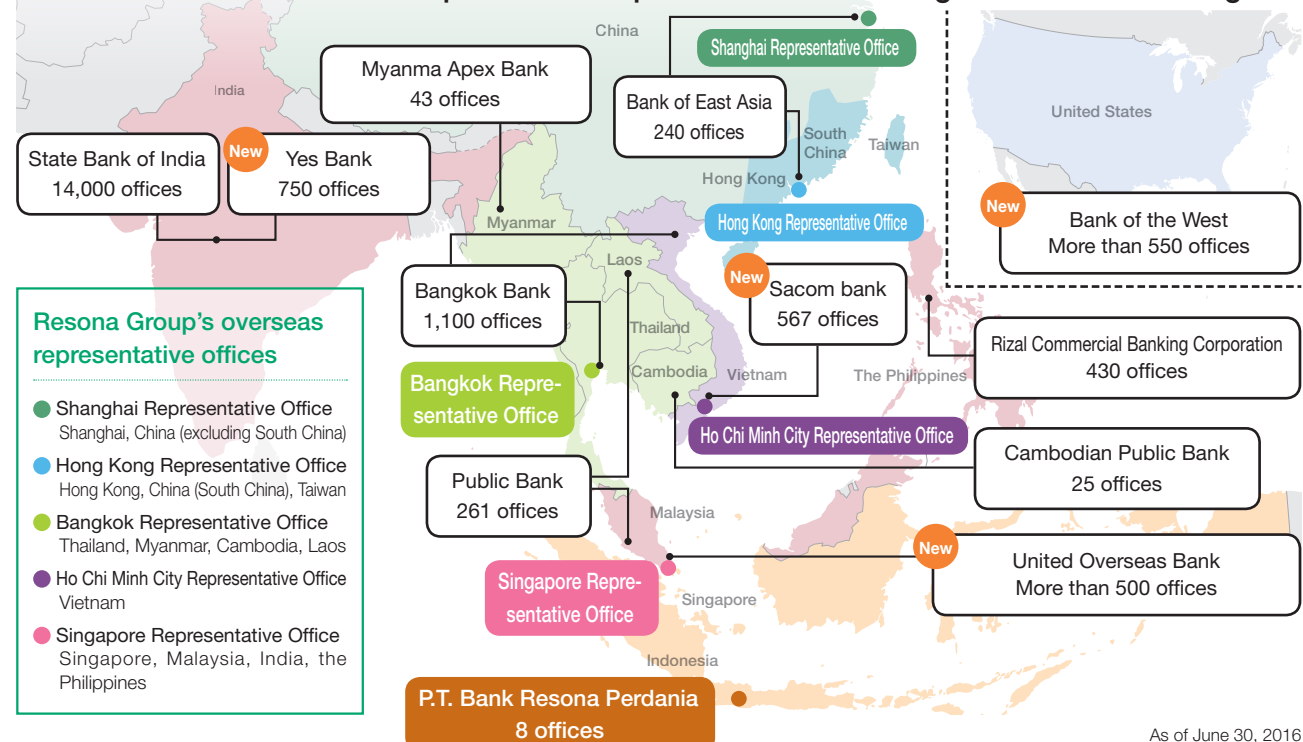


*Excluding jointly established funds, including DC plans

Supports to SMEs to Develop Overseas Business

We have an alliance network with our overseas partnering local banks. In cooperation with these local partners our representative offices offer meticulous support to SMEs that seek to develop their business overseas. Particularly in Asia, our support network covers all major ASEAN countries.

International network has expanded to 17 partner banks covering 14 countries and regions



Our Efforts to Extend Business Supports to SMEs

With a view to responding properly to the diverse needs of corporate customers depending on their respective stages in the business lifecycle (startup, growth, maturity and succession), Resona Group takes initiatives to provide customers with business supports through collaborations among the Group banks' branches and head offices as well as through cooperation with other financial institutions and outside specialists as appropriate.

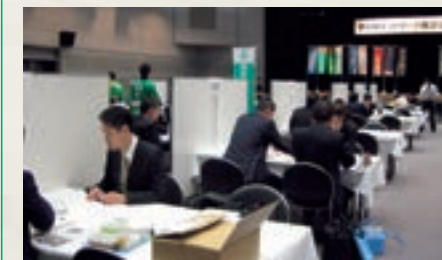
Supports for "startup" and "growth" stages

To customers in the startup stage, we proactively offer both financial and business supports, paying attention not only to financial statements but also to growth potential.

To customers in the growth stage, we offer various solutions, including diverse loan products, business matching, and support for overseas business development, to help them grow.

Supports for "maturity and succession" stage

After sufficient discussion with customers on their business succession needs, including their vision for the business and their intentions, we identify the optimum solutions and approaches, offering comprehensive supports for smooth succession of business and assets.



Supports to help business turnaround

To help customers in need of a turnaround, in addition to flexible responses, including adjustment of repayment terms and conditions, we strive to offer various supports and know-how necessary for their management improvement, business revitalization, and business restructuring.

Topic: Scheme supporting growth of medical care and welfare services

We strengthen our supports to corporate customers engaging in medical care and welfare services through collaboration with investment fund management companies specializing in the business sector. This sector is subject to particular restrictions in terms of capital composition and human resources. We provide them with supports to their needs of management assistance, business succession and financing.

Topic: Helping customers grow or resume growth through investment

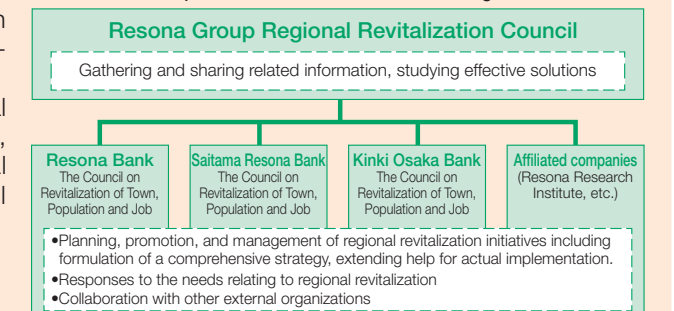
We have established a mezzanine fund with which we can contribute small amount of capital to help our customers grow or resume growth. This fund enables capital contribution with preferred stock, leading to enhancement of shareholders' equity for our customers. Since the financing does not require regular repayments, customers can utilize the fund for their growth, making capital investments and launching a new business, etc.

Status of Initiatives to Revitalize Communities

Under our corporate mission, "develop further with regional societies," we proactively get involved in management support for SME customers and revitalization of local economies.

The Resona Group has established the Regional Revitalization Council, which is a cross-departmental, Group-wide organization, to contribute to regional revitalization. Also each Group bank has the Council on Revitalization of Town, Population and Job.

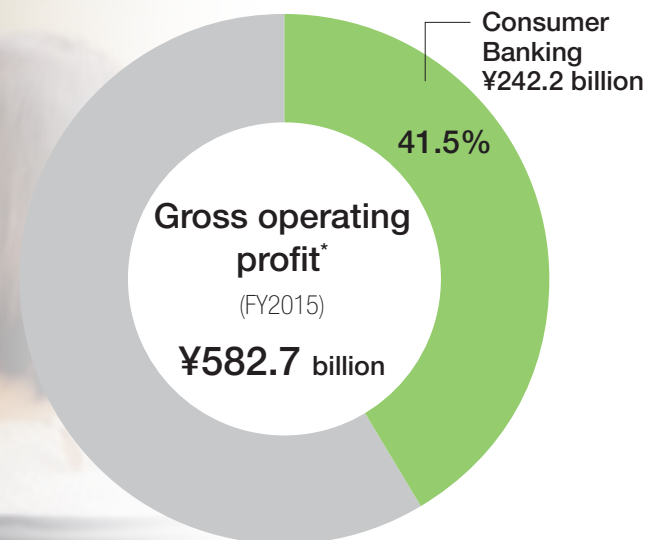
Resona Group's collaborative structure for regional innovation



Cultivating Strategic Business Areas Even Further: Consumer Banking

Business Strategy

Social and economic circumstances are changing at a quickening pace in view of such factors as the advent of the super-aging society, the increasing concentration of population and wealth in urban areas, and diversification of lifestyles. In this situation, we are striving to offer our customers “total life solutions” that support asset formation and life designs corresponding to their needs at various life stages. We aim to establish a brand as “Resona, No.1 in transactions for individual customers.”



* Total of gross operating profit of reportable segments disclosed in “Segment Information” in the securities report

Business Environment and Priority Business Fields

Change in social and economic circumstances

- Shift from savings to investments
- Super-aging society
- Concentration of population in urban areas
- Diversification of lifestyles

Resona’s competitive strengths

- 13 million individual customers
- Urban franchise centering in the Tokyo metropolitan area and the Kansai region
- Japan’s largest commercial bank offering the full lineup of trust functions
- Competitive advantage in the housing loan business

Priority business fields

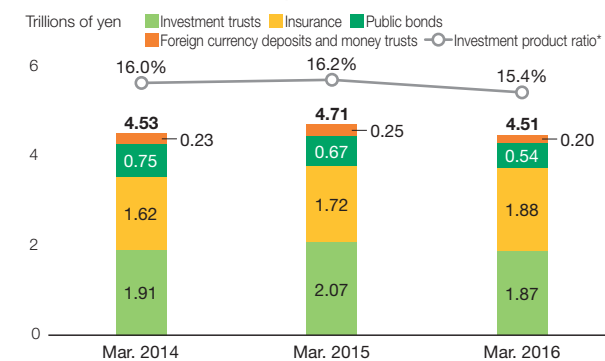
- Support of asset formation
- Support of asset succession
- Residential housing loans
- Consumer loans

Support of Asset Formation

We propose customers the best-fitted products among a variety of products including time deposits, investment trusts, insurances and money trusts which utilize the know-how we have built up thus far through corporate pension management.

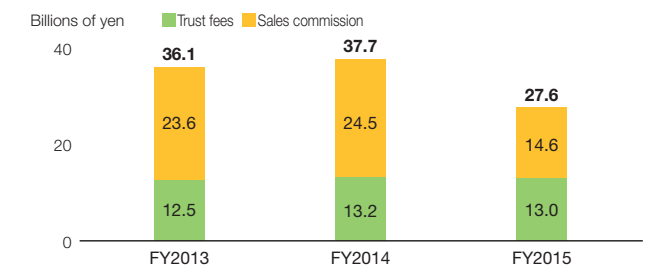
Our objective is to establish an AUM-oriented business model with which we build long-lasting relationship with our customers and assist them to build up personal assets.

Balance of investment products sold to individuals

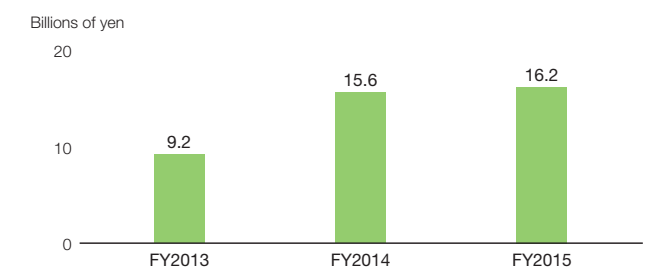


* Investment product ratio = Balance of investment products sold to individuals / balance of investment products sold to individuals and yen deposits held by individuals

Income from investment trusts



Income from insurance

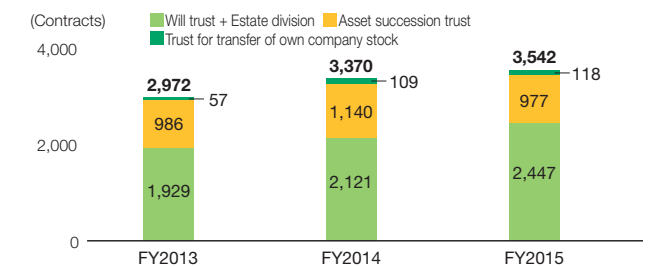


Support of Asset Succession

The number of new asset succession-related entrustments is on an upward trend.

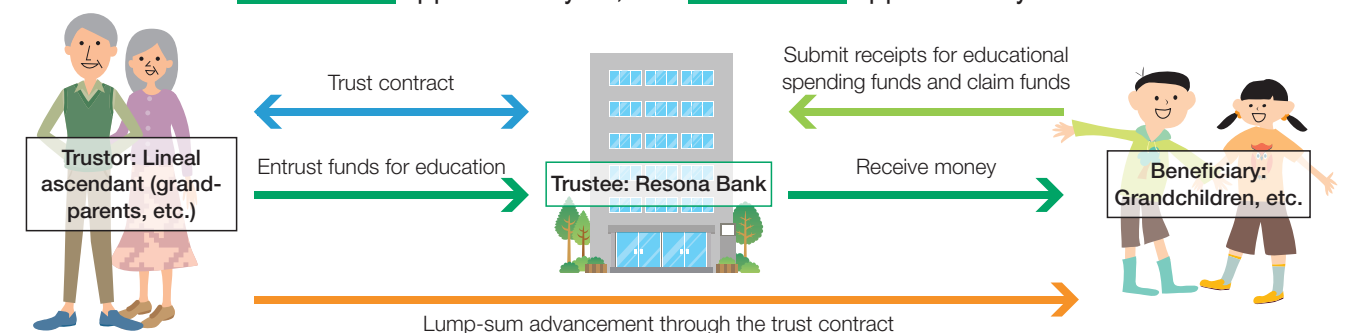
Resona offers diverse products addressing the needs of customers who wish to bequeath assets to the next generation. These include not only will trusts but also money trusts for asset succession. “My Trust” protects customers’ valuable assets, helping to transform anxiety about the future into peace of mind. “Heart Trust” conveys feelings of gratitude to loved ones.

Number of new asset succession-related contracts



Education Fund Trust (launched in April 2013)

As of March 31, 2016 Number of entrustments Approximately 19,000 Entrusted amount Approximately ¥115.0 billion

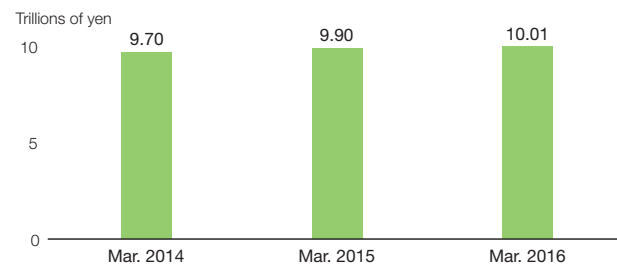


Eligible for “gift tax exemption for lump-sum advancement of educational funds” applicable under the tax system revision in 2013

Residential Housing Loans

Housing loan business is one of major businesses which Resona Group banks have accumulated know-how and have competitive advantages. The balance of housing loans has been on the upward trend. Through the operational reform initiatives we have recently undertaken, the Group banks now open their housing loan plazas, examine loan applications and extend loans on weekends and holidays, providing customers with overwhelming convenience and speedier responses. We now listen carefully to the needs of our customers and propose the best solution, utilizing the time saved through the operational reform efforts.

Balance of residential housing loans



Holiday operation

- Offering unparalleled customer convenience
Approx. 40% of the housing loan contracts now being concluded on holidays and weekends.

Business Hours	<ul style="list-style-type: none"> 68 Loan Plazas now open on holidays/weekends Collaboration of 7 Days Plazas and Loan Plazas 	
Screening	<ul style="list-style-type: none"> Started in June 2015 On the same day at the earliest 	1st. among major banks
Execution	<ul style="list-style-type: none"> Started in March 2016 Settlement and delivery on holidays/weekends 	1st. among Japanese banks

Housing loan business reform

- Strengthen sales activities and reduce administrative cost, simultaneously
 - Adopted the new system
 - Loan Plaza became sales-oriented front office, halving clerical work load
 - Speedier screening
 - Reduced customers' burden for documentation



Loan contracting on a dedicated screen is the first in the industry.

Original Housing Loan Products Attuned to Customer Needs

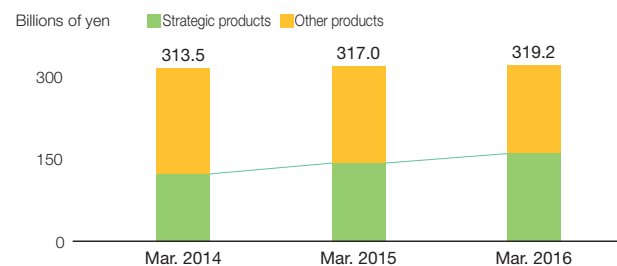
<p>Danshin Kakumei</p> <p>Housing loan with wider group credit life insurance coverage Loan balance will be reduced to zero if a borrower suffers; "3 major diseases" or "16 conditions owing to diseases or injuries" or "conditions requiring special nursing care"</p>	<p>Haretara Ii Ne</p> <p>Housing loan with compensation for insufficient sunlight for home owners who installed solar panels "For unit houses equipped with solar power generating panels" "Free compensation for insufficient sunlight for three years"</p>	<p>Resona Web-only Refinance Loan</p> <p>Resona Web-only Refinance Loan "Real easy loan application on the Web" "Booking for prior consultation on holidays/weekends can be arranged"</p>
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Consumer Loans

The Resona Group strives to enhance competitiveness of its consumer loan business. We have adopted new approaches to build up the balance of consumer loans. They include raising of the credit limit, development of alliance-based loan products for customers of Resona's partner companies, and the launch of a loan product for our housing loan customers.

Customer convenience has been greatly enhanced by introducing a completely web-based process from loan application, acceptance/refusal, to contracting. We carry out screening and execute loans on weekends and holidays.

Balance of consumer loans



Original Loan Products to Help Customers Realize Their Dreams

Resona offers original loan products to support customers' livelihoods and help them realize their aspirations. These include "Resona Premium Card Loan," "Quick Card Loan," and "cannael," a loan for women that supports their aspirations for the future.



"cannael," a loan for women that supports their aspirations for the future

Achievements of Service and Operational Reforms

Customers' evaluation of Resona has improved greatly owing to the service reform and the underlying operational reform initiatives we have undertaken following the injection of public funds. According to Nikkei's Survey on Banks' Retail Capability announced in October 2015, among the 117 banks, all Resona Group banks were ranked in the top 10: Saitama Resona Bank sixth, Resona Bank eighth, and The Kinki Osaka Bank ninth.

Nikkei's Survey of Banks' Retail Capability

All Resona Group banks ranked in the "top 10"

1st	Shinsei Bank
2nd	Sumitomo Mitsui Banking Corp.
3rd	AEON Bank
4th	SURUGA Bank
5th	Mizuho Bank
6th	Saitama Resona Bank
7th	Hiroshima Bank
8th	Resona Bank
9th	The Kinki Osaka Bank
10th	Joyo Bank

Survey of 117 banks (October 2015)

All Resona Group Banks ranked in the "top 10"

Operational reform to eliminate customer waiting time

In promoting operational reform, our priority was to address the voices of our customers, that is, "why do customers have to wait so long at banks?" To reduce customer waiting time to zero, we promoted consolidation and streamlining of administrative work at branches. At the same time, we have introduced patented Quick Navi ATMs for faster depositing, withdrawal, remittance and other transactions. At our branches, the General Reception

Counter welcomes customers and ascertains their needs, for example, whether they are pressed for time or would like to consult us. Our personalized responses are well received by our customers.

Through the overhaul of the entire operations, including administration and the branch format, we have reduced costs to achieve cost competitiveness while enhancing retail customer relations.

General Reception Counter

- The General Reception Counter located near the entrance welcomes customers.
- Ascertains the customer's needs and guides the customer to the right booth.

Quick Navi

Patented!

- Quick Navi ATM for payment of taxes and utility bills
- No need for form filling means speedy processing.

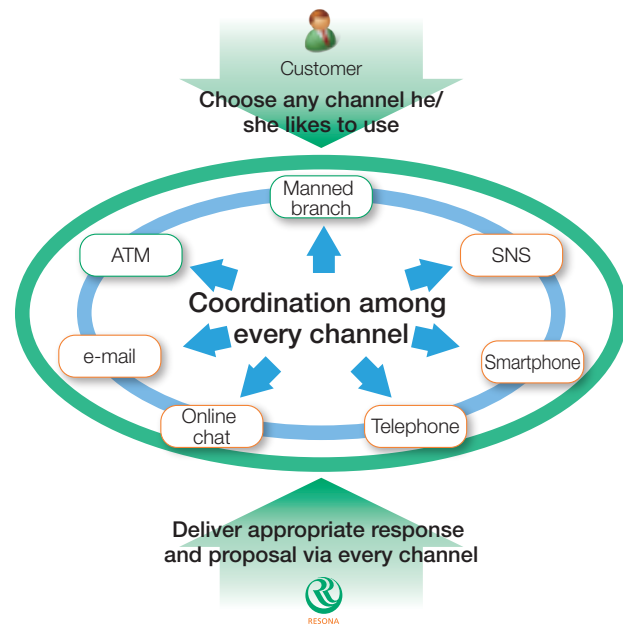
Service Counter

- Utilization of biometrics eliminates the need for form filling and applying seals.

Communication Booth

- Private consultations are provided in a booth.

Challenging to Create New Profit Opportunities: Omni-Channel Strategy



- Desire to use banking services 24 hours/365 days
 - Desire to consult the bank on holidays
 - Desire to complete transactions on a smartphone
 - To respond to each of our customers' desires, we will change the style of our bank.
- "Omni Bank Declaration"
- The Resona Group takes up new challenges to respond to your desires anytime and anywhere.

The omni-channel strategy is designed to meticulously and speedily provide high-quality financial services to customers by responding to their financial behavior and values in a tailored way, integrating real and Web channels.

Channel Reform

Real × Web

Anytime

Anywhere

New area

New customer segment

Anytime and anywhere through integration of real and Web channels

- Open 24 hours/365 days
- Dramatic expansion of Web channels
- Integration of Web and real channels

Marketing Reform

All customers

Gather and analyze customer information to make a timely proposal

All the information available in the Group
Non-financial information gained through alliance, etc.
External data, etc.

Gather and analyze the data for marketing

Sales Reform

One-stop operation from proposals to execution of transactions with no clerical work process

Tablets capable of handling the entire process from making proposals to clerical works

Sharing of customer information among employees in real time

Thorough pursuit of customer value

Measures Implemented thus Far

Provide Customers with Overwhelming Convenience

Overcome constraints of "time" for banking transactions Anytime

■ Business hours extended to 5 p.m. on weekdays
(April 2004-)



■ 24 hours manned telephone banking services
(May 2005-)

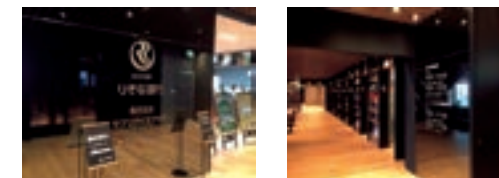


■ 24 hours/365 days account transfers within Resona Group banks
(April 2015-)



■ 7 Days Plaza Please refer to page 33

- Open 365 days until 7 p.m.
- 13 "7 Days Plazas" as of June 30, 2016



■ Handling of housing loans on weekends/holidays

- Loan Plazas open on weekends/holidays (October 2003-)
- 68 Loan Plazas as of June 30, 2016
- Housing loan screening on weekends/holidays (June 2015-)
- Execution of housing loans on weekends/holidays (March 2016-)

Overcome Constraints of "space" for banking transactions Anywhere

■ Dramatic expansion of the Internet channels

- Strengthened internet banking functions ("My Gate") (April 2014-)
- Chat function added to Resona web-site (July 2015-)



- Web Settlement Portal Site (November 2015-)
- Point Mall (November 2015-)
- Resona Smart Store (March 2015-)

Please refer to page 33

First shot: Resona JAL Smart Account (Internet branch)



■ Mutual opening of OTC services within Resona Group banks

- Various notifications relating to deposits (September 2015-)
- Ordinary deposit transactions (November 2015-) (Common passbook for Resona Group banks)

■ Consulting-based sales activities utilizing tablets

- Consultation by professional FPs via remote channel (June 2015-)
- One tablet for each sales representative (April 2016-)

Flexible and latest IT infrastructure realizes:

Safety and reliability

Diversification and sophistication of services

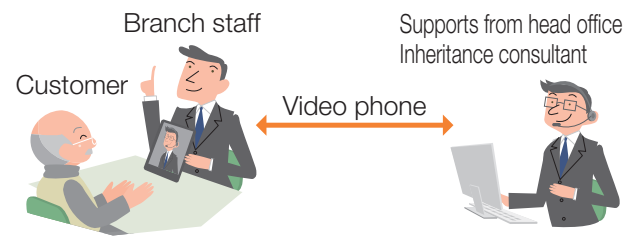
Bulk processing and fast processing



7 Days Plaza Toyosu (opened in November 2015) Pilot store for realizing the omni-channel concept

7 Days Plaza Toyosu (Toyosu Branch of Resona Bank) opened in November 2015 as a strategic branch embodying the “omni-channel concept” which makes banking services “anytime” and “anywhere” happen. Here, we offer our customers “new experience,” such as opening a new account without a seal, the first such attempt by Japanese major banks, paperless processing utilizing tablets, and advanced consultations by our professional staff at head office via a video-phone system, etc.

- **Open 365 days until 7 p.m.**
- **Expanded functions to enhance customers' convenience**
 - Open a bank account without a seal (the first among major banks)
 - Keyless safe-deposit box accessible 365 days from 7 a.m. to 10 p.m.*
 - *From 8 a.m. to 10 p.m. on weekends/holidays
 - Prior sign-in and data entry with a tablet device at our reception counter
- **Strengthened consulting functions**
 - Advanced consultation services offered by professional consultants at our head office via a video-phone system on tablets and PCs



Resona Smart Store, Resona Group's New Channel (opened in March 2016)

The first Resona Smart Store: Resona JAL Smart Account

Resona Smart Store is a brand new web-based channel we have launched with a view to providing customers with more preferential and convenient services attuned to diversifying customer interests and tastes. Unlike conventional provision of services through bank branches, Resona Smart Store offers services via the Internet. We will roll out new services at Resona Smart Store one after another.

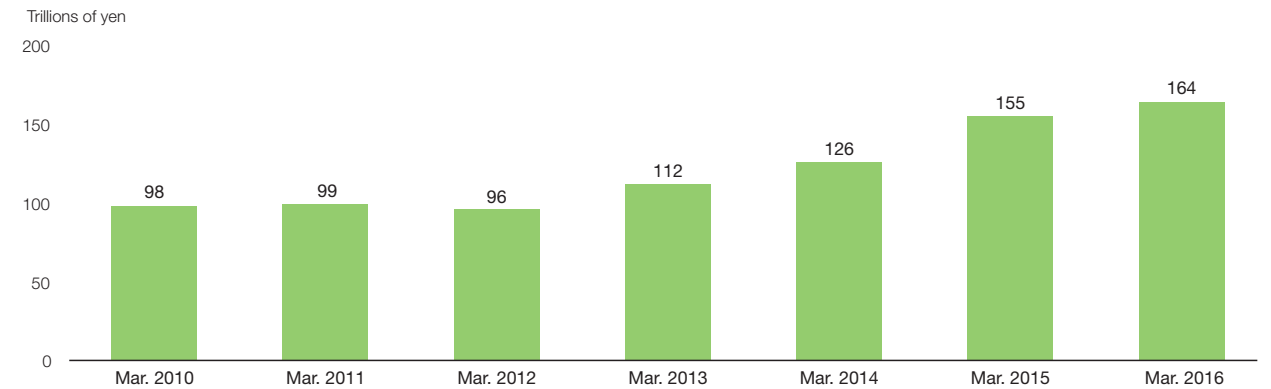


Resona Asset Management Co., Ltd. established (August 2015)

Resona Bank has been engaged in the asset management business for almost half a century, mainly in the field of pension fund management as a trust bank. As one of the top-tier asset managers in Japan with assets amounting to approximately 15 trillion yen under management, Resona Bank is helping customers build their assets.

The Resona Group regards the current shift “from savings to investments” and the resulting growth in the investment trust market as a promising business opportunity, and established Resona Asset Management Co., Ltd. in August 2015. We intend to strengthen the asset management business we direct towards individual and corporate customers by providing retail clients with our asset management know how and expertise we have gained through the services we have offered to professional institutions via the Group's network.

Total net assets of investment trusts in Japan



Source: Prepared by Resona Holdings based on data available at The Investment Trusts Association, Japan

Resona Wrap-type Fund “R246” launched (January 2016)

Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank began handling the Resona Wrap-type Fund “R246” in January 2016, the first investment trust fund established and managed by Resona Asset Management. This fund sets three target returns according to customer needs and trust fees at reasonable rates. Since the launch, total net assets of R246 increased steadily and amounted to approximately ¥36 billion as of May 31, 2016.

Initiatives to strengthen the support we extend to our customers for their asset formation

As part of our efforts to support customers' asset formation, the Group has strengthened initiatives for fulfilling fiduciary duty*.

1. Establishment of “Fiduciary Duty Action” (March 2016)
The Group has established a code of conduct for the Group's asset management business.
2. Establishment of the “Asset Management Advisory Committee” (March 2016)
Regarding the fulfillment of fiduciary duties, the Group has established an advisory committee to receive advice and suggestions from external experts.

The Group will also promote other initiatives regarding the asset management business, including making proposals to customers based on their life plan simulations.

*Fiduciary duty: A wide range of roles and responsibilities of a party entrusted by another party

Corporate Governance

Basic Approach to Corporate Governance

Resona Holdings, Inc. (hereinafter the “Company”) has established the “Basic Corporate Governance Policy” with the aim of facilitating the sustained growth and improvement of the corporate value of the Resona Group (hereinafter the “Group”) over the medium and long terms.

Basic Approach to Corporate Governance

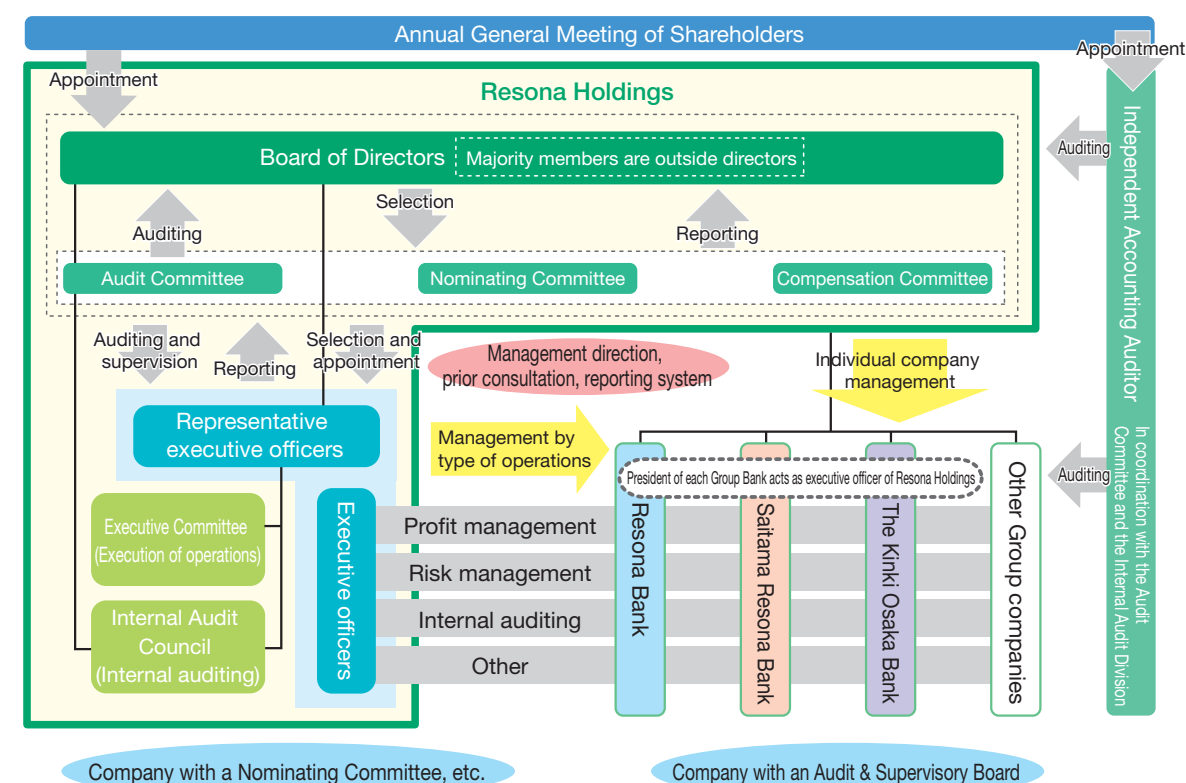
- The Company, as the holding company of the financial services group, including Resona Bank, Limited, Saitama Resona Bank, Limited and The Kinki Osaka Bank, Ltd. (hereinafter the “Group Banks”), shall maximize the corporate value of the Group.
- The Company shall respect all stakeholders, including shareholders, and aim at achieving excellent corporate governance so that the Company can make decisions rapidly and decisively in response to environmental changes, including economic and social changes.
- The Company shall establish the “Corporate Mission (Resona Group Management Philosophy),” a general philosophy of management of the Group, and the “Resona Way (Resona Group Code of Conduct),” a specific form of the philosophy, under which the Group shall implement business operations in a concerted manner.

The Company’s Corporate Governance System

- Based on the above-mentioned basic approach to corporate governance, the Company shall clearly separate the management supervision function from the business execution function, and adopt the form of a “company with a nominating committee, etc.” as a corporate governance system because the Company determines that this system can enhance the supervision and decision-making functions of the Board of Directors.
- The Company shall fully utilize external views in its business management and secure transparency and fairness in management by making the Board of Directors, on which highly independent outside directors constitute a majority, and the three committees (the Nominating Committee, the Compensation Committee and the Audit Committee) fulfill their functions.

The Company shall ensure the autonomy of its subsidiaries and instruct the subsidiaries to manage their business activities based on the above-mentioned basic approach to corporate governance so that the Group will grow together with regional communities.

[Group Corporate Governance Framework]



Activities at Resona Holdings

Management body	Expected role	Composition	Number of meetings held
Board of Directors	The Board of Directors fully ensures that management engages in substantial discussion in fulfilling its responsibilities for decision-making on important Group management issues and supervising the execution of business activities by executive officers and directors.	10 Directors (including 6 Outside Directors) male: 8 female: 2	17 times in FY2015
Nominating Committee	The Nominating Committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the annual general meeting of shareholders, based on the specific qualities that the Group should seek in its directors as well as the “Standards for Electing Director Candidates,” both of which have been discussed and decided at the committee’s meetings.	3 Directors (All of the members are Outside Directors) The committee chairman is an Outside Director	6 times in FY2015
Audit Committee	The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors that are submitted to the annual general meeting of shareholders in addition to auditing the execution of operations by executive officers and directors.	3 Directors (including 2 Outside Directors) The committee chairman is an Outside Director	13 times in FY2015
Compensation Committee	The Compensation 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.	3 Directors (All of the members are Outside Directors) The committee chairman is an Outside Director	7 times in FY2015
Executive Committee	Resona Holdings has set up the 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.	Representative executive officers and executive officers	42 times in FY2015
Internal Audit Council	As a body to deliberate and report on important matters related to internal audits, the Company has established the Internal Audit Council that is independent from the Executive Committee, which serves as a body for the execution of operations.	All representative executive officers, full-time Audit Committee member, executive officer in charge of the Internal Audit Division and general manager of the Internal Audit Division, etc.	15 times in FY2015

Internal Control

To enhance corporate value, the Company has established a basic policy on internal control, which has been passed by the Board of Directors, to establish a system to ensure that the Group’s operations are conducted in an appropriate manner and realize an internal control system that is appropriate for the Group.

Summary of “Basic Policies for Group Internal Control Systems” (Revised on April 1, 2016)

1. Purpose of Internal Control Systems (Basic Principles)

In accordance with generally accepted evaluation standards for internal control systems, the Company and each Group company shall adopt as the Group’s basic principles on internal controls the fulfillment of the following four goals.

- Improve efficacy and efficiency of operations
- Assure reliability of financial disclosure
- Comply with legislation
- Maintain the soundness of assets

2. Constructing Internal Control Systems

The Company shall develop internal control systems composed of the basic elements required for the systems to fulfill their purposes, including a control framework, risk evaluation and response system, internal control activities, information and communication systems, monitoring standards, and IT systems. Upon establishment of the Corporate Mission shared throughout the Group and based on these policies, the Company shall determine the following basic guidelines in constructing systems to ensure that the Group’s operations are conducted in an appropriate manner.

- Guidelines to ensure that business operations of the Company’s Executive Officers and employees as well as Directors, Executive Officers and employees at each Group company are executed in compliance with legislation and Group regulations
- Guidelines to store and manage information related to the execution of operations by Executive Officers
- Guidelines to govern the management of loss risk that may arise at the Company or its Group companies and related systems
- Guidelines to ensure that the responsibilities of the Company’s Executive Officers and each Group company’s Directors and Executive Officers are carried out effectively
- Guidelines to ensure that operations of the corporate group, consisting of the Company and all Group companies, are conducted appropriately (including a system to ensure that the execution of operations by Directors and Executive Officers at each Group company is reported to the Company)
- Guidelines concerning assistants to the operations of the Audit Committee
- Guidelines to ensure the independence of the specialist personnel mentioned above in relation to Executive Officers and that instructions to said personnel are carried out effectively
- Guidelines concerning a reporting system for the Company’s Directors (excluding those concurrently serving as members of the Audit Committee), Executive Officers and employees and each Group company’s Directors, Audit & Supervisory Board Members, Executive Officers and employees as well as persons who received reports from the foregoing personnel to report to the Audit Committee
- Guidelines concerning a system to ensure that a person who made the abovementioned reporting is not treated disadvantageously
- Guidelines concerning the treatment of expenses incurred in connection with the execution of duties by the members of the Audit Committee
- Guidelines to ensure that audits by the Audit Committee are conducted effectively

Corporate Governance System at Group Banks

The Group Banks, as members of the Group, work together to increase corporate value under the supervision of Resona Holdings. For the Board of Directors, the Group banks invite outside directors and define the Board as the place to make decisions for businesses and supervise performance of duties of directors and

executive officers. The Group banks also operate the Board meetings to ensure substantive discussions.

The Group banks ensure robust auditing function for the management by establishing the Audit & Supervisory Board, which comprises the Audit & Supervisory Board Members.

Other Matters Related to Corporate Governance

Resona Succession Plan

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 at the Company and each Group bank 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.

Self-evaluation of the Board of Directors

The Company's Board of Directors conducts an annual analysis and evaluation of its effectiveness as a whole based on the opinions of each director with regard to their assessment of the operations and functionality of the Board as well as matters discussed at the Board of Directors meetings. The Board of Directors utilizes the results of the evaluation to make improvements in its operations and to enhance its supervisory and decision-making functions.

The evaluation of the fiscal 2015 concluded that the operations of the Board were deemed appropriate on the whole and the overall effectiveness of the Board of Directors was confirmed. In addition, there was some improvement made regarding the selection of meeting agendas and the preparation of meeting materials, both of which were identified as issues requiring improvement in the fiscal 2014 self-evaluation. However, the Board recognizes the existence of room for further improvement. The Board believes that it needs to draw up agendas in a more efficient and systematic manner, and enhance the content of meeting materials. Going forward, the Company's Board of Directors will enhance the content of discussions through the improvement of its operations based on such input as the opinion of each director.

Risk Appetite Framework

Framework for Formulating and Executing Strategies to Support Sustainable Growth

To realize the strategy of becoming "the No. 1 Retail Bank," the Resona Group organically correlate "earnings," "risk," "capital," etc. and develop an organization and systems that is capable of formulating a plan that ensures consistency and establish a framework (PDCA) to support the formulation and execution of strategies.

Formulation of Management Strategies and Plans

In formulating management strategies, the Company clarifies the business areas that actively take risks based on the analysis of internal and external environments.

Based on multifaceted and sufficient discussions, management strategies are decided at the Board of Directors meeting of Resona Holdings, Inc., the majority of which consists of outside directors. The divisions in charge of business execution then formulate the detailed plans based on such resolution.

More specifically, based on the characteristics and strengths of the Group's businesses and taking into consideration the short-term and medium- to long-term

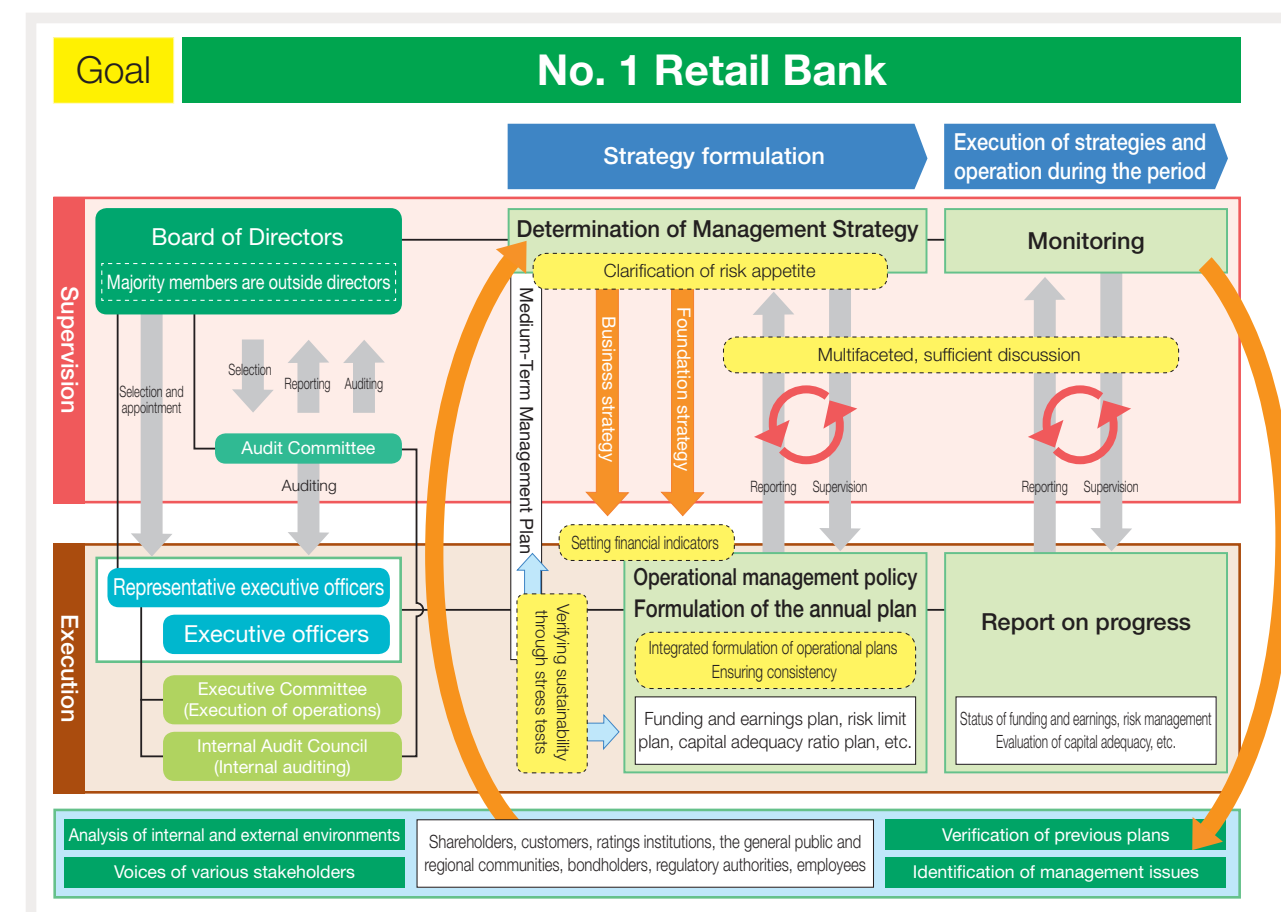
issues, and ensuring that the operational policies formulated by the Group companies and business divisions are consistent within the Group, the "funding and earnings plan," "risk limit plan," and "capital adequacy ratio plan," etc. are defined.

Through risk management division's stress tests, these plans undergo potential sustainability verification to confirm that risk-taking and risk-control during the plan period are possible.

Operation and Management of Plans

During the plan period, progress and verification results of these plans are regularly reported to the Board of Directors. At the Board of Directors meeting, vigorous and in-depth discussions are held in an effort to realize the strategies.

To ensure the feasibility of the strategy, the results of the discussion are reflected in the strategies, flexible review of operational management during the period and review of organizational structures.



Risk Management

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. The Resona Group conducts its 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

The Company 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 the Company and the 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.

The Company and the 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.

Comprehensive Risk Management

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

Each Group Bank measures the volume of credit risk, market risk, and operational risk using the risk management indicator value at risk (VaR*) and establishes 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, the Company 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, the Company 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 Company 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, the Company 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, the Company and the Group Banks conduct qualitative assessment through various stress testing and the use of risk-assessment mapping. In this way, the Group 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.

Group Management by Resona Holdings

The Company 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 the Company in advance of making decisions on important matters related to risk management and base their decisions on those consultations.

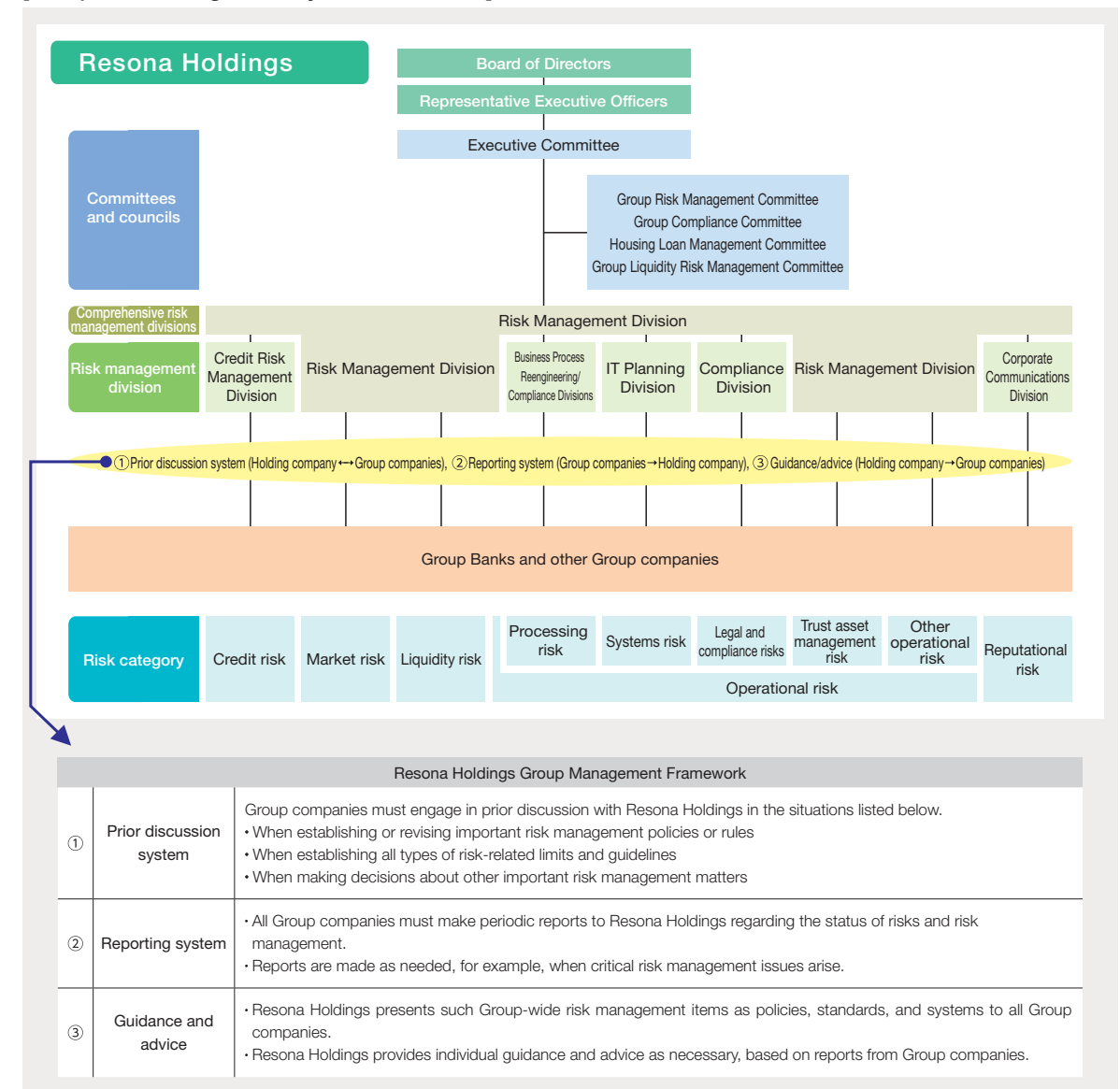
In addition to providing direction to Group companies regarding risk management policies as well as rules, standards, and systems, the Company verifies risk management policies, rules, standards, and systems

at all Group companies through prior consultation, thus controlling the Group risk management framework.

Furthermore, the Company controls risk taking by Group companies by requiring prior discussion of their limits and guidelines. Group companies must make reports to the Company 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 the Company for managing each type of risk on a Group-wide basis.

[Group Risk Management Systems in Outline]



Risk Category	Definition	Risk Management Methods
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	Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, etc.) 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, risk indicators, 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.

Compliance

Basic Activities

The Resona Group defines compliance as the strict observance not only of laws and regulations, but also social norms and has positioned compliance as a key management issue.

As the basic activities to put compliance into practice, the Resona Group has established its Corporate Mission, which forms the basis for the judgments of directors and employees; the *Resona Way* (the Resona Group Corporate Promises), which outlines the basic stance, based on the Corporate Mission, that directors

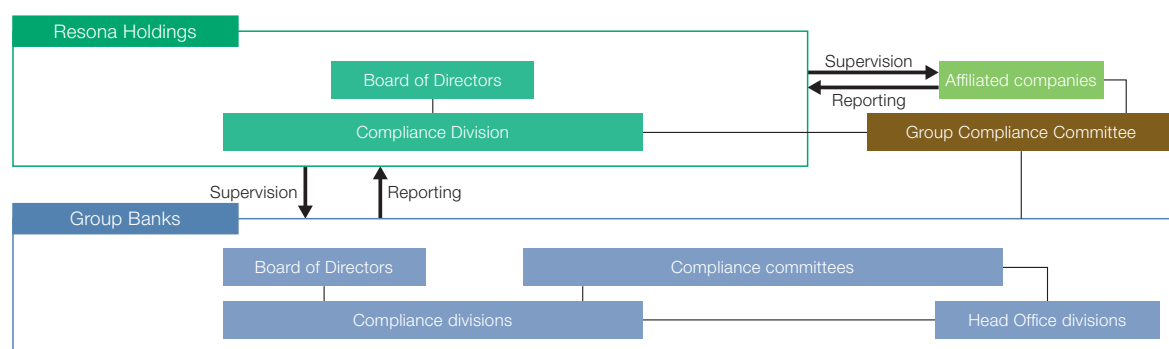
and employees should take toward all Group stakeholders; and the *Resona Standards* (the Resona Group's Behavior Guidelines), specific guidelines about behavior expected from directors and employees under the Corporate Mission and the *Resona Way*. The Corporate Mission, the *Resona Way*, and the *Resona Standards* are applied uniformly across Group companies, and the related handbook are distributed to all directors and employees, and trainings are regularly arranged at all workplaces.

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. In addition, the Group has formed a Group Compliance Committee composed of the Company and Group companies as a member, which discusses and evaluates all issues related to Group compliance.



Systems for Protecting Group Customers

The Company and Group banks are proactively working to make improvements in the quality of explanations to customers, responses to customer inquiries and complaints, the management of customer information, the management of

conflicting interests in banking transactions, and other areas so that we can provide better responses and more convenience for customers. Specifically, we discuss and deliberate initiatives with responsible divisions and individuals in the Group Compliance Committee, etc.

Management of Customer Information

The protection of customer information is one of the most important factors in enabling customers to use the Group with peace of mind. We strive to properly manage customer information by publicizing the Promise to

Protect Personal Information of All Group Companies, establishing a framework for protecting against leakage or 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 Group companies. The Group has set specific internal rules and regulations, as well as providing ongoing training and education on these compliance issues for directors and employees. In addition, we have formed cooperative relationships with law-enforcement agencies such as the police to prevent and nullify transactions with anti-social forces.

Internal Auditing

Group Internal Auditing

We believe that the role of the internal auditing is extremely important in to attain the Resona Group's Corporate Mission of "live up to customers' expectations" and "implement transparent management". Accordingly, we have established internal audit divisions at Resona Holdings and Group companies.

In order to ensure sound and appropriate operations and to gain social trust in the business management

systems established by the Company and Group companies, the internal audit divisions serve the essential function of facilitating improvements in corporate value by verifying and evaluating the systems from an independent standpoint and promoting improvements as needed in all management activities.

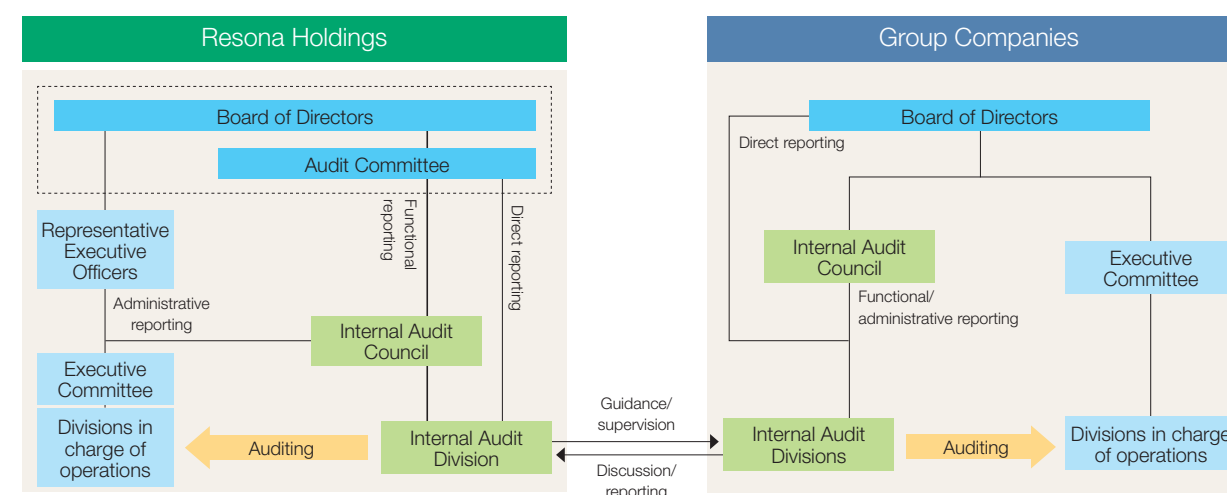
Organization

The Company and Group companies have established independent internal audit divisions under each board of directors.

Moreover, we have formed an "Internal Audit Council" in the Company and Group companies, separate from the "Executive Committee," to discuss important matters related to internal auditing.

The Internal Audit Division of the Company reports to the Board of Directors and the Audit Committee for its function and to the Representative Executive Officers for

its administration. In addition, by ensuring direct reporting line from the Audit Committee to the Internal Audit Division, we strengthen the monitoring and check-and-balance functions performed over the Representative Executive Officers and Representative Directors of the Group companies.



Functions and Roles

To guide the formulation of plans for internal auditing, the Internal Audit Division of the Company formulates the Annual Internal Audit Basic Plan of the Company and the Group, including the Group's annual policies, the targets of auditing, and key items and secures approval of the Board of Directors after discussion with the Audit Committee.

The internal audit division of each Group company formulates its Annual Internal Audit Basic Plan based on prior discussion with the Internal Audit Division of the Company and secures approval of respective board of directors.

The internal audit divisions at the Company and its Group companies conduct audits based on the Annual Internal Audit Basic Plan.

The results of internal audits of the Company are reported to its Board of Directors, the Audit Committee, and Representative Executive Officers, etc. The results of internal audits of the Group companies are reported to their respective boards of directors and auditors as well as the Company.

Resona Group's Corporate Social Responsibility (CSR)

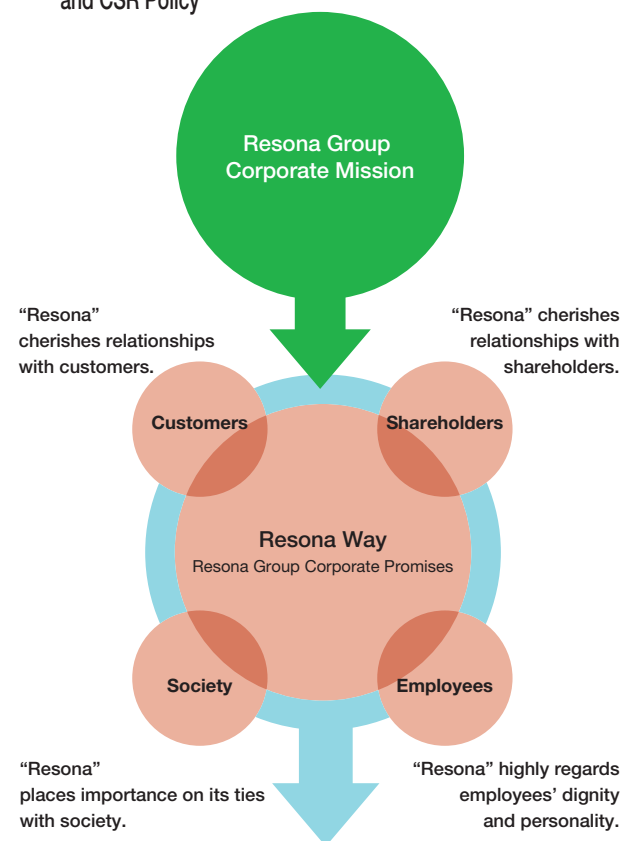
Basic Approach to CSR Management

Relationship between Corporate Mission, Corporate Promises, and CSR Policy

The Resona Group defines "CSR Management" as "contributing to the creation of a sustainable society." Resona Group Corporate Mission embodies an orientation to be followed and a value set to be shared by all officers and employees. The Resona Way (the Resona Group Corporate Promises) lays down basic positions in detail. (→ page 01).

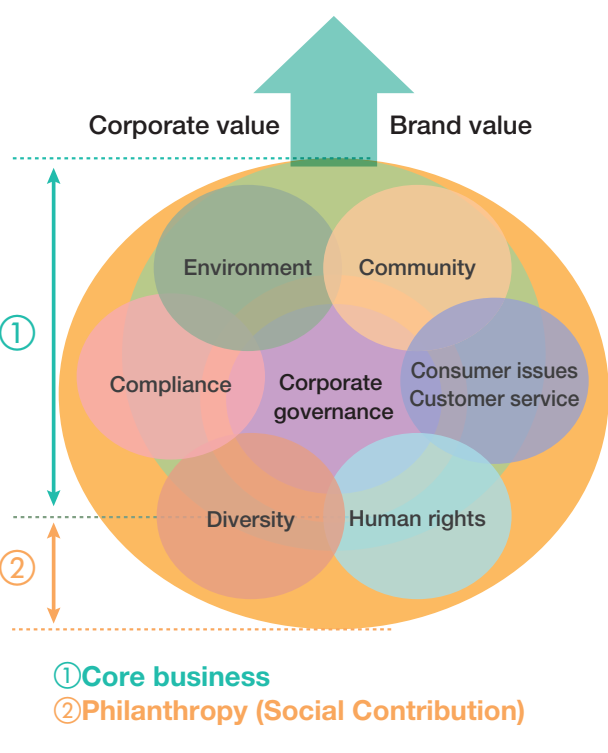
Based on these commitments, the Group defines the "Resona Group CSR Policy" as being in line with the core precepts of the international standard ISO 26000, which clarifies what stance companies need to take to meet their social responsibilities. Through the Group CSR policy, we have laid down CSR objectives in seven clearly specified areas of social issues, and take measures to achieve them.

Relationship between Corporate Mission, Corporate Promises, and CSR Policy



Concept of CSR Management

CSR management = Contribution to the creation of a sustainable society



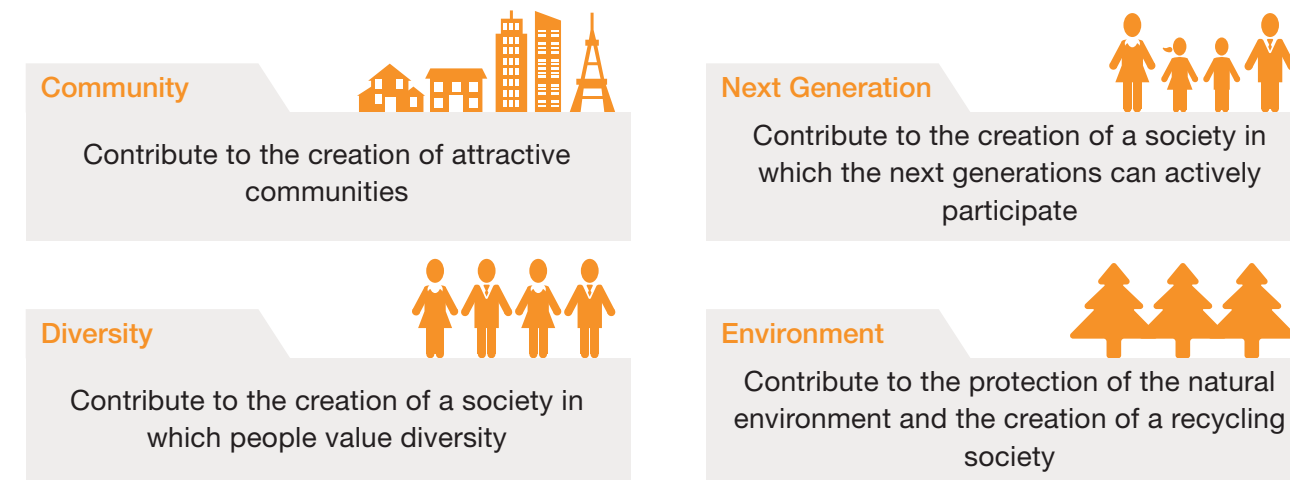
Resona Group CSR Policy

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.

Priority CSR Issues (Materiality)

Priority CSR issues at Resona Group

We have identified and are engaged in four priority areas – Community, Next Generation, Diversity, and Environment – in our measures to contribute to creation of a sustainable society based on the fulfillment of public CSR expectations, and to gear CSR initiatives to the unique qualities of the Group and so boost corporate value.



Process for identifying priority issues

- 1 Identify relevant social issues**
In line with the seven issues under the Resona Group CSR Policy (Corporate governance, Human rights, Diversity, Compliance, Consumer issues/Customer service, Community, and Environment), we have identified 22 areas of social issues, through referring to the GRI Guidelines (G4) and ISO 26000, and items for external evaluation.
- 2 Consider priorities in the Resona Group**
With regard to social issues identified in Step1, we have considered our priorities based on the Corporate Mission, Business Strategy and Resona's unique qualities (strengths, distinctiveness and brand enhancement)
- 3 Consider the degree of importance to stakeholders**
We have considered the degree of importance to stakeholders (customers, employees, regional communities, Resona Group shareholders, investors, government and administrative organizations, business partners and NPOs/NGOs) through interviews with external experts.



Ms. Makiko Akabane
Director of CSR Asia
Tokyo office



Mr. Keisuke Takegahara
Head of Environmental Initiative & Corporate Social Responsibility-Support Department of Development Bank of Japan Inc.

Main remarks made

- The Group focuses its business in local regions even through it is a nationwide major financial institution, and it also has trust banking function. I believe these characteristics contribute greatly to the revitalization of regional economies and I expect competitiveness and increase its corporate value.
- The Group contributes not only to improving customer convenience but also to improving productivity and reducing environmental impact by promoting the "omni-channel strategy." I think this is a good example of solving social issues through business activities.
- Regarding the resolution of social issues, one of the most important activities of financial institutions is encouragement of environmental and social measures through financial function. So, I appreciate that the Group has integrated pro-environmental activities by borrowers and investees into the credit policies.



Priority Issue: Community

Contribute to the creation of attractive communities

Contribution to Revitalizing Regional Economies

Based on the Corporate Mission, "To Develop Further with Regional Societies," the Resona Group provides regional customers with smooth finance and high-quality financial services. Also, the Group helps to create new business opportunities, such as promoting transactions and exchanging technologies between our customers, through our business matching events leveraging the Group networks.

The 6th Network Business Negotiations in Osaka



The theme of the negotiations was "food" with unique food materials collected from each region. Companies from a record nine prefectures participated.

Resona's "Furusato Meibutsu" (Hometown Delicacies) Support Fair



Fifty businesses which handle famous local products from nine prefectures, mainly of the Kansai region, gathered in one place. There were around 1,000 visitors including consumer at the fair which resulted in good PR activities for the regions.

Each One of Our Employees Get Involved in Community Building

Our employees voluntarily participate in activities which matches each regional issues and situations. Such activities include local events and volunteer activities that foster a sense of unity and improve their social skills.

"Re: Heart Club," a volunteer group organized by employees of the Resona Group



The group has organized and participated in many volunteer activities since its establishment in 2012.

TABLE FOR TWO



For each purchase of a healthy meal at respective Group staff cafeterias, ¥20 is donated to school meal programs for children in developing countries. So far more than 650,000 meals have been served under the "Table for Two."

Kumamoto Earthquake: Support for Victims and Reconstruction in Disaster-Hit Areas

The Resona Group donated ¥20 million through Center Community Chest of Japan and carried out the following initiatives.

- Opened donation accounts
- Placed donation boxes at branches
- Raised donation using the Group Banks' point-exchange services
- Loans for disaster-hit areas
- Employees donations



Priority Issue: Next Generation

Contribute to the creation of a society in which the next generations can actively participate

Support for Inter-Generational Asset and Business Succession to the Next Generation

With the social issues of inter-generational succession of assets and businesses coming to the fore amid Japan's super aging society, the Group provides meticulous support by leveraging its financial and trust banking capabilities to create a social environment that enables such succession in a smooth and steady way.

Kyoiku Trust (Education Fund Trust)



This trust allows for tax-exempt monetary gift up to ¥15 million per person (grandchildren, etc.) for the purpose of education.

Kekkon - Kosodate Support Trust (Marriage and Child Raising Trust)



This trust allows for tax-exempt monetary gift up to ¥10 million per person (children and grandchildren, etc.) for the purpose of marriage and child raising.

Asset Succession Trust My Trust Mirai Anshin Zu (My Trust for Future Peace of Mind)



This trust helps protect funds and secure the future for our customers and their loved ones.

Junior NISA



This trust allows for tax-exempt dividend incomes and capital gains arising from an annual investment (up to ¥800,000 per child) in equity investment trusts and listed stocks.

*The Group does not engage in transactions of listed stocks.

Contribution to the Improvement of Financial Literacy

It is increasingly important for young people to acquire correct financial knowledge and learn how to make right decisions as personal finance options grow more sophisticated and complicated. To enable being more independent, reassured and affluent in daily life, the Group leverages its strengths and resources to promote financial and economic education.

"Resona Kids' Money Academy," a financial and economic education activity for children



Since its launch in 2005, over 25,000 students have participated this program.

"Economics Koshien," a nationwide financial and economic quiz championship for high school students



Three regional contests were held in the Tokyo, Saitama and Osaka areas to help spread and improve financial knowledge.

Support Children's Challenges

For children who will be responsible for the next generation, we support their various challenges to enable them to fulfill their dreams.

Award Ceremony and Exhibition of All Japan Culture Festival for Schools for the Disabled



The award ceremony and exhibition are held at the Tokyo Head Office of Resona Holdings.

Resona Support Project for Next Generation by The Resona Foundation for Future

The Resona Foundation for Future was established in November 2015. It organizes the following initiatives for children of next generation so that they will not give up their dreams for economic reasons.

- Resona scholarships for the future
- Exchange events for parents and children
- Career development support for single mothers



Priority Issue: Diversity

Contribute to the creation of a society in which people value diversity

Development of Products and Services that Support the Engagement of Women

Our female employees play a central role to develop products and services representing women's wishes. To date, we have commercialized housing loans, medical insurance and other products that meet the particular needs of women.

Loans especially for women Rin-next



This offers attractive special benefits that lend a helping hand to women for home purchase, including favorable interest rates and no prepayment fees.

Medical insurance for women Ribbon no Chikara Next



This is an insurance developed from women's point of view, covering female-specific diseases and risks.

Sakurasou Project reporting



Sakurasou Project was launched in April 2015 to respond to the Saitama Womenomics initiative. We have placed consultation space next to Kids' Space in our branches. * This is a project promoted in Saitama Prefecture. It aims to create a society that women participate actively as workforce and a key player in consumption and investment.

Initiatives for Work-Life Balance

We are engaged in various initiatives to improve work-life balance for employees raising children or providing nursing care free from anxiety. In October 2015, we introduced the "Smart Employee" system realizing a new approach to work (with job types that can limit working hours or scope of work). Employees can choose flexible working arrangements appropriate for their lifestyle, such as raising children or providing nursing care.

An advisory body reporting directly to management, "Resona Women's Council"



Since organized in April 2005, the Resona Women's Council has made suggestions to top management regarding the creation of work environments in which everyone can have a long career and support for career development. These efforts have led to the change of the system.

Nursing care seminars



We arrange seminars for employees, preparing them for achieving a better balance between work and nursing care. Attendees can gain basic knowledge about care, and make ready for future care needs.

Support for Diversified Personnel Resources

As lifestyles evolve and the world becomes increasingly borderless, employees who can utilize diverse values and ideas are required. The Group is engaged in a variety of initiatives to support the activities of such employees.

Re:Woman's Meeting 2015

In December 2015, we held a seminar to support the career development of women working at customer SMEs, and at the same time an event to support product development at SMEs incorporating the views of female monitors.



Initiatives to utilize a diversified personnel resources

"Pre-Master Employee" Seminars	We organize seminars aimed at deepening understanding of the Master Employee System that allows employees who reach the retirement age to be rehired and continue working until age 65, and at motivating them to continue working after retirement. In FY2015, the Resona Group Banks rehired 139 persons in total as Master Employees.
Employment of Individuals with Disabilities	Regarding the employment rate established by the Act on Employment Promotion of Persons with Disabilities, in FY2015 the Resona Group's overall employment rate was 2.11%, a result that is higher than the target of 2.0%.



Priority Issue: Environment

Contribute to the protection of the natural environment and the creation of a recycling society

Initiatives for Environmental Management Aimed at Reducing the Environmental Load

Each year the Group sets environmental goals and works to meet those goals using a Plan, Do, Check, Act cycle under the environmental management system.

Setting environmental management goals



Each department of the Group sets and works to achieve its own environmental targets in areas such as new product development and customer and in-house educational activities.

Energy-saving and global warming prevention activities



We are making an efforts to reduce power consumption through "cool-biz" casual wear in the office and no overtime day. We also try to reduce gasoline consumption by switching to hybrid business vehicles and introducing power-assisted bicycles.

Engagement in Reduction of Environmental Load through Our Financial Services

We integrate environmental point of views into our investment or loan process. While we do not invest or lend to businesses, which make a significant negative impact on environment, we proactively support activities which take into account of the environment needs.

Major Corporate lending under the loan guarantee system

- <Resona Bank>
 - Resona's "Eco-Vision Diversity Company" Loans
 - Resona Environmental Initiative Support Fund
 - Resona Growth Field Support Fund (environmental)
- <Saitama Resona Bank>
 - Saitama Resona Environmental Management Support Fund
 - Saitama Resona Funds for Supporting Growth Fields (environmental)
 - Saitama Prefecture Eco-up Certification Loan
- <The Kinki Osaka Bank>
 - Kinki Osaka Growth Field Support Fund for a brighter Kansai
 - Kinki Osaka Renewable Energy Support Loans

SRI fund for corporate pension funds

The Resona Bank has launched a "Global SRI" fund for corporate pension funds to invest in overseas companies and other entities that take ESG* into account. SRI funds investing in overseas stocks are uncommon for corporate pension funds in Japan, and the Global SRI fund makes the possibility available to pension fund management.

* Environmental, Social and Governance

Environmental Protection Activities through Forest Development and Support for Disaster-Hit Areas

To fulfill our role of good corporate citizen working in partnership with the community, we are engaged in various social contribution activities in the environmental area.

"Resona no Kizuna" tree-planting program in disaster-affected areas



Since March 2013, we have been involved in protective coastal forest regeneration activities in areas that were significantly affected by the Great East Japan Earthquake.

"Saitama Resona Forest" tree-planting activities



We are engaged in afforestation activities at Nagatoro-machi in Saitama Prefecture, and Katano-shi in Osaka Prefecture, and contribute to the conservation of socio-ecological production landscapes (satoyama) and biodiversity.

"Kinki Osaka Bank Forest" tree-planting activities



Financial Review

(1) Major Financial Data (5 Fiscal Years)

(Billions of yen)

	FY2011	FY2012	FY2013	FY2014	FY2015
Summary of Consolidated Statements of Income					
Gross operating profit	655.2	637.1	608.5	632.4 (A)	619.5
(1) Net interest income	463.9	443.0	430.0	425.9	401.3
(2) Trust fees	23.4	21.6	23.7	22.7	21.2
(3) Fees and commission income	119.6	128.9	135.0	146.4	147.4
Fee income ratio ((2)+(3)) / Gross operating profit	21.85%	23.64%	26.09%	26.75%	27.23%
(4) Other operating income	48.0	43.4	19.7	37.2	49.5
Net gains on bonds (including futures)	19.1	25.5	7.1	19.5	30.6
Operating expenses	(360.9)	(361.6)	(348.4)	(357.7)(B)	(347.5)
Cost-to-income ratio (OHR)	55.08%	56.75%	57.26%	56.56%	56.08%
Net gains (losses) on stocks (including futures)	(3.3)	(9.2)	21.3	20.0 (C)	(1.6)
Credit expenses	(13.8)	13.0	26.4	22.3 (D)	(25.8)
Other gains (losses), net	(3.8)	5.0	4.2	9.1	5.9
Income before income taxes	273.2	284.3	312.0	326.2 (E)	250.5
Income taxes and other	(19.6)	(9.2)	(91.4)	(114.7)(F)	(66.6)
Net income attributable to owners of the parent	253.6	275.1	220.6	211.4 (G)	183.8

Note: Negative figures represent items that would reduce net income

Summary of Consolidated Balance Sheets

Total assets	43,199.8	43,110.6	44,719.4	46,586.5 (H)	49,126.4
Cash and due from banks	2,707.7	3,386.1	6,471.8	9,672.9	13,514.5
Loans and bills discounted	25,782.6	26,490.1	26,701.6	27,487.2 (I)	27,664.9
Securities	11,335.8	10,181.5	8,698.4	6,864.2 (J)	5,346.7
Total liabilities	41,356.5	40,921.3	42,763.0	44,443.1	47,292.9
Deposits and NCDs	35,861.1	36,686.2	37,695.7	38,843.4 (K)	39,573.3
Total net assets	1,843.3	2,189.3	1,956.4	2,143.3	1,833.4
Shareholders' equity	1,577.3	1,803.4	1,543.6	1,529.7 (L)	1,448.1
Total accumulated other comprehensive income	156.0	259.8	273.4	449.0	367.8
Trust assets under management and custody	23,973.6	23,377.3	23,915.8	24,526.6	29,768.8

Major Financial Indicators

Capital adequacy ratio (Japanese domestic standard)	13.19%	14.67%	14.33%	13.46% (M)	13.53%
(Reference) Common equity Tier 1 (CET1) ratio (International standard) (excluding net unrealized gains on available-for-sale securities)	—	—	7.73% (7.43%)	8.16% (7.07%)	9.52% (8.13%)
Annual cash dividends per share (DPS) (yen)	12	12	15	17	17
Net assets per share (BPS) (yen)	354.35	490.48	552.89	690.66	705.81
Net income per share (EPS) (yen)	96.56	105.71	89.71	91.07	75.73
Return on equity (ROE) ^{*1}	37.82%	30.65%	21.68%	18.89%	14.41%
Return on assets (ROA) ^{*2}	0.59%	0.63%	0.50%	0.46%	0.38%
NPL ratio (Total of Group Banks, Financial Reconstruction Act basis)	2.32%	2.06%	1.74%	1.51%	1.51%
Number of shares of common stock excluding treasury shares (shares in billions)	2.450	2.443	2.186	2.318	2.319
Share price at fiscal year-end (yen)	381	488	499	596.6	401.6
Market capitalization (billions of yen)	933.7	1,192.2	1,091.2	1,382.9	931.6

*1 (Net income attributable to owners of the parent - Preferred dividends) / (Shareholders' equity - Balance of outstanding preferred shares); simple average of the balances at the beginning and end of the term
*2 Net income attributable to owners of the parent / Total assets, simple average of the balances at the beginning and end of the term

(2) Financial Review for FY2015

Income Summary

- (A) Consolidated gross operating profit decreased by ¥12.9 billion from the previous fiscal year to ¥619.5 billion, although the decrease in net interest income primarily due to continued contraction of loan to deposit spread was partially made up for by increases in loans and bills discounted, fees and commission income from insurance product sales and real estate business, and net gains on bonds.
- (B) Operating expenses decreased by ¥10.2 billion from the previous fiscal year to ¥347.5 billion. This was due to a decrease in deposit insurance premiums and strict control of general and administrative expenses offsetting expenditure in strategic areas and an inevitable increase in taxation based on external non-income indices.
- (C) Net gains on stocks including futures decreased by ¥21.6 billion from the previous fiscal year to ¥(1.6) billion, partly due to rebalancing of Japanese equity ETFs held for an investment purpose.
- (D) Credit expenses increased by ¥48.2 billion from the previous fiscal year to ¥25.8 billion due to decreased gain from reversal of loan loss reserves and provisioning of loan loss reserve for specific borrowers on a conservative basis.
- (E) As a result, income before income taxes decreased by ¥75.7 billion from the previous fiscal year to ¥250.5 billion.
- (F) Income tax decreased by ¥43.1 billion from the previous fiscal year to ¥66.6 billion. This was due to a change in deferred tax assets booking criteria of the Kinki Osaka Bank and one of its subsidiary in addition to a decrease in pretax income and the impact of the tax system revision.
- (G) As a result, net income attributable to owners of the parent decreased by ¥27.6 billion from the previous fiscal year to ¥183.8 billion.

Balance Sheet Summary

- (H) Total assets increased by ¥2,539.8 billion from the previous fiscal year-end to ¥49,126.4 billion, primarily driven by an increase in due to trust account following introduction of the negative interest rate policy by the Bank of Japan.
- (I) Loans and bills discounted increased by ¥177.6 billion from the previous fiscal year-end to ¥27,664.9 billion, led by growth of housing loans and loans to SMEs. The NPL ratio (total of Group banks, the Financial Reconstruction Act basis) was 1.51%, staying at a sound level.
- (J) Securities decreased by ¥1,517.4 billion from the previous fiscal year-end to ¥5,346.7 billion, because of such factors as a reduction in Japanese government bonds held as "available-for-sale securities."
- (K) Deposits and NCDs increased by ¥729.8 billion from the previous fiscal year-end to ¥39,573.3 billion, because of an increase in liquidity deposits from corporate and individual customers.
- (L) Shareholders' equity decreased by ¥81.5 billion from the previous fiscal year-end to ¥1,448.1 billion, because of repayments of public fund preferred stocks and bond-type preferred stock.

Capital adequacy (Basel 3, Japanese Domestic Standard)

- (M) Despite a net income for the year of ¥183.8 billion, total capital decreased by ¥29.1 billion mainly due to repayments of the subordinated bonds and other factors. Risk weighted assets decreased by ¥289.5 billion owing to a decline in LGD, or loss given default, a parameter relating to loans. As a result, capital adequacy ratio rose by 0.07% from a year earlier to 13.53%.

Capital Adequacy Ratio (Japanese Domestic Standard)

(Billions of yen)	As of March 31, 2016	Change
Capital adequacy ratio	13.53%	+0.07%
Total capital	1,969.2	(29.1)
Core Capital: instruments and reserves	1,997.6	(28.3)
Capital and capital surplus	1,251.6	+136.6
Non-cumulative perpetual preferred stock (under transitional arrangements)	175.0	±0.0
Subordinated bonds, etc. (under transitional arrangements)	510.8	(117.4)
Risk weighted assets	14,552.5	(289.5)
Credit risk weighted assets	12,954.9	(681.8)
Amount equivalent to market risk / 8%	155.3	+25.4
Amount equivalent to operational risk / 8%	1,061.6	(13.7)
Credit risk weighted assets adjustments	380.6	+380.6

Outline of the Group Banks

Resona Bank

Trends in Loans and Deposits (Non-consolidated)

	(Billions of yen)		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Loans and bills discounted	17,693.9	18,376.2	18,481.9
Deposits and negotiable certificates of deposit	23,396.9	24,354.7	24,478.0

Trends in Earnings (Non-consolidated)

	(Billions of yen)		
	FY2013	FY2014	FY2015
Gross operating profit	368.0	391.0	383.5
Operating expenses	(219.0)	(219.8)	(214.0)
Actual net operating profit*	148.9	171.1	169.4
Credit expenses	31.5	24.8	(24.8)
Net income	153.4	149.9	100.8

Trends in Capital Adequacy Ratio (Consolidated, Japanese Domestic Standard)

	(Billions of yen)		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Total capital	1,547.5	1,465.0	1,361.7
Risk weighted assets*	11,572.4	10,786.1	10,656.6
Capital adequacy ratio (%)	13.37	13.58	12.77

*Of Risk weighted assets, the amounts of credit risk assets are calculated by the Advanced Internal Ratings-Based (hereinafter, A-IRB) approach.

Gross operating profit of Resona Bank was ¥383.5 billion (decreased by ¥7.5 billion from the previous fiscal year), due to decrease in net interest income associated with contraction of loan to deposit spread, which was partly offset by increases in loans and bills discounted, fees and commissions, and net gains on bonds. Actual net operating profit was ¥169.4 billion (decreased by ¥1.6 billion from the previous fiscal year), due to an improvement in operating expenses. Net income was ¥100.8 billion (decreased by ¥49.1 billion from the previous fiscal year), due to such factors as decrease in gains from reversal of loan loss reserves and decrease in net gains on stocks.

Saitama Resona Bank

Trends in Loans and Deposits (Non-consolidated)

	(Billions of yen)		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Loans and bills discounted	6,692.4	6,868.5	6,976.9
Deposits and negotiable certificates of deposit	11,444.9	11,718.0	12,319.6

Trends in Earnings (Non-consolidated)

	(Billions of yen)		
	FY2013	FY2014	FY2015
Gross operating profit	135.5	136.3	137.4
General and administrative expenses	(75.4)	(76.8)	(74.7)
Actual net operating profit*	60.0	59.5	62.6
Credit expense	(1.1)	(2.2)	(1.6)
Net income	37.4	35.2	40.2

Trends in Capital Adequacy Ratio (Non-consolidated, Domestic Standard)

	(Billions of yen)		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Total capital	435.5	414.0	380.2
Risk weighted assets*	3,248.4	2,902.4	2,759.3
Capital adequacy ratio (%)	13.40	14.26	13.78

*Of Risk weighted assets, the amounts of credit risk assets are calculated by the Advanced Internal Ratings-Based (hereinafter, A-IRB) approach.

Gross operating profit of Saitama Resona Bank was ¥137.4 billion (increased by ¥1.0 billion from the previous fiscal year), due to decrease in net interest income associated with contraction of loan to deposit spread, which was offset by increases in fee and commission income and net gains (losses) on bonds, etc. Actual net operating profit was ¥62.6 billion (increased by ¥3.1 billion from the previous fiscal year), due to an improvement in operating expenses. Net income was ¥40.2 billion (increased by ¥4.9 billion from the previous fiscal year), due to such factors as decrease in credit expenses and increase in net gains on stocks.

Kinki Osaka Bank

Trends in Loans and Deposits (Non-consolidated)

	(Billions of yen)		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Loans and bills discounted	2,555.7	2,474.1	2,435.6
Deposits and negotiable certificates of deposit	3,391.9	3,306.9	3,266.8

Trends in Earnings (Non-consolidated)

	(Billions of yen)		
	FY2013	FY2014	FY2015
Gross operating profit	51.7	53.0	51.0
General and administrative expenses	(38.1)	(38.6)	(37.5)
Actual net operating profit*	13.6	14.4	13.4
Credit expense	(3.2)	1.7	2.9
Net income	5.9	11.2	22.3

Trends in Capital Adequacy Ratio (Consolidated, Domestic Standard)

	(Billions of yen)		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Total capital	176.8	148.0	154.0
Risk weighted assets*	1,338.5	1,354.1	1,379.6
Capital adequacy ratio (%)	13.20	10.93	11.16

*Of risk weighted assets, the amounts of credit risk assets are calculated by the Foundation Internal Ratings-Based (hereinafter, F-IRB) approach.

Gross operating profit of The Kinki Osaka Bank was ¥51.0 billion (decreased by ¥2.0 billion from the previous fiscal year), due to decrease in net interest income associated with contraction of loan to deposit spread, which was partly offset by increase in net gains on bonds. Actual net operating profit was ¥13.4 billion (decreased by ¥0.9 billion from the previous fiscal year), due to an improvement in operating expenses. Net income was ¥22.3 billion (increased by ¥11.0 billion from the previous fiscal year), due to such factors as reversal of loan loss reserves and tax-effect accounting adjustments.

* Actual net operating profit is the amount of gross operating profit (excluding the amount of disposal of problem loans in the trust accounts) less operating expenses such as personnel expenses.

Consolidated Financial Statements

Consolidated Balance Sheet

	(Billions of yen)			(Billions of yen)	
	March 31, 2015	March 31, 2016		March 31, 2015	March 31, 2016
Assets			Liabilities		
Cash and due from banks	9,672.9	13,514.5	Deposits	36,712.8	38,228.8
Call loans and bills bought	36.2	191.9	Negotiable certificates of deposit	2,130.6	1,344.5
Monetary claims bought	443.0	391.8	Call money and bills sold	1,531.5	606.9
Trading assets	589.6	475.3	Payables under repurchase agreements	50.9	5.9
Money held in trust	0.1	0.1	Payables under securities lending transactions	24.1	145.1
Securities	6,864.2	5,346.7	Trading liabilities	302.8	291.6
Loans and bills discounted	27,487.2	27,664.9	Borrowed money	737.0	809.0
Foreign exchange assets	97.9	68.8	Foreign exchange liabilities	1.4	1.9
Other assets	749.9	872.8	Bonds	667.7	624.8
Tangible fixed assets	305.4	307.6	Due to trust account	617.6	3,707.6
Buildings	99.0	97.3	Other liabilities	1,080.9	985.0
Land	187.0	185.1	Reserve for employees' bonuses	20.0	16.9
Leased assets	8.0	9.6	Net defined benefit liability	28.8	32.5
Construction in progress	1.2	4.3	Other reserves	35.6	40.2
Other tangible fixed assets	10.1	11.1	Deferred tax liabilities	0.4	0.1
Intangible fixed assets	37.3	32.3	Deferred tax liabilities for land revaluation	21.4	20.1
Software	6.8	7.1	Acceptances and guarantees	478.9	431.4
Leased assets	25.4	20.0	Total Liabilities	44,443.1	47,292.9
Other intangible fixed assets	5.1	5.1	Net Assets		
Net defined benefit asset	27.1	4.2	Capital stock	50.4	50.4
Deferred tax assets	5.6	25.6	Capital surplus	145.9	—
Customers' liabilities for acceptances and guarantees	478.9	431.4	Retained earnings	1,335.8	1,399.5
Reserve for possible loan losses	(209.5)	(202.0)	Treasury stock	(2.4)	(1.9)
Reserve for possible losses on investments	(0.0)	(0.0)	Total stockholders' equity	1,529.7	1,448.1
			Net unrealized gains on available-for-sale securities	423.0	347.4
			Net deferred gains on hedges	33.1	49.5
			Revaluation reserve for land	43.4	44.0
			Foreign currency translation adjustments	(1.5)	(3.0)
			Remeasurements of defined benefit plans	(49.1)	(70.1)
			Total accumulated other comprehensive income	449.0	367.8
			Non-controlling interests	164.6	17.4
			Total Net Assets	2,143.3	1,833.4
Total Assets	46,586.5	49,126.4	Total Liabilities and Net Assets	46,586.5	49,126.4

Consolidated Statement of Income

	(Billions of yen)	
	FY 2014	FY 2015
Ordinary income	861.2	817.4
Interest income	466.6	443.5
Interest on loans and bills discounted	373.0	353.2
Interest and dividends on securities	60.7	55.1
Interest on call loans and bills bought	0.9	0.7
Interest on receivables under securities borrowing transactions	0.0	0.0
Interest on due from banks	8.3	9.9
Other interest income	23.5	24.4
Trust fees	22.7	21.2
Fees and commissions	201.0	203.1
Trading income	5.9	10.4
Other operating income	45.2	61.4
Other ordinary income	119.6	77.5
Reversal of reserve for possible loan losses	27.6	—
Recoveries of written-off loans	13.8	15.3
Other	78.1	62.1
Ordinary expenses	527.9	565.7
Interest expenses	40.6	42.2
Interest on deposits	14.8	14.1
Interest on negotiable certificates of deposit	1.8	1.5
Interest on call money and bills sold	1.6	2.7
Interest on payables under repurchase agreements	0.0	0.0
Interest on payables under securities lending transactions	0.9	0.8
Interest on borrowed money	2.5	3.0
Interest on bonds	17.1	17.4
Other interest expenses	1.6	2.2
Fees and commissions	54.5	55.7
Trading expenses	0.7	0.3
Other operating expenses	13.1	22.0
General and administrative expenses	357.7	347.5
Other ordinary expenses	61.0	97.8
Provision to reserve for possible loan losses	—	8.6
Other	61.0	89.2

	(Billions of yen)	
	FY 2014	FY 2015
Ordinary profits	333.3	251.7
Extraordinary gains	0.1	1.3
Gains on disposal of fixed assets	0.1	1.3
Extraordinary losses	7.1	2.5
Losses on disposal of fixed assets	1.4	1.0
Impairment losses on fixed assets	5.7	1.4
Income before income taxes	326.2	250.5
Income taxes – current	45.4	43.9
Income taxes – deferred	63.4	21.8
Total income taxes	108.8	65.7
Net income	217.4	184.8
Net income attributable to non-controlling interests	5.9	0.9
Net income attributable to owners of the parent	211.4	183.8

Consolidated Statement of Comprehensive Income

	(Billions of yen)	
	FY 2014	FY 2015
Net income	217.4	184.8
Other comprehensive income	199.4	(93.1)
Net unrealized gains (losses) on available-for-sale securities	178.9	(75.6)
Net deferred gains on hedges	5.0	16.3
Revaluation reserve for land	2.2	1.0
Foreign currency translation adjustments	26.3	(13.9)
Remeasurements of defined benefit plans	(13.1)	(21.1)
Share of other comprehensive income of affiliates accounted for using the equity method	0.0	(0.0)
Total comprehensive income	416.8	91.6
Comprehensive income attributable to:		
Owners of the parent	387.0	103.1
Non-controlling interests	29.7	(11.5)

Consolidated Statement of Changes in Net Assets

(Billions of yen)

	Stockholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Non-controlling interests	
Balance at April 1, 2014	50.4	409.2	1,169.7	(85.8)	1,543.6	244.1	28.1	41.2	(4.0)	(35.9)	273.4	139.2	1,956.4
Cumulative effect of accounting change			1.4		1.4								1.4
Restated balance at April 1, 2014	50.4	409.2	1,171.2	(85.8)	1,545.1	244.1	28.1	41.2	(4.0)	(35.9)	273.4	139.2	1,957.8
Changes during the fiscal year													
Dividends paid - other capital surplus		(32.0)			(32.0)								(32.0)
Dividends paid			(46.9)		(46.9)								(46.9)
Net income attributable to owners of the parent			211.4		211.4								211.4
Purchase of treasury stock				(234.9)	(234.9)								(234.9)
Disposal of treasury stock		3.5		83.3	86.9								86.9
Cancellation of treasury stock		(234.9)		234.9	—								—
Net changes except for stockholders' equity during the fiscal year						178.9	5.0	2.2	2.5	(13.1)	175.5	25.3	200.9
Total changes during the fiscal year	—	(263.3)	164.5	83.3	(15.4)	178.9	5.0	2.2	2.5	(13.1)	175.5	25.3	185.4
Balance at March 31, 2015	50.4	145.9	1,335.8	(2.4)	1,529.7	423.0	33.1	43.4	(1.5)	(49.1)	449.0	164.6	2,143.3

(Billions of yen)

	Stockholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance at April 1, 2015	50.4	145.9	1,335.8	(2.4)	1,529.7	423.0	33.1	43.4	(1.5)	(49.1)	449.0	164.6	2,143.3
Changes during the fiscal year													
Dividends paid - other capital surplus		(32.0)			(32.0)								(32.0)
Dividends paid			(74.6)		(74.6)								(74.6)
Net income attributable to owners of the parent			183.8		183.8								183.8
Purchase of treasury stock				(159.8)	(159.8)								(159.8)
Disposal of treasury stock		(0.0)		0.5	0.5								0.5
Cancellation of treasury stock		(159.8)		159.8	—								—
Change in scope of consolidation			(0.0)		(0.0)								(0.0)
Transfer from retained earnings to capital surplus		45.9	(45.9)		—								—
Reversal of revaluation reserve for land			0.5		0.5								0.5
Net changes except for stockholders' equity during the fiscal year						(75.5)	16.3	0.5	(1.4)	(21.0)	(81.2)	(147.1)	(228.3)
Total changes during the fiscal year	—	(145.9)	63.7	0.5	(81.5)	(75.5)	16.3	0.5	(1.4)	(21.0)	(81.2)	(147.1)	(309.9)
Balance at March 31, 2016	50.4	—	1,399.5	(1.9)	1,448.1	347.4	49.5	44.0	(3.0)	(70.1)	367.8	17.4	1,833.4

Consolidated Statement of Cash Flows

(Billions of yen)

	2015	2016
Cash flows from operating activities		
Net income before income taxes	326.2	250.5
Depreciation and amortization	25.7	26.2
Impairment losses on fixed assets	5.7	1.4
Equity in earnings of investments in affiliates	(0.1)	(0.1)
Decrease in reserve for possible loan losses	(46.6)	(7.5)
Decrease in reserve for possible losses on investments	(0.0)	(0.0)
Increase (decrease) in reserve for employees' bonuses	1.9	(3.0)
Increase in net defined benefit asset	(6.1)	(15.4)
Decrease in net defined benefit liability	(8.2)	(11.8)
Interest income (accrual basis)	(466.6)	(443.5)
Interest expenses (accrual basis)	40.6	42.2
Net gains on securities	(64.7)	(40.8)
Net foreign exchange gains	(12.9)	(33.8)
Net losses (gains) on disposal of fixed assets	1.3	(0.2)
Net decrease in trading assets	26.8	114.3
Net decrease in trading liabilities	(2.6)	(11.2)
Net increase in loans and bills discounted	(785.6)	(177.6)
Net increase in deposits	966.9	1,515.9
Net increase (decrease) in negotiable certificates of deposit	180.7	(786.1)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(333.6)	97.9
Net decrease (increase) in due from banks (excluding those deposited at Bank of Japan)	(59.4)	52.8
Net decrease (increase) in call loans and other	7.7	(104.4)
Net increase (decrease) in call money and other	688.7	(969.5)
Net increase (decrease) in payables under securities lending transactions	(25.7)	120.9
Net decrease (increase) in foreign exchange assets	(25.1)	29.0
Net increase in foreign exchange liabilities	0.2	0.5
Net increase (decrease) in straight bonds	0.5	(3.0)
Net increase in due to trust account	83.7	3,090.0
Interest receipts (cash basis)	470.2	447.6
Interest payments (cash basis)	(43.3)	(43.5)
Other—net	127.2	(13.9)
Subtotal	1,073.6	3,123.7
Income taxes received (paid)	29.8	(57.9)
Net cash provided by operating activities	1,103.4	3,065.7

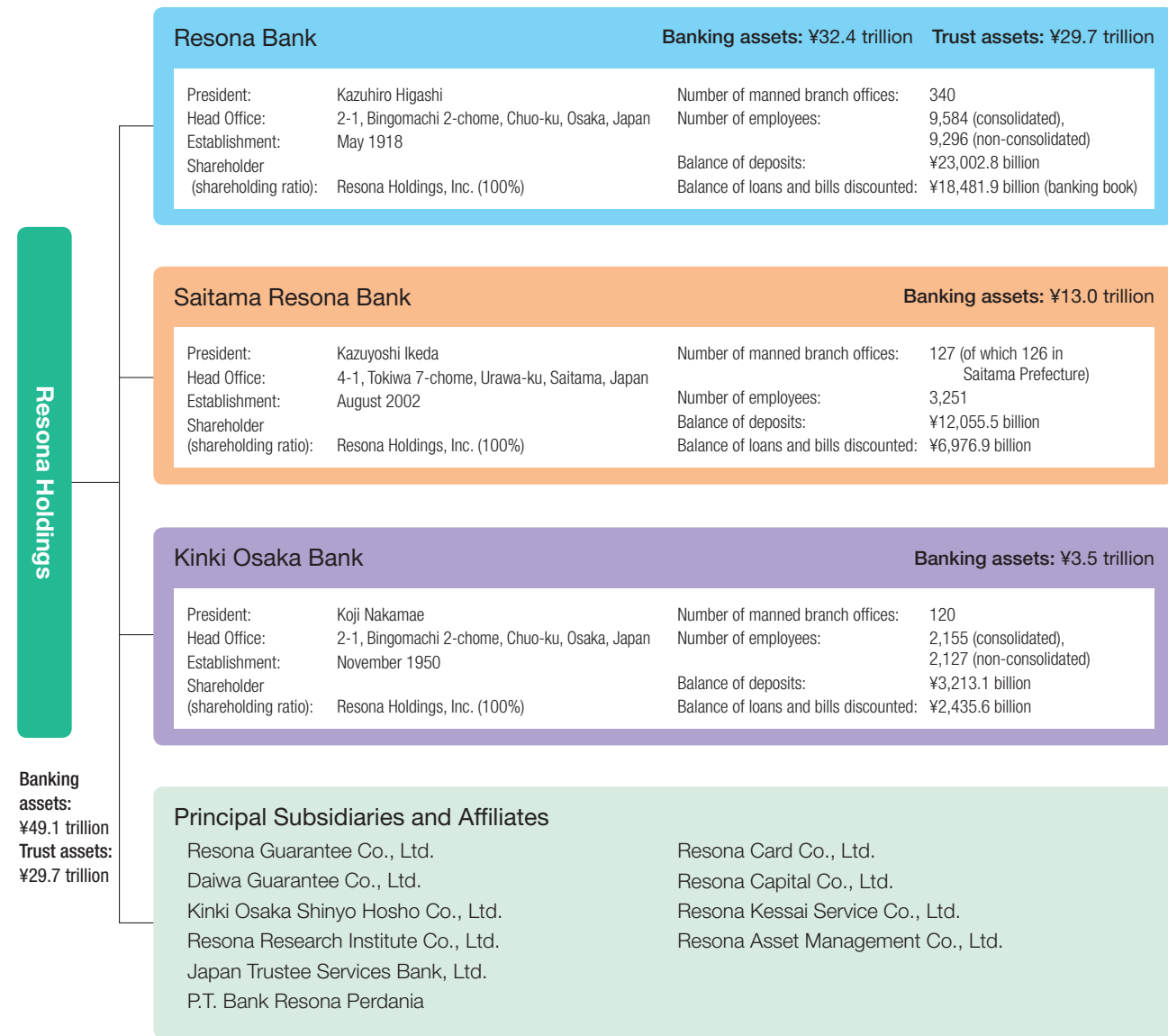
(Billions of yen)

	2015	2016
Cash flows from investing activities		
Purchase of securities	(16,562.5)	(14,120.6)
Proceeds from sales of securities	18,010.8	14,632.3
Proceeds from redemption of securities	892.6	795.7
Purchase of tangible fixed assets	(10.6)	(12.1)
Proceeds from sales of tangible fixed assets	0.2	2.1
Purchase of intangible fixed assets	(2.2)	(3.4)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	0.0
Other—net	(0.1)	(0.2)
Net cash provided by investing activities	2,328.2	1,293.6
Cash flows from financing activities		
Repayment of subordinated borrowed money	(11.0)	(26.0)
Repayment of subordinated bonds	(51.8)	(172.7)
Dividends paid	(78.9)	(106.6)
Dividends paid to non-controlling interests	(0.6)	(0.2)
Purchase of treasury stock	(234.9)	(159.8)
Proceeds from sales of treasury stock	87.2	0.5
Net cash used in financing activities	(290.1)	(464.9)
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.0)
Net increase in cash and cash equivalents	3,141.6	3,894.3
Cash and cash equivalents at the beginning of the fiscal year	6,314.7	9,456.3
Cash and cash equivalents at the end of the fiscal year	9,456.3	13,350.7

Corporate Data

Outline of Resona Group

As of March 31, 2016



Credit Ratings

As of March 31, 2016

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

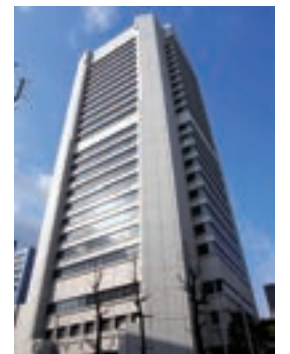
Corporate Profile

As of March 31, 2016

Company Name: Resona Holdings, Inc.
 President: Kazuhiro Higashi
 Head Office: (Tokyo Head Office) 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
 Establishment: December 2001
 Number of Employees: 16,674 (Consolidated), 936 (Non-consolidated)
 Lines of Business: Group management and business strategies, etc., allocation of management resources within the Group, and supervision of subsidiaries' operations and other ancillary businesses
 URL: <http://www.resona-gr.co.jp>



Tokyo Head Office



Osaka Head Office

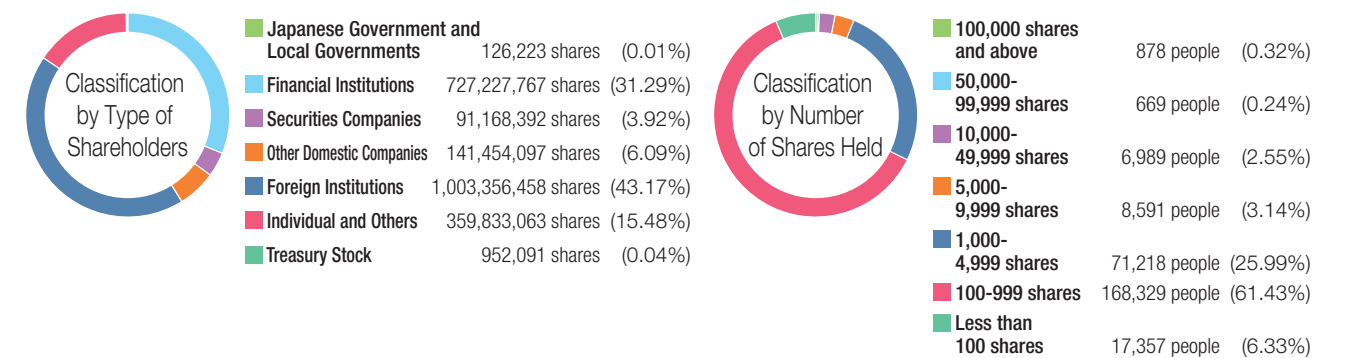
Stock Information

As of March 31, 2016

Issued Stock: 2,331,118,091 (Common stock: 2,324,118,091, Preferred stock: 7,000,000)
 Number of Shareholders (Common stock): 274,031
 Major Shareholders (Top ten): Common Stock

Name of shareholders	Number of shares held (Thousands)	Percentage of total shares issued (%)
The Dai-ichi Mutual Life Insurance Company	125,241	5.38
Japan Trustee Services Bank, Ltd. (Trust Account)	81,281	3.49
The Master Trust Bank of Japan (Trust Account)	72,726	3.12
Nippon Life Insurance Company	65,488	2.81
JP MORGAN CHASE BANK 380055	57,313	2.46
Japan Trustee Services Bank, Ltd. (Trust Account 9)	55,404	2.38
STATE STREET BANK AND TRUST COMPANY 505225	39,949	1.71
AMUNDI GROUP	39,883	1.71
CGMI PB CUSTOMER ACCOUNT	36,550	1.57
Japan Trustee Services Bank, Ltd. (Trust Account 4)	36,483	1.56

Composition of Stockholders (Common Stock)





Resona Group

Resona Holdings, Inc.

(Tokyo Head Office) 5-65, Kiba 1-chome, Koto-ku, Tokyo 135-8582, Japan

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(Osaka Head Office) 2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8608, Japan

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