Resona Holdings, Inc.

ANNUAL REPORT 2014

Resona Holdings

CORPORATE PROFILE

Company Name: Resona Holdings, Inc.

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

President: Kazuhiro Higashi
(Concurrently serves as President of Resona Bank, Limited)

Establishment: December 12, 2001

Paid-in Capital: ¥50,472 million (As of March 31, 2014, Non-consolidated)

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

Stock Exchange Listing:
(Common Shares)
Tokyo Stock Exchange (First Section)

Credit Ratings (As of March 31, 2014)**:**
Credit ratings for Resona Holdings and Resona Group banks are as follows:

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

SRI Index and ESG Rating
Since September 2009, Resona Holdings has been selected four consecutive years as a member of the following SRI Indexes.

FTSE4Good index series

Morningstar Socially Responsible Investment Index (MS-SRI)

CONTENTS

This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions. In addition, the following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology, and evolving banking industry standards and similar matters.

CORPORATE MISSION

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

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

RESONA

RESONA WAY (Resona Group Corporate Promises)

Customers and "Resona"

Resona cherishes relationships with customers.

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

Shareholders and "Resona"

Resona cherishes relationships with shareholders.

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

Society and "Resona"

Resona places importance on its ties with society.

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

Employees and "Resona"

Resona highly regards employees' dignity and personality.

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

About "Resona"

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

TOP MESSAGE

The Resona Group's management believes that "Customers' joy and happiness are synonymous with Resona's" and is working to create a business model for a "new financial services industry."

Kazuhiro Higashi

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

Representative Director, President and Executive Officer
Resona Bank, Limited

We thank you for your interest in and support of the Resona Group.

During the fiscal year ended March 31, 2014, the Japanese economy experienced the positive effects of a correction in the high values of the yen that accompanied the implementation of a monetary easing policy and stimulatory economic policies. As a result, asset values rose, and, amid firm employment and income conditions, consumer confidence increased. Corporate performance also improved, and signs of recovery in capital investment appeared. As a consequence of these and other positive developments, the economy remained generally on a recovery trend.

Amid this operating environment, consolidated net income of the Resona Group amounted to ¥220.6 billion, which was ¥35.6 billion higher than the performance outlook announced in November 2013. This strong performance was due to favorable sales of financial products and income from the reversal of credit expenses with improvement in the performance of corporate customers. In addition, the ratio of non-performing loans (NPLs) improved another 31 percentage points, to 1.74%, thus enabling the Resona Group to maintain its sound financial position.

During the fiscal year under review, the Resona Group continued to implement initiatives to enhance its services. For example, in April 2013, accompanying changes in tax regulations, the Resona Group began to offer "Education Trusts," which are a financial product drawing on Resona's strengths in trust banking. "Education Trusts" have become a hit product, and the number of entrustments rose to more than 10,000. The Resona Group also further strengthened its lineup of financial products. These initiatives included the launching of investment trust products suited in NISA accounts, which are small tax-exempt investment savings accounts; and *Danshin Kakumei* housing loans, which provide wider coverage group life insurance. Among other developments, the Resona Group worked to broaden its interface with individual customers by expanding its Loan Plazas, which provide services on holidays, and its "7 Days Plazas," "*nanoka*," which are open 365 days a year. For corporate customers, the Resona Group took initiatives to strengthen its business support systems, including offering various loan funds, providing solutions for business succession issues, making available support for entry into overseas markets, and expanding business opportunities for companies through its business matching activities.

During the fiscal year ended March 31, 2014, the Resona Group repaid another ¥515.6 billion (based on the injected amount) under its "Public Funds Full Repayment Plan," which was announced in May 2013. In June 2014, another ¥32.0 billion (based on the injected amount), and in July 2014, another ¥196.0 billion (based on the inject amount) was repaid, thus lowering the amount to be returned to ¥128.0 billion.

The Resona Group will continue to manage its activities with a high degree of transparency and contribute to the development of the communities the Group serves. We request your continuing strong support and encouragement in the years ahead.

July 2014

RESONA GROUP AT A GLANCE

Resona Group's Structure

The Resona Group, with Resona Holdings as the Group holding company, is a financial services group comprising three banks with aggregate consolidated assets of approximately ¥45 trillion and trust assets of about ¥24 trillion. The Group comprises Resona Bank, which is the core institution in the Group offering a full line of trust and real estate related services; Saitama Resona Bank, which has dominant shares in Saitama Prefecture; and The Kinki Osaka Bank, which has 128 manned branches, mainly in the Kinki region. Working together with these financial institutions, the Resona Group is striving to structure a business model for a "New Financial Services Company" that can speedily provide its customers with optimal products and services.

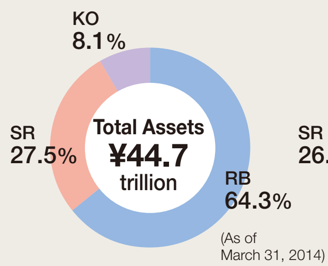
Corporate Structure

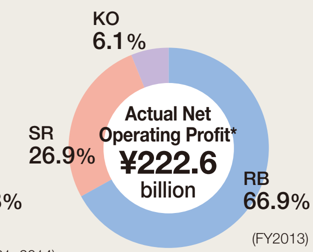
Resona Holdings

Banking assets: ¥44.7 trillion (US$434.5 bn)
Trust assets: ¥23.9 trillion (US$232.3 bn)

Saitama Resona Bank (SR)	Resona Bank (RB)	The Kinki Osaka Bank (KO)
Banking assets: ¥12.2 trillion	Banking assets: ¥28.6 trillion Trust assets: ¥23.9 trillion	Banking assets: ¥3.6 trillion

* 1USD=JPY102.91
As of March 31, 2014





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

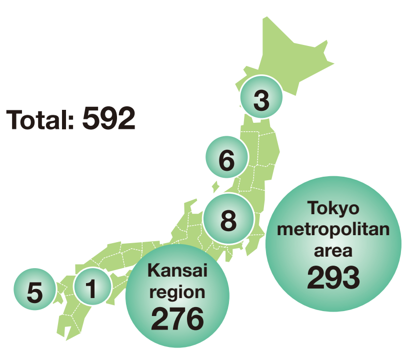
Competitive Strengths of Resona Group

(1) Strong franchise value

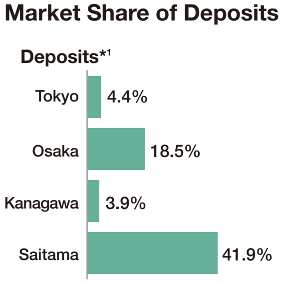
The Resona Group's key markets are the greater Tokyo metropolitan area and the Kansai region, where Japan's economic activities and population are concentrated. Our branch network in these two areas rivals those of Japanese megabank groups, and we have established strong operating bases there. Especially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

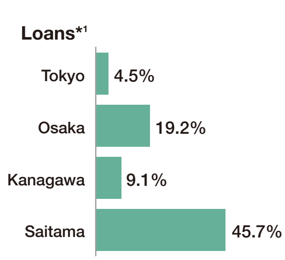
Focus on Retail Banking Business

Number of Manned Branch Offices

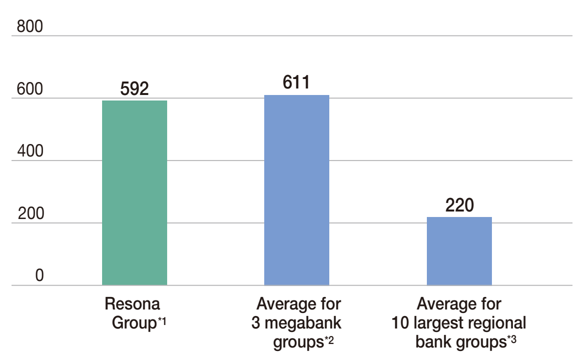


Market Share of Deposits and Loans





Comparison of Manned Branch Offices



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

(As of March 31, 2014)

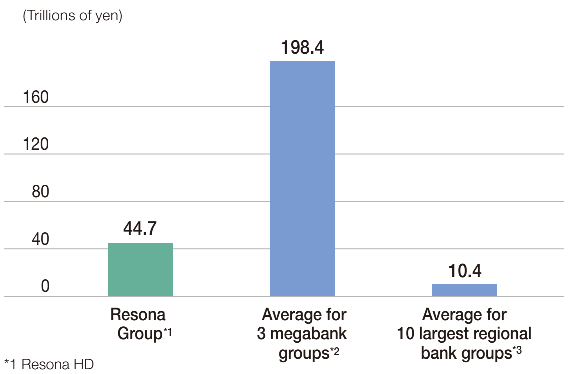
(2) Efficiencies derived from economies of scale

Compared with the major regional banks in Japan, the Resona Group, with consolidated total assets of approximately ¥45 trillion, can pursue economies of scale. Also, even though the Resona Group is closely focused on retail banking business, it has a superior cost-to-income ratio, compared to the Japanese megabank groups and top regional bank groups.

Efficiencies Derived from Economies of Scale

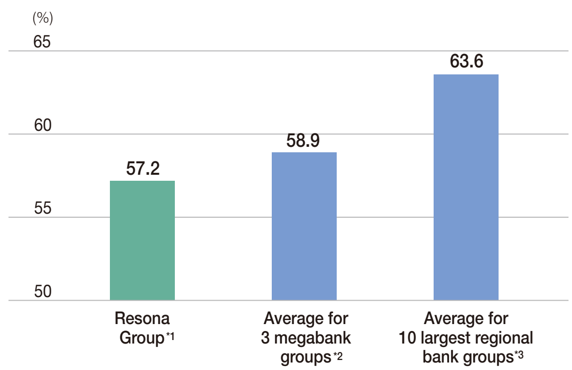
Consolidated Total Assets (As of March 31, 2014)

■ 4th largest banking group in Japan, with ¥45 trillion in assets



Consolidated Cost-to-Income Ratio (FY2013)

■High operational efficiency



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

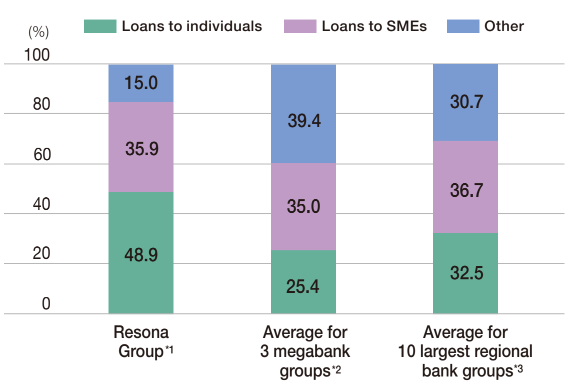
(3) Focus on retail banking business

Loans to small and medium-sized enterprises (SMEs) and individuals account for more than about 85% of total loans and bills discounted. Deposits placed by individuals account for more than 60% of total deposits. As these figures on the composition of loans and deposits suggest, Resona is strongly focused on retail banking business.

Focus on Retail Banking Business

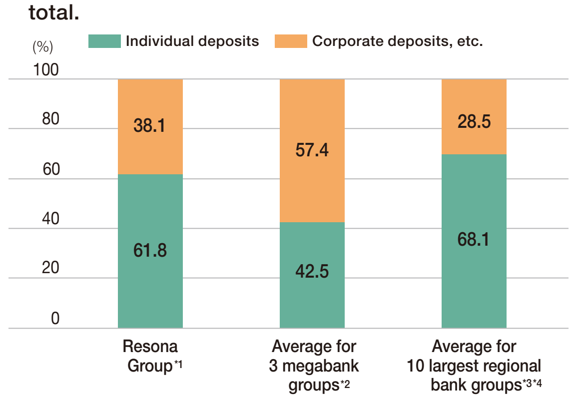
Comparison of Loan Portfolio Composition
(Loans in the domestic account)

■ Loan portfolio focused on retail banking business



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

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



*1 Total of three Group banks (RB, SR, KO)
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*3 10 largest regional bank groups in terms of consolidated total assets (Fukuoka FG, Yokohama, Chiba, Hokuhoku FG, Shizuoka, Yamaguchi FG, Joyo, 77, Nishinippon City, Kyoto)
*4 Excluding certain regional bank groups for which relevant data are not publicly disclosed.

(As of March 31, 2014)

RESONA GROUP MANAGEMENT POLICIES

Moving forward with our reform under the three themes of "Succession and further deepening of Resonaism," "Creating a business model as a new financial services industry," and "Further developing of Group consolidated management."

"Succession and Further Deepening of Resonaism"

Reforms that Are Changing Conventional Ways of Thinking in the Banking Industry: Including extending business hours to 5 pm and branches that are open year-round

The Resona Group has thus far taken initiatives in implementing reforms that have changed conventional ways of thinking in the banking industry. These include "reducing customer waiting time to zero," "branches staying open until 5 pm," and "operating channels that are open 365 days a year." The spirit of these reforms has been the "Resonaism," and we believe it is important for us to implement even more in-depth reforms.

Through conducting our corporate activities by taking the customer's perspective at all times and responding speedily to customer needs, we are creating a business model as a new financial services industry. We are continuing to make reforms that make us indispensable to our customers and society.

[Resona Service Reform Initiatives]

- Open until 5 pm on weekdays
- Zero waiting time
- Next-generation branches
- Open on holidays
- Telephone call center open 24 hours a day
- New channels operating 365 days/year
- Becoming more hospitable by proactively making assignments to women

Creating a Business Model as New Financial Services Industry

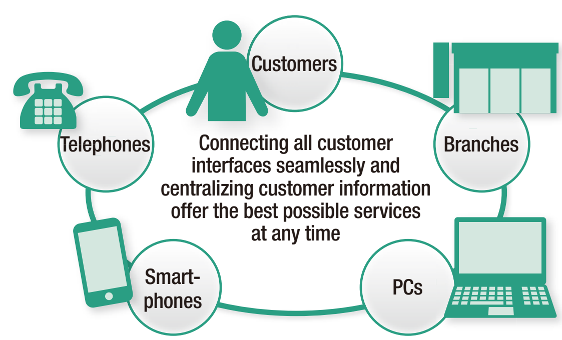
Implementing the "Omni-Channel" Concept

To respond to the multitude of differing lifestyles of our customers, we are developing branches based on new concepts and strengthening our Internet banking services.

Beginning on April 1, 2014, we went online with a new web-based communication service. Also, for customers who do not have time to visit our branches on weekdays, we have grown the number of our offices specializing in housing loans which are open on weekends and developed operating channels which are open on Saturdays, Sundays, and holidays. Our aim is to offer our customers more-convenient services and improved branches.

Going forward, we will move forward with "omni-channel" services that seamlessly fuse branch and Internet service channels.

[Transition to "Omni-Channels"]

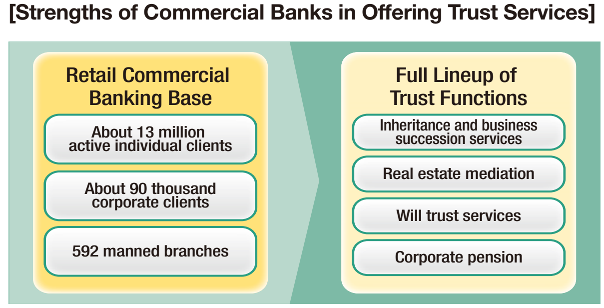


Further Developing of Group Consolidated Management

A hybrid financial institution that draws on the strength of trust and real estate service capabilities

The three main businesses of the Resona Group are commercial banking, trust functions and services, and real estate related services. This combination of business makes Resona a hybrid financial institution unlike any other in Japan. The Resona Group is drawing on these strengths, and each of its employees at all Group banks is mastering trust and real estate services to respond to a wide range of customer needs.

[Strengths of Commercial Banks in Offering Trust Services]



RESONA GROUP CORPORATE STRATEGY

As emphasized in its "Business Revitalization Plan," the Resona Group is continuing its "ACL" initiatives. These are: A: All Resona, C: Cross-selling promotion, L: Low-cost operations.

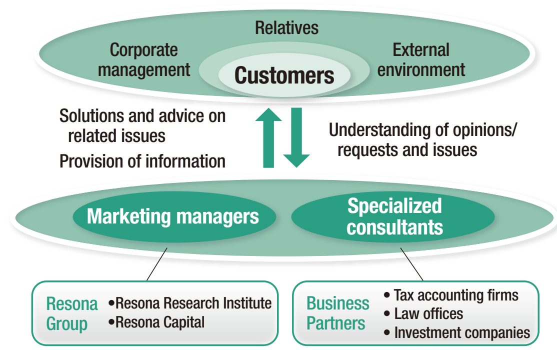
All Resona Offering Best Consultative Solutions and Support for Client Entry into Overseas Markets

The Resona Group offers the best solutions, through collaboration among its branches, headquarters, and Group companies, that respond accurately to the needs that arise during the development of the businesses of its customers.

For example, in response to management issues that arise among SMEs in connection with business succession, Resona offers consulting services that respond to the concerns of management of these companies.

In addition, for our customers who are expanding their operations into overseas markets, we work with our partner banks overseas in offering support.

[Business Succession Consulting Framework]

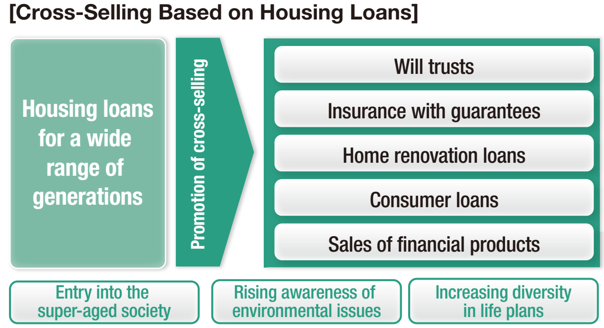


Cross-selling Promotion Proposals Suited to Life Plans

The Resona Group originates new housing loans to about 40,000 borrowers annually, and, in total, Resona has housing loans outstanding to about 560,000 borrowers. When originating new loans, as part of its cross-selling activities suited to various life stages, Resona makes proposals to customers regarding the reconsideration of their insurance arrangements, which account for a substantial portion of household expenditures as part of its review of household finances.

From customers who have arranged for will trusts, Resona accepts offers for advice on advantageous use of real estate assets and accepts applications for apartment loans. Through these cross-selling activities, Resona creates opportunities for customer transactions into the future.

[Cross-Selling Based on Housing Loans]



Low-Cost Operations Improving Convenience and Safety, while Maintaining Low-Cost Operations

As a result of operational reform, such as the introduction of the "Quick Navi," the Resona Group has made reforms in its branches that improve customer services and raise productivity.

We have also installed communication terminals in all our branches that are making possible teller counter transactions without the use of paper or identification seals. These terminals have made it possible to increase convenience for customers and greater security of transactions, while at the same time reducing costs. These initiatives have increased Resona's competitiveness.

Quick Navi

ATMs in Quick Navi spaces perform many of the roles of bank tellers, including handling tax payments, transfers to third-party accounts, and transfers among customers' accounts. It is no longer necessary to fill in forms, and procedures move faster (Resona Bank and Saitama Resona Bank).

* Have not been installed in some branches
* Resona has obtained a patent for Quick Navi.

Communication Terminals

Services are more secure and convenient than before because of the introduction of IC bank cards with biometric identification and touch panel terminals. Bringing bank passbooks and seals to the branch and filling out complicated forms are no longer necessary.

PROGRESS OF THE "PUBLIC FUNDS FULL REPAYMENT PLAN"

As a result of progress under Resona's "Public Funds Full Repayment Plan," which was made public in May 2013, the balance of public funds outstanding is ¥128.0 billion.

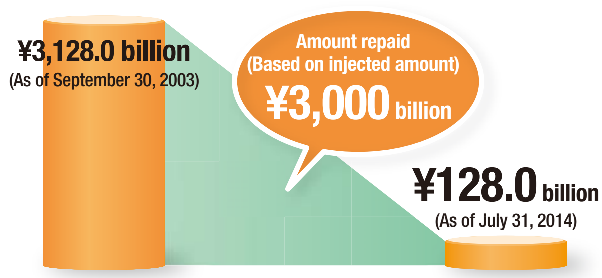
Public Funds Full Repayment Plan

Implementing the full repayment of the public funds and enhancement of the share value of the ordinary shareholders as a package

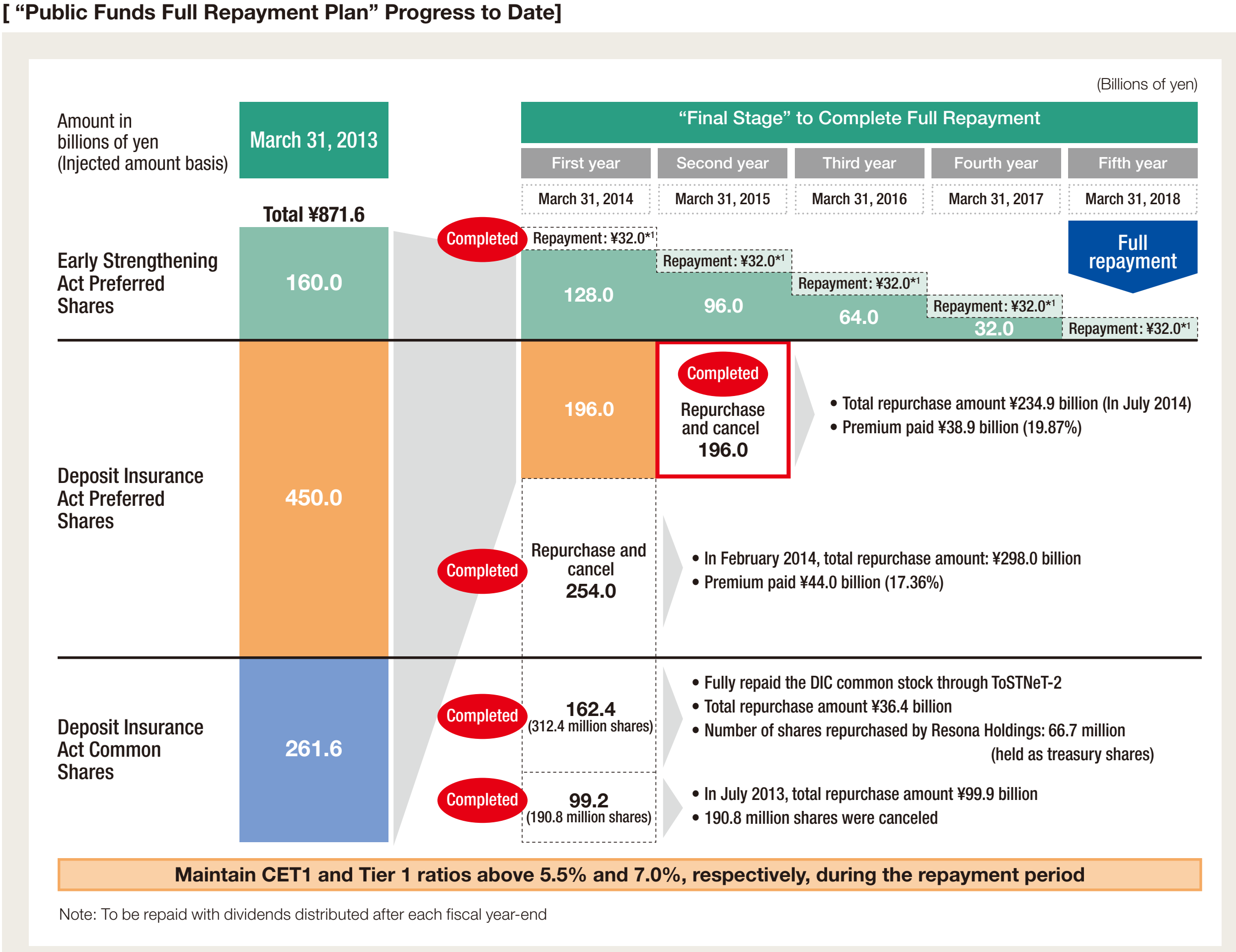
The Resona Group's plan for the repayment of the remaining public funds is ¥32.0 billion in Early Strengthening Act Preferred Shares to be repaid annually.

The Resona Group is coping with the expectations of all shareholders by implementing the full repayment of the public funds and enhancement of the share value of the ordinary shareholders as a package.

[Balance of Public Funds Outstanding]



["Public Funds Full Repayment Plan" Progress to Date]



Note: To be repaid with dividends distributed after each fiscal year-end

FINANCIAL REVIEW

Selected Financial Data (Consolidated)

Resona Holdings, Inc.	Billions of Yen					
	FY2013 (A)	FY2012 (B)	FY2011	FY2010	FY2009	Change (A) – (B)
Scope of consolidation and application of the equity method:						
Consolidated subsidiaries	**15**	15	16	17	18	**—**
Affiliated companies accounted for by the equity method	**1**	1	1	1	2	**—**
Total	**16**	16	17	18	20	**—**
Income statement data:						
Gross operating profit	**608.5**	637.1	655.2	667.0	678.3	**(28.6)**
Net interest income	**430.0**	443.0	463.9	484.0	499.4	**(13.0)**
Trust fees	**23.7**	21.6	23.4	25.9	28.7	**2.1**
Fees and commissions	**135.0**	128.9	119.6	120.8	116.4	**6.0**
Trading income (loss)	**(0.9)**	2.1	11.5	28.5	26.3	**(3.1)**
Other operating income	**20.6**	41.2	36.5	7.6	7.4	**(20.6)**
General and administrative expenses	**(348.4)**	(361.6)	(360.9)	(369.4)	(387.5)	**13.1**
Net gains (losses) on stocks	**22.6**	(7.5)	2.3	(0.8)	0.6	**30.1**
Net credit expenses	**26.4**	13.0	(13.8)	(61.5)	(114.6)	**13.4**
Net income before income taxes and minority interests	**312.0**	284.3	273.2	237.1	176.0	**27.7**
Income taxes-current	**(32.8)**	(47.6)	(12.5)	(10.5)	(11.9)	**14.7**
Income taxes-deferred	**(51.7)**	43.7	(2.5)	(62.1)	(27.7)	**(95.4)**
Minority interests in net income	**(6.8)**	(5.3)	(4.5)	(4.3)	(4.0)	**(1.5)**
Net income	**220.6**	275.1	253.6	160.0	132.2	**(54.4)**
Comprehensive income	**286.6**	398.6	300.8	132.5	—	**(111.9)**
Balance sheet data:						
Cash and due from banks	**6,471.8**	3,386.1	2,707.7	3,027.7	1,607.6	**3,085.7**
Trading assets	**616.5**	787.1	696.5	637.5	522.7	**(170.5)**
Securities	**8,698.4**	10,181.5	11,335.8	9,899.9	8,915.3	**(1,483.1)**
Loans and bills discounted	**26,701.6**	26,490.1	25,782.6	25,853.0	26,263.5	**211.5**
Deferred tax assets	**128.9**	176.2	169.3	186.8	247.3	**(47.2)**
Customers' liabilities for acceptances and guarantees	**490.5**	539.8	608.4	678.4	760.3	**(49.3)**
Reserve for possible loan losses	**(256.1)**	(305.5)	(379.8)	(424.6)	(439.6)	**49.3**
Total assets	**44,719.4**	43,110.6	43,199.8	42,706.8	40,743.5	**1,608.8**
Deposits, including negotiable certificates of deposit	**37,695.7**	36,686.2	35,861.1	35,604.5	34,075.2	**1,009.4**
Trading liabilities	**305.5**	346.0	273.2	244.2	154.4	**(40.5)**
Borrowed money	**1,081.7**	671.8	1,512.9	1,700.8	623.6	**409.8**
Bonds	**696.4**	716.4	797.0	678.0	850.2	**(20.0)**
Deferred tax liabilities	**0.2**	0.2	0.1	—	0.0	**0.0**
Acceptances and guarantees	**490.5**	539.8	608.4	678.4	760.3	**(49.3)**
Total liabilities	**42,763.0**	40,921.3	41,356.5	41,114.2	38,471.6	**1,841.6**
Capital stock	**50.4**	340.4	340.4	340.4	327.2	**(290.0)**
Total net assets	**1,956.4**	2,189.3	1,843.3	1,592.5	2,271.8	**(232.8)**
Per common share data (yen):						
Net assets per share	**552.89**	490.48	354.35	251.67	44.77	**62.41**
Net income per share (Basic)	**89.71**	105.71	96.56	73.14	88.32	**(16.00)**
Net income per share (Diluted)	**64.97**	72.52	68.36	39.62	51.74	**(7.55)**
Capital adequacy data (%):						
Capital adequacy ratio (Basel 3, Domestic standard)	**14.33**	—	—	—	—	**—**
Capital adequacy ratio (Basel 2, Domestic standard)	**—**	14.67	13.19	11.21	13.81	**—**
Other data:						
Return on equity (%)	**11.37**	14.49	15.77	8.82	6.30	**(3.12)**
Price earnings ratio (x)	**5.56**	4.61	3.94	5.41	13.38	**0.95**
Cost-to-income ratio (%)	**57.26**	56.75	55.08	55.38	57.12	**0.51**
Number of employees	**16,536**	16,826	16,881	16,941	16,756	**(290)**
Trust assets under management and custody	**23,915.8**	23,377.3	23,973.6	26,093.6	26,709.7	**538.45**

Resona Group Business Trends

The consolidated operating results and financial position of the Resona Group (Resona Holdings, Inc., and consolidated subsidiaries) for the fiscal year ended March 31, 2014, were as follows.

Net income for the fiscal year ended March 31, 2014 was ¥220.6 billion. Although net income declined from the previous fiscal year, after exclusion of the tax-related gain posted in the previous year, net income increased ¥35.6 billion. The primary factors accounting for the increase in income were an improvement in income (loss) related to equities (an increase of ¥30.1 billion from the previous fiscal year), an improvement of ¥13.4 billion in net credit expenses, and other factors. Note that consolidated gross operating profit was ¥608.5 billion (a decrease of ¥28.6 billion from the previous fiscal year). This decline was due to the effect of a decline in net interest income due to the shrinkage in the spread between deposit and lending interest rates and a decline in income from bond trading. To make up for this, the Group increased loans outstanding and fees and commissions, mainly from the sale of financial products. Net income per share for the fiscal year amounted to ¥89.71.

Regarding financial position, consolidated total assets amounted to ¥44,719.4 billion, an increase of ¥1,608.8 billion year on year. Among assets, securities were ¥8,698.4 billion, representing a decline of ¥1,483.1 billion year on year, but loans and bills discounted amounted to ¥26,701.6 billion, an increase of ¥211.5 billion over the previous year. On the liabilities side, deposits including negotiable certificates of deposit were ¥37,695.7 billion, an increase of ¥1,009.4 billion year on year. Net assets amounted to ¥1,956.4 billion, representing a decrease of ¥232.8 billion, due to the repayment of public funds and other factors. Assets in the trust accounts amounted to ¥23,915.8 billion, an increase of ¥538.4 billion.

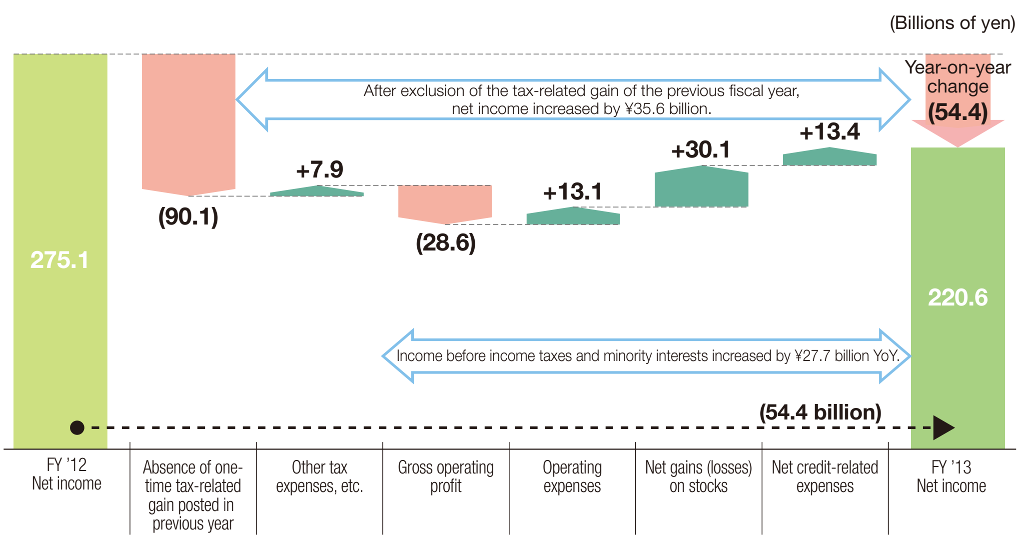
After the deduction of shareholders' equity accounted for by preferred shares, net assets per share amounted to ¥552.89.

The Resona Group's capital adequacy ratio (according to the Japanese domestic standards) was 14.33%.

[Consolidated Net Income for FY2013 Compared with FY2012]

Although net income decreased ¥54.4 billion from the previous fiscal year, after excluding the tax-related gain posted in the previous year, net income increased by ¥35.6 billion.

- Consolidated net income exceeded ¥200 bn for three consecutive fiscal yaers.
- Income before income taxes rose ¥27.7 bn year on year, the highest figure since the collapse of Lehman Brothers.



Performance by business segment was as follows.

In the personal banking segment, gross operating profit was ¥259.7 billion, ¥1.1 billion higher than in the previous year. Net operating profit less credit expenses amounted to ¥87.6 billion, an increase of ¥8.4 billion year on year.

In the corporate banking segment, gross operating profit was ¥283.9 billion, a decrease of ¥2.4 billion from the previous year. Net operating profit less credit expenses amounted to ¥157.0 billion, an increase of ¥5.1 billion.

In the market segment, gross operating profit was ¥51.9 billion, a decrease of ¥22.0 billion. Net operating profit less credit expenses amounted to ¥43.0 billion, ¥21.0 billion lower than in the previous year.

Cash flows provided by operating activities on a consolidated basis amounted to ¥2,243.2 billion, which was ¥2,781.7 billion higher than in the previous year. This was primarily due to an increase in borrowed money.

Cash flows provided by investing activities amounted to ¥1,315.1 billion, which was ¥65.6 billion lower than in the previous year. This was primarily due to a decline in proceeds from sales of securities.

Cash flows used in financing activities were ¥480.5 billion, which was ¥284.7 billion higher than in the previous year. This was principally due to expenditures for the purchase of treasury stock.

As a result of these trends in cash flows, cash and cash equivalents at the end of the fiscal year amounted to ¥6,314.7 billion, which was ¥3,077.9 billion higher than at the end of the previous fiscal year.

[Outline of Financial Results for FY2013]

(Billions of yen)

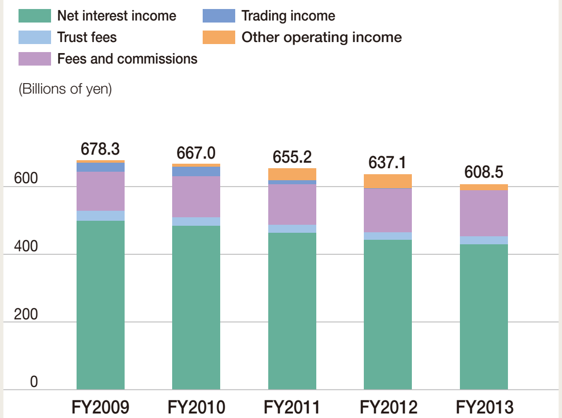
	Resona Holdings (Consolidated)		Difference (A)-(B)	Total of Group banks (Non-consolidated)				
	(A)	YoY Change		(B)	YoY Change	Resona (Non-consolidated)	Saitama Resona	The Kinki Osaka (Non-consolidated)
Gross operating profit	608.5	(28.6)	53.2	555.2	(26.3)	368.0	135.5	51.7
Net interest income	430.0	(13.0)	9.0	420.9	(12.0)	264.1	117.0	39.7
Income from loans and deposits (domestic operations)				366.5	(18.9)	229.9	100.5	36.0
Trust fees	23.7	2.1	(0.0)	23.7	2.0	23.7	—	—
Fees and commissions income	135.0	6.0	42.8	92.1	7.9	67.3	17.1	7.6
Other operating income	19.7	(23.7)	1.2	18.4	(24.3)	12.7	1.3	4.3
Net gains (losses) on bonds	7.2	(23.2)	—	7.2	(23.2)	1.8	1.3	3.9
Actual net operating profit				222.6	(23.3)	148.9	60.0	13.6
Operating expenses (including non-recurring items)	(348.4)	13.1	(17.6)	(330.8)	12.8	(214.9)	(76.6)	(39.2)
Net gain (losses) on stocks	22.6	30.1	0.3	22.3	30.1	20.4	1.0	0.7
Net credit expenses	26.4	13.4	(0.6)	27.1	5.6	31.5	(1.1)	(3.2)
Other gains (losses), net	2.9	(0.3)	2.8	0.0	(2.0)	1.2	(0.6)	(0.4)
Net income before income taxes and minority interests	312.0	27.7	38.0	274.0	20.2	206.3	58.0	9.5
Income taxes and other	(91.4)	(82.2)	(14.2)	(77.1)	(75.3)	(52.9)	(20.6)	(3.6)
Net income	220.6	(54.4)	23.8	196.8	(55.1)	153.4	37.4	5.9

Notes: 1. Net interest income is calculated by subtracting interest paid on deposits and other related expenses from interest received on loans and securities.
2. Fee and commission income is income received from clients related to the sale of investment trusts, monetary transfers, real estate intermediary services, and other services.
3. Net credit expenses are the provisions made to loan loss reserves and expenses related to write-offs of loans. Figures are shown on a net basis after subtracting gains from a reversal of loan loss reserves and recoveries of written-off claims.

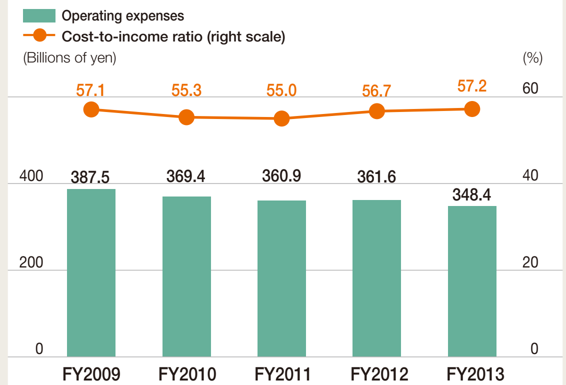
Highlights of Business Performance of the Resona Group

Trends in Performance

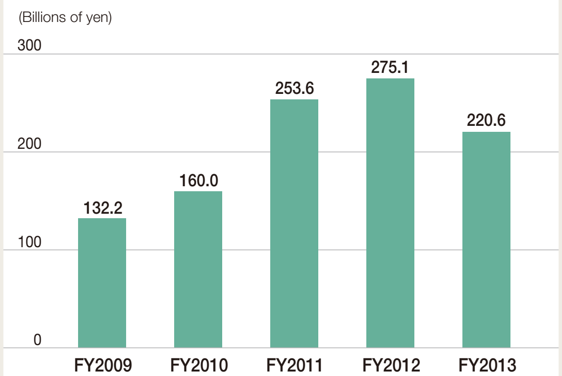
Gross Operating Profit



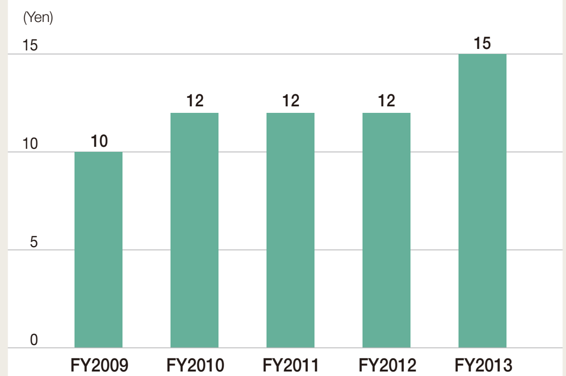
Operating Expenses (including non-recurring items), Cost-to-Income Ratio



Net Income



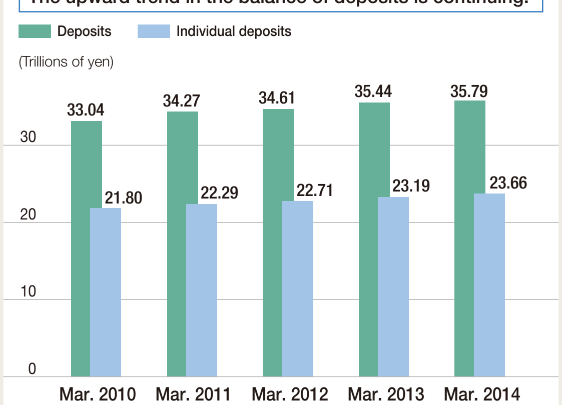
Cash Dividends per Share Applicable to the Fiscal Year



Deposits and Loans

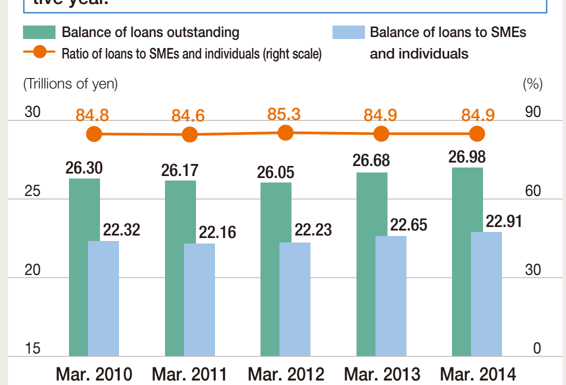
Balance of Deposits (Total of Group Banks)

The upward trend in the balance of deposits is continuing.



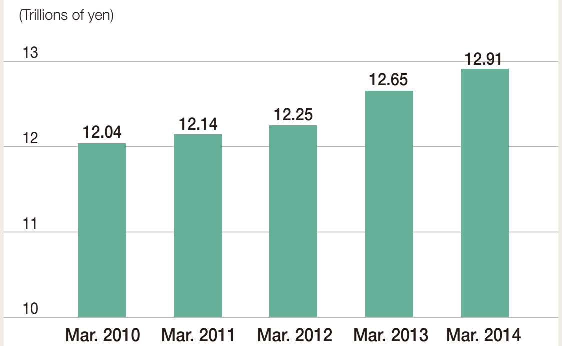
Balance of Loans (Total of Group Banks)

The balance of loans increased for the second consecutive year.

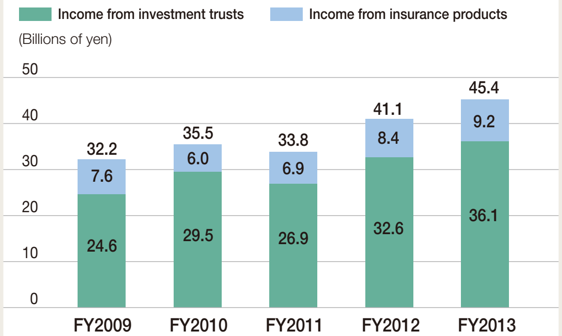


Trends in Principal Businesses

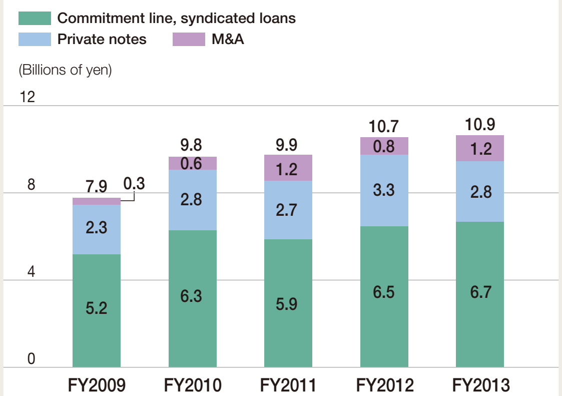
Balance of Housing Loans (Total of Group Banks)
Rising trend has continued.



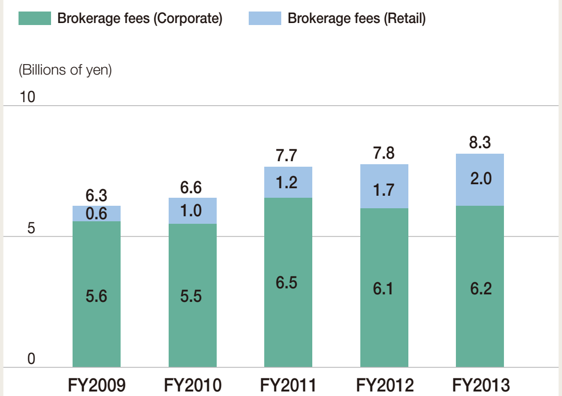
Sales of Investment Trusts and Insurance (Total of Group Banks)
Income from investment trusts has increased for the second consecutive year.



Income from Corporate Solutions (Total of Group Banks)
Exceeded ¥10.0 billion for the second consecutive year.

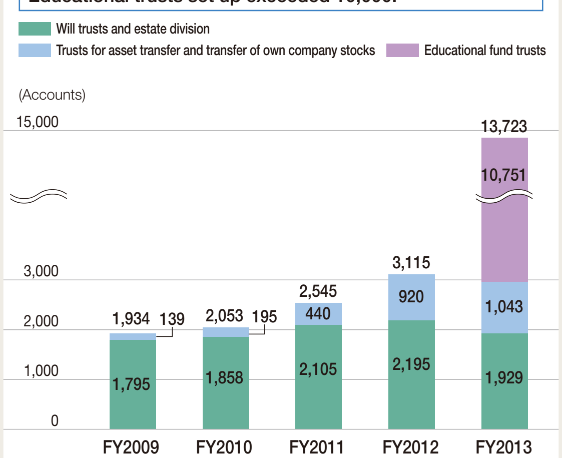


Real Estate Business (Resona Bank)
Real estate brokerage fees are on a rising trend due to the effort of collecting information.



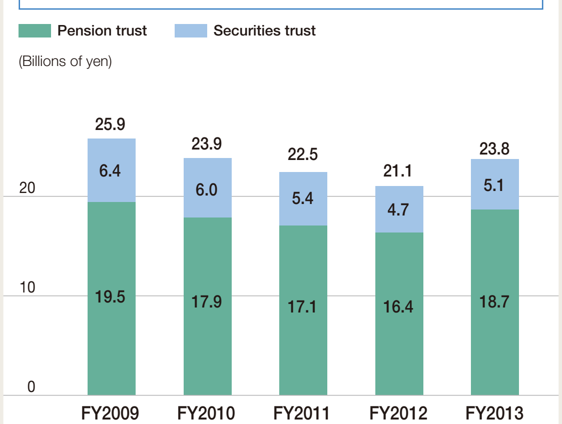
Note: Excludes gains (losses) from investments in real estate funds

Asset Succession Business (Resona Bank)
Educational trusts set up exceeded 10,000.



Note: Data on new accounts for internal management purposes

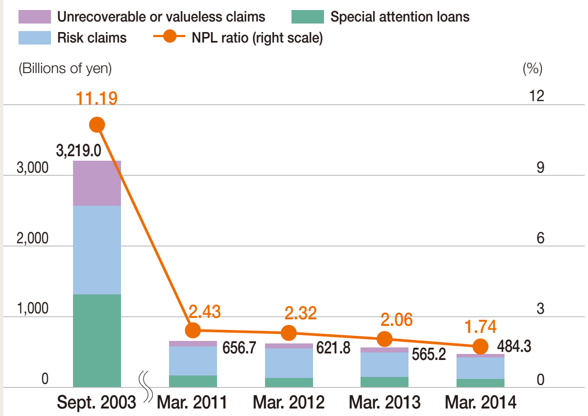
Pension and Securities Trust Business (Total of Group Banks)
Income increase, in part because of the increase in the market value of assets.



Trends in Indicators of Financial Soundness

NPL Balance and Ratio (Total of Group Banks)

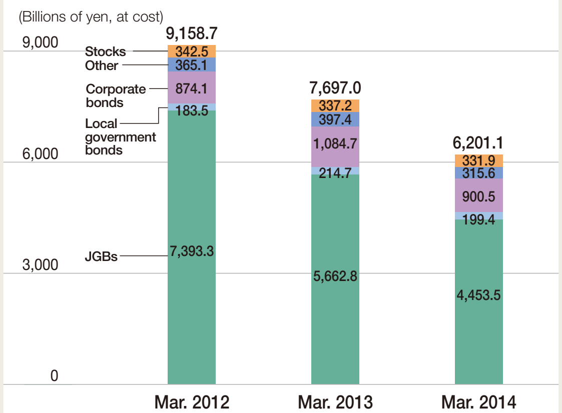
Steady improvement has been recorded in lowering the balance and percentage of NPLs.



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

Trend of Available-for-Sale Securities

The Group has implemented conservative management.

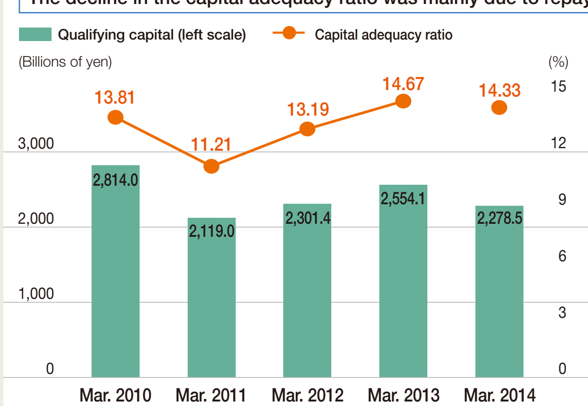


Net Unrealized Gain (Loss) on Available-for-Sale Securities

The Group kept ¥333.2 billion of unrealized gains.

Consolidated Capital Adequacy Ratio (Japanese domestic standard)

The Group's capital adequacy ratio was 14.33% at fiscal year-end, which is sufficient to meet standards. The decline in the capital adequacy ratio was mainly due to repayment of a portion of public funds.



* Figures for Mar. 2014 were calculated according to the stricter criteria of Basel 3, rather than the Basel 2 criteria used in previous years.

SERVICES FOR INDIVIDUAL CUSTOMERS

Offering convenient services "anytime and anywhere": 24 hours a day, 365 days a year

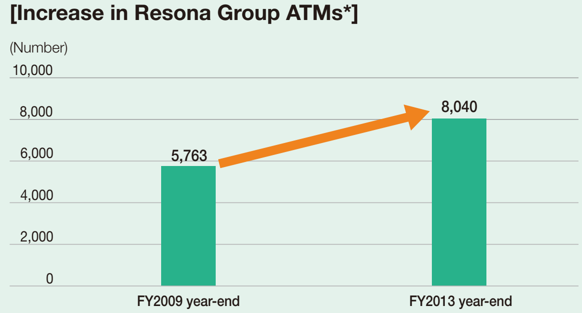
To provide increased convenience for customers, the Resona Group has extended its business hours. In addition, the number of branches opening 365 days a year is increasing steadily. Moreover, customers can execute transactions and receive advice 24 hours a day, 365 days a year through its Internet and telephone banking.

Resona Branches

Open for business until 5 pm (Resona Bank and Saitama Resona Bank)

To enable our customers to use our services in comfort without having to wait, we have introduced and are expanding the number of next-generation branches that offer General Reception Counters, Quick Navi services, and Communication Booths. In addition to these initiatives, we have also introduced services that break away from conventional bank practices, including extending our business hours on weekdays to 5 pm. In addition, the Resona Group has expanded the number of its proprietary ATMs to approximately 8,000 as part of its initiatives to enhance customer convenience.

[Increase in Resona Group ATMs*]



* Including ATMs available during bank opening hours

Expanding Number of Branches Open Year-Round

Following the opening of "7-Days Plaza Umekita" (Resona Bank) and "Umeda Plaza nanoka" (The Kinki Osaka Bank), another two branches offering year-round services, "7-Days Plaza Abeno Harukas" (Resona Bank) and 7-Days Plaza Omiya (Saitama Resona Bank) were opened in April 2014. The Resona Group is continuing to expand the number of branches that are open every day throughout the year where customers can stop by after work or shopping and obtain advice whenever they wish.

Two 7-Days Plazas Opened in April 2014

Resona Bank — Specializing in providing advice on housing loans, insurance, and asset management

Second 7-Days Plaza Opened!

7-Days Plaza
Abeno Harukas
Abeno Harukas Loan Plaza

Open year-round until 7 pm
(Excluding those days when the Abeno Harukas building is closed)

Saitama Resona Bank — A place to obtain advice useful for living anytime

7-Days Plaza Omiya made its debut!

A plaza for obtaining advice:
Omiya Branch, Omiya
Housing Loan Plaza

Open year-round until 5 pm
(Except during Golden Week holidays in early May)

Communication Dial

The Resona Group operates a call center with approximately 200 operators who respond to customers' inquiries 24 hours a day, 365 days a year.

* Operating hours of The Kinki Osaka Bank differ

Communication Dial Operators

Resona's Internet Banking Services

Web Communication Service "MyGate" Commences

In April 2014, Resona began to offer its new "MyGate" web communication service under the motto "a web communication service that links customers with Resona anytime and anywhere." This new service links Resona's existing Internet banking services with new entertaining and useful contents. As a result of the introduction of this new service, Resona can offer the best products and services to each and every one of its customers.

NEW!

Filled with Valuable Information!

Entertaining and Useful Contents

Personalization Features

- **Manage household finances using the cash-in, cash-out calendar!**
- **Check on investment trust and foreign exchange rate charts conveniently**
- **Articles with useful information**
- **Limited offer, special present campaign for MyGate users**

Safe and Convenient Transaction Functions Remain the Same!

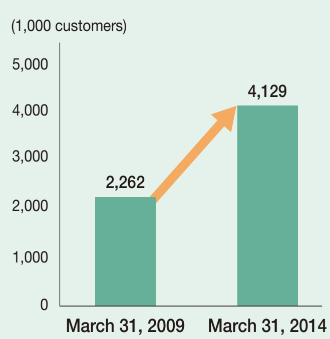
Internet Banking (Former Resona Direct and The Kinki Osaka Bank Direct)

Transaction and Inquiry Functions

- **Transfers and settlements are simple!**
- **Convenient for managing time deposits and other accounts!**
- **Lower fees for advanced repayment of housing loans!**
- **High-level security gives customers peace of mind and safety**

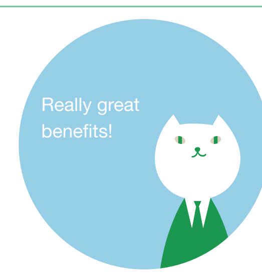
Number of Customers Contracting for Resona's Internet Banking Services

Increased **1.8 times** in five years



Resona Club, Saitama Resona Club, and The Kinki Osaka Club Point Services

In April 2014, Resona's point services were further upgraded. As with the previous services, customers accumulate loyalty points according to the depth of transactions with the Resona Group banks and can exchange their points for airline mileage points, e-money points, and the points of other Resona partner companies. In addition, depending on the loyalty status, customers are entitled for special new benefits. These include lower fees for certain services and zero fees on transactions through convenience store ATMs and higher loyalty points per transaction.



Variety of Products and Services for Differing Life Stages

Asset Management

Resona proposes the best financial products to match the needs of various events and stages in the lives of its customers. These are selected from among Resona's diverse product lineup that includes not only time deposits and investment trusts but also money trusts that draw on Resona's pension fund management know-how.

Full Lineup of Investment Trust Products

Nippon Individual Savings Accounts (NISAs), which are non-taxable small investment accounts, were introduced in January 2014. To meet the diverse needs of customers for investment products, including the requests of relatively inexperienced investors for products that are "easy to understand" and are "available at low cost," the Resona Group has expanded its lineup of investment products that charge no up-front purchase fees.

The "Power of Trusts" Series—Money Trusts with Performance-Based Dividends

Resona offers its "Power of Trusts" series that draws on the pension asset management know-how that Resona has accumulated over many years in its trust business. Two of these funds, which have been favorably received, are "Resona Japanese Government Bond Open" and "Resona World Public and Financial Sector Bond Open."

Advertisements for Resona's "Power of Trusts" series

Note: These investment trusts are handled only by Resona Bank branches (as of June 30, 2014).

Preparing for the Future and Passing Assets to the Next Generation

In addition to providing various life insurance products, the Resona Group is helping to transfer assets to the next generation through its trust functions, which include the establishment of will trusts and education fund trusts. These products not only help allay customer concerns about their own futures and about being prepared for future contingencies but also assist them by providing specific ways of showing their consideration for their children and grandchildren.

Life Insurance Products for Various Life Stages

Resona offers a variety of insurance products including individual annuities, whole life insurance, medical care insurance, and nursing care insurance. By offering these products, Resona tries to respond to diverse needs of its customers at their respective life stages to grow their assets, to secure income after retirement, and to prepare for future contingencies.

Offering a diversity of insurance products

Offering Products Based on Trust Know-How

Resona offers a diversity of products that speak to the needs of customers who want to leave assets to the next generations. These include not only will trusts but also trusts that protect customers' valuable assets and turn anxiety about the future into peace of mind, such as *"My Trust Mirai Anshin Zu* (My Trust for Future Peace of Mind)" (provided as a money trust). Resona also offers products that convey feelings of gratitude to loved ones, such as "Heart Trust: *Kokoro no Shintaku.*"

Advertisement for *"My Trust Mirai Anshin Zu"*

Education Fund Trusts

A new system providing for the tax-exempt treatment of up to ¥15 million in a lump-sum monetary gift for educational purposes to each grandchild was introduced in April 2013. As of March 31, 2014, Resona had opened more than 10,000 of these education fund trust accounts.

Education Fund Trusts

Loans

Resona offers a variety of loan products for individuals, centering on the housing loans with which it has long been known for its competitive advantages.

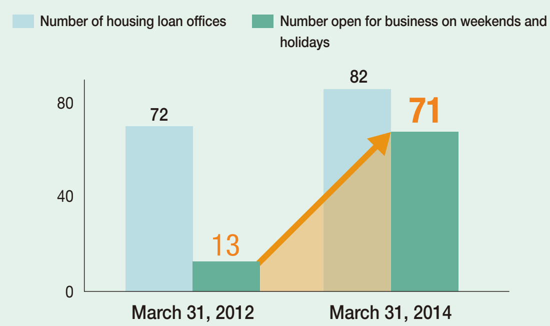
Leading Company in the Housing Loan Field

Housing loans account for about 50% of Resona's loan portfolio, and they are one of the Resona Group's main businesses. Resona has 82 Loan Plaza offices, which are Resona's dedicated channel for housing loans, and 71 of these are open also on weekends and holidays to respond to the requests of customers who are not able to visit these offices on weekdays. In addition, in fiscal 2013, new products introduced by Resona include the *Danshin Kakumei* housing loan, which features greatly expanded group credit life insurance coverage. Other new products were the *Haretara Ii Ne* housing loan that provides compensation for homeowners who installed solar panels on their homes for insufficient sunlight and the *Rin*-next housing loan designed especially to meet the needs of women.

Resona is extending the business hours at its dedicated housing loan offices.

71 of these offices, out of a total of 82 offices for the three Resona banks, are now open on weekends and holidays.

The number of housing loan offices open on weekends and holidays has increased more than fivefold in two years.



Loan Products Developed Originally to Meet Customer Needs

New types of housing loans

Attached with wider group credit life insurance coverage
***Danshin Kakumei* Housing Loan**

A first for banks! When borrowers fall ill, not only due to the three major diseases but also in 16 special cases and other cases requiring special nursing care, the loan balance is reduced to zero.

Loans especially for women
***Rin*-next**

Provides compensation for homeowners who installed solar panels for insufficient sunlight
***Haretara Ii Ne* Housing Loan**

- Available for unit houses equipped with solar power generating panels
- Compensation for insufficient sunlight is applicable for three years.

Four benefit packages
- Favorable interest rate
- No fees for advanced repayment
- With loan repayment insurance support feature
- Special provision when borrowers contract three major diseases (optional)

Original Loan Products to Help Customers Realize Their Dreams

Resona offers its originally designed loan products to support customers' livelihood and help them realize their aspirations. These include "Resona Premium Card Loan," "Quick Card Loan," "Educational Loan," "My Car Loan," and other types.

Advertisement for Resona Premium Card Loan

SERVICES FOR CORPORATIONS

Policies for Initiatives to Provide Management Support to Corporate Customers

The Resona Group endeavors to build relationships and bonds of trust with small and medium-sized enterprises (SMEs) as well as other customers. Based on these relationships, the Resona Group banks and other Group companies strive to provide their solutions capabilities, products, and services at an appropriate timing to respond to customer needs that arise in their business activities and at various stages of their lives.

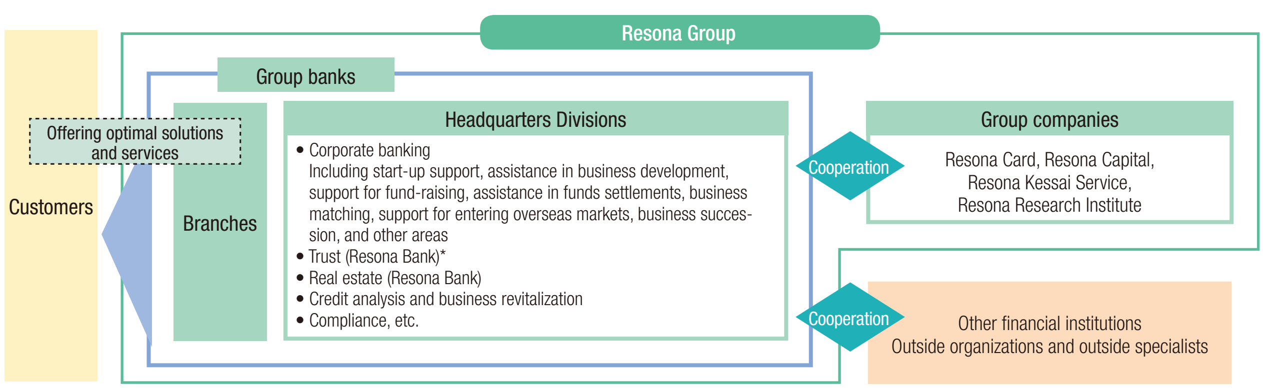
In addition, the Resona Group is aware that the most-important role that financial institutions are expected to perform in society is to smoothly provide the necessary funding for its customers, including SMEs, that are conducting sound business operations. Based on this awareness, each of the Group banks has adopted the following Basic Policy for Facilitating Finance as outlined below, and, as each Group bank gives due attention to securing sound and appropriate conduct of its business activities, it makes its best efforts to facilitate financing.

[Outline of the Basic Policy for Facilitating Finance]

- All management and staff will conduct business activities with an awareness that society expects the Resona Group to facilitate financing.
- To facilitate financing, Resona Group personnel will know their customers and maintain a sincere attitude at all times.
- The Resona Group will create the necessary systems to implement appropriate measures for facilitating financing.
- The Resona Group will actively communicate its systems for acceptance and response to facilitate financing.

Current Status of Enhancing Systems for Providing Management Support to Corporate Customers

To respond appropriately to the needs of customers that arise in their businesses at various growth stages and phases of their life cycles, we take initiatives to give management support to our customers through collaboration among the Group's headquarters and the Group companies as well as through teamwork as needed with other financial institutions and outside specialists.



* Saitama Resona Bank and The Kinki Osaka Bank act as agents for Resona Bank to offer customers trust solutions, such as corporate pensions and various trust-related products and services.

Specialist Committees Formed to Assist Corporate Customers' Growth and Revitalization Efforts

- To substantially strengthen the initiatives of SME customers to grow and revitalize their activities, the Resona Group banks have formed cross-divisional specialist committees comprising mainly the presidents and executive officers in charge of related divisions. The committee formed by Resona Bank and The Kinki Osaka Bank is named the "Growth and Revitalization Support Committee," and the committee created by Saitama Resona Bank is named the "Committee for Strengthening Corporate Transactions." These committees will take proactive initiatives to provide stronger support than previously.

Initiatives to Provide Management Support to Corporate Customers

Support for Business Start-ups and New Business Development

Start-ups and New Business Development

For corporate customers in the start-up phase, the Resona Group banks take initiatives to actively support funding and business activities with an eye not only on their financial position and actual business performance but also on the future growth prospects of their businesses.

Resona has obtained official certification under the SME Business Capabilities Enhancement Support Act, and its specific activities include supporting various activities related to setting up companies, including preparing business plans, assistance in making applications for various subsidies, and active initiatives in obtaining funding from public financing schemes. In addition, by making use of SME and individual proprietor business creation support organizations, Resona dispatches specialists with Small and Medium Enterprise Management Consultant qualifications to provide support for the preparation of plans for new businesses and offer other support.

Establishment of the Saitama Resona Sixth Industry Support Fund

- Saitama Resona Bank has established its Sixth Industry Support Fund that aims to use local resources to develop new industries, which will develop supply chains that are integrated from production through processing and sales, by facilitating teamwork among primary sector companies (in agriculture, forestry, and fisheries) as well as secondary and tertiary sector companies. Activities are under way to create new businesses through collaboration among agriculture and food processing companies and support their growth.

Support for Growth Phase Companies

Fund-Raising

The Resona Group banks are providing support for corporate customers in their growth phases by offering a diverse range of financing products.

Specific activities are the “Growth Field Support Fund” (Resona Bank and The Kinki Osaka Bank) which is based on the Bank of Japan’s “Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth;” the “Funds for Supporting Growth Fields” (Saitama Resona Bank), which supports the funding activities of companies strengthening their bases for growth in industries specified as growth areas by the Bank of Japan; and funds made available for purchasing equipment in the medical and nursing care fields. These various funding options are intended to support industries that have growth prospects, are making a significant contribution to the public interest, and will be an integral part of regional infrastructures.

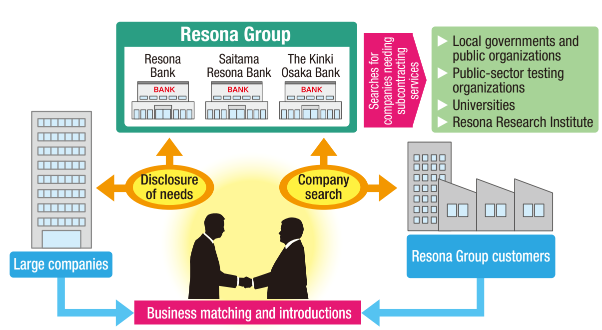
In addition to these activities, the Resona Group banks offer a diverse range of loan products to meet the needs of corporate customers. These include funding for environment-related expenditures to companies that are engaging in environmental initiatives as well as lending arrangements in cooperation with various regional credit guarantee associations.

Business Matching

The Resona Group banks sponsor a range of events, including various types of seminars, marketing meetings, business exhibitions, and monitor meetings, with the aim of introducing potential business partners to one another, to help them address their management issues. These include “strengthening procurement and sales,” “strengthening production and technology,” “reducing costs through increasing the efficiency of distribution and use of IT,” and “diversification.”

Establishment of the “Resona Manufacturing Excellent Network”

- Drawing on its nationwide network, which is centered around approximately 90,000 SMEs, Resona has established its “Resona Manufacturing Excellent Network.” This network provides search and introduction services at no charge to help large corporations find SMEs that can respond to their technological and manufacturing needs. The formation of this network was in response to comments from SMEs, such as “we have the technological capabilities but have very few relationships with large companies,” and comments from large companies such as “we want to subcontract work to SMEs with advanced technological capabilities but finding them is difficult.” For sophisticated technological issues, the Group banks work together with regional governments and public organizations, public research and testing institutes, and universities. This network can help customers realize their latent business opportunities, while, at the same time, provide support for SMEs with top-notch manufacturing capabilities.



Support for Corporate Customers Expanding Business Overseas

The Resona Group banks offer assistance to corporate customers who are considering entry into overseas markets and those customers who already have business operations overseas through its network of overseas offices and its subsidiary P.T. Bank Resona Perdania in Indonesia. Support services include information on local markets, funding in foreign currencies provided by the Group banks, and other financial services through partner banks overseas.

To further substantially strengthen our abilities to meet the needs of customers expanding their overseas operations, on April 1, 2013, the Resona Bank formed its International Business Division. In April and May 2014, international business departments were also established in Saitama Resona Bank and The Kinki Osaka Bank. Through these and other initiatives, Resona is taking initiatives to give strong support to the increasingly diverse needs of customers expanding overseas.

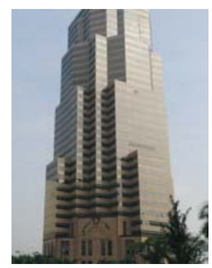
Business Alliance with Rizal Commercial Banking Corporation of the Philippines

- To provide financial services to Resona corporate customers entering the Philippines, which is continuing to show firm economic expansion, the Resona Group banks (Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank) have concluded a business alliance with Rizal Commercial Banking Corporation.

Business Alliances with Public Bank Berhad of Malaysia and Cambodian Public Bank

- To provide banking services to Resona corporate customers entering the Malaysian market, Resona Bank has concluded a tie-up with Public Bank Berhad of Malaysia. Also, since interest in entering the Cambodian market has increased in recent years, the Resona Group banks (Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank) have signed an operating agreement with Cambodian Public Bank Plc (Campu Bank), which is a wholly owned subsidiary of Public Bank, to provide its corporate customers with financial services in Cambodia.

Rizal Commercial Banking Corporation



Public Bank Berhad

Trust Banking and Real Estate (Resona Bank)*

In addition to its commercial banking business, Resona Bank is also the only commercial bank in Japan that offers a full “one-stop” lineup of trust banking services to its customers. Based on this capability, Resona Bank is offering a wide spectrum of trust banking solutions to its customers.

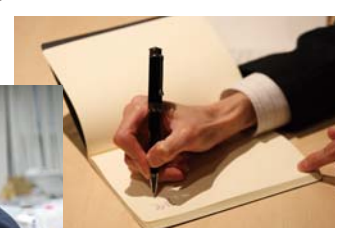
Specific solutions include offering proposals to corporations for defined contribution and defined benefit pension plans, trust arrangements that enable company owners to pass their shares smoothly to their heirs (own company stock succession trusts), and various other trust products, such as employee stock ownership plans (ESOPs) that provide the benefits of stock ownership to employees. Resona Bank is also prepared to offer management support to its corporate customers by providing proposals for the efficient use of real estate assets and other trust solutions to address various management issues.

What Are “Own Company Stock Succession Trusts”?

These trusts are tailor-made to meet the needs of individual companies and their owners. Their function is to address the range of important issues that arise in “business succession” that must be solved for the stable and continued development of corporations.

The “Own Company Stock Succession Trust with Retained Voting Rights” enables management to retain control of their company voting rights while assigning the shares to their heirs. Also, the “Own Company Stock Succession Trust with Entrusted Will” allows for Resona Bank to administer the shares entrusted to it, and when the company owner passes away, it will promptly transfer the shares to the heirs specified in the trust contract.

* Saitama Resona Bank and The Kinki Osaka Bank, acting as agents for Resona Bank, provide trust solutions related to corporate pension plans and various trust arrangements.



Support for Management Reforms, Business Revitalization, and Business Restructuring

Management Reforms, Business Revitalization, and Business Restructuring

The Resona Group banks support those SMEs that are conducting sound business operations by responding flexibly to changes in repayment terms and conditions. In addition, however, for such customers, Resona offers its support and know-how as necessary for making management reforms, revitalizing businesses, and conducting business restructuring.

Specifically, for those customers that are deemed to be in need of external assistance or business alliances in preparing plans for management reforms and for revitalizing and realigning their businesses, Resona proposes that such customers make active use of such organizations as the Regional Economy Vitalization Corporation of Japan and the SME Business Rehabilitation Support Co-operative. In addition, Resona works in partnership with other financial institutions and takes the initiative in preparing and implementing specific revitalization policies that are based on the resources of the Regional Business Revitalization Fund and make use of a debt-for-debt swap scheme utilizing mezzanine financing.

Establishment of SME Revitalization Fund for Greater Kansai Area (An Investment Limited Partnership)

- To For SMEs in the greater Kansai area that are experiencing deterioration in performance but, for which continuation of the business is deemed to be possible, Resona strengthens its support efforts. These efforts have included working with the Regional Economy Vitalization Corporation of Japan, the SME Business Rehabilitation Support Co-operative, credit guarantee associations, and other financial institutions in the Kansai area to establish the SME Revitalization Fund for the Greater Kansai Region (Resona Bank and The Kinki Osaka Bank).

Sai no Kuni SME Revitalization Fund (An Investment Limited Partnership)

- To accelerate initiatives for the restructuring of SMEs that are deemed to be fully capable of continuing in business, Saitama Resona Bank, working together with the Organization for Small and Medium Enterprises and Regional Innovation, JAPAN, the Saitama Prefecture Credit Guarantee Association, and eight other financial institutions based in Saitama Prefecture, established the *Sai no Kuni* SME Revitalization Fund.

Support for Business Succession

Business Succession

The Resona Group banks provide comprehensive support for smooth business succession and transfer of assets. After sufficient discussions with corporate customers regarding their requirements for business succession, business vision, and ideas regarding business continuation, the Group banks give consideration to the best solutions and approaches.

Specifically, the Group banks offer support in addressing various related issues, such as the customer's business succession requirements; capital policies and asset succession, including the estimated value of the company's stock and inheritance calculations; possibilities for mergers and acquisitions and management buyouts; and balance sheet reforms. In addition, in addressing these issues, the Group banks propose a broad range of solutions drawing on the Group's trust capabilities—including Own Company Stock Succession Trusts, Asset Succession Trusts, and other trusts—and real estate services.

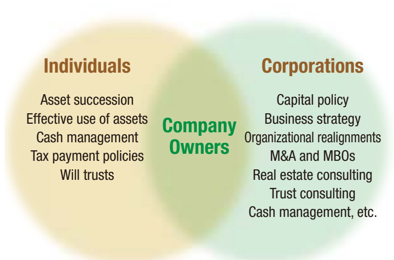
Introduction of "Resona Business Succession" Service Package

- To provide support for business succession, which is an important management issue for SMEs, Resona Bank has introduced its "Resona Business Succession," which is a package of services (with guarantees provided by the Tokyo Credit Guarantee Association) that also draws on the Policy Special Financing of Tokyo.

Launching of Resona Capital No. 3 Investment Limited Partnership (Also known as "Bridge to the Future")

- To respond to customer needs not only for stock listing services but also for business succession and other equity solution requirements, Resona Bank launched its Resona Capital No. 3 Investment Limited Partnership (also known as "Bridge to the Future"). As a fund for financing MBOs related to business succession, this new investment fund provides support for making smooth business successions possible.

[Resona Business Succession Consulting]



Status of Initiatives to Revitalize Communities

The corporate mission of the Resona Group is “To Develop Further with Regional Societies.” To this end, we are continuing our efforts to enhance the management of SMEs and revitalize local communities.

Resona DE Monitor Events

To assist SME customers in new product development, Resona Bank and The Kinki Osaka Bank sponsored the “Resona DE Monitor Meeting in Osaka” in cooperation with the Osaka Urban Industry Promotion Center. This meeting enabled SMEs to ask the opinions of female monitors from various regions about their views of their products, product package design, and other aspects of the products.

Agriculture and Food Exhibition and Business Discussion 2014

As part of activities to revitalize regional communities and strengthen initiatives related to agricultural businesses, Saitama Resona Bank, in collaboration with Saitama Prefecture, sponsored the “Agriculture and Food Exhibition and Business Discussion 2014.” This is one of the largest exhibitions of its kind in Saitama Prefecture, and representatives of agricultural producers and processed food companies as well as buyers of these products were invited to participate. On the day of the event, 3,122 participants attended, and, the focus was to appeal to buyers of these products mainly from the Tokyo metropolitan area.

Sai no Kuni Business Arena 2014

Saitama Resona Bank, in collaboration with Saitama Prefecture and the Saitama Industrial Promotion Corporation, sponsored the *Sai no Kuni* Business Arena 2014 under the slogan “Proudly Bringing Together the Technologies of *Sai no Kuni* Saitama.” The objectives of this event include assisting SMEs in obtaining orders for their products, developing distribution channels, and improving their technologies. Over the two days of the event, 16,570 persons attended, and the occasion was quite successful in bringing participants and exhibiting SMEs together to exchange information and hold business discussions.

Network Business Negotiations in Osaka

The Kinki Osaka Bank sponsored the 4th Network Business Negotiations in Osaka jointly with Saitama Resona Bank and two other regional banks (Fukui Bank and Daishi Bank). The four participating banks are based in different business regions, and the purpose of the event was to support the creation of new commercial flows between the customers of the sponsoring banks and to revitalize regional economies. With the same theme, “food,” as in the first three of these events, the 4th Network Business Negotiations in Osaka provided opportunities to have individual business meetings and exhibit attractive food products of sellers to department store representatives, food product supermarkets, restaurant chains, and mail/Internet order companies from the Kyoto, Osaka, and Kobe areas. Many participants attended the event and conducted active business discussions.

MEMO

RESONA GROUP'S CORPORATE SOCIAL RESPONSIBILITY (CSR)

Strengthening CSR Initiatives

Issuance of the Resona Group's CSR Policy

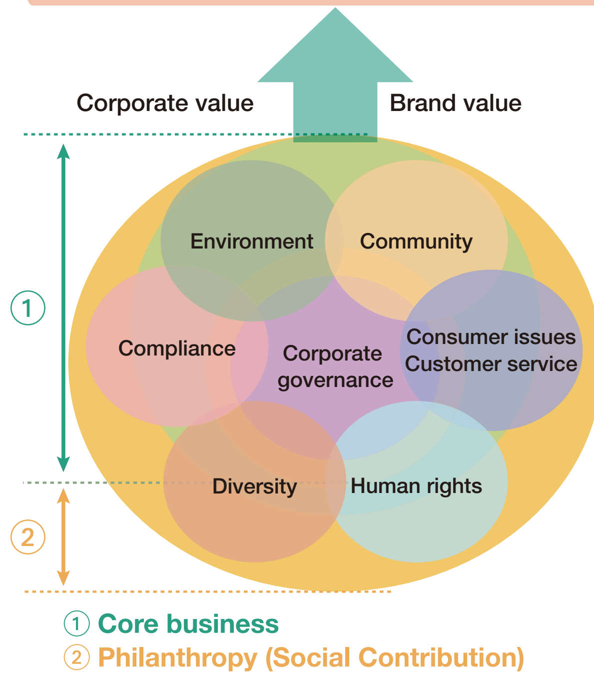
The Resona Group defines "CSR Management" as "contributing to the creation of a sustainable society." To further strengthen the development of its CSR activities, the Group issued its "Group CSR Policy in August 2011 based on ISO26000." In addition, the Group sets objectives for its CSR activities each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

The Group cherishes "relationships with customers," "relationships with shareholders," "ties with society," and "employees' dignity and personality." To win the support of all its stakeholders, the Resona Group makes use of its management resources to conduct various CSR-related activities.

■ Relationship among Corporate Mission, Corporate Promises, and CSR Policy

■ Concept of CSR Management

CSR management is equivalent to contributing to the creation of a sustainable society.



Resona Group CSR Policy

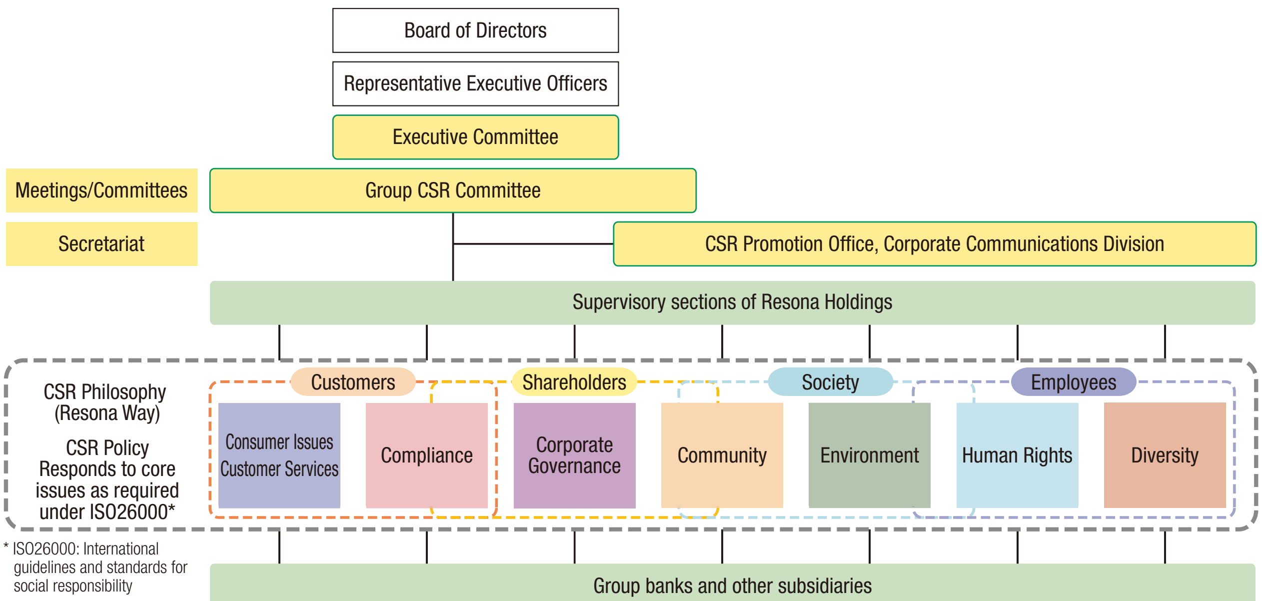
Issues	Policy
Corporate Governance	We work to strengthen oversight and supervision functions for responsible management systems as well as management and achieve accountability for all the stakeholders.
Human Rights	We build a corporate culture and working environment that respect fundamental human rights 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.

* Please refer to page 02 for the Resona Group's Corporate Mission

Group CSR Promotion System

To substantially strengthen and improve the Resona Group's CSR activities, which are one of our most-important business issues and increasingly demanded by society, we have formed "the Group CSR Committee," which meets periodically.

The Group CSR Committee is chaired by the president of Resona Holdings, and its members include the presidents of all Group banks. CSR activities are conducted through this committee using a variety of the Group's management resources.



Participation in Initiatives

Since 2008, Resona Holdings has been a signatory to the UN Global Compact, and Resona Bank has participated in the Principles for Responsible Investment initiative. Also in April 2014, Resona Bank has expressed its adoption of the Japanese Stewardship Code in asset management of trust assets and others.

THE GLOBAL COMPACT
Network Japan
WE SUPPORT

PRI
An investor initiative in partnership with UNEP FI and the UN Global Compact.

Resona Group CSR Action Goals, Results, Assessment

The list of Resona Group CSR Action Goals, Results, and Assessment by issues specified in Resona Group CSR Policy is indicated below:

<table>
<tr><th>Issue</th><th>Item</th><th>Action goals for FY2013</th><th>Results of FY2013</th><th>Assessment</th><th>Action goals for FY2014</th></tr>
<tr><td rowspan="2">Corporate Governance</td><td>Information Disclosure</td><td>Increase transparency of management by proactively disclosing information in an easy-to-understand way</td><td>Improved the disclosure policy concerning corporate governance and worked to disclose new information and communicate in an easy-to-understand fashion regarding such disclosure documents as business reports, financial reports, and corporate governance reports</td><td>★★⯪</td><td>To realize superior corporate governance, proactively disclose information in an easy-to-understand way, and increase the transparency and objectivity of management</td></tr>
<tr><td>Risk Management</td><td>Prevent risks from occurring and maintain and ensure the soundness of management</td><td>Managed operations as to contain major types of risks within the bounds of core capital in order to secure and maintain the soundness of management</td><td>★★★</td><td>To ensure that providing high-quality services to customers, work to prevent risks before they emerge and to secure and maintain the soundness of management</td></tr>
<tr><td rowspan="2">Human Rights</td><td>Respect for Human Rights</td><td>In accordance with the Group Human Rights Policy, improve educational programs to raise employees' awareness of respect for human rights and prevent various types of harassment</td><td>1) Conducted workplace training and disseminated information via the company intranet to ensure comprehension of the Group Human Rights Policy
2) Conducted the following education initiatives for all employees on preventing human rights violations and harassment
• Training in the workplace with human rights promotion personnel as lecturers
• Case studies through e-learning
• Discussion seminars through videos
3) Conducted Group training for new employees and newly appointed managers on preventing human rights violations and harassment, deepening human rights understanding among participants
4) To continue fair hiring practices and deepen understanding of the Fair Selection Criteria and Methods Policy, conducted human resource training for recruitment personnel</td><td>★★⯪</td><td>Further improve such human rights efforts as training for all employees on preventing human rights violations and harassment and on further ensuring comprehension of the Group Human Rights Policy
1) Continue educational activities to ensure thorough compliance with the Group Human Rights Policy
2) Continue educational activities (e.g., training) to create a workplace with no harassment
3) As a core policy, all employees will undergo training at least once per year.
4) Further improve seminar texts and other materials
5) Collect human rights effort slogans and commend the best ones</td></tr>
<tr><td>Normalization</td><td>Enhance approaches to normalization in order to realize branches and services which all customers can use safely and with ease</td><td>Took initiatives to realize branches and services that all customers can use with ease
1) Enhancements in services
• To make ATMs easier to use for customers with baggage, special baggage tables were implemented
• Placed money-envelope bins in easy-to-reach places for customers in wheelchairs at priority ATMs
• Placed AEDs in all branches (Saitama Resona Bank)
2) Improvements in branch facilities
<table>
<tr><th></th><th colspan="2">New branches</th><th colspan="3">Existing branches</th></tr>
<tr><th></th><th>Barrier-free conversion</th><th>Voice guidance system implementations</th><th>New slope installation</th><th>Slope improvements</th><th>New elevator installation</th></tr>
<tr><td>Resona Bank</td><td>9</td><td>1</td><td>1</td><td>0</td><td>1</td></tr>
<tr><td>Saitama Resona Bank</td><td>2</td><td>2</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>The Kinki Osaka Bank</td><td>0</td><td>0</td><td>1</td><td>1</td><td>0</td></tr>
</table>
Unit: Number of branches</td><td>★★⯪</td><td>Enhance approaches to normalization in order to realize branches and services which all customers can use safely and with ease
1) Enhancements in services
• At least 3 projects
<table>
<tr><th></th><th colspan="2">New branches</th><th colspan="3">Existing branches</th></tr>
<tr><th></th><th>Barrier-free conversion</th><th>Voice guidance system implementations</th><th>Voice guidance system implementations</th><th>Slope improvements</th><th>New elevator installation</th></tr>
<tr><td>Resona Bank</td><td>6</td><td>4</td><td>3</td><td>1</td><td>2</td></tr>
<tr><td>Saitama Resona Bank</td><td>1</td><td>1</td><td>0</td><td>0</td><td>0</td></tr>
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Unit: Number of branches</td></tr>
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Evaluation marks: Results were evaluated internally, under the following scale as a guide

★★★ 100% or more ★★☆ 80 < 100% ★★ 50 < 80% ★☆ 30 < 50% ★ Less than 30%

Issue	Item	Action goals for FY2013	Results of FY2013	Assessment	Action goals for FY2014
Diversity	Diversity Promotion	Continue to work to create workplaces that are energetic where all employees mutually understand and recognize one another and can contribute • Work toward reaching the Cabinet Office's target of having 30% of management positions filled by females by 2020 • Employ more people with disabilities than what regulation requires	Worked toward having 30% of management positions filled by females by 2020 • Development support: mentoring system, women's leadership seminars, networking seminars, etc. • Child and family care support: returning-to-the-workplace seminars, family-care seminars, etc. Secured employment of people with disabilities at the percentage of employees greater than required by law (2.12%)	★★☆	Continue to work to create workplaces that are energetic where all employees mutually understand and recognize one another and can contribute • Take initiatives to reach the best-efforts goal set by Japan's Cabinet Office of "having 30% of management positions filled by females by 2020" • Strengthen efforts to devise systems for middle-to-advanced-aged employees to continuously work actively • Secure higher percentage of employees with disabilities than is required by law (2.0%)
	Work Environment	Raise productivity and promote leave-on-time policy in order to set better working environment	Continued company-wide efforts to raise productivity to ensure that employees can leave on time and limit overtime usage	★★☆	• Enhance productivity and promote leave on time to improve working environment • Further energize the workplace by spreading the idea that diversity raises organization strength
	People Development	• Foster professional personnel in each field through building content-rich training and educational programs • Enhance various kinds of initiatives to support career building for employees	1) Strengthened training and development programs to develop professionals in each area of operations 2) Continued support for detailed career building for each employee at different career stage, e.g., for females and middle-to-advanced-aged employees • Young females: career design forum • Females in managerial positions: women's leadership training • Middle-to-advanced-aged employees: career design seminars, pre-masters employee seminars	★★☆	• Strengthen training and development programs to develop professionals in all areas of operations • Enhance various kinds of initiatives to support career building for employees
Compliance	Permeation of Corporate Ethics	Further improve compliance knowledge of all employees through continuous initiatives and education on permeation of corporate ethics and on compliance with laws and regulations, to be a company trusted by society	• Took initiatives continuously to prevent the recurrence of scandalous and improper behavior • Provided educational programs to raise each employee's awareness of compliance with the aim of permeation of the "Resona STANDARD," a behavior guideline for employees	★★	Further improve compliance knowledge of all employees through continuous initiatives and education on permeation of corporate ethics and on compliance with laws and regulations, to be a company trusted by society
	Elimination of Antisocial Forces/Money Laundering Prevention	Fulfill social responsibilities as a financial institution by reinforcing systems to eliminate transactions with anti-social forces and prevent money laundering	• Took initiatives to eliminate transactions with anti-social forces and respond properly to the Act on Prevention of Transfer of Criminal Proceeds • Worked toward improving and strengthening attitudes within the Group toward eliminating transactions with anti-social forces	★★☆	Fulfill social responsibilities as a financial institution by reinforcing systems to eliminate transactions with anti-social forces and prevent money laundering
	Financial Crime Prevention	Protect customers' assets by working with customers to raise awareness on financial crimes and strengthening systems to prevent such crimes	• Worked toward preventing bank transfer fraud, forged or stolen cards use, to protect customers' important assets • Worked toward preventing account opening for improper activities, payment with stolen passbooks, and bank transfer fraud by strengthening customer identification and raising customers' awareness on financial crimes	★★☆	Protect customers' assets by raising customers' awareness on financial crimes and strengthening measures to prevent financial crimes such as improper use of Internet banking

Issue	Item	Action goals for FY2013	Results of FY2013	Assessment	Action goals for FY2014
Consumer Issues/Customer Service	Explanation to Customers	Enhance the system to manage explanations to customers, in order to provide appropriate products and services to customers	To ensure appropriate products and services were offered to customers, added more products to the Follow-up Rule list, enhanced risk explanations accompanying NISA openings, and improved solicitation rules for elderly customers to ensure sale of more appropriate financial products, and improve training of employees	★★½	Further enhance the system to manage explanations to customers, in order to provide appropriate products and services to customers
	Information Management	Make efforts for enhancing a system to protect and manage customers' information	Being engaged in finalizing and fixating the "information asset loss risk reduction project," which was started as a framework for preventing loss and/or leakage of customer information assets • Systematized transmission of materials to customers • Converted internal documents to electronic form • Implemented monitoring to fixate appropriate document management rules	★★	To strengthen the framework to prevent customer information loss or leakage, the following will be initiated • Systematization of transmission of information to customers • Implement monitoring to fixate appropriate document management rules
	Service Reforms	Make efforts for continuous improvement in services, by sincerely accepting every single customer opinion and request	• Surveyed over 100,000 customers (across the three group companies) • In view of the results of this survey, the following improvements were implemented 1) ATM hours for deposits were lengthened 2) Baggage tables placed at ATMs at staffed branches 3) Money-envelope bins placed in easy-to-reach places for customers in wheelchairs 4) Introduce Wi-Fi in branches and loan plazas (Resona Bank) 5) Introduce weekend hours at more branches, etc.	★★½	Implement at least 5 service improvement initiatives based on opinions and requests of customers
	Operational Reforms	Further improve operations and make timely and appropriate service offerings to customers	Worked to offer good services to customers by improving work processes and branch facilities • Improved visibility of the layout inside branches: 28 branches (Resona Bank) • Introduced barrier-free facilities for the convenience of seniors: 2 branches (Saitama Resona Bank) • Introduced lifting counters: 13 branches (The Kinki Osaka Bank)	★★½	Work to further improve security and convenience of transactions to offer good services to customers • Improve visibility of the layout inside branches: 9 branches (Resona Bank) • Ensure branches are easy for customers to use (Saitama Resona Bank) - Introduce barrier-free facilities for the convenience of seniors: 1 branch - Introduce facilities for customers in wheelchairs: all branches • Introduce lifting counters: 10 branches (The Kinki Osaka Bank)
	Provision of Solutions to Customers	Offer products and services that meet a wide variety of needs for each and every customer	• Education fund trusts: 10,751 cases • "My Trust": 204 cases • "Heart trust": 780 cases • Trust for transfer of own company stock: 57 cases • Increase in balance of specific-purpose loans: 160% (over FY2012)	★★½	Offer products using trust-bank capabilities to bring satisfaction to even more customers • "My Trust": 50 cases over FY2013 levels • Trust for transfer of own company stock: 70 cases over FY2013 levels • Increase in balance of specific-purpose loans: 120% (over FY2013)
	Provision of Opportunities for Enlightenment	Enhance and continue initiatives useful for realizing customers' dreams and achieving their life plans, through various seminars and the Kids Money Academy	Worked to provide educational activities and information through seminars and the Kids Money Academy • Asset management seminars: 25 seminars (about a total number of 5,800 participants) • Financial and economic education for children (Summer Vacation Resona Kids' Money Academy): 170 sessions (about a total of 2,600 participants)	★★½	Promote initiatives useful for realizing customers' dreams and achieving life plans through seminars and kids' financial education • Asset management seminars: 20 seminars • Financial and economic education for children (Summer Vacation Resona Kids' Money Academy): about 3,000 participants

Evaluation marks: Results were evaluated internally, under the following scale as a guide

★★★ 100% or more ★★½ 80 < 100% ★★ 50 < 80% ★½ 30 < 50% ★ Less than 30%

Issue	Item	Action goals for FY2013	Results of FY2013	Assessment	Action goals for FY2014
Community	Regional Contribution	Contribute to local society by pushing ahead with various activities in cooperation with the local society, and supporting revitalization of local economy	Undertook the following initiatives for revitalizing local economies and contributing to the community • Assistance in the development of new products: Resona DE Monitor Meeting IN Osaka (Resona Bank, The Kinki Osaka Bank) • Support for recruiting activities: Sponsored "Resona Bank x OSAKA *Shigoto* Field," an event where companies jointly explained their activities to recruits and conducted job interviews (Saitama Resona Bank) • Business matching events: "Open Innovation Seminar" (Resona Bank, Saitama Resona Bank), "Sai no Kuni Business Arena 2014" (Saitama Resona Bank), Network Business Discussion Meeting IN Osaka (The Kinki Osaka Bank, Saitama Resona Bank), and other events • Financing to contribute to regional revitalization: 116% (vs FY2012)	★★½	Contribute to local society by pushing ahead with various activities in cooperation with the local society, and supporting revitalization of local economy • Assistance in the development of new products, support for recruiting activities, business matching events, etc.; at least 6 initiatives to contribute to local society • Financing to contribute to regional revitalization: 110% (vs. FY2013)
	Social Contribution	Encourage employees to voluntarily conduct social contribution activities toward resolution of social issues • Increase participation in donation schemes • Increase activity count	Promoted employees' voluntary activities that contribute to regional societies through the Re: Heart Club program • Increased participation in donation programs: 151 people over FY2012 levels • Increased activities: e.g., award ceremony at all Japan culture festival for schools for the disabled, "Resona no Kizuna" tree planting program in disaster-affected areas, donation activities for typhoon victims in the Philippines	★★½	Encourage employees to voluntarily conduct social contribution activities toward the resolution of social issues • Increase participation in donation scheme: +150 people • Increase the number of activities
Environment	Environmental Management	Proactively conduct various environmental conservation activities, such as environmental load reduction, in accordance with environmental management systems based on ISO14001 • Reduce CO_2 emissions (per unit of output) by 4% compared to FY2009 levels • Keep copy-paper purchases within FY2012 levels	Operated environmental management system according to ISO14001 and reduced the load on the environment as follows. • CO_2 emissions (per unit of output): 24.3% reduction compared to FY2009 levels • Copy-paper purchases: 0.58% reduction over FY2012	★★★	Proactively conduct various environmental conservation activities, such as environmental load reduction, in accordance with environmental management systems based on ISO14001 • Reduce CO_2 emissions (per unit of output) 5% compared to FY2009 levels • Restrain copy-paper purchases within the FY2012 levels
	Environmental Conservation through Our Core Business	Through provision of various environmental business products and services, assist customers' extensive environmental conservation activities • Reduce paper-based bank-transfer transactions below FY2012 levels • Increase annual Internet banking transactions by 700,000 transactions • Promote loan activities that take environment considerations into account	• Paper-based bank-transfer transactions: FY2012 was 2.41% of total, and FY2013 was 2.13% of total • Internet banking transactions: increased by 847,000 cases (annual) • Loan activities that take environment considerations into account: 104% (vs FY2012)	★★★	Through provision of various environmental business products and services, assist customers' extensive environmental conservation activities • Reduce paper-based bank-transfer transactions below FY2013 levels • Increase Internet banking transactions by 680,000 transactions (annual) • Promote loan activities that take environment considerations into account: increase over FY2013 levels
	Environmental Communication	Work to improve understanding of environmental issues among customers and employees via information provision • Issue more eco action points over FY2012 levels • Hold environmental training • Implement "Go-home-early day" at all branches	• Eco action points: 39,387 cases (decrease of 6,043 cases over FY2012) • Environmental training: held companywide • Go-home-early day: 12 days	★★	Take initiatives to further increase awareness about environmental issues by providing information on the environment to customers and employees • Environmental training: companywide • Go-home-early day: 12 days • Environmental business seminars (at least two seminars annually)

Diversity

Basic Approach to Diversity

By creating an organization in which each employee can work comfortably and feel their assignments are worthwhile, the Resona Group promotes "human resource development." The Group established its Diversity Promotion Office in June 2011. With the watchwords of "the workplace takes the lead," "autonomy," and "diversity," we are creating a work environment where a diversity of human resources can actively contribute.

Personnel System

Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank have introduced a personnel system that (1) promotes diversity management, (2) develops professional personnel by field, and (3) offers personal choice-style personnel management.

Under this personnel system, the "Career Field System" has been introduced to help each employee build his/her own career autonomously and, thereby, set the direction of his/her individual career. In addition, Resona Bank and Saitama Resona Bank have also introduced the "Base Area System" under which each employee's base work area is decided.

For Autonomous Career Building

The Resona Group has introduced various support systems and development programs to facilitate the career advancement of individual employees according to their own "will" and "choice."

Post Challenge Systems (Internal Recruitment System)

Under this system, a wide range of positions and assignments, including the personnel to be sent for training internally and externally as well as personnel for new projects, are filled through internal recruitment. This system provides highly motivated employees with opportunities to advance in their careers.

Systems Where a Diversity of Personnel Can Succeed

Resona Women's Council

In April 2005, the Resona Group organized the Resona Women's Council, an advisory body reporting directly to management, with the aim of having improved access to the opinions of female employees and reflecting their ideas in Group management. The council has made suggestions to top management on the creation of work environments in which women can continue to work for the long term and providing support for building their careers. Reforms introduced as a result of these suggestions have included the development of a "system for converting employment status, such as switching between regular and part-time employee status," and the introduction of a "system enabling employees to return to work after taking a leave for child-rearing."

Nurturing the Next Generation

The Resona Group has taken a number of initiatives to create a work environment that supports child-rearing. For example, in addition to providing for shorter working hours, for those employees who want to lower their workload, the Group has made provisions to allow employees to "change to partner employee status and, then, when the period of child-rearing is finished, move back to regular employee status." Also, for employees who resigned to rear their children, the Group has introduced a rehiring, or "JOB Return" system. Thus, by introducing a diversity of workstyles, the Group is working to create an improved environment for bearing and raising a family.

Introduction of a Rehiring System

In response to the falling birthrate and demographic aging of the population in Japan, the companies of the Resona Group have introduced its Master Employee System that allows employees who reach the retirement age of 60 and meet certain conditions to be rehired and continue working until age 65. In FY2013, the Resona Group banks rehired 115 persons as Master Employees.

Human Rights

Basic Approach to Human Rights

The Resona Group, based on the following policy, works to develop a corporate culture and work environment in which the basic human rights of customers and employees as well as all other stakeholders are respected.

Resona Group Human Rights Policy

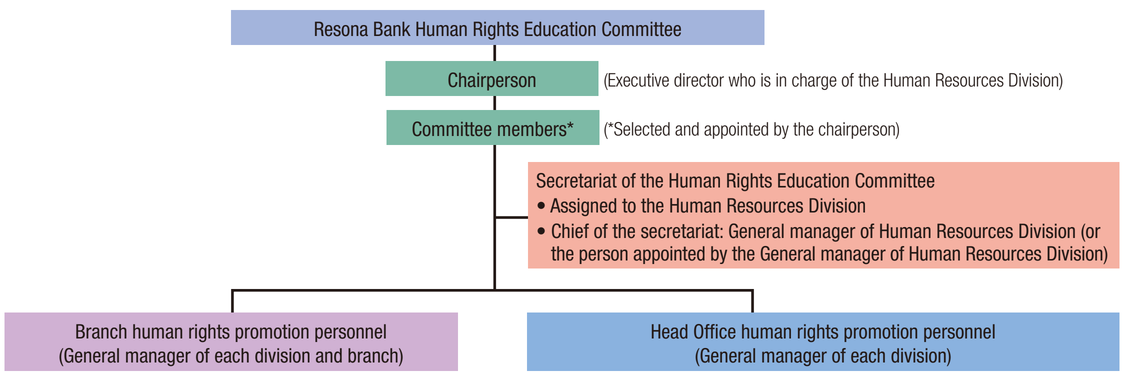
The Resona Group respects the basic human rights of customers, employees, as well as all other stakeholders

1. Observance of international rules
2. Elimination of discrimination
3. Creation of a corporate culture that respects human rights
4. Creation of an environment where it is easy for employees to work
5. Implementation of fair employment practices
6. Improve human rights training

System for Promoting the Awareness of Human Rights

The Resona Group has established the Human Rights Education Committee as an organizational unit to promote respect for human rights by fostering the heightened employee awareness of human rights issues.

■ **System for Promoting the Awareness of Human Rights (in Resona Bank)**



* Committee members delegated by the Chairperson: Director of Customer Relation Office, General manager of Corporate Administration Division, General manager of Business Support Division, General manager of Compliance Division, General manager of Internal Audit Division, General manager of Corporate Governance Office

The other companies of the Resona Group have similar systems for promoting human rights.

Human Rights Initiatives among Employees

The relationships of the Resona Group with its employees and labor unions are stable and negotiations as well as discussions regarding maintaining workplaces where employees find it easy to work, wages, labor conditions (including welfare benefits), and other matters are held periodically.

Employee Questionnaire Survey

The Resona Group conducts an awareness survey of its employees annually.

Summary of the Fiscal 2013 Employee Survey

Ranking	Management issues we think are important		Ranking	What we can agree on as a future goal of the Group	
First	Employee capabilities	→	First	Close ties with communities	→
Second	High morale among employees	↗	First	Putting the customer first	↗
Third	Capabilities for educating and training human resources	↘	Third	Responses tailor-made to customer needs	→

Initiatives to Protect Human Rights of Employees

The Resona Group implements various initiatives to raise employee awareness toward human rights.

■ Training in Branch Offices

Human rights awareness promotion officers who have received training become instructors and implement training in their respective workplaces.

Some recent human rights training themes have been prevention of harassment, CSR and human rights, points for attention regarding human rights accompanying the introduction of a new residency management system, and basics of certain minority issues.

Efforts for Normalization

To enable all customers, including the physically challenged, seniors, and pregnant women, to visit our branches with peace of mind and make use of our convenient services, the Group has taken a number of initiatives to achieve normalization.

■ Priority ATMs and Other Services

Resona Group banks have introduced "Priority ATMs" and "Priority Waiting Lounge Seats" at all of its manned branches (excluding Loan Plaza offices).

Consumer Issues/Customer Service

Basic Approach to Consumer Issues/Customer Service

The Resona Group always strives to satisfy customers' needs with a sense of gratitude for their patronage, give priority to winning their trust, and provide cordial and warm-hearted, high-quality services to customers to make them happy. For this reason, we are endeavoring to further enhance our customer service level, while, at the same time, we are actively reforming our services to improve the Group's profitability through realizing low-cost operations and strengthening our sales activities.

Service Reforms

The Resona Group is aiming to transition from the banking industry to financial services. The Group has, therefore, reevaluated its business activities from the customers' perspective and implemented many service reforms. These have included reforms that were at the top of customers' requirement lists as being in need of improvement, such as revising transaction fees, lengthening business hours, and reducing waiting time at counters.

Customer Support Systems

Listening to Customer Opinions

To substantially upgrade customer support, including the handling of complaints and providing consultation, and further improve service quality, each of the Resona Group banks has set up a department responsible for listening to the voices of customers. When customers express opinions and make requests by telephone, when they visit bank offices, respond to questionnaires in bank offices or via the Internet, or in other ways, these are handled centrally by a dedicated system and then used to make and offer better products and services through improvements and further development.

■ Number of Customer Complaints, Opinions, and Requests Handled

Bank	FY2011	FY2012	FY2013
Resona Bank	16,951	15,479	13,547
Saitama Resona Bank	4,338	4,219	4,850
The Kinki Osaka Bank	2,190	1,906	2,105
Total	23,479	21,604	20,502

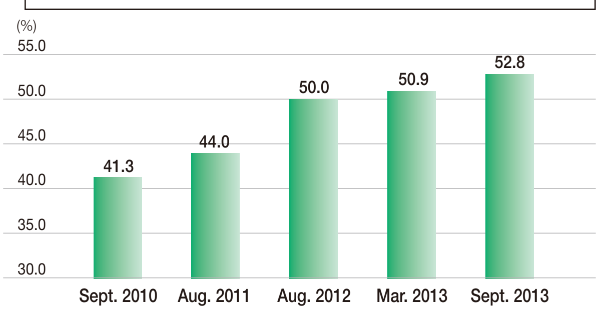
Note: These figures exclude complaints and suggestions related to the Great East Japan Earthquake.

Customer Surveys

To determine the level of satisfaction among customers of Resona Group banks, a customer survey is conducted annually. Many of the opinions and requests expressed are related to the responses provided by employees, products, services, as well as other items. The Group makes every effort, based on service results, to thoroughly train its employees and enhance its products and services.

■ Results of the Annual Customer Satisfaction Surveys (Resona Bank)

Percentage of respondents indicating their overall impression as "satisfied"



Services of Branch Offices

The Resona Group is introducing branch offices based on new concepts that respond to a wide range of customer lifestyles.

■ Expand Our Branch Offices which Are Open on Weekends and National Holidays

For individual customers who have little time to visit a bank branch during regular business hours on weekdays, the Group has developed branches where they can casually drop by for consultation or signing bank-related contracts on their way home or while shopping on weekends. This enables us to support customers' life planning, including the refinancing of housing loans and the review of their insurance coverage. We welcome customers at times that are convenient for them.

Services for Individual Customers

■ Response to Inheritance-Related Needs

Using the branch network and customer base that Resona Bank has developed, the Resona Group provides trust solutions for asset succession, such as will trusts, estate division, etc., to meet customers' needs.

Results for FY2013
- Will Trusts and Estate Division: 1,929 cases
- Asset Succession Trusts (e.g., My Trust, Heart Trust): 986 cases
- Trust for Transfer of Own Company Stock: 57 cases
- Education Fund Trusts: 10,751

■ Response to Needs of Women

With the aim of becoming the bank that can gain the strongest support of women, the Resona Group implements the "Resona 'My Strength' Project," where female employees design products and services that meet the needs of women.

■ Response to Adult Guardianship Needs

Along with the decline in the birthrate and demographic aging of the population in Japan, the number of persons relying on the adult guardianship intermediary system for the conduct of contractual procedures and estate administration in the event of the onset of Alzheimer's disease or other circumstances is growing. In view of these trends, the Resona Group has expanded the range of tie-ups for its adult guardianship intermediary services.

Alliance Partners for Guardianship Services

Resona Bank
- Public Interest Incorporated Associations Adult Guardian Center Legal Support (Since April 2004)
- Osaka Bar Association (Since March 2009)
- Hyogo Bar Association, Nara Bar Association, Kyoto Bar Association (Since August 2010)
- Tokyo Bar Association, First Tokyo Bar Association, Second Tokyo Bar Association (Since December 2010)
- Yokohama Bar Association, Aichi Bar Association (Since April 2011)

Saitama Resona Bank
- Saitama Bar Association (Since December 2010)

The Kinki Osaka Bank
- Osaka Bar Association (Since March 2010)

■ Periodic Asset Management Seminars

The Resona Group believes that providing follow-up services to customers after they have purchased our investment products is of the utmost importance. We regularly and continuously hold Asset Management Seminars inviting experts to explain the status of investment products and the market environment.

Meetings Held in FY2013
- 25 sessions (a total of 5,815 people attended)

Services for Corporate Customers

■ Support for Recruiting Activities (Resona Bank, Saitama Resona Bank)

Considering the recruiting situation in recent years as a good opportunity for local small and medium-sized enterprises (SMEs) to hire talented people, we plan and hold events to support recruiting efforts for local companies.

Events Held in FY2013

July 2013	Joint Interview Sessions (Saitama Resona Bank)
October 2013	Joint Interview Sessions (Saitama Resona Bank)
November 2013	Joint Interview Sessions (Saitama Resona Bank)
November 2013	"Resona Bank x JOB Café OSAKA" Joint Company Presentation Sessions (Resona Bank)

■ Business Succession

Due to the aging of company owners and a shortage of successors, taking proper measures for inheritance and arranging for business succession are the most important issues faced by SMEs in Japan. Drawing on its many years of experience and accumulated know-how in will trusts, real estate business, and other trust business, Resona Bank provides a comprehensive range of advice to its customers to enable them to arrange a smooth business succession.

Support for Revitalizing Regional Economies

Business Development Support for SMEs and Small-business Owners

The business development support for small and medium-sized enterprises (SMEs) and small-business owners are in line with initiatives begun by the Ministry of Economy, Trade and Industry in fiscal 2013. The initiatives set to build an IT system where SMEs, small-business owners, and entrepreneurs can freely exchange management and business development information with many experts. They also include supporting the dispatch of experts for high-level management analysis. The initiatives aim to support new business creation and management innovation among such SMEs and small-business owners. Saitama Resona Bank and The Kinki Osaka Bank participate in these initiatives, mainly by dispatching experts to SMEs to help solve management issues.

■ *Sai no Kuni* Business Arena 2014

Saitama Resona Bank, along with the Saitama Industrial Development Corporation and Saitama Prefecture, held the "*Sai no Kuni* Business Arena 2014" in January 2014. The event is among the largest exhibition and networking events in Japan aimed at SMEs. The event is intended to help SMEs increase their new business chances by providing a place to secure orders, improve technology, and promote business and technology exchange through building broad networks.

■ Regional Bank Food Selection 2013

The Kinki Osaka Bank participated in the "Regional Bank Food Selection 2013," a food business matching fair in October 2013. Regional Bank Food Selection 2013 was the eighth round for this trade fair, in which influential regional banks select and introduce local foods with confidence that are safe, secure, and delicious.

■ Open Innovation Seminar and Business Development Fair

Saitama Resona Bank and Resona Bank held the Open Innovation Seminar and Business Development Fair in December 2013. The event aimed to match major manufacturers actively engaging in open innovation* and SMEs to create new business value. This was the fourth seminar, and was attended by 65 client companies.

* Open innovation is to create new value by organically combining the internal ideas and technology of companies with the ideas and technology of external companies.

Support Services for Local Companies Expanding Business Overseas

■ Strengthening the Customer Support System

The Resona Group strives to provide detailed support to clients expanding overseas. With overseas branches and partner banks, we provide services that meet client needs from the planning stage to operation launch, to business development and expansion. In addition to representative offices in Hong Kong, Shanghai, Bangkok, and Singapore; in autumn 2014, our Ho Chi Minh City representative office is scheduled to open. In Indonesia, Bank Resona Perdania, which has been in business for 56 years, offers deposits, loans, foreign exchange, safe-deposit boxes, etc.; services just like those offered in Japan. In Cambodia, a market gaining much attention recently, we entered an alliance in June 2014 with Cambodian Public Bank. Going forward, we will continue to grow our overseas network and strengthen functions to meet clients' increasingly diverse needs.

Also, Saitama Resona Bank signed an agreement with Saitama Prefecture in April 2014 to provide a variety of overseas-business support to meet with the needs of companies in Saitama Prefecture.

Head Office of P.T. Bank Resona Perdania

■ Networking Events for Customers

The Resona Group regularly holds customer networking events overseas. Many Resona Group clients with active overseas operations participate, making the events great places to exchange information. The first of such networking events in Malaysia was held last year.

Date	Location of the meeting	Number of companies that participated
May 2013	Manila	46
	Ho Chi Minh City	53
	Hanoi	40
December 2013	Shanghai	55
	Kuala Lumpur	27
March 2014	Hong Kong	53

■ Strengthening Sales Support Functions

Resona Bank has strived to strengthen branch support functions through the Asian Business Support Center. We are actively supporting branches in offering loans and services to meet the needs of clients who are preparing for overseas expansion, and who already have operations overseas. Saitama Resona Bank and The Kinki Osaka Bank each have opened an Overseas Business Office and are working with overseas locations of the Resona Group to support clients in their diverse needs in overseas expansion.

■ Overseas Local Service Offered with Partner Banks

The Resona Group partners with overseas local banks that have large branch networks and extensive local experience to offer services in line with the clients' specific needs. This allows us to be free from restrictions placed on foreign banks.

Country	Partner Bank	Country	Partner Bank
China	Bank of East Asia	Taiwan	Mega International Commercial Bank
	Bank of China	Singapore	Bank of East Asia
	China Construction Bank	Thailand, Vietnam	Bangkok Bank
	Industrial and Commercial Bank of China	The Philippines	Rizal Commercial Banking Corporation
	Bank of Communications	Malaysia	Public Bank
Hong Kong	Bank of East Asia	India	State Bank of India
South Korea	Korea Exchange Bank	Cambodia	Cambodian Public Bank

Community

Basic Approach to Communities

Under its Corporate Mission, "To Develop Further with Regional Societies," the Resona Group complies with social rules as a matter of course, but it also wants broad recognition of its reason for being. To this end, we are continuing our efforts to contribute to local communities as a good corporate citizen.

Community Support through Financial Services

■ Fund to Encourage Local Enterprises

To provide a smooth flow of financing to local SMEs and individual proprietorships, contribute to stabilizing their cash flows, and support companies in growing industries, the Resona Group banks provide and are actively marketing a wide range of financial products.

Coordination with Local Communities

Coordination with Local Public Organizations

■ Coordination with Osaka Prefecture

The Kinki Osaka Bank Forest Development Activities

Making use of Osaka Prefecture's adopted forest system for encouraging forest development, The Kinki Osaka Bank has signed an agreement with Osaka Prefecture, Katano City, and the forest owners and is participating in initiatives to develop forests in the Mt. Ikoma area.

These activities have been positioned as the "Kinki Osaka Bank Forest Development," and, through the forest maintenance and planting of trees, the bank is contributing to the preservation of the environment and biodiversity in undeveloped woodlands near urban areas.

■ Coordination with Saitama Prefecture

Cooperation in Environmental Fields in Environmental Preservation Activities

Based on a "Cooperative Agreement in the Environmental Field" with Saitama Prefecture, Saitama Resona Bank is engaging in environmental preservation activities, including "Greenery and River Regeneration" that will create even deeper ties with local environmental preservation activities in Saitama. In addition, by helping to support environment-related businesses, which are a growth field, Saitama Resona Bank will be contributing to economic growth in Saitama Prefecture.

Education on Finance and Economics

■ Resona Kids' Money Academy 2013

Every year, mainly during the summer vacation, the Resona Group holds the "Resona Kids' Money Academy," a financial and economic education activity for children. Through original quizzes and games developed by employees, the seminars teach children about the role of banks and the flow of money through society. This educational program for children has been sponsored by the Group since 2005. The Group is continuing to work to improve this program by developing new curricula and many kinds of collaborative efforts with regional companies and organizations.

Events in FY2013
Events held: 174 (170 during summer holidays)
Participants: 2,894 children

■ Award Ceremony at All Japan Culture Festival for Schools for the Disabled

Since 1994, the Resona Group has supported the efforts of the All Japan School for the Disabled Culture Federation and displayed the blue-ribbon award (art, calligraphy, photography) projects. With the launch of the Re:Heart Club in October 2012, we revived an award ceremony last held in 2002 (the 9th year of our participation), and held the ceremony at the Resona Tokyo Head Office in February 2014.

Contribution Activities for Global Communities

■ Support Services for Entering Overseas Markets

The Resona Research Institute has prepared a menu of consulting services for assisting businesses in solving management problems based on its original know-how and concepts that have been developed through a wide range of consulting projects. These services, which include providing support for the increasingly important task of entering overseas markets and reviewing existing overseas business operations, are of assistance to corporate clients of virtually all sizes and industries and help them to raise their international competitiveness to world-class levels.

Examples of Consulting Services

- Advice on entering overseas markets (business planning, feasibility studies, etc.)
- Purchasing equity interests or selling/liquidating existing operations
- Due diligence for overseas subsidiaries, corporate valuation
- Structuring of management and internal control systems
- Monthly monitoring of management indicators
- Reviews of joint venture systems

Activities of Overseas Locations that Contribute to the Community

■ Donation Programs

Each year, Bank Resona Perdania donates funds through its donation program to the Bandung Japanese School in Bandung, West Java.

■ Financial Education Programs

Bank Resona Perdania holds financial education programs for local students.

■ Overseas Human Resource Development Support

The Resona Group, strengthening ties between Japan and the global community, offers scholarships to support overseas human resource development.

	University	FY2012 Recipients	FY2013 Recipients
Resona Bank	The University of Hong Kong	2 students	2 students
Bank Resona Perdania	The University of Indonesia and others	4 students	7 students

■ Donation Efforts for Victims of Typhoon Haiyan in the Philippines

The Re:Heart Club, a volunteer group made up of Resona Group employees, organized a donation program, for the victims of Typhoon Haiyan in November 2013 in the Philippines. Money raised was donated on December 3, 2013 to the AY Fund, a charitable fund run by local partner Rizal Commercial Banking Corporation.

Resona Holdings President and Re:Heart Club Head Director Kazuhiro Higashi presented the donation register and the best wishes card from Resona employees.

The donated funds were used to construct fishing boats on Leyte Island, where typhoon damage was severe. We were able to convey the thoughts of Resona Group employees to the people of the Philippines.

Environment

Basic Approach to the Environment

To clarify its environmental efforts, the Resona Group has formulated the Resona Group Environmental Policies as a guide for the proper conduct of corporate environmental activities. Each member of management and employees are working on the protection of the global environment with an awareness of what we can do as members of local societies.

■ Group Environmental Policies

1. Observance of Environment-Related Laws and Regulations
2. Environmental Preservation through Our Core Business
3. Environmental Load Reduction in Our Offices
4. Environmental Communication
5. In-House Education and Full Participation
6. Public Disclosure of Environmental Policies

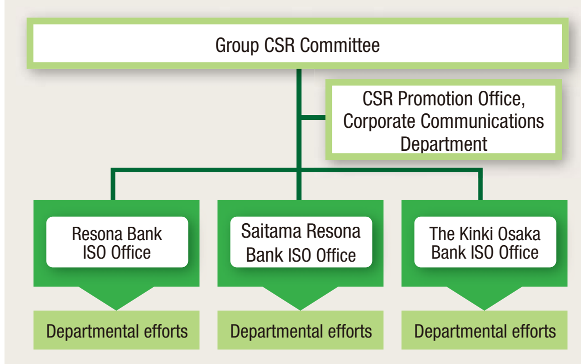
Environmental Management Systems

■ Initiatives for Achieving Environmental Goals

The Resona Group has obtained ISO14001 certification* for its environmental management system. Under this system, each year the Group sets environmental goals and works to meet those goals using a Plan, Do, Check, Act cycle. In FY2013, one-year goals as laid out under new mid-term targets for energy and copy-paper use were achieved. In FY2014, we will continue to work to reduce our environmental burden.

* The Kinki Osaka Bank acquired an ISO14001 certification in October 2008, Saitama Resona Bank in December 2008, the Osaka Head Office of Resona Bank in December 2009, and the Tokyo Head Office of Resona Bank in December 2010.

■ Group Environmental Management Systems



■ Group Environmental Target

Item	Mid-term Target	Location	FY2013 Goal	Result	FY2014 Goal
Energy	11% reduction of CO_2 emissions (per 1m^2) in FY2020 compared with FY2009	All	4% reduction over FY2009	-24.3%	5% reduction over FY2009
Copy paper	15% reduction in copy-paper purchases in FY2020 compared with FY2012	All	Within FY2012 levels	-0.58%	Within FY2012 levels

Environmental Load Reduction in Our Offices

■ Green Purchasing and Waste Reduction

Banks use large volumes of paper in the normal course of their business activities. For this reason, the Resona Group has specified reduction in paper usage as a major theme in its environmental activities and is working to practice "green purchasing" and the reduction of waste. The Group promotes the use of environmentally friendly paper, such as paper made from forest thinning and forest certified paper, for its leaflets and posters. Also, for internal business purposes, the Group has switched to the use of recycled photocopying paper that complies with Japan's Act on Promoting Green Purchasing. Moreover, the Group uses carbon offset ink toners for printers and, to save resources and cut the volume of wastes, promotes paperless business operations and the reduction of paper usage.

Biodiversity

■ Basic Approach to Biodiversity

The Resona Group undertakes the following initiatives, considering preservation of biodiversity as a key topic in building a sustainable society.

1. Efforts within operations	Work to understand and reduce the impact that operations have on biodiversity, and preserve biodiversity for building a sustainable society
2. Collaboration with local communities and society	Collaborate with many stakeholders, such as local communities and society as a whole, to protect biodiversity
3. Education and promotion	Conduct education and promotion of biodiversity to employees
4. Information disclosure	Disclose efforts in protecting biodiversity as appropriate

Group-wide Enlightenment Activities

■ Environmental Training

Resona Bank and Saitama Resona Bank provide periodic training related to the environment to employees through e-learning courses and, thereby, endeavor to increase the awareness of environmental issues. In The Kinki Osaka Bank, the training course given to newly entered employees is entitled "Responding to Environmental Issues."

Environmental Conservation through Our Core Business

■ SRI Fund and Community Support Fund

The Resona Group encourages individual customers to invest in the shares of environment-related companies through the offering of Socially Responsible Investment (SRI) funds that invest in companies that tackle environmental issues proactively and contribute to society. We also donate profits from investment trusts to provide support for local companies and local environmental protection organizations.

Resona Japan CSR Fund
(Nickname: *Seijitsu no Mori*)

Lineup of Resona's funds that provide community support and asset diversification

Environmental Accounting

■ Environmental Conservation Costs

(Thousand ¥)

Category	Description of initiatives	FY2013	
		Investment	Cost
(1) Business area cost	—	430,880	264,386
(2) Upstream/down-stream cost	—	0	0
(3) Administrative activity cost	Improvement and operation of environmental management	0	13,944
(4) R&D cost	—	0	0
(5) Social activity cost	Financial donations concerning environmental preservation activities	0	4,001
(6) Environmental remediation cost	—	0	0
Total		430,880	282,331

■ Environmental Conservation Effects

Category	Applicable to	Unit	FY2013
Total input of energy	All business locations	GJ	1,525,395
Greenhouse gas emissions	All business locations	t-CO_2	67,988
Usage of electric power	Head Office/centers, etc.	MWh	51,578
Usage of city gas	Head Office/centers, etc.	thousand m^3	1,118
Usage of gasoline	Head Office/centers, etc.	kl	110
Input of water resources/ Total discharges	Head Office/centers, etc.	thousand m^3	136

■ Economic Effects from Measures for Environmental Conservation

(Thousand ¥)

Category	Comparison with FY2012
Reduction in energy costs with energy-saving measures	4,823

Abbreviations
GR: The Resona Group
HD: Resona Holdings
RB: Resona Bank
SR: Saitama Resona Bank
KO: The Kinki Osaka Bank

Performance Data

The Resona Group listed the performance data for each CSR policy issue.

Corporate Governance

	Company	Unit	FY2011	FY2012	FY2013
Maximum number of directors defined under Articles of Incorporation	HD	persons	15	15	15
Actual number of directors	HD	persons	10	9	10
Number of outside directors	HD	persons	6	6	6
Number of independent directors out of outside directors	HD	persons	6	6	6
Number of female directors	HD	persons	1	2	2
Average attendance rate of board members on board meeting	HD	%	98.7%	94.6%	94.9%

Compliance

	Company	Unit	FY2011	FY2012	FY2013
Number of cease and desist orders issued by authorities such as Japan Fair Trade Commission	GR	cases	0	0	0
Number of business operation suspensions due to misconduct, etc.	GR	cases	0	0	0
Number of criminal complaints due to compliance issues	GR	cases	0	0	0

Training covered by e-learning (Resona Bank in FY2013)	Employees subject to training	Time the training conducted
Duty in explaining products to customers	All employees	Apr., Oct.
General compliance	All employees	Apr., Oct., Jan., Mar.
Financial crime prevention	All employees	Apr., Jan.
Information management	All employees	May, Aug., Feb.
Resona STANDARD training	All employees	Feb.
Accident prevention	All employees	Dec.
Sexual harassment prevention	All employees	Dec.
Power harassment prevention	All employees	May
Real estate operations compliance	All employees	Sept., Mar.
Environmental training	All employees	Jan.
Crisis management	All employees	June, Nov.
Information security	All employees	Oct.

* Saitama Resona Bank and The Kinki Osaka Bank also implement similar training programs.

Consumer Issues/ Customer Service

	Company	Unit	FY2011	FY2012	FY2013
Number of next-generation branches introduced	RB	branches	260	267	265
	SR	branches	98	98	101
	KO	branches	2	2	1
Number of asset succession business entrusted (will trusts, inheritance planning, asset succession trusts, education fund trusts)	GR	cases	2,545	3,115	13,723
Number of Asset Management Report Meetings held	GR	times	33	34	25

Community

	Company	Unit	FY2011	FY2012	FY2013
Number of "Resona Kids' Money Academy" events held	GR	times	171	186	174
Number of on-site lectures offered*1	GR	times	2	1	2
Number of work experience programs offered*1	GR	times	20	36	51
Number of "TABLE FOR TWO" program contributions	GR	meals	72,652	71,997	76,163
Number of research programs contributed for the Resona Foundation for Asia and Oceania	GR	cases	10	19	14
Number of international interaction programs contributed for the Resona Foundation for Asia and Oceania	GR	cases	4	—	2
Number of environmental projects contributed for the Resona Foundation for Asia and Oceania	GR	cases	3	5	8
Total value of social contribution activities*2	GR	JPY million	154	108	109

*1: Includes only total number of events reported to Resona Holdings.
*2: Includes expenditures on businesses whose purpose is donation or social contribution.

Environment

	Company	Unit	Mar. 2012	Mar. 2013	Mar. 2014
Outstanding balance of environmentally conscious loans for corporate customers	GR	JPY billion	28.7	50.9	58.7
Outstanding balance of environmentally conscious housing loans	GR	JPY billion	54.8	51.5	48.3
Outstanding balance of environmentally conscious loans for consumable goods such as eco-cars and eco-renovations	GR	JPY billion	0.7	1.2	2.0
Outstanding balance of socially responsible investments (SRI)	GR	JPY billion	5.9	4.7	3.1
Outstanding balance of fixed term deposits with environmental donation plans	GR	JPY billion	4.2	—	2.3
Outstanding balance of charitable trusts for environmental conservation	GR	JPY billion	7.2	16.9	14.5
Number of contracts of Internet banking	GR	thousand cases	3,804	4,188	4,549

Environment

All business locations (Facilities covered by Energy Conservation Law)	Company	Unit	FY2011	FY2012	FY2013
Total energy consumption	GR	GJ	1,664,351	1,519,134	1,525,395
CO_2 emissions*	GR	t-CO_2	69,030	67,935	67,988
Consumption of specially controlled materials	GR	t	0	0	0
Emissions and transfers of specified chemical substances	GR	t	0	0	0
NO*x*	GR	t	0	0	0
SO*x*	GR	t	0	0	0

Head Offices, banking head office, and systems/ administration centers (Facility covered by Environmental Voluntary Action Plan)		Company	Unit	FY2011	FY2012	FY2013
CO_2 emissions*		GR	t-CO_2	22,335	26,724	26,284
Electricity consumption		GR	MWh	54,470	53,609	51,578
City gas consumption		GR	thousand m^3	1,162	1,138	1,118
Gasoline consumption		GR	kl	107	117	110
Water consumption (discharge volume)		GR	thousand m^3	193	158	136
Waste (incl. paper waste)	Total volume of waste generated	GR	t	1,366	1,122	1,038
	The volume of waste recycled	GR	t	1,185	913	796
	Recycling rate	GR	%	87%	81%	77%
Paper waste	Total volume of waste generated	GR	t	1,171	907	1,187
	The volume of waste recycled	GR	t	1,112	840	1,122
	Recycling rate	GR	%	95%	93%	95%
Copy paper purchased		GR	t	722	472	470
Recycled paper included in above amount		GR	t	607	442	441
Recycled paper usage %		GR	%	84%	94%	94%

*: CO_2 emissions are calculated based on the "Manual for Calculating and Reporting GHG" issued by the Ministry of Economy, Trade and Industry and the Ministry of the Environment. CO_2 emissions derived from the use of electricity are calculated by using actual emission coefficients of electricity supply companies.

Diversity

	Company	Unit	Male	Female	Total
Employees	GR	persons	10,167	14,724	24,891
General full-time employees	GR	persons	8,665	6,283	14,948
Average age	GR	ages	43.2	35.5	39.9
Average years of employment	GR	years	19.4	12.3	16.4
Contracted employees/part-time employees (incl. temporary employees)	GR	persons	1,668	8,683	10,351
Temporary employees	GR	persons	299	120	419
Overseas locally hired employees	GR	persons	3	10	13
	Company	Unit	2011 (as of June 1)	2012 (as of June 1)	2013 (as of June 1)
Percentage of disabled employees	GR	%	1.95	1.96	2.12
The number of disabled employees	GR	persons	313	314	328
	Company	Unit	FY2011	FY2012	FY2013
Percentage of females in management positions	GR	%	16.8	16.9	20.0
Females in management positions	GR	persons	910	934	1,082
New graduate recruitments	GR	persons	507	625	566
Mid-career employment	GR	persons	34	30	25
Retired employees	GR	persons	662	690	590
Average days of paid leave taken	GR	days	10.3	10.1	10.3
Employees used childcare leave	GR	persons	446	540	490
Employees took nursing care leave	GR	persons	7	8	3
Average annual salary	GR	JPY 1,000	6,369	6,356	6,593
Use of Rehiring System	GR	persons	80	85	81
Attendance of Seminar on Support for Returning to Work	GR	persons	120	161	192
Use of Post Challenge System	GR	times	45	29	71
Use of Career Entry System	GR	times	46	18	30
Use of Free Agent System	GR	times	3	2	1
Town meetings held	HD	times	34	41	33

Human Rights

	Company	Unit	FY2011	FY2012	FY2013
Union members	GR	persons	12,240	12,282	12,201
Annual overtime work hours	GR	hours	29.0	31.7	30.9
Average paid leave taken	GR	days	10	10	10
Occupational accidents	GR	cases	229	218	210

CORPORATE GOVERNANCE

The Fundamental Approach to Corporate Governance

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

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

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

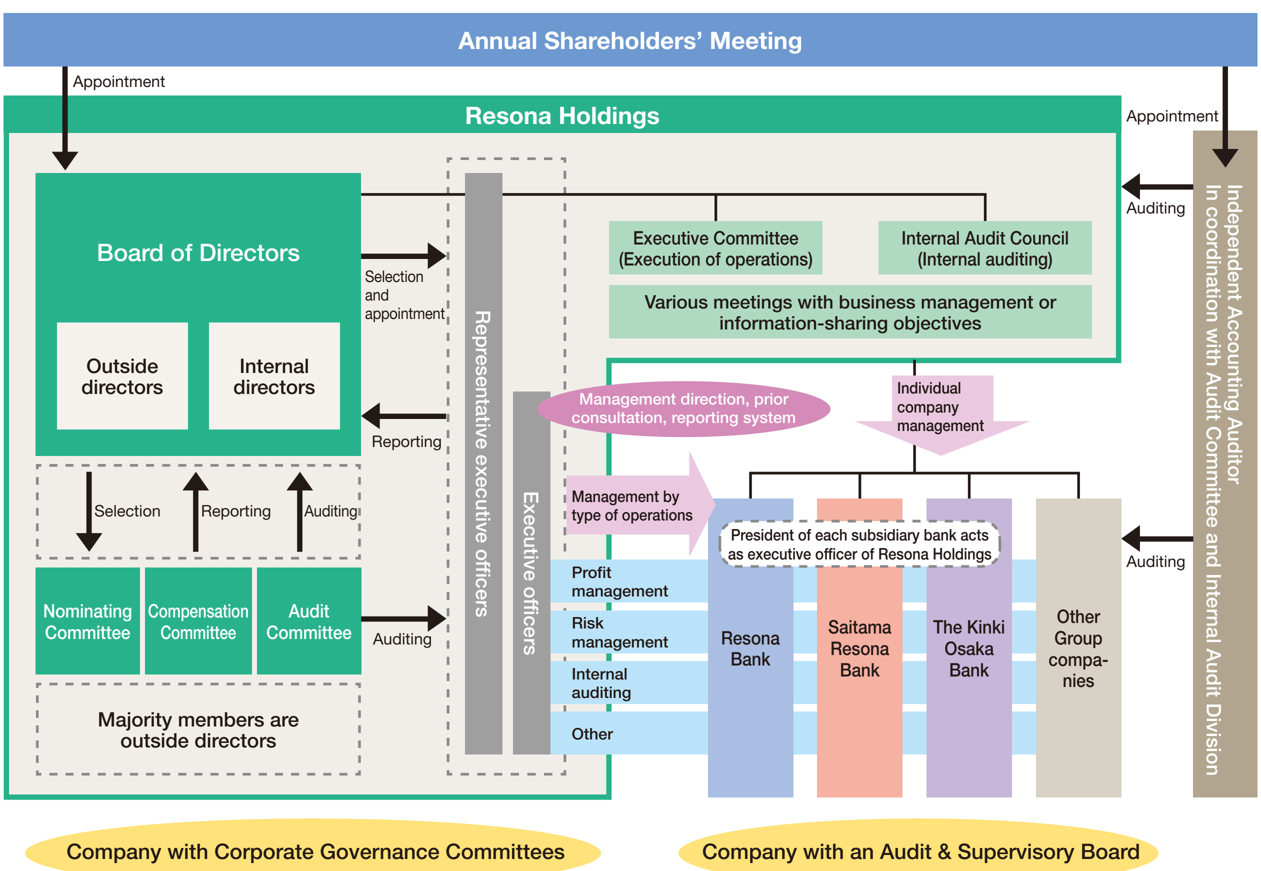
Toward the full repayment of public funds, we will work to maintain the soundness of the current management structure and promote corporate management in line with the Resona Group Corporate Mission, thereby maximizing our corporate value.

Activities at Resona Holdings

Board of Directors

The Board of Directors fully ensures that management engages in substantial discussion in fulfilling its responsibilities of making decisions about important Group management issues and supervising the execution of business activities by executive officers and directors. The Board

[Group Corporate Governance Framework]



comprises 10 directors, including eight men and two women, six of whom are outside directors. One of the unique features of the Committees Governance Model is that, while the Board of Directors makes decisions regarding important management issues and supervises the execution of operations, clearly defined roles give executive officers responsibility for the execution of operations, thus strengthening the Board of Directors' supervisory function and accelerating the execution of operations. In fiscal 2013, the Board of Directors met 19 times. In June 2005, the presidents of all subsidiary banks became executive officers of Resona Holdings in order to ensure enhanced supervisory functions of the holding company vis-à-vis subsidiary banks.

Nominating Committee

The Nominating Committee comprises three directors, including three outside directors, one of whom chairs the committee. The committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the shareholders' meeting, based on the specific qualities that the Group should seek in its directors as well as the "Standards for Election of Candidates for Outside Directors," both of which have been discussed and decided at the committee's meetings. In fiscal 2013, the committee met four times. Please note that, to accelerate the Group's management reforms and attain sustained increases in corporate value, the Nominating Committee introduced a succession plan in June 2007, which serves as a mechanism to ensure that the most-appropriate candidates are selected to fill top management roles and responsibilities.

Audit Committee

The Audit Committee comprises three directors, including two outside directors, one of whom chairs the committee. In addition to auditing the execution of operations by executive officers and directors, the committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors that are submitted to the shareholders' meeting. In addition, the committee works with the Internal Audit Division, Compliance Division, Risk Management Division, Finance and Accounting Division, and other internal control related divisions to supervise and verify internal control systems and make the necessary responses, urging executive officers and other responsible persons to make necessary improvements. This committee met 14 times in fiscal 2013.

Compensation Committee

The Compensation Committee comprises three directors, including three outside directors, one of whom chairs the committee. The committee makes decisions regarding policies for compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals. In addition, the committee considers the role a compensation system for directors and executive officers should play in enhancing the Group's corporate value. In fiscal 2013, the committee met four times. Please note that the committee chose to eliminate the directors' retirement benefit system in fiscal 2004 and introduced a performance-based compensation system. In fiscal 2010, the committee introduced a share-based compensation system. The members of the Company's Compensation Committee are not members of the compensation committees of other companies.

Executive Committee

Resona Holdings has set up an Executive Committee as a body to deliberate and report on generally important management items and important matters in the execution of operations to support the decision-making process in the execution of operations. The Executive Committee consists of representative executive officers as well as executive officers and employs serious debate to ensure the transparency of decisions regarding significant management issues. In fiscal 2013, this committee met 48 times.

Internal Auditing Council

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

The council met 15 times in fiscal 2013 and, in addition to discussing the internal auditing plan, it reported on the results of internal audits.

Management Supervision of Group Companies

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

Subsidiaries' Corporate Governance Systems

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

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

The Audit & Supervisory Board, which comprises the Audit & Supervisory Board Members, was established to carry out solid auditing functions in the subsidiary banks' operations.

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

Internal Control

Basic Stance

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

Status of Internal Control Systems

In accordance with its *"Basic Policies for Group Internal Control Systems,"* the Resona Group is striving to ensure the efficacy of its internal control systems through appropriate development and operations of all internal control systems.

Summary of Resona Holdings' *"Basic Policies for Group Internal Control Systems"*

(1) Statement

Driven by sincerest apologies for a major injection of public funds, Resona Holdings and its Group companies have determined the following, the *Basic Policies for Group Internal Control Systems,* in order to prevent a recurrence of such serious matters.

Based on these basic policies, we aim to create Internal Control Systems that befit the Resona Group, and, through their optimal operation and maintenance, ensure the effectiveness of such internal controls to increase the corporate value of all Group companies.

(2) Purpose of Internal Control Systems (Basic Principles)

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

a. Improve efficacy and efficiency of operations
b. Assure reliability of financial disclosure
c. Comply with legislation
d. Maintain the soundness of assets

(3) Constructing Internal Control Systems (Basic Guidelines)

Resona Holdings 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, Resona Holdings shall determine the following basic guidelines in constructing systems to ensure that the Group's operations are conducted in an appropriate manner.

a. Guidelines to Ensure that Business Operations of Executive Officers and Employees Are Executed in Compliance with Legislation and Group Regulations
b. Guidelines to Store and Manage Information Related to the Execution of Operations by Executive Officers
c. Guidelines to Govern the Management of Loss Risk and Related Systems

d. Guidelines to Ensure that Executive Officers' Responsibilities Are Carried Out Effectively
e. Guidelines to Ensure that Operations of the Corporate Group, Consisting of Resona Holdings and All Group Companies, Are Conducted Appropriately
f. Guidelines Concerning Assistants to the Operations of the Audit Committee
g. Guidelines to Ensure the Independence of the Specialist Personnel Mentioned Above in Relation to Executive Officers
h. Guidelines Concerning a System for Executive Officers and Employees to Report to the Audit Committee and Other Related Reporting Rules
i. Guidelines to Ensure that Audits by the Audit Committee May Be Conducted Effectively

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 and secure the transparency of the process of selecting and nurturing directors and executive officers.

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.

Inside Directors

Kazuhiro Higashi Director, President and Representative Executive Officer — Time in current position: Five years

Concurrent Post
Resona Bank
Representative Director, President and Executive Officer

Tetsuya Kan Director and Representative Executive Officer — Time in current position: One year

Areas of Responsibility
In charge of Group Strategy Division and Purchasing Strategy Division

Concurrent Post
Resona Bank
Director and Executive Officer in charge of Corporate Administration Division

Yuji Furukawa Director and Representative Executive Officer — Time in current position: Since June 20, 2014

Areas of Responsibility
In charge of Human Resources Division

Concurrent Post
Resona Bank
Director and Executive Officer in charge of Human Resources Division and Personnel Training Division

Saitama Resona Bank
Executive Officer in charge of Human Resources Division

Kaoru Isono Director — Time in current position: Five years

Areas of Responsibility
Member, Audit Committee

Note: For periods of service of less than one month between the appointment of directors and July 1, 2014, the time in the current position has been rounded off. (As of July 1, 2014)

Outside Directors

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

Area(s) of Responsibility
Chairperson, Audit Committee
Member, Nominating Committee
Outside Director

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

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

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

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

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

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

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

Area(s) of Responsibility
Chairperson, Nominating Committee
Member, Compensation Committee
Outside Director

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

Message to Stakeholders
As an outside director, I want to emphasize maintaining my objectivity and viewing matters from the stakeholders' point of view. To enable Resona to fulfill its social responsibilities, I will remain attentive and provide advice that will lead to the continued sound development of Resona customers and society.

Yoko Sanuki
Representative of NS Law Office — Time in current position: Two years

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

Statements at Directors' Meetings and on Other Occasions
Based on her knowledge and experience as an expert in law, Ms. Sanuki proactively brings to the Board of Directors and other committees sound opinions and advice, especially from the perspective of laws and regulations as well as compliance.

Message to Stakeholders
Resona is in sight of fully repaying public funds. I think the time has come for Resona to accelerate its implementation of a new growth strategy. On the other hand, Resona must not diminish the weight it has given over the past 10 years to compliance and CSR. As an attorney, I would like to place special emphasis on this point.

Mitsudo Urano
Senior Advisor of Nichirei Corporation — Time in current position: One year

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

Statements at Directors' Meetings and on Other Occasions
With his concept-building capabilities and experience as a chief executive officer in the fields of manufacturing and logistics, Mr. Urano proactively brings to the Board of Directors and other committees sound opinions and advice, especially from the perspective of facilitating reforms in management and corporate culture.

Message to Stakeholders
To receive a positive evaluation from stakeholders as a sound bank that provides highly convenient services, Resona will be required to polish its strengths and keep a thorough market-oriented way of thinking. I will draw on my management experience in the food products industry, and want to play a useful role from this perspective as I participate in the management of Resona.

Tadamitsu Matsui
Chairman and Representative Director of Ryohin Keikaku Co., Ltd. — Time in current position: Since June 20, 2014

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

Statements at Directors' Meetings and on Other Occasions
Based on his concept-building capabilities and experience as a senior member of management in the retailing industry, Mr. Matsui is expected to proactively bring his opinions and proposals from the perspectives of implementing management reforms and service reforms.

Message to Stakeholders
Resona is coming within sight of the full repayment of public funds and has finally entered the stage where it should steer a course toward full-scale growth. Resona must create a strong corporate culture through continuing management reforms and become a top-level financial services company in Japan. I would like to draw on my experience in the retailing industry and make my maximum contribution to Resona's development.

Note: For periods of service of less than one month between the appointment of outside directors and July 1, 2014, the time in the current position has been rounded off. (As of July 1, 2014)

COMPLIANCE SYSTEMS

To enlarge the trust from its customers and the public, the Resona Group is strongly aware of the social responsibilities and public mission of financial institutions and defines compliance as the strict observance not only of laws and regulations but also social norms. Therefore, the Resona Group has positioned compliance as a key management issue and is working to implement effectively and enhance the compliance systems of the Group as a whole.

Basic Activities

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

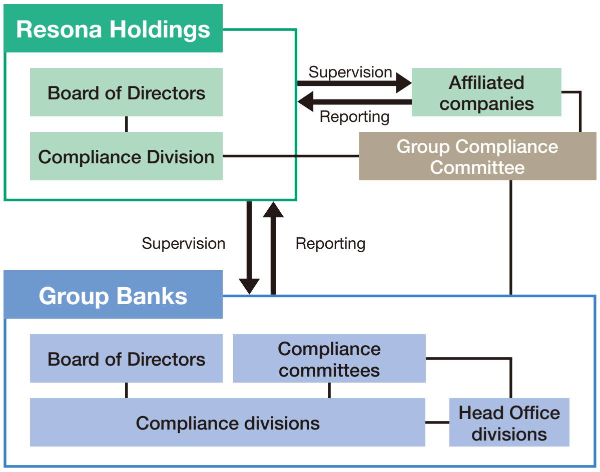
The introduction to the *Resona Standards* is “Aiming to Be a Good Company,” a message from the top management. It takes a clear stance on compliance at the Resona Group, stating that corporate ethics must be improved, and identifies the most-important issues as 1) what the company can do for society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

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

Group Management Systems

Group Compliance Management Systems

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems Groupwide. In addition, the Group has formed a Group Compliance Committee composed of Resona Holdings, Group banks, and affiliated companies as a member, which discusses and evaluates all issues related to Group compliance.



Systems for Protecting Group Customers

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

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

Compliance Programs

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

Compliance Advisory Resources

Resona Legal Counsel Hotline and Resona Compliance Hotline

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

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

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

Resona Accounting Audit Hotline

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

Management of Customer Information

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

Elimination of Anti-Social Forces

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

The Resona Group has established the following principles to follow as regards anti-social forces: “Respond as an organization,” “Collaborate with external specialist organizations,” “Eliminate all relationships whatsoever with such forces, including transactions,” “In emergency situations respond under civil and criminal codes,” and “Forbid all provision of favors, behind the scenes transactions, and provision of financing.” The Resona Group has designated its compliance divisions of each Group company as the departments responsible for countering anti-social forces and has set specific internal rules and regulations, as well as providing ongoing training and education on these compliance issues for directors and employees. To prevent and nullify transactions with anti-social forces, we have formed cooperative relationships with law-enforcement agencies, law firms, and other professional organizations.

Moreover, Resona Group banks have taken more stringent steps to suspend transactions with anti-social forces by introducing a rule to ensure that we receive pledges with clauses (known as the “exclusion of anti-social forces clause”) from our customers at the beginning of transactions stating that they currently do not and will not have connections with anti-social forces.

The pledges with such clauses provide a legal basis for the dissolution of the transactions in the event the customer breaks the pledge and is found to be connected with anti-social forces.

RISK MANAGEMENT SYSTEMS

RISK MANAGEMENT SYSTEMS

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the injection of public funds in June 2003 caused the people of Japan, our customers, and other stakeholders. Consequently, we have established the risk management principles below to enhance our risk management systems and methods as well as risk control. 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

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

Based on the *Group Risk Management Policy,* each Group bank has established its own risk management policy that is tailored to its operations, unique characteristics, and the risks it must address. The risk management policies of Resona Holdings and 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.

Resona Holdings 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.

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

Group Management by Resona Holdings

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

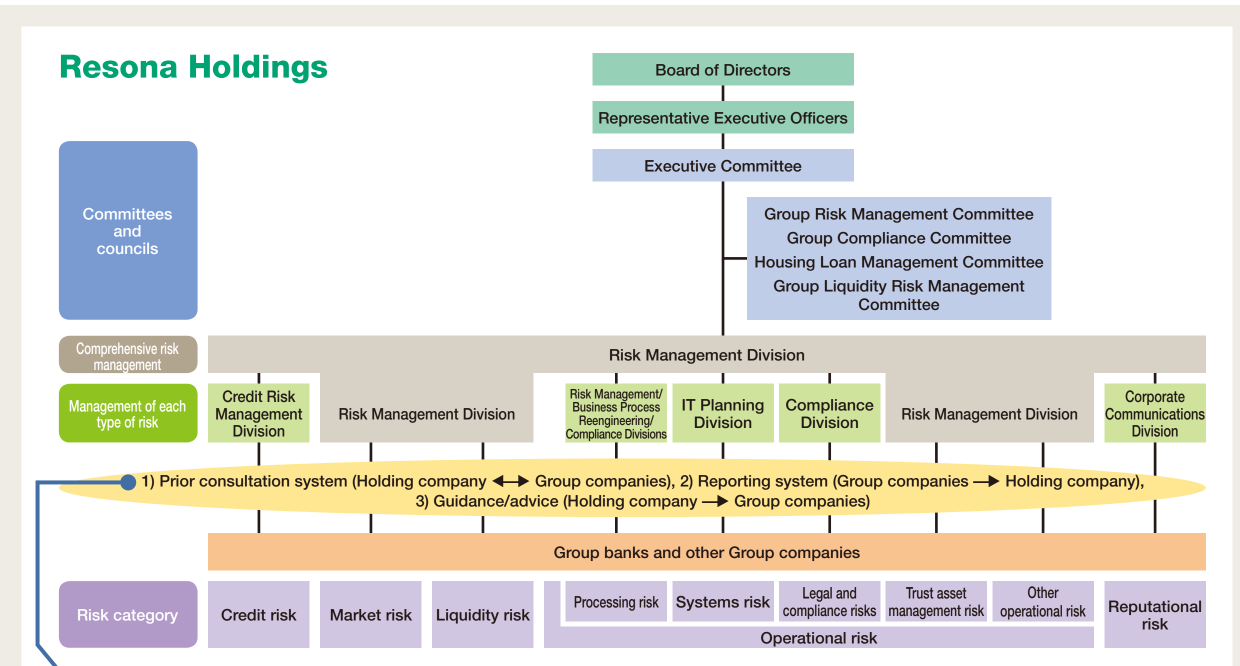
The Group management framework requires that Group companies confer with Resona Holdings in advance of making decisions on important matters related to risk management and base their decisions on those consultations.

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

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

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

[Group Risk Management Systems in Outline]



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

COMPREHENSIVE RISK MANAGEMENT

Basic Approach to Comprehensive Risk Management

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

Comprehensive Risk Management Systems

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

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.

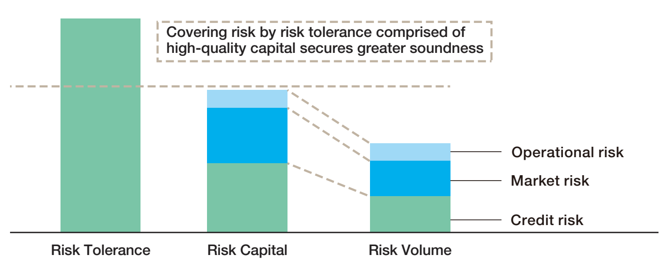
When the Group banks set their risk limits, Resona Holdings holds prior consultation with each bank and verifies the details of the limits to be established to confirm the soundness of the Group as a whole. In addition, Resona Holdings receives periodic reports from the Group banks regarding the status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

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

[Framework for Comprehensive Risk Management]

- Primary risks (credit risk, market risk (including equity investments), and operational risk) are controlled with the scope of high-quality capital.
- Risk tolerance covers full amount of risks, including risk volume under stress conditions and the risks that are difficult to measure.



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

Assumptions for measuring the VaR

■Confidence interval 99%

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

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

* Risk tolerance is the amount of capital (under domestic criteria) after making adjustments for internal management purposes.

CREDIT RISK MANAGEMENT

Basic Approach to Credit Risk Management

We define credit risk as “a risk that arises when the value of assets (including off-balance sheet assets) declines or is destroyed as a result of the deterioration of the financial position of obligors.”

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

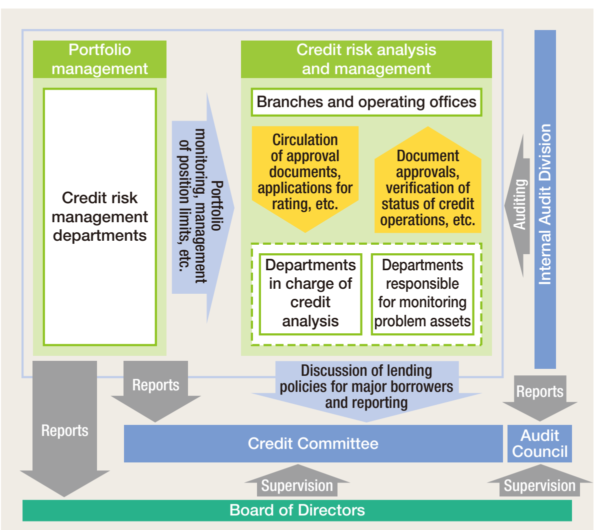
Positioning credit risk management as one of the most-important management issues, Resona Holdings has formulated the *Group Risk Management Policy.* Based on this policy, the Resona Group establishes and upgrades its credit risk management systems and relevant procedures.

Credit Risk Management Frameworks and Systems

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

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

[Credit Risk Management System of the Resona Group Banks]



Credit Policy

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

Outline of Procedures for Credit Risk Management

■ Identification and Assessment of Credit Risk

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

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

■ Monitoring of Credit Risk

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

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

■ Control and Mitigation of Credit Risk

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

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

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

Internal Credit Ratings

Outline of Internal Credit Ratings

Within the Resona Group, the following systems have been established for internal credit ratings, and these are verified one or more times a year by the credit risk management departments. The results of verifications are reported to management, and systems are reconsidered when necessary.

■ Credit Rating System

The Resona Group has established its “credit rating system” to give ratings to obligors. Assessments of the credit risk of individual obligors are made based on financial and other information, and obligors are assigned one of 12 rankings (obligor ratings).

Since credit ratings indicate the level of credit risk of obligors, these play an important role together with the LGD ratings shown below, as criteria for assessments of individual credit applications and criteria for portfolio management. In addition, the Group calculates credit costs for each obligor and reflects this in profit management with the goal of securing sufficient return appropriate to credit risk.

Please note that internal credit ratings are used in judging obligor categories and occupy an important position as basic indicators in self-assessments as well as in determining write-offs and reserves.

[Credit Rating Scale]

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

■ LGD (Loss Given Default) Rating System

The Resona Group adopts the facility rating system, and assigns each exposure one of six rankings (LGD*2 ratings) according to the expected recovery rate based on the state of risk mitigation.

■ Managing Pools of Retail Exposure

Retail exposures are classified into three categories: “residential mortgage exposures,” “qualifying revolving retail exposures,” and “other retail exposures.” These are classified into a number of pools according to PD*1, LGD, and EAD*3 parameters, and risk is managed for each pool.

■ Estimations of Parameters

In accord with regulations for issuing Notifications of Capital Adequacy, estimates and verifications of parameters (PD, LGD, and EAD) are based*4 on the sum of the actual amounts of Group bank exposure to corporate companies and each of the actual amounts of Group Bank retail exposure for each classified pool.

Note that these parameters are used in the calculation of their capital adequacy ratios and also used for decision making concerning risk capital allocation and risk-adjusted asset management by major business lines.

Notes: *1. PD is the probability of default of an obligor in a certain credit rating category or the probability of default on a transaction that is part of a transactions pool over a one-year period.
*2. LGD is the percentage of the expected loss on exposure at the time of default.
*3. EAD is the assumed amount of exposure in the event of a default.
*4. Regarding LGD and EAD, the estimates and conduct verifications are based on the total actual amount of Resona Bank and Saitama Resona Bank under the advanced internal ratings base approach.

Outline of Rating Procedures

■ Corporate Exposures

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

■ Specialised Lending

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

■ Equity Exposures

The Group banks employ the PD/LGD method for calculating risk-weighted assets for their equity investments for relationship purposes (with the exception of those stocks for which other methods of calculation have been specified) and by the same method for corporate exposures.

■ Funds, Etc. (Equivalent Exposure Basis)

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

[Portfolio Classification and Internal Credit Ratings]

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

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

Portfolio Management

Framework to Monitor and Eliminate Concentration Risks

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

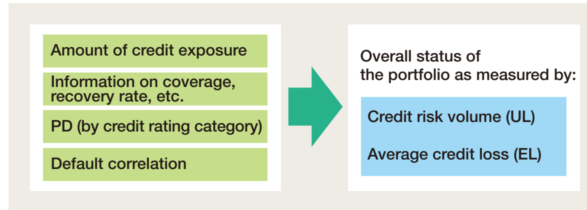
Excessive concentrations of loans and bills discounted to certain obligors resulted in substantial credit losses, and, in light of the Group banks' experience in receiving a capital infusion with public funds, it has implemented a credit ceiling system that prevents excessive concentration of risk. Under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

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

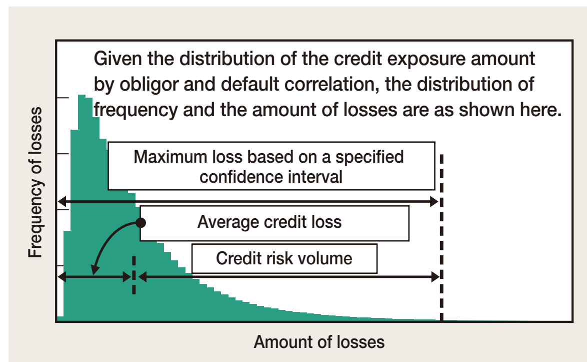
Quantifying and Establishing Limits for Credit Risk

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

[Calculation of Credit Risk Volume]



[General Image of the Distribution of Losses]



Use of Portfolio Analysis

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

Credit Analysis and Management

Individual Credit Assessments

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

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

Obligor Management

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

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

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

Self-Assessments, Write-Offs, and Reserves

Self-Assessments of Asset Quality

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

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

Criteria for Write-Offs and Reserves

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

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

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

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

Securitization Transactions

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

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

Securitization Exposures Held by the Holding Company Group as an Investor

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

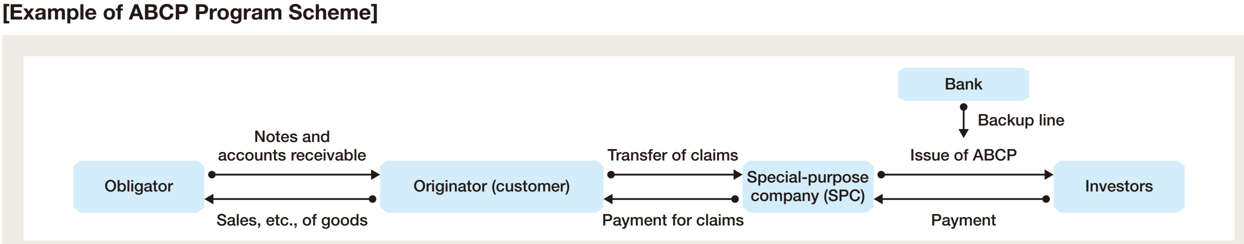
Securitization Exposures Originated by the Holding Company Group

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

Securitization Exposure as Sponsor of Securitization Programs

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

[Example of ABCP Program Scheme]



Credit Risk Mitigation Techniques

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

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

Derivative Transactions

Policies Regarding Setting Credit Lines and Risk Capital Allocation

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

Policies Regarding Collateral and Calculation of Reserves

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

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

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

MARKET RISK MANAGEMENT

Basic Approach to Market Risk Management

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

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

Market Risk Management System

Each of the Group banks operates market activities regarding its size, characteristic under the guidance, or advice of Resona Holdings.

Regarding the necessity of checks and balances on market risk management, each of the Group banks separates operating offices (front offices), risk management offices (middle offices), and administration offices (back offices) regarding the size and characteristics.

In addition, under the Group's systems, the Internal Audit Division implements audits from an independent perspective.

Market Risk Management Methods

Each Group bank has clarified its management methods for conducting transactions and calculating market value in trading operations and banking operations and conducting these activities appropriately.

In principle, the limits have been set related to market risk, loss limits and limits on sensitivity*1 to each product, etc., and the status of observance of these is monitored on a daily basis and, in some cases, on a monthly basis, to ensure that limits are maintained and assess profits and losses. The potential loss amount based on certain stress scenarios is calculated on a regular basis.

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

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

[Group VaR Performance]

The VaR for Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank in the period from April 1, 2013 to March 31, 2014 were as follows.

Resona Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Trading transactions	1.00	5.53	0.94	2.48
Banking transactions	29.3	60.9	24.1	39.5

* Excludes equity investments held for relationship purposes.

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

Saitama Resona Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Trading transactions	0.03	0.10	0.03	0.05
Banking transactions	6.2	9.4	6.2	8.1

* Excludes equity investments held for relationship purposes.

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

The Kinki Osaka Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Trading transactions	0.00	0.06	0.00	0.01
Banking transactions	9.2	10.1	7.1	8.8

* Excludes equity investments held for relationship purposes.

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

Equity Exposures in the Banking Book

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

The Resona Group banks calculate the credit risk of their equity and other holdings regardless of whether they are classified as available-for-sale securities, stocks of subsidiaries, or stocks of affiliated companies.

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

Interest Rate Risk in the Banking Book

Risk Management Policies and Procedural Overview

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

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

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

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

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

LIQUIDITY RISK MANAGEMENT

Basic Approach to Liquidity Risk Management

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

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

Assessment of Liquidity Risk

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

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

Liquidity Risk Indicators

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

Response System for Liquidity Emergencies

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

OPERATIONAL RISK MANAGEMENT

Basic Approach to Operational Risk Management

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

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

[Classification of Operational Risk]

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

Operational Risk Management Structure

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

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

Collection and Use of Loss Data

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

Responding to Emerging Risks

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

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

Operational Risk-Control Self-Assessments

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

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

Processing Risk

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

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

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

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

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

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

Systems Risk

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

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

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

Legal and Compliance Risks

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

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

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

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

Efforts to Prevent Financial Crime

In recent years, financial crimes have become more sophisticated and complex. The Resona Group has taken action to strengthen customer verification at the time of transactions to prevent such acts as money laundering, financing of terrorists, and the establishment of accounts for improper uses as well as measures to prevent payments from stolen passbooks. Group banks have also introduced measures to protect the precious assets of our customers. These include countermeasures for forged and stolen bank cards, the provision of services that allow customers to set their own individual withdrawal limits on ATM transactions, a card lock service, and IC cards with biometric identification functions. Also, when offering Internet banking services, Group banks have tightened security by offering security software and introducing one-time passwords.

To deal with crimes involving bank transfer fraud, we have stepped up activities in our branches to prevent such crimes by cautioning customers about possibilities of criminal activities by having bank lobby personnel speak to customers who seem to need help, putting up warning posters, and sending cautionary messages to customers via the Internet. We are also collaborating with the police in these matters. To deal directly with and prevent bank transfer fraud, we have provided toll-free numbers in each of the Group banks for making related inquiries. We are also accepting requests for the return of such funds (when they remain in the accounts of the perpetrators of these crimes), in accord with the Criminal Accounts Damage Recovery Act.

Trust Asset Management Risk

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

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

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

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

REPUTATIONAL RISK MANAGEMENT

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

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

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

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

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

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

CAPITAL MANAGEMENT SYSTEMS

Resona Group's Response to Capital Adequacy Regulations

Capital adequacy regulations are a framework aimed at securing the soundness of financial institutions through enhancement of capital. This framework has three components: namely, minimum capital requirements, self-assessment and supervisory reviews, and market discipline enhanced through information disclosure.

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

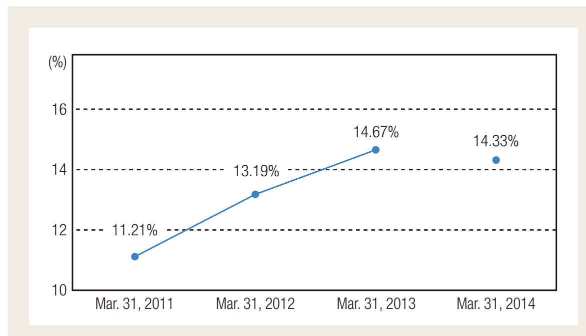
Method for Calculating the Capital Adequacy Ratio

Group Company	Amount of credit risk weighted assets*1	Amount equivalent to operational risk	Amount equivalent to market risk
Resona Holdings Resona Bank Saitama Resona Bank	Advanced internal ratings-based approach	The standardized approach*2	The standardized approach
The Kinki Osaka Bank	Foundation internal ratings-based approach		

Notes: 1. Beginning as of the end of March 2014, Resona Holdings, Resona Bank, and Saitama Resona Bank have adopted the advanced internal ratings-based approach.
2. Under the Standardized approach, the amount equivalent to operational risk is calculated based on "gross profit" for the previous three years. The "gross profit" is defined under the Notification on the Consolidated Capital Adequacy and differs from the "gross operating profit" that appears on the Resona Group's financial statements.

The Basel 3 framework, which calls for enhancing both the quality and quantity of capital, was applied to the banks that adopt domestic standards from March 2014 onward. The Resona Group continues to apply domestic standards with regard to the capital adequacy regulation for the time being, as it takes priority in securing the business model as a new financial services company concentrating on Japan. However, in order to secure a sound capital surplus, the Resona Group shall engage in equity capital management with an awareness of the international uniform standards.

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



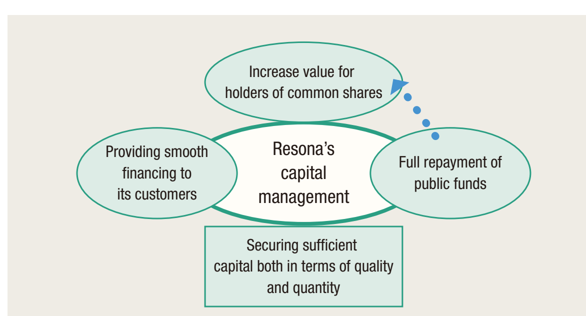
Note: Beginning with the end of March 2014, the more-stringent Basel 3 standards have been applied in place of the previous Basel 2 standards.

Resona Group's Capital Management

The Resona Group has worked to "secure sufficient capital both in terms of quality and quantity" as it "provides smooth financing to its domestic customers," which is the most-important mission that it must fulfill as a financial institution.

In addition, in May 2013, the Resona Group formulated the "Public Funds Full Repayment Plan," which calls both for full repayment and for increasing ordinary shareholders' value. As conditions precedent to the Plan, as well as for purposes of ensuring sufficient equity capital under domestic standards based on Basel 3, the Resona Group shall have a target for equity capital management for the time being to secure the level of around a 5.5% or higher common equity Tier 1 ratio and around a 7.0% or higher Tier 1 ratio under international standards.

Looking ahead, the Resona Group will continue to manage its capital in an appropriate manner as described below.



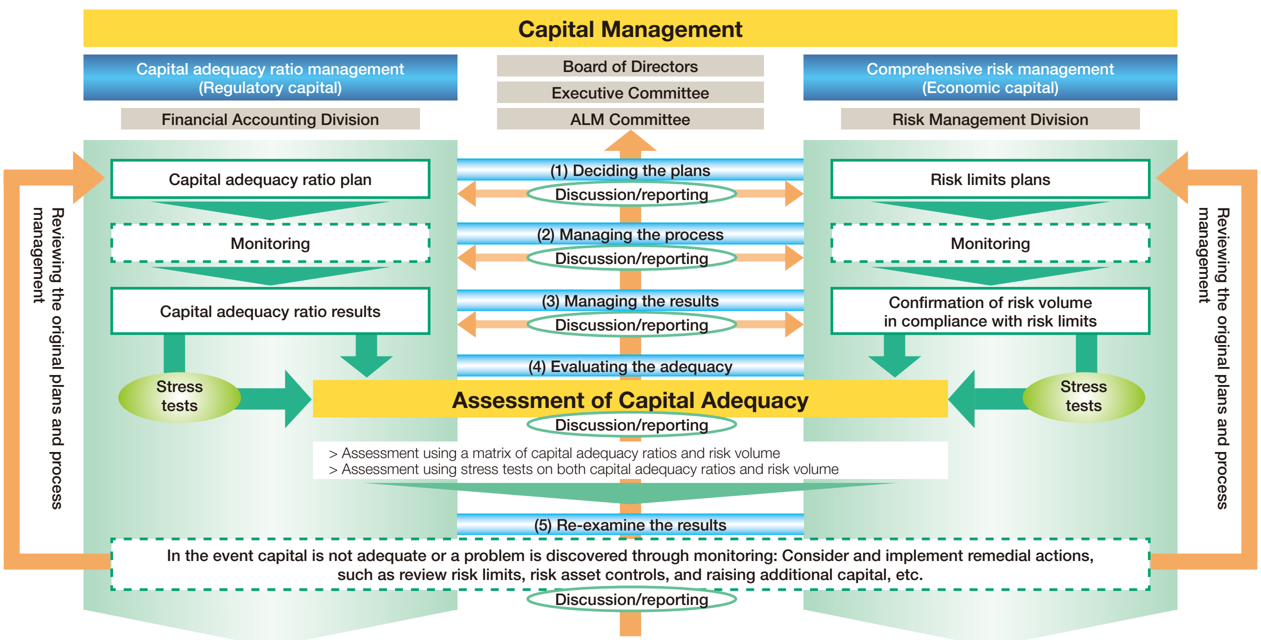
Governance and Implementation of the PDCA Cycle in Capital Management

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

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

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

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



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

Resona Holdings and Resona Group banks evaluate the "level of capital adequacy" from two perspectives: 1) management of the capital adequacy ratio based on the capital adequacy regulations and 2) comprehensive risk management. Note that, under comprehensive risk management, in the assessment of the soundness of the Company's financial position, credit risk, market risk, and operational risk are measured by uniform standards based on VaR and other approaches after taking account of the special features of each type of risk and special features of the operations of Resona Group banks. In addition, to prepare for risks that may emerge under unforeseen conditions, we conduct a range of stress tests to measure the impact under various scenarios, and, by taking account of the principal risks that are not taken into account in the first perspective under the capital adequacy regulation (such as credit concentration, interest rate risk in the banking book, and other factors), we make comprehensive assessments of capital adequacy.

Under this system for capital management, during the fiscal year ended March 31, 2014, Resona Holdings and Resona Group banks continued to secure a level of capital sufficient for sustaining the sound and stable operation of their business activities.

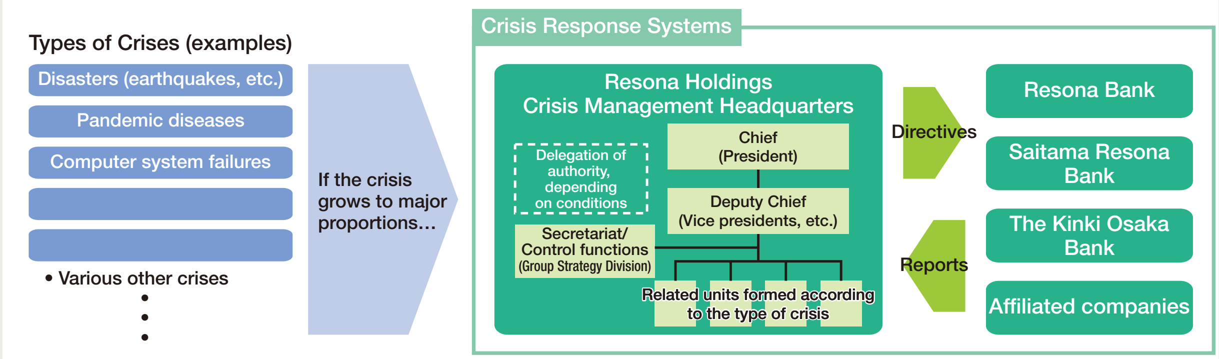
CRISIS MANAGEMENT AND BUSINESS CONTINUITY MANAGEMENT

Crisis Management Systems

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

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

Diagram of Group Crisis Management Systems



Business Continuity Systems

Basic Policy for Business Continuity

To deal with risks that arise due to natural disasters, such as major earthquakes, and pandemic diseases, such as new strains of the influenza virus, that may lead to crises that threaten the continuity of business operations, the basic policy for business continuity of the Resona Group is as shown below. To prevent the interruption of financial system functions, the Group prepares business continuity plans and works to create systems for business continuity, and then endeavors to make improvements in these plans and systems based on the results of inspections undertaken by the representative executive officers (or representative directors) in charge.

Basic Policy for Business Continuity

Our basic policy for business continuity seeks to:

- secure the lives and personal safety of customers, employees, and other related persons as a matter of top priority;
- contribute to the maintenance of the livelihood and economic activities of customers as well as to restrain the impact on the monetary settlement systems by taking measures to continue business activities or to restore functions at an early date to the maximum extent possible;
- maintain the soundness of our operations and minimize the risk inherent in management by keeping opportunity losses due to the suspension of business operations to an absolute minimum and by securing assets and trust assets appropriately; and
- create the necessary systems and the infrastructure and allocate appropriate management resources in order to ensure the efficacy of the above policies.

Preparation of Business Continuity Plans

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

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

Priority Business Operations during Times of Crises

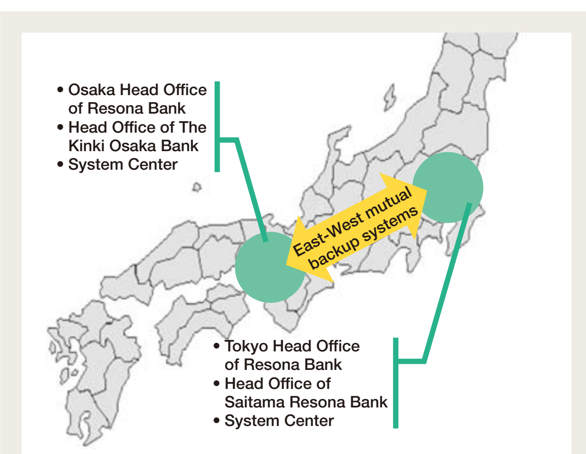
After giving consideration to customers and monetary settlements, the Resona Group companies have positioned the following business operations as priority activities during emergencies following major earthquakes and other disasters: Repayment of deposits, money transfers, funds and securities settlement,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

Principal Infrastructure Improvements

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

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

The Group's East-West Backup Systems



Securing Personnel for Business Continuity

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

Cooperating with and Contributing to the Community

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

Saitama Resona Bank has concluded an agreement with Saitama Prefecture entitled "Comprehensive Agreement Concerning Cooperation during Times of Disaster." In August 2013, Saitama Resona Bank participated in a disaster training exercise and fair sponsored by Saitama Prefecture and Shiraoka City (Saitama) and is working in cooperation with the local communities.

Initiatives to Upgrade Business Continuity Systems

The companies of the Resona Group are preparing business continuity systems to deal with many kinds of crises. These include natural disasters, such as earthquakes and floods, pandemic diseases, such as new strains of the influenza virus, system failures due to cyber-terror incidents, and other crises. At the same time, the Group is working to increase its capabilities for coping with crises through training and education courses for employees. To have Resona Group customers use its services with a sense of safety, the Group is continuing to enhance the sophistication of its business continuity systems.

Joint Group business continuity practice exercise in progress

INTERNAL AUDITING SYSTEMS

Group Internal Auditing

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

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

Organization

We believe that the role that the internal auditing plays in working to attain the Resona Group's Corporate Mission of "live up to customers' expectations" and "implement transparent management" is extremely important. Accordingly, we have created the organization structure below for internal auditing.

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

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

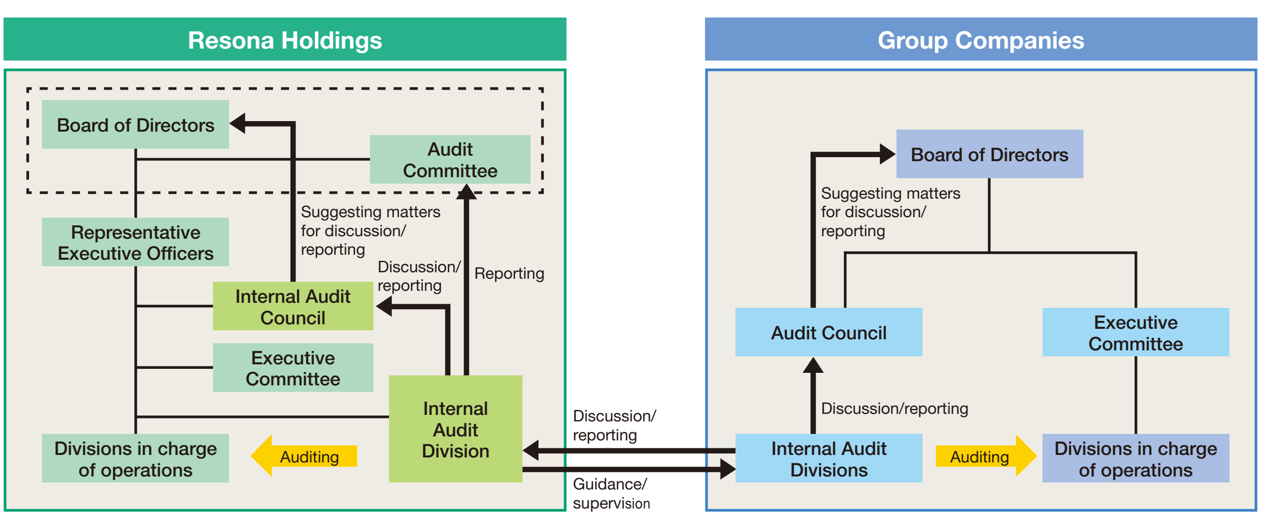
Functions and Roles

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

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

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

[Group Internal Auditing Systems]



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Resona Holdings, Inc. (the "Company") and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 35(3) to the consolidated financial statements, the Company acquired and cancelled own shares subsequent to the consolidated balance sheet date. Our opinion is not qualified in respect of this matter.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 19, 2014
(August 6, 2014 as to Note 35(3))

Member of
Deloitte Touche Tohmatsu Limited

CONSOLIDATED BALANCE SHEET

Resona Holdings, Inc. and consolidated subsidiaries
March 31, 2014

	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	**2014**
Assets:			
Cash and due from banks (Notes 3, 12 and 28)	**¥ 6,471,899**	¥ 3,386,146	**$ 62,888**
Call loans and bills bought (Note 28)	**154,318**	183,822	**1,499**
Monetary claims bought (Note 28)	**332,671**	376,537	**3,232**
Trading assets (Notes 4, 12, 28 and 29)	**616,571**	787,139	**5,991**
Money held in trust	**193**	200	**1**
Securities (Notes 5, 12 and 28)	**8,698,464**	10,181,599	**84,524**
Loans and bills discounted (Notes 6, 12, 13, 28 and 34)	**26,701,668**	26,490,121	**259,466**
Foreign exchange assets (Notes 7 and 28)	**72,757**	67,782	**706**
Other assets (Notes 8, 12, 28, 29 and 30)	**934,781**	876,023	**9,083**
Tangible fixed assets (Notes 9, 11, 20 and 27)	**307,887**	307,328	**2,991**
Intangible fixed assets (Notes 10, 11 and 27)	**40,475**	43,498	**393**
Net defined benefit asset (Note 30)	**24,548**	—	**238**
Deferred tax assets (Note 26)	**128,970**	176,269	**1,253**
Customers' liabilities for acceptances and guarantees (Notes 19 and 28)	**490,552**	539,855	**4,766**
Reserve for possible loan losses (Note 28)	**(256,192)**	(305,532)	**(2,489)**
Reserve for possible losses on investments	**(133)**	(161)	**(1)**
Total Assets	**¥44,719,434**	¥43,110,629	**$434,548**
Liabilities and Net Assets:			
Liabilities:			
Deposits (Notes 12, 14 and 28)	**¥35,745,906**	¥35,384,871	**$347,351**
Negotiable certificates of deposit (Note 28)	**1,949,860**	1,301,400	**18,947**
Call money and bills sold (Note 28)	**854,793**	250,602	**8,306**
Payables under repurchase agreements (Notes 12 and 28)	**38,994**	38,992	**378**
Payables under securities lending transactions (Notes 12 and 28)	**49,891**	—	**484**
Trading liabilities (Notes 4, 28 and 29)	**305,542**	346,073	**2,969**
Borrowed money (Notes 12, 15 and 28)	**1,081,701**	671,869	**10,511**
Foreign exchange liabilities (Notes 7 and 28)	**1,173**	1,463	**11**
Bonds (Notes 16 and 28)	**696,418**	716,429	**6,767**
Due to trust account (Note 28)	**533,844**	448,793	**5,187**
Other liabilities (Notes 15, 17, 28 and 29)	**902,887**	1,126,413	**8,773**
Reserve for employees' bonuses	**18,070**	18,182	**175**
Reserve for employees' retirement benefits (Note 30)	**—**	12,940	**—**
Net defined benefit liability (Note 30)	**26,978**	—	**262**
Other reserves (Note 18)	**42,418**	39,504	**412**
Deferred tax liabilities (Note 26)	**290**	240	**2**
Deferred tax liabilities for land revaluation (Note 20)	**23,696**	23,690	**230**
Acceptances and guarantees (Notes 19 and 28)	**490,552**	539,855	**4,766**
Total Liabilities	**42,763,022**	40,921,325	**415,538**
Net Assets (Notes 21, 32 and 35):			
Capital stock	**50,472**	340,472	**490**
Capital surplus	**409,293**	237,082	**3,977**
Retained earnings	**1,169,785**	1,315,470	**11,367**
Treasury stock	**(85,855)**	(89,596)	**(834)**
Total stockholders' equity	**1,543,696**	1,803,428	**15,000**
Net unrealized gains on available-for-sale securities (Note 5)	**244,166**	186,573	**2,372**
Net deferred gains on hedges	**28,110**	36,319	**273**
Revaluation reserve for land (Note 20)	**41,254**	41,260	**400**
Foreign currency translation adjustments	**(4,081)**	(4,350)	**(39)**
Remeasurements of defined benefit plans (Note 30)	**(35,965)**	—	**(349)**
Total accumulated other comprehensive income	**273,484**	259,803	**2,657**
Minority interests in consolidated subsidiaries	**139,231**	126,072	**1,352**
Total Net Assets	**1,956,412**	2,189,304	**19,010**
Total Liabilities and Net Assets	**¥44,719,434**	¥43,110,629	**$434,548**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2014

	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	**2014**
Income:			
Interest income (Note 22)	**¥472,832**	¥491,990	**$4,594**
Trust fees	**23,748**	21,639	**230**
Fees and commissions	**189,209**	181,932	**1,838**
Trading income (Note 23)	**1,338**	3,542	**13**
Other operating income (Note 24)	**34,085**	53,466	**331**
Other income (Note 25)	**108,679**	80,743	**1,056**
Total Income	**829,894**	833,315	**8,064**
Expenses:			
Interest expenses (Note 22)	**42,820**	48,920	**416**
Fees and commissions	**54,165**	52,944	**526**
Trading expenses	**2,254**	1,357	**21**
Other operating expenses (Note 24)	**13,450**	12,185	**130**
General and administrative expenses	**348,498**	361,645	**3,386**
Other expenses (Note 25)	**56,619**	71,912	**550**
Total Expenses	**517,809**	548,966	**5,031**
Net income before income taxes and minority interests	**312,085**	284,348	**3,032**
Income Taxes (Note 26):			
Current	**32,855**	47,627	**319**
Deferred	**51,736**	(43,732)	**502**
Total income taxes	**84,591**	3,895	**821**
Net income before minority interests	**227,494**	280,453	**2,210**
Minority interests in net income	**6,851**	5,312	**66**
Net income	**¥220,642**	¥275,141	**$2,144**
	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 32)	**¥89.71**	¥105.71	**$0.87**
Net income per share (Diluted) (Note 32)	**64.97**	72.52	**0.63**
Cash dividends per share applicable to the fiscal year (Notes 21 and 35)	**15.00**	12.00	**0.14**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2014

	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	**2014**
Net income before minority interests	**¥227,494**	¥280,453	**$2,210**
Other comprehensive income (Note 31):			
Net unrealized gains on available-for-sale securities	**57,582**	94,361	**559**
Net deferred gains (losses) on hedges	**(8,208)**	9,194	**(79)**
Revaluation reserve for land	**(6)**	—	**(0)**
Foreign currency translation adjustments	**9,808**	14,597	**95**
Share of other comprehensive income of affiliates accounted for using the equity method	**4**	(3)	**0**
Total other comprehensive income	**59,180**	118,149	**575**
Total comprehensive income (Note 31)	**¥286,674**	¥398,602	**$2,785**
Comprehensive income attributable to (Note 31):			
Owners of the parent	**¥270,289**	¥378,945	**$2,626**
Minority interests	**16,385**	19,657	**159**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2014

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2012	¥340,472	¥237,082	¥1,086,691	¥ (86,849)	¥1,577,397
Changes during the fiscal year					
Dividends paid			(46,404)		(46,404)
Net income			275,141		275,141
Purchase of treasury stock				(3,449)	(3,449)
Disposal of treasury stock		(0)		701	701
Reversal of revaluation reserve for land			42		42
Transfer from retained earnings to capital surplus		0	(0)		—
Net changes except for stockholers' equity during the fiscal year					
Total changes during the fiscal year	—	—	228,778	(2,747)	226,031
Balance at April 1, 2013	340,472	237,082	1,315,470	(89,596)	1,803,428
Changes during the fiscal year					
Dividends paid			**(46,327)**		**(46,327)**
Net income			**220,642**		**220,642**
Purchase of treasury stock				**(434,532)**	**(434,532)**
Disposal of treasury stock		**(0)**		**485**	**484**
Cancellation of treasury stock		**(437,788)**		**437,788**	**—**
Transfer from retained earnings to capital stock	**320,000**		**(320,000)**		**—**
Transfer from capital stock to capital surplus	**(610,000)**	**610,000**			**—**
Net changes except for stockholers' equity during the fiscal year					
Total changes during the fiscal year	**(290,000)**	**172,210**	**(145,684)**	**3,741**	**(259,732)**
Balance at March 31, 2014	**¥ 50,472**	**¥409,293**	**¥1,169,785**	**¥ (85,855)**	**¥1,543,696**

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2013	$3,308	$2,303	$12,782	$ (870)	$17,524
Changes during the fiscal year					
Dividends paid			**(450)**		**(450)**
Net income			**2,144**		**2,144**
Purchase of treasury stock				**(4,222)**	**(4,222)**
Disposal of treasury stock		**(0)**		**4**	**4**
Cancellation of treasury stock		**(4,254)**		**4,254**	**—**
Transfer from retained earnings to capital stock	**3,109**		**(3,109)**		**—**
Transfer from capital stock to capital surplus	**(5,927)**	**5,927**			**—**
Net changes except for stockholers' equity during the fiscal year					
Total changes during the fiscal year	**(2,817)**	**1,673**	**(1,415)**	**36**	**(2,523)**
Balance at March 31, 2014	**$ 490**	**$3,977**	**$11,367**	**$ (834)**	**$15,000**

See accompanying notes to the consolidated financial statements.

(Continued)

Millions of yen							
Accumulated other comprehensive income							
Net unrealized gains 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	Minority interests in consolidated subsidiaries	Total net assets
¥ 92,243	¥27,124	¥41,303	¥(4,629)	¥ —	¥156,042	¥109,890	¥1,843,329
							(46,404)
							275,141
							(3,449)
							701
							42
							—
94,330	9,194	(42)	279	—	103,761	16,181	119,943
94,330	9,194	(42)	279	—	103,761	16,181	345,974
186,573	36,319	41,260	(4,350)	—	259,803	126,072	2,189,304
							(46,327)
							220,642
							(434,532)
							484
							—
							—
							—
57,592	**(8,208)**	**(6)**	**268**	**(35,965)**	**13,681**	**13,159**	**26,840**
57,592	**(8,208)**	**(6)**	**268**	**(35,965)**	**13,681**	**13,159**	**(232,892)**
¥244,166	**¥28,110**	**¥41,254**	**¥(4,081)**	**¥(35,965)**	**¥273,484**	**¥139,231**	**¥1,956,412**

Millions of U.S. dollars (Note 1)							
Accumulated other comprehensive income							
Net unrealized gains 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	Minority interests in consolidated subsidiaries	Total net assets
$1,812	$352	$400	$(42)	$ —	$2,524	$1,225	$21,273
							(450)
							2,144
							(4,222)
							4
							—
							—
							—
559	**(79)**	**(0)**	**2**	**(349)**	**132**	**127**	**260**
559	**(79)**	**(0)**	**2**	**(349)**	**132**	**127**	**(2,263)**
$2,372	**$273**	**$400**	**$(39)**	**$(349)**	**$2,657**	**$1,352**	**$19,010**

CONSOLIDATED STATEMENT OF CASH FLOWS

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2014

	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 312,085	¥ 284,348	$ 3,032
Adjustments for:			
Depreciation and amortization	26,935	28,402	261
Impairment losses on fixed assets	1,662	679	16
Equity in earnings of investments in affiliates	(143)	(174)	(1)
Decrease in reserve for possible loan losses	(49,340)	(74,330)	(479)
Decrease in reserve for possible losses on investments	(27)	(177)	(0)
Increase (decrease) in reserve for employees' bonuses	(112)	4,239	(1)
Increase in reserve for employees' retirement benefits	—	459	—
Increase in net defined benefit asset	(4,776)	—	(46)
Decrease in net defined benefit liability	(4,610)	—	(44)
Interest income (accrual basis)	(472,832)	(491,990)	(4,594)
Interest expenses (accrual basis)	42,820	48,920	416
Net gains on securities	(24,973)	(15,525)	(242)
Net foreign exchange losses (gains)	(4,128)	30,677	(40)
Net losses (gains) on disposal of fixed assets	(1,578)	105	(15)
Net decrease (increase) in trading assets	170,568	(90,600)	1,657
Net increase (decrease) in trading liabilities	(40,531)	72,803	(393)
Net increase in loans and bills discounted	(211,547)	(707,426)	(2,055)
Net increase in deposits	361,035	861,267	3,508
Net increase (decrease) in negotiable certificates of deposit	648,460	(36,160)	6,301
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	409,831	(839,034)	3,982
Net increase in due from banks (excluding those deposited at Bank of Japan)	(7,778)	(31,755)	(75)
Net decrease in call loans and other	73,369	125,689	712
Net increase (decrease) in call money and other	604,192	(130,929)	5,871
Net increase (decrease) in payables under securities lending transactions	49,891	(345,063)	484
Net decrease (increase) in foreign exchange assets	(4,975)	8,558	(48)
Net decrease in foreign exchange liabilities	(289)	(587)	(2)
Net increase (decrease) in straight bonds	(31,522)	52,820	(306)
Net increase in due to trust account	85,050	93,975	826
Interest receipts (cash basis)	484,398	498,915	4,707
Interest payments (cash basis)	(52,941)	(60,077)	(514)
Other—net	(23,426)	204,307	(227)
Subtotal	2,334,766	(507,661)	22,687
Income taxes paid	(91,559)	(30,889)	(889)
Net cash provided by (used in) operating activities	2,243,206	(538,550)	21,797
Cash flows from investing activities:			
Purchases of securities	(15,330,890)	(27,930,944)	(148,973)
Proceeds from sales of securities	14,663,580	25,644,024	142,489
Proceeds from redemption of securities	1,990,814	3,678,248	19,345
Purchases of tangible fixed assets	(8,965)	(9,324)	(87)
Proceeds from sales of tangible fixed assets	1,004	1,906	9
Purchases of intangible fixed assets	(2,649)	(2,677)	(25)
Proceeds from disposal of intangible fixed assets	2,397	29	23
Other—net	(99)	(434)	(0)
Net cash provided by investing activities	1,315,192	1,380,828	12,780
Cash flows from financing activities:			
Repayment of subordinated borrowed money	—	(2,000)	—
Proceeds from issuance of subordinated bonds	—	44,756	—
Repayment of subordinated bonds	—	(189,005)	—
Dividends paid	(46,327)	(46,404)	(450)
Dividends paid to minority stockholders of consolidated subsidiaries	(348)	(328)	(3)
Purchases of treasury stock	(434,532)	(3,449)	(4,222)
Proceeds from sales of treasury stock	672	670	6
Net cash used in financing activities	(480,536)	(195,760)	(4,669)
Effect of exchange rate changes on cash and cash equivalents	112	112	1
Net increase in cash and cash equivalents	3,077,974	646,629	29,909
Cash and cash equivalents at the beginning of the fiscal year	3,236,761	2,590,131	31,452
Cash and cash equivalents at the end of the fiscal year (Note 3)	¥ 6,314,735	¥ 3,236,761	$ 61,361

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Holdings, Inc. and consolidated subsidiaries
Fiscal year ended March 31, 2014

1. Basis of Presentation

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications have been made in the 2013 consolidated financial statements to conform to the classifications used in 2014.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan and have been made at the rate of ¥102.91 to U.S. $1.00, the rate of exchange prevailing in the Tokyo Foreign Exchange Market on March 31, 2014. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

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

2. Summary of Significant Accounting Policies

(1) Use of estimates

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

(2) Principles of consolidation

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

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

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2014 and 2013 was 15. The changes in the number of consolidated subsidiaries for the fiscal years ended March 31, 2014 and 2013 were as follows:

(Number of consolidated subsidiaries)	2014	2013
At the beginning of the fiscal year	**15**	16
Decrease:		
Liquidation	**—**	1
At the end of the fiscal year	**15**	15

The Group excludes accounts of certain subsidiaries from consolidation when the total assets, total income, net income or loss (applicable for the owned interest), retained earnings (applicable for the owned interest) and accumulated other comprehensive income (applicable for the owned interest) of these subsidiaries would not have a material effect on the consolidated financial statements.

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2014 and 2013, was one.

The equity method of accounting has not been applied to investments in certain non-consolidated subsidiaries and affiliates, as the net income or loss (applicable for the owned interest), retained earnings (applicable for the owned interest) and accumulated other comprehensive income (applicable for the owned interest) are immaterial in relation to the consolidated financial statements.

(c) Balance sheet dates of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries as of March 31, 2014 and 2013, were as follows:

(Number of consolidated subsidiaries)	2014	2013
End of December	**3**	3
End of March	**12**	12

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

(d) Eliminations of intercompany balances and transactions

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

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

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

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

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

(3) Trading assets and trading liabilities

Transactions whose purposes are to earn a profit by taking advantage of short-term fluctuations in the market or discrepancies in interest rates, currency exchange rates, share prices or other market indices on different markets ("transactions for trading purposes") are included in "trading assets" or "trading liabilities," as appropriate, in the consolidated balance sheets on a trade-date basis.

Securities and monetary claims, etc. held for trading purposes are stated at fair value as of the consolidated balance sheet date. Derivatives including swaps, futures and options, held for trading purposes are stated at the fair values as if they were closed out value, assuming the respective contracts are closed out at the consolidated balance sheet date.

(4) Trading income and trading expenses

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

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

(5) Securities

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

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

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

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

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

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

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

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

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

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

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

(a) Hedges of interest rate risk

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

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

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

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

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

(b) Hedges of foreign currency risk

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

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

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

(c) Inter- and intra-company derivative transactions

For inter- and intra-company derivative transactions (“internal derivatives”), including currency and interest rate swaps, consolidated domestic banking subsidiaries currently recognize gains and losses on internal derivatives or defer them as assets or liabilities without elimination in accordance with the JICPA Industry

Audit Committee Reports No. 24 and No. 25, which permit a bank to retain the gains and losses on internal derivatives without elimination in the financial statements if the bank establishes and follows the strict hedging criteria for external transactions, requiring mirror-image transactions to be entered into within three business days with external parties after the designation of the internal derivatives as hedging instruments.

(7) Depreciation and amortization

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

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

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

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

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

(c) Leased assets

Leased assets other than those under finance lease transactions that are deemed to transfer ownership of the leased property to the lessee are depreciated by the straight-line method over the lease term. Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

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

(8) Dormant deposits

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

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

(9) Reserve for possible loan losses

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

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

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

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

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

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

For collateralized or guaranteed claims to bankrupt obligors and effectively bankrupt obligors, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written off. Such uncollectible amounts as of March 31, 2014 and 2013 were ¥274,761 million ($2,669 million) and ¥347,767 million, respectively.

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

(10) Reserve for possible losses on investments

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

(11) Reserve for employees' bonuses

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

(12) Employees' retirement benefits

Net defined benefit liability and/or asset are provided for the payment of retirement benefits to employees in the amount deemed necessary based on the projected benefit obligation and the fair value of plan assets as of the consolidated balance sheet date.

Regarding determination of retirement benefit obligations, the straight-line basis is adopted as the method of attributing expected benefit to the periods until this fiscal year end.

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

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment.

Accounting change for the fiscal year ended March 31, 2014 — Retirement Benefits

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

Major changes are as follows:

(a) Treatment in the balance sheet

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

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period are treated as reclassification adjustments.

(c) The Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014 , or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group applied the revised accounting standard for (a) and (b) above since the end of this fiscal year. As a result, “net defined benefit asset” of ¥24,548 million ($238 million) and “net defined benefit liability” of ¥26,978 million ($262 million) were recorded as of March 31, 2014. In addition, deferred tax assets was increased by ¥17,454 million ($169 million) and accumulated other comprehensive income was decreased by ¥35,965 million ($349 million). For the effects on per share information, please refer to “Note 32. Per Common Share Information.” “Net defined benefit asset” was included in other assets as prepaid pension cost as of March 31, 2013. “Net defined benefit liability” was presented under the title of reserve for employees’ retirement benefits as of March 31, 2013.

The Group expects to apply the revised accounting standard for (c) above from the beginning of the annual period beginning on April 1, 2014. Impact on this change is immaterial.

(13) Other reserves

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

(14) Translation of foreign currencies

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

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

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

(15) Income taxes

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

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

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

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

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

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

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

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

(19) Accounting changes and error corrections
The Group has adopted ASBJ Statement No. 24 “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24 “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under these standard and guidance are as follows:

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

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

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

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

(20) Employee stock ownership plan (Stock Benefit Trust)
The Company decided to introduce the Employee stock ownership plan-type Stock Benefit Trust for the Employee Shareholdings Association (“ESOP Trust”) on January 31, 2012, and completed the intended stock acquisitions by April 19, 2012. The acquisition and disposal of shares by the ESOP Trust were accounted for as if the Company and the ESOP Trust were a single entity since the Company guarantees the obligation of the ESOP Trust. Therefore, the stocks of the Company owned by the ESOP Trust are disclosed as treasury stocks in the consolidated balance sheet. In addition, assets and liabilities as well as income and expenses of the ESOP Trust are all reflected in the consolidated financial statements.

(21) New accounting pronouncements
Accounting standard for retirement benefits
On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, “Accounting Standard for Retirement Benefits” and ASBJ Guidance No. 25, “Guidance on Accounting Standard for Retirement Benefits,” which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet

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

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

(b) Treatment in the statement of income and the statement of comprehensive income [or the statement of income and comprehensive income]

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period are treated as reclassification adjustments.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group applied the revised accounting standard for (a) and (b) above effective March 31, 2014, and expects to apply (c) above from April 1, 2014. Impact on this change is immaterial.

Accounting standards for business combinations and consolidated financial statements

On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” revised ASBJ Guidance No. 10, “Guidance on Accounting Standards for Business Combinations and Business Divestitures,” and revised ASBJ Statement No. 22, “Accounting Standard for Consolidated Financial Statements.”

Major accounting changes are as follows:

(a) Transactions with noncontrolling interest

A parent’s ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent’s ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet

In the consolidated balance sheet, “minority interest in consolidated subsidiaries” under the current accounting standard will be changed to “noncontrolling interest” under the revised accounting standard.

(c) Presentation of the consolidated statement of income

In the consolidated statement of income, “net income before minority interests” under the current accounting standard will be changed to “net income” under the revised accounting standard, and “net income” under the current accounting standard will be changed to “net income attributable to owners of the parent” under the revised accounting standard.

(d) Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for “transactions with noncontrolling interest,” “acquisition-related costs” and “presentation changes in the consolidated financial statements” are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for the presentation changes in the consolidated financial statements. In case of earlier application, all accounting standards and guidance above, except for the presentation changes, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs” is permitted. In retrospective application of the revised standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs,” accumulated effects of retrospective adjustments for all “transactions with noncontrolling interest” and “acquisition-related costs” which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application.

In prospective application, the new standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs” shall be applied prospectively from the beginning of the year of the first-time application. The changes in presentation shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for “provisional accounting treatments for a business combination” is effective for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2014.

The Group expects to apply the revised accounting standards and guidance from the beginning of the annual period beginning on April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. Cash and Cash Equivalents

The reconciliation between "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2014 and 2013, were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Cash and due from banks	**¥6,471,899**	¥3,386,146	**$62,888**
Less: Due from banks except for the Bank of Japan	**(157,163)**	(149,384)	**(1,527)**
Cash and cash equivalents	**¥6,314,735**	¥3,236,761	**$61,361**

4. Trading Assets and Trading Liabilities

Trading assets and liabilities as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Trading assets:			
Trading securities	**¥289,964**	¥423,196	**$2,817**
Derivatives of trading securities	**4**	10	**0**
Derivatives of securities related to trading transactions	**6**	—	**0**
Trading-related financial derivatives	**326,595**	363,932	**3,173**
Total	**¥616,571**	¥787,139	**$5,991**
Trading liabilities:			
Derivatives of trading securities	**¥ —**	¥ 12	**$ —**
Derivatives of securities related to trading transactions	**—**	2	**—**
Trading-related financial derivatives	**305,542**	346,059	**2,969**
Total	**¥305,542**	¥346,073	**$2,969**

5. Securities

Securities as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Japanese government bonds	**¥6,162,864**	¥ 7,500,107	**$59,885**
Japanese local government bonds	**639,446**	617,317	**6,213**
Japanese corporate bonds	**913,841**	1,098,054	**8,880**
Japanese stocks	**711,015**	628,070	**6,911**
Other securities	**271,296**	338,049	**2,633**
Total	**¥8,698,464**	¥10,181,599	**$84,524**

As of March 31, 2014 and 2013, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥19,418 million ($188 million) and ¥19,349 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥2,953 million ($28 million) and ¥2,385 million, respectively.

The amounts on consolidated balance sheet, aggregate fair value and unrealized gains (losses) on held-to-maturity debt securities as of March 31, 2014 and 2013, were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2014			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥1,708,395**	**¥1,761,890**	**¥53,495**
Japanese local government bonds	**400,653**	**415,029**	**14,376**
Japanese corporate bonds	**6,412**	**6,508**	**96**
Total	**¥2,115,461**	**¥2,183,428**	**¥67,967**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese local government bonds	**¥ 34,148**	**¥ 34,037**	**¥ (111)**
Japanese corporate bonds	**1,132**	**1,126**	**(6)**
Total	**35,281**	**35,163**	**(117)**
Grand total	**¥2,150,742**	**¥2,218,592**	**¥67,850**
March 31, 2013			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥1,824,193	¥1,882,306	¥58,112
Japanese local government bonds	390,894	409,083	18,189
Japanese corporate bonds	5,773	5,893	120
Total	¥2,220,861	¥2,297,283	¥76,422
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese local government bonds	¥ 3,500	¥ 3,494	¥ (5)
Japanese corporate bonds	433	428	(4)
Total	3,933	3,923	(9)
Grand total	¥2,224,794	¥2,301,206	¥76,412

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2014			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$16,600**	**$17,120**	**$519**
Japanese local government bonds	**3,893**	**4,032**	**139**
Japanese corporate bonds	**62**	**63**	**0**
Total	**$20,556**	**$21,216**	**$660**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese local government bonds	**$ 331**	**$ 330**	**$ (1)**
Japanese corporate bonds	**11**	**10**	**(0)**
Total	**342**	**341**	**(1)**
Grand total	**$20,899**	**$21,558**	**$659**

The amounts on consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of March 31, 2014 and 2013, were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2014			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 630,683**	**¥ 310,130**	**¥320,552**
Bonds:			
Japanese government bonds	**1,955,523**	**1,952,030**	**3,493**
Japanese local government bonds	**154,777**	**149,413**	**5,364**
Japanese corporate bonds	**776,722**	**770,478**	**6,243**
Total bonds	**2,887,023**	**2,871,921**	**15,101**
Other	**120,781**	**114,309**	**6,471**
Total	**¥3,638,488**	**¥3,296,362**	**¥342,125**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**¥ 18,426**	**¥ 21,803**	**¥ (3,376)**
Bonds:			
Japanese government bonds	**2,498,946**	**2,501,544**	**(2,598)**
Japanese local government bonds	**49,865**	**49,997**	**(131)**
Japanese corporate bonds	**129,574**	**130,074**	**(500)**
Total bonds	**2,678,386**	**2,681,616**	**(3,230)**
Other	**199,081**	**201,320**	**(2,239)**
Total	**¥2,895,894**	**¥2,904,741**	**¥ (8,846)**
Grand total	**¥6,534,382**	**¥6,201,103**	**¥333,279**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2013			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 513,148	¥ 283,453	¥229,695
Bonds:			
Japanese government bonds	4,192,674	4,178,718	13,955
Japanese local government bonds	208,278	200,074	8,204
Japanese corporate bonds	1,025,041	1,017,596	7,445
Total bonds	5,425,994	5,396,389	29,604
Other	162,676	153,556	9,119
Total	¥6,101,819	¥5,833,400	¥268,418
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 46,386	¥ 53,803	¥ (7,417)
Bonds:			
Japanese government bonds	1,483,239	1,484,137	(897)
Japanese local government bonds	14,644	14,666	(21)
Japanese corporate bonds	66,806	67,106	(300)
Total bonds	1,564,690	1,565,909	(1,219)
Other	242,238	243,929	(1,690)
Total	¥1,853,315	¥1,863,642	¥ (10,327)
Grand total	¥7,955,134	¥7,697,043	¥258,091

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2014			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**$ 6,128**	**$ 3,013**	**$3,114**
Bonds:			
Japanese government bonds	**19,002**	**18,968**	**33**
Japanese local government bonds	**1,504**	**1,451**	**52**
Japanese corporate bonds	**7,547**	**7,486**	**60**
Total bonds	**28,053**	**27,907**	**146**
Other	**1,173**	**1,110**	**62**
Total	**$35,356**	**$32,031**	**$3,324**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**$ 179**	**$ 211**	**$ (32)**
Bonds:			
Japanese government bonds	**24,282**	**24,308**	**(25)**
Japanese local government bonds	**484**	**485**	**(1)**
Japanese corporate bonds	**1,259**	**1,263**	**(4)**
Total bonds	**26,026**	**26,057**	**(31)**
Other	**1,934**	**1,956**	**(21)**
Total	**$28,140**	**$28,226**	**$ (85)**
Grand total	**$63,496**	**$60,257**	**$3,238**

Note: As of March 31, 2014 and 2013, unlisted stocks in the amounts of ¥42,931 million ($417 million) and ¥49,616 million and investments in partnerships in the amounts of ¥14,374 million ($139 million) and ¥15,165 million, respectively, whose fair values cannot be reliably determined, are not included in the above table.

Proceeds from sales of available-for-sale securities, gains on sales and losses on sales for the fiscal years ended March 31, 2014 and 2013, were as follows:

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2014						
Available-for-sale securities:						
Japanese stocks	**¥ 18,407**	**¥12,198**	**¥ 30**	**$ 178**	**$118**	**$ 0**
Bonds:						
Japanese government bonds	**12,903,374**	**16,252**	**5,637**	**125,385**	**157**	**54**
Japanese local government bonds	**88,637**	**1,290**	**0**	**861**	**12**	**0**
Japanese corporate bonds	**445,408**	**803**	**18**	**4,328**	**7**	**0**
Total bonds	**13,437,420**	**18,345**	**5,655**	**130,574**	**178**	**54**
Other	**1,366,774**	**21,665**	**16,083**	**13,281**	**210**	**156**
Total	**¥14,822,603**	**¥52,209**	**¥21,770**	**$144,034**	**$507**	**$211**
March 31, 2013						
Available-for-sale securities:						
Japanese stocks	¥ 9,159	¥ 3,216	¥2,162			
Bonds:						
Japanese government bonds	23,874,059	31,074	3,390			
Japanese local government bonds	38,421	343	21			
Japanese corporate bonds	284,964	1,184	0			
Total bonds	24,197,445	32,602	3,412			
Other	1,319,451	10,764	2,016			
Total	¥25,526,057	¥46,582	¥7,591			

For the fiscal years ended March 31, 2014 and 2013, the Group did not reclassify any securities.

An impairment of securities is recognized if the decline in fair values is substantial and the decline is determined to be other than temporary.

For the fiscal years ended March 31, 2014 and 2013, impairment losses of ¥115 million ($1 million) and ¥13,770 million, respectively, were recorded with respect to securities with fair values except for trading securities.

To assess whether or not a decline in fair values is substantial, the Group considers not only the severity and duration of the decline in value but also the classification of the security issuer is used in the self-assessment of asset quality as follows:

(i) For issuers who are classified as bankrupt obligors, effectively bankrupt obligors and borrowers with a high probability of becoming insolvent: where the fair value is lower than the amortized cost or acquisition cost.

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

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

The amount on consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on other money held in trust as of March 31, 2014 and 2013, was as follows:

	Millions of yen				
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)	Amount on consolidated balance sheet exceeding acquisition or amortized cost	Amount on consolidated balance sheet below acquisition or amortized cost
March 31, 2014					
Other money held in trust	**¥193**	**¥193**	**¥—**	**¥—**	**¥—**
March 31, 2013					
Other money held in trust	¥200	¥200	¥—	¥—	¥—

	Millions of U.S. dollars				
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)	Amount on consolidated balance sheet exceeding acquisition or amortized cost	Amount on consolidated balance sheet below acquisition or amortized cost
March 31, 2014					
Other money held in trust	**$1**	**$1**	**$—**	**$—**	**$—**

Reconciliation of net unrealized gains on available-for-sale securities to the amounts included in "net unrealized gains on available-for-securities," presented as a separate component of net assets as of March 31, 2014 and 2013, in the consolidated balance sheets, was as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Net unrealized gains before taxes on available-for-sale securities(*)	**¥325,047**	¥249,859	**$3,158**
Deferred tax liabilities	**(80,818)**	(63,213)	**(785)**
Net unrealized gains on available-for-sale securities (before adjustment)	**244,229**	186,646	**2,373**
Amounts attributable to minority interests	**(66)**	(72)	**(0)**
The Company's portion of unrealized gains on available-for-sale securities of equity method investees	**4**	(0)	**0**
Amounts recorded in the consolidated balance sheets	**¥244,166**	¥186,573	**$2,372**

Note: (*) There was no money held in trust for trading purpose as of March 31, 2014 and 2013. For the fiscal years ended March 31, 2014 and 2013, discontinued fair value hedge gains previously recognized as income of ¥8,231 million ($79 million) and ¥8,231 million, respectively, were excluded from Net unrealized gains before taxes on available-for-sale securities.

There were no securities loaned without collateral, securities borrowed without collateral, securities purchased under resale agreements or securities received under securities borrowing transactions collateralized with cash, as of March 31, 2014 and 2013.

6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Bills discounted	**¥ 145,623**	¥ 166,519	**$ 1,415**
Loans on notes	**803,588**	863,525	**7,808**
Loans on deeds	**22,768,783**	22,507,446	**221,249**
Overdrafts	**2,983,673**	2,952,629	**28,993**
Total	**¥26,701,668**	¥26,490,121	**$259,466**

The following loans were included in loans and bills discounted as of March 31, 2014 and 2013.

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Loans to borrowers in legal bankruptcy	**¥ 8,252**	¥ 12,891	**$ 80**
Past due loans	**370,148**	413,976	**3,596**
Loans past due three months or more	**3,757**	4,583	**36**
Restructured loans	**264,509**	300,169	**2,570**
Total	**¥646,668**	¥731,621	**$6,283**

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

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

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

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

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

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

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

Bills discounted are recorded as lending transactions in accordance with the JICPA Industry Audit Committee Report No. 24. Certain consolidated banking subsidiaries have a right to sell or repledge as collateral such discounted bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥153,781 million ($1,494 million) and ¥179,544 million as of March 31, 2014 and 2013, respectively.

7. Foreign Exchange

Foreign exchange assets and liabilities as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Assets:			
Due from foreign banks	**¥37,286**	¥29,955	**$362**
Foreign bills of exchange bought	**8,157**	13,024	**79**
Foreign bills of exchange receivable	**27,312**	24,802	**265**
Total	**¥72,757**	¥67,782	**$706**
Liabilities:			
Due to foreign banks	**¥ 224**	¥ 164	**$ 2**
Foreign bills of exchange sold	**284**	751	**2**
Foreign bills of exchange payable	**664**	547	**6**
Total	**¥ 1,173**	¥ 1,463	**$ 11**

8. Other Assets

Other assets as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Prepaid expenses	**¥ 20,019**	¥ 21,953	**$ 194**
Accrued income	**53,618**	57,068	**521**
Initial margins for futures transactions	**4,838**	3,673	**47**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**367,059**	432,766	**3,566**
Prepaid pension cost	**—**	54,541	**—**
Guarantee deposits	**21,106**	21,022	**205**
Cash collateral paid for financial instruments	**84,815**	71,426	**824**
Other receivable on sales of securities	**222,291**	68,269	**2,160**
Other	**161,032**	145,301	**1,564**
Total	**¥934,781**	¥876,023	**$9,083**

9. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Land, buildings and leased assets	**¥523,988**	¥520,281	**$5,091**
Construction in progress	**523**	1,132	**5**
Subtotal	**524,512**	521,413	**5,096**
Accumulated depreciation	**(216,625)**	(214,084)	**(2,104)**
Total	**¥307,887**	¥307,328	**$2,991**

Under certain conditions such as exchanges of tangible fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. As of March 31, 2014 and 2013, such deferred profit amounted to ¥51,559 million ($501 million) and ¥51,612 million, respectively.

10. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Software	**¥ 7,571**	¥ 8,863	**$ 73**
Leased assets	**27,759**	29,342	**269**
Other intangible fixed assets	**5,144**	5,291	**49**
Total	**¥40,475**	¥43,498	**$393**

11. Long-Lived Assets

For the fiscal years ended March 31, 2014 and 2013, the Group recognized impairment losses of ¥1,662 million ($16 million) and ¥679 million, respectively. For all assets on which impairment losses were recognized, the Group used an estimated net selling price as the recoverable amount, which was higher than the discounted value in use.

12. Assets Pledged as Collateral

Assets pledged as collateral and debt collateralized as of March 31, 2014 and 2013, were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Assets pledged as collateral:			
Trading assets	**¥ 38,992**	¥ 38,985	**$ 378**
Securities	**5,806,264**	6,950,100	**56,420**
Loans and bills discounted	**239,072**	258,188	**2,323**
Other assets	**3,907**	3,951	**37**
Debt collateralized:			
Deposits	**¥ 169,762**	¥ 128,620	**$ 1,649**
Payables under repurchase agreements	**38,994**	38,992	**378**
Payables under securities lending transactions	**49,891**	—	**484**
Borrowed money	**1,019,466**	608,045	**9,906**

In addition to the pledged assets shown above, the following assets were pledged as collateral for settlements of foreign exchanges, or futures transactions as of March 31, 2014 and 2013.

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Assets pledged as collateral:			
Cash and due from banks	**¥ 80**	¥ 80	**$ 0**
Securities	**790,903**	741,870	**7,685**
Other assets	**590**	608	**5**

In addition to the above, initial margins for futures transactions, cash collateral paid for financial instruments and guarantee deposits are included in Other assets.

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Initial margins for futures transactions	**¥ 4,838**	¥ 3,673	**$ 47**
Cash collateral paid for financial instruments	**84,815**	71,426	**824**
Guarantee deposits	**21,106**	21,022	**205**

13. Commitment Line Agreements

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

Unused balances related to these agreements as of March 31, 2014 and 2013 amounted to ¥8,054,179 million ($78,264 million) and ¥8,058,661 million, respectively, including ¥7,759,327 million ($75,399 million) and ¥7,783,860 million, respectively, of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

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

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

14. Deposits

Deposits as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Current deposits	**¥ 2,640,479**	¥ 2,888,709	**$ 25,658**
Ordinary deposits	**20,129,569**	19,023,776	**195,603**
Savings deposits	**360,659**	364,898	**3,504**
Notice deposits	**109,262**	109,509	**1,061**
Time deposits	**11,579,213**	12,232,041	**112,517**
Other deposits	**926,721**	765,936	**9,005**
Total	**¥35,745,906**	¥35,384,871	**$347,351**

15. Borrowed Money and Lease Obligations

(1) Borrowed money

As of March 31, 2014 and 2013, the weighted average annual interest rates applicable to borrowed money were 0.21% and 0.30%, respectively.

Borrowed money included borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated borrowings of ¥37,000 million ($359 million) and ¥37,000 million as of March 31, 2014 and 2013, respectively.

The following is a summary of maturities of borrowed money subsequent to March 31, 2014:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2015	**¥ 741,461**	**$ 7,204**
2016	**1,226**	**11**
2017	**300,191**	**2,917**
2018	**329**	**3**
2019	**164**	**1**
2020 and thereafter	**38,328**	**372**
Total	**¥1,081,701**	**$10,511**

(2) Obligations under finance lease transactions

As of March 31, 2014 and 2013, the weighted average annual interest rates applicable to the finance lease obligations were 0.24% and 0.26%, respectively.

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2014:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2015	**¥11,763**	**$114**
2016	**9,711**	**94**
2017	**6,209**	**60**
2018	**4,422**	**42**
2019	**1,778**	**17**
2020 and thereafter	**922**	**8**
Total	**¥34,807**	**$338**

16. Bonds

Bonds as of March 31, 2014 and 2013, consisted of the following:

	Rate	Maturity	Millions of yen	Millions of U.S. dollars
March 31, 2014				
The Company:				
Straight bond	**0.644%**	**September 20, 2016**	**¥ 30,000**	**$ 291**
Straight bond	**0.399%**	**December 13, 2017**	**50,000**	**485**
Resona Bank, Limited:				
Subordinated bonds(*1)	**1.32% to 5.85%**	**September 24, 2014 to Perpetuity**	**517,064**	**5,024**
Saitama Resona Bank, Limited:				
Subordinated bonds	**1.24% to 1.90786%**	**December 17, 2020 to Perpetuity**	**95,500**	**927**
P.T. Bank Resona Perdania(*2):				
Straight bond(*4)	**8.75%**	**July 25, 2015**	**2,573**	**25**
Straight bond(*5)	**10.65%**	**November 12, 2016**	**1,280**	**12**
Total			**¥696,418**	**$6,767**
March 31, 2013				
The Company:				
Straight bond	1.70%	June 20, 2013	¥ 30,000	
Straight bond	0.644%	September 20, 2016	30,000	
Straight bond	0.399%	December 13, 2017	50,000	
Resona Bank, Limited:				
Subordinated bonds(*1)	1.32% to 5.85%	September 24, 2014 to Perpetuity	505,553	
Saitama Resona Bank, Limited:				
Subordinated bonds	1.24% to 1.98714%	December 17, 2020 to Perpetuity	95,500	
P.T. Bank Resona Perdania(*2):				
Straight bond(*3)	10.5%	December 9, 2013	2,686	
Straight bond(*4)	8.75%	July 25, 2015	2,689	
Total			¥716,429	

Notes: (*1) The amount includes the balances of bonds denominated in foreign currency originally issued at U.S. $1,299 million and U.S. $1,299 million as of March 31, 2014 and 2013, respectively.

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

(*3) The amount includes the balance of bonds denominated in foreign currency originally issued at IDR Rp 298,547 million as of March 31, 2013.

(*4) The amount includes the balance of bonds denominated in foreign currency originally issued at IDR Rp 299,259 million and IDR Rp 298,841 million as of March 31, 2014 and 2013, respectively.

(*5) The amount includes the balance of bonds denominated in foreign currency originally issued at IDR Rp 148,894 million as of March 31, 2014.

6 All of the outstanding bonds are unsecured.

The following is a summary of the maturities of bonds subsequent to March 31, 2014:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2015	**¥ 20,000**	**$ 194**
2016	**22,573**	**219**
2017	**31,280**	**303**
2018	**50,000**	**485**
2019	**—**	**—**
2020 and thereafter	**572,564**	**5,563**
Total	**¥696,418**	**$6,767**

Note: The above amounts are stated at carrying amounts.

17. Other Liabilities

Other liabilities as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Accrued income taxes	**¥ 6,351**	¥ 12,397	**$ 61**
Accrued expenses	**26,027**	39,070	**252**
Unearned income	**18,854**	16,574	**183**
Cash collateral received for financial instruments	**114,167**	79,698	**1,109**
Lease obligations	**34,807**	32,833	**338**
Asset retirement obligations	**1,138**	1,090	**11**
Other payable on purchases of securities	**13,597**	149,986	**132**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**315,034**	382,394	**3,061**
Other	**372,908**	412,368	**3,623**
Total	**¥902,887**	¥1,126,413	**$8,773**

18. Other Reserves

(i) A reserve for losses on reimbursement of dormant deposits is provided for the estimated future losses resulting from reimbursements of dormant deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥19,670 million ($191 million) and ¥16,078 million as of March 31, 2014 and 2013, respectively.

(ii) A reserve for losses on trust transactions is provided for the estimated future losses on trust transactions without principal indemnification which a consolidated domestic banking subsidiary as a trustee has been administrating and operating, and amounted to ¥11,206 million ($108 million) and ¥11,233 million as of March 31, 2014 and 2013, respectively.

(iii) A reserve for losses on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥5,974 million ($58 million) and ¥5,882 million as of March 31, 2014 and 2013, respectively.

(iv) A reserve for Resona Club points is provided for the estimated future losses by usage of the points awarded to the Resona Club members and amounted to ¥4,053 million ($39 million) and ¥3,528 million as of March 31, 2014 and 2013, respectively.

(v) A reserve for losses on interest repayments is provided for the future losses on interest repayment claims based on the historical experience for such repayments and amounted to ¥681 million ($6 million) and ¥832 million as of March 31, 2014 and 2013, respectively.

19. Customers' Liabilities for Acceptances and Guarantees

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

In addition to the acceptances and guarantees described above, a consolidated domestic banking subsidiary guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥558,345 million ($5,425 million) and ¥493,318 million as of March 31, 2014 and 2013, respectively.

20. Revaluation Reserve for Land

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

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

The aggregate carrying value of the land after one-time revaluation exceeded its aggregate fair value that was determined in accordance with Article 10 of the Act by ¥30,140 million ($292 million) and ¥31,887 million as of March 31, 2014 and 2013, respectively.

21. Net Assets

Capital requirement

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

(i) Dividends

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

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

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

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

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

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

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

(iii) Treasury stock and treasury stock acquisition rights

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

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

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

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

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

Capital Stock—Changes during the Fiscal Year

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2014, were as follows:

	(Shares in thousands)			
		Changes during the fiscal year		
	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Issued stock:				
Common stock	2,514,957	—	190,839	**2,324,118** (*1)
Preferred stock:				
Class C No. 1 preferred stock	12,000	—	—	**12,000**
Class F No. 1 preferred stock	8,000	—	—	**8,000**
Class Three No. 1 preferred stock	225,000	—	127,000	**98,000** (*2)
Class Four preferred stock	2,520	—	—	**2,520**
Class Five preferred stock	4,000	—	—	**4,000**
Class Six preferred stock	3,000	—	—	**3,000**
Total	2,769,477	—	317,839	**2,451,638**
Treasury stock:				
Common stock	71,812	257,576	192,185	**137,204** (*3)
Preferred stock:				
Class Three No. 1 preferred stock	—	127,000	127,000	**—** (*4)
Total	71,812	384,576	319,185	**137,204**

Notes: (*1) The decrease represents cancellation of own common stock of 190,839 thousand shares which acquired based on ceiling on total number of shares available for acquisition resolved at the board of directors' meetings held on May 10 and June 21, 2013.

(*2) The decrease represents cancellation of own preferred stock of 127,000 thousand shares which acquired based on ceiling on total number of shares available for acquisition resolved at the board of directors' meetings held on May 10, 2013.

(*3) The increase represents acquisition of own common stock of 190,839 thousand shares based on the ceiling on total number of shares available for acquisition as described Note (*1), acquisition of own common stock of 66,726 thousand shares which acquired based on ceiling on total number of shares available for acquisition resolved at the board of directors meetings held on January 31, 2014 and the acquisition of 11 thousand shares of the odd-lot shares. The decrease represents the cancellation of own common stock of 190,839 thousand shares which acquired based on ceiling on total number of shares available for acquisition as described Note (*1), disposal of 0 thousand shares of odd-lot shares and 1,345 thousand shares sold by ESOP-type Stock Benefit Trust for the Employee Shareholding Association to Employee Shareholdings Association of the Company. Number of shares at the beginning of the fiscal year and the end of the fiscal year include 7,618 thousand shares and 6,273 thousand shares, respectively, owned by ESOP-type Stock Benefit Trust for the Employee Shareholding Association.

(*4) The increase represents acquisition of own preferred stock of 127,000 thousand shares based on the ceiling on total number of shares available for acquisition as described Note (*2). Also, the decrease represents cancellation of own preferred stock of 127,000 thousand shares which acquired based on the ceiling on total number of shares available for acquisition as described Note (*2).

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2013, were as follows:

				(Shares in thousands)
		Changes during the fiscal year		
	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Issued stock:				
Common stock	2,514,957	—	—	2,514,957
Preferred stock:				
Class C No. 1 preferred stock	12,000	—	—	12,000
Class F No. 1 preferred stock	8,000	—	—	8,000
Class Three No. 1 preferred stock	225,000	—	—	225,000
Class Four preferred stock	2,520	—	—	2,520
Class Five preferred stock	4,000	—	—	4,000
Class Six preferred stock	3,000	—	—	3,000
Total	2,769,477	—	—	2,769,477
Treasury stock:				
Common stock	64,185	9,574	1,946	71,812 (*)

Note: (*) The increase represents the acquisition of 10 thousand shares of the odd-lot shares and the acquisition of 9,564 thousand shares by ESOP-type Stock Benefit Trust for the Employee Shareholding Association. The decrease represents the disposal of 0 thousand shares of odd-lot shares and 1,945 thousand shares sold by ESOP-type Stock Benefit Trust for the Employee Shareholding Association to Employee Shareholdings Association of the Company. Number of shares at the end of the fiscal year includes 7,618 thousand shares of common stock owned by ESOP-type Stock Benefit Trust for the Employee Shareholding Association.

Capital Stock—Summary of Stock Right

Common stock and preferred stock as of March 31, 2014, were as follows:

March 31, 2014	Number of shares						
Class of stock	Authorized(*4)	Issued(*1)	Liquidation value per share (Yen)	Convertible or not	Convertible period	Voting right	Conversion ratio or price
Common stock(*3)	**6,000,000,000**	**2,324,118,091**	**¥ —**	**No**	**Not applicable**	**Yes**	**Not applicable**
Class C No. 1 preferred stock(*2)(*3)	**12,000,000**	**12,000,000**	**5,000**	**Yes**	**To shareholders meeting for fiscal year ended March 31, 2018**	**No**	**¥1,501**
Class F No. 1 preferred stock(*2)(*3)	**8,000,000**	**8,000,000**	**12,500**	**Yes**	**To shareholders meeting for fiscal year ended March 31, 2018**	**No**	**¥3,240**
Class Three No. 1 preferred stock(*2)	**225,000,000**	**98,000,000**	**2,000**	**Yes**	**On or after July 1, 2010**	**Yes**	**¥ 512**
Class Four preferred stock	**2,520,000**	**2,520,000**	**25,000**	**No**	**—**	**No**	**—**
Class Five preferred stock	**4,000,000**	**4,000,000**	**25,000**	**No**	**—**	**No**	**—**
Class Six preferred stock	**3,000,000**	**3,000,000**	**25,000**	**No**	**—**	**No**	**—**

Notes: (*1) The number of shares—issued does not include the increase or decrease in shares resulting by conversion of preferred stocks after June 1, 2014 until the financial statement submission date.

(*2) The preferred stocks stated above are moving strike convertible securities. Above conversion prices of Class Three No. 1 preferred stock was revised on May 1, 2014.

(*3) Under the amendment to the Company's articles of incorporation that was approved at the shareholders meeting in June 2013 as a part of the "Public Funds Full Repayment Plan", separate from the usual preferred dividends, the special dividends of the aggregate of ¥12.0 billion on the Class C No. 1 preferred stocks and ¥20.0 billion on the Class F No. 1 preferred stocks were appropriated to the repayment in installments of public funds in June 2014.

(*4) In addition to the above, there are the authorized number of the shares for Class Seven preferred stock and Class Eight preferred stock is as follows as of March 31, 2014:

First Series of Class Seven preferred stock: 10,000,000 shares
Second Series of Class Seven preferred stock: 10,000,000 shares
Third Series of Class Seven preferred stock: 10,000,000 shares
Fourth Series of Class Seven preferred stock 10,000,000 shares

First Series of Class Eight preferred stock: 10,000,000 shares
Second Series of Class Eight preferred stock: 10,000,000 shares
Third Series of Class Eight preferred stock: 10,000,000 shares
Fourth Series of Class Eight preferred stock: 10,000,000 shares

The total number of authorized shares for the First through Fourth Series of Class Seven preferred stocks shall not exceed 10,000,000 shares in the aggregate. The total number of authorized shares for the First through Fourth Series of Class Eight preferred stocks shall not exceed 10,000,000 shares in the aggregate.

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

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

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

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

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

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

Cash Dividends Per Share

Cash dividends per share applicable to the fiscal years ended March 31, 2014 and 2013, and cash dividends per share paid for the fiscal years ended March 31, 2014 and 2013, were as follows:

	Cash dividends per share applicable to the fiscal year			Cash dividends per share paid during the fiscal year		
	Yen	Yen	U.S. dollars	Yen	Yen	U.S. dollars
	2014(*1)	2013(*2)	**2014**(*1)	**2014**(*2)	2013(*3)	**2014**(*2)
Class of stock						
Dividends from capital surplus:						
Class C No. 1 preferred stock	**¥1,000.00**	¥ —	**$ 9.71**	**¥ —**	¥ —	**$ —**
Class F No. 1 preferred stock	**2,500.00**	—	**24.29**	**—**	—	**—**
Dividends from retained earnings:						
Common stock	**¥ 15.00**	¥ 12.00	**$ 0.14**	**¥ 12.00**	¥ 12.00	**$ 0.11**
Class C No. 1 preferred stock	**68.00**	68.00	**0.66**	**68.00**	68.00	**0.66**
Class F No. 1 preferred stock	**185.00**	185.00	**1.79**	**185.00**	185.00	**1.79**
Class Three No. 1 preferred stock	**19.02**	21.04	**0.18**	**21.04**	21.38	**0.20**
Class Four preferred stock	**992.50**	992.50	**9.64**	**992.50**	992.50	**9.64**
Class Five preferred stock	**918.75**	918.75	**8.92**	**918.75**	918.75	**8.92**
Class Six preferred stock	**1,237.50**	1,237.50	**12.02**	**1,237.50**	1,237.50	**12.02**

Notes: (*1) Year-end cash dividends for the fiscal year ended March 31, 2014 were approved at the Board of Directors' meeting held on May 13, 2014.
(*2) Year-end cash dividends for the fiscal year ended March 31, 2013 were approved at the Board of Directors' meeting held on May 10, 2013.
(*3) Year-end cash dividends for the fiscal year ended March 31, 2012 were approved at the Board of Directors' meeting held on May 11, 2012.

Additional information—Public funds to be repaid for Class C No. 1 Preferred Stock and Class F No. 1 Preferred Stock

The Company and the Deposit Insurance Corporation of Japan signed a contract "Agreement on Handling of Shares as Public Funds" on June 21, 2013, which predicates that the aggregate amount to be repaid by the Company for the preferred stocks subscribed and owned by the Resolution and Collection Corporation is ¥160.0 billion ($1.5 billion) and the repayments will be implemented in the form of special preferred dividends for the preferred stocks. The aggregate amount to be repaid by the Company for the Class C No. 1 preferred stocks and Class F No. 1 preferred stocks as of the end of this fiscal year was ¥160.0 billion ($1.5 billion).

22. Interest Income and Expenses

Interest income and expenses for the fiscal years ended March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Interest income:			
Interest on loans and bills discounted	**¥392,555**	¥417,779	**$3,814**
Interest and dividends on securities	**54,691**	55,805	**531**
Interest on call loans and bills bought	**770**	568	**7**
Interest on receivables under securities borrowing transactions	**62**	27	**0**
Interest on due from banks	**4,317**	1,855	**41**
Other interest income	**20,434**	15,952	**198**
Total	**¥472,832**	¥491,990	**$4,594**
Interest expenses:			
Interest on deposits	**¥ 18,152**	¥ 23,866	**$ 176**
Interest on negotiable certificates of deposit	**1,317**	1,572	**12**
Interest on call money and bills sold	**689**	629	**6**
Interest on payables under repurchase agreements	**47**	38	**0**
Interest on payables under securities lending transactions	**546**	190	**5**
Interest on borrowed money	**2,422**	2,725	**23**
Interest on bonds	**17,926**	18,227	**174**
Other interest expenses	**1,717**	1,670	**16**
Total	**¥ 42,820**	¥ 48,920	**$ 416**

23. Trading Income

Trading income for the fiscal years ended March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Trading income:			
Income from trading securities	**¥ 851**	¥1,749	**$ 8**
Income from trading-related financial derivatives	**—**	1,210	**—**
Other trading income	**486**	583	**4**
Total	**¥1,338**	¥3,542	**$13**

Income from trading securities included net valuation gain of ¥136 million ($1 million) and ¥271 million for the fiscal years ended March 31, 2014 and 2013, respectively.

24. Other Operating Income and Expenses

Other operating income and expenses for the fiscal years ended March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Other operating income:			
Gains on foreign exchange transactions	**¥13,439**	¥16,857	**$130**
Gains on sales of Japanese government bonds and other	**20,363**	36,349	**197**
Other	**282**	259	**2**
Total	**¥34,085**	¥53,466	**$331**
Other operating expenses:			
Losses on sales of Japanese government bonds and other	**¥12,894**	¥ 3,839	**$125**
Losses on redemption of Japanese government bonds and other	**126**	1,511	**1**
Impairment losses on Japanese government bonds and other	**104**	476	**1**
Expenses for financial derivatives	**325**	6,358	**3**
Total	**¥13,450**	¥12,185	**$130**

25. Other Income and Expenses

Other income and expenses for the fiscal years ended March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Other income:			
Gains on sales of stocks and other securities	**¥ 31,846**	¥10,233	**$ 309**
Gains on disposal of fixed assets	**2,958**	1,132	**28**
Reversal of reserve for possible loan losses	**29,198**	39,214	**283**
Recoveries of written-off loans	**20,566**	12,508	**199**
Other	**24,110**	17,654	**234**
Total	**¥108,679**	¥80,743	**$1,056**
Other expenses:			
Write-offs of loans	**¥ 23,979**	¥35,175	**$ 233**
Losses on sales of stocks and other securities	**8,875**	3,751	**86**
Impairment losses on stocks and other securities	**324**	14,049	**3**
Losses on disposal of fixed assets	**1,379**	1,237	**13**
Impairment losses on fixed assets	**1,662**	679	**16**
Other	**20,397**	17,018	**198**
Total	**¥ 56,619**	¥71,912	**$ 550**

26. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 37.97% for the fiscal years ended March 31, 2014 and 2013.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Deferred tax assets:			
Write-downs of securities	**¥ 780,013**	¥ 800,618	**$ 7,579**
Reserve for possible loan losses and write-offs of loans	**186,620**	236,177	**1,813**
Reserve for employees' retirement benefits	**—**	43,998	**—**
Net defined benefit liability	**54,155**	—	**526**
Tax loss carryforwards	**23,912**	31,614	**232**
Other	**81,273**	85,366	**789**
Gross deferred tax assets	**1,125,976**	1,197,775	**10,941**
Less: valuation allowance	**(886,938)**	(924,102)	**(8,618)**
Total deferred tax assets	**239,037**	273,672	**2,322**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**(80,818)**	(63,213)	**(785)**
Deferred gains on hedges	**(15,619)**	(20,373)	**(151)**
Gains on securities transferred to employees' retirement benefit trust	**(2,815)**	(4,059)	**(27)**
Dividends receivable	**(2,195)**	(1,993)	**(21)**
Other	**(8,908)**	(8,003)	**(86)**
Total deferred tax liabilities	**(110,357)**	(97,643)	**(1,072)**
Net deferred tax assets	**¥ 128,680**	¥ 176,029	**$ 1,250**

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2014 and 2013, were as follows:

	2014	2013
Normal effective statutory tax rate	**37.97%**	37.97%
Expiration of tax loss carryforward	**0.93**	1.39
Change in valuation allowance	**(12.39)**	(37.47)
Lower tax rates applicable to income of subsidiaries	**(1.33)**	(1.28)
Dividends exempted for income tax purposes	**(0.74)**	(0.75)
Decrease in deferred tax assets due to change in tax rates	**1.42**	—
Other	**1.25**	1.52
Effective tax rate	**27.10%**	1.36%

Changes in tax rates used to determine deferred tax assets and liabilities

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from 37.97% to 35.59%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥4,438 million ($43 million) and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥4,438 million ($43 million).

27. Lease Transactions

(1) Lessee

(a) Finance lease transactions

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

(b) Operating lease transactions

As of March 31, 2014 and 2013, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Due within one year	**¥ 3,777**	¥ 3,921	**$ 36**
Due after one year	**17,185**	20,643	**166**
Total	**¥20,963**	¥24,565	**$203**

(2) Lessor

(a) Operating lease transactions

As of March 31, 2014 and 2013, future minimum lease receipts including interest income under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Due within one year	**¥ 46**	¥ 85	**$0**
Due after one year	**455**	553	**4**
Total	**¥502**	¥638	**$4**

28. Financial Instruments and Related Disclosures

I. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

As a financial service group comprising three commercial banks with consolidated assets of approximately ¥44 trillion, the Group aims to render useful financial services to customers and provides various financial instruments corresponding to the customer needs. In addition, the Group utilizes financial instruments for risk-taking and risk-control in order to improve its profitability and secure soundness of operations.

The Group responds to customers' funding needs through providing credit such as lending, loans, undertaking private placement bonds and guarantees to individuals and corporate customers. It holds bonds such as Japanese government bonds as stable investments and securities such as stocks for keeping strong relationship with customers. Recently the Group began providing interest rate-related and currency-related derivatives to meet sophisticated and diversified customer needs.

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

Asset and Liability Management (ALM) is in place to manage the interest rate gap between short-term and long-term and interest fluctuation risk resulting from its investment and funding activities, and to improve profitability management across business divisions. As part of ALM, the Group executes derivative transactions, which are designated to hedge the interest rate gap between short-term and long-term and interest fluctuation risks, as well as covering transactions related to customers' derivative contracts.

Certain consolidated subsidiaries and affiliates conduct domestic banking services such as credit guarantee, and foreign banking services under foreign regulations.

(2) Type of and risks associated with financial instruments

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

The Group's primary geographical business area is mainly the metropolitan areas of Tokyo and Saitama, and the Kansai region mainly Osaka. Loans to small-to-mid-size companies and individual mortgages comprise a significant portion of our credit portfolio. These loans are exposed to credit risks in which the Group may suffer losses due to a decline or the disappearance of an asset's value as a result of deterioration of the financial position of obligors.

(b) Type of and risks associated with securities

Securities, which each bank of the Group holds, are bonds, stocks, investment trusts, investment trusts in partnership and specified purpose funds. The Group holds them to promote business in addition to net investments and smooth cash flow operation. Japanese government bonds occupy 70% and 73% of securities as of March 31, 2014 and 2013, respectively.

Securities are exposed to market risks in which the Group may suffer losses due to changes in values of assets and liabilities or revenues generated from them by variance of risk factors such as interest rate, stock market and foreign exchange market, and credit risks in which the Group may suffer losses due to a decline or the disappearance of asset's value as a result of deterioration of the financial position of obligors.

(c) Type of and risks associated with derivative transactions

The Group utilizes derivative instruments such as interest rate-related products, currency-related products, stock-related products and bond-related products.

- Interest rate-related products: futures, future options, forward rate agreements, swaps and options
- Currency-related products: forward exchange contracts, swaps and options
- Stock-related products: index futures, index options and over-the-counter options
- Bond-related products: futures, future options and over-the-counter options

Derivative transactions are essential to satisfy the sophisticated and diverse financial needs of customers and to control various risks to which each bank of the Group is exposed. The Group's basic policy is to execute derivative transactions in line with its business strategy and resources under the appropriate risk management system after accurately identifying risks associated with the transactions.

Each bank of the Group executes derivative transactions in order to respond to customers' risk hedging needs, hedging risks of financial assets and liabilities, and for trading purposes.

(i) Customers' risk hedging needs

Customers are exposed to various risks and, accordingly, their needs to hedge these risks are essential and diverse. One of the primary purposes of derivative transactions for each bank of the Group is to provide customers with financial products which enable them to achieve their objectives of hedging and mitigating risks. Each bank of the Group develops a variety of derivatives and makes an effort to increase its ability to provide those financial products in order to offer sophisticated financial solutions to customers.

Derivative transactions may, however, result in significant losses to customers depending upon the design and nature of the products. Accordingly, in offering such products to customers, each bank of the Group follows strict guidelines which ensure that:

- Sufficient explanation of the products and associated risks
  Customers are given sufficient explanation on the nature of products and their risks in writing. A description of the product, structure, hedge effectiveness (including explanation of which customers would not be able to gain expected economic effects and which the economic effects from the hedge transactions would be against customers' interests), market risk and credit risk associated with the product are required to be included in the explanation documents (proposal, written explanation of derivative risks).
  Customers are given explanation in accurate and simplified terms instead of difficult technical terms. Customers are given cooperation to confirm completeness of the explanation and full understanding by using designated documents with check column.
- Customers' responsibility and capability to enter into a transaction
  Customers are ready to take responsibility for the products fully, and are capable and willing to enter into the transactions based on their own judgement.
  Customers are not engaged in transactions which are recognized as improper from the points of transaction amount, term, and level of risk of view, according to customers' knowledge, experience, assets, purpose of transaction, capacity to meet loss and internal management systems.
- Providing relevant fair value information
  Customers are provided with relevant fair value information (i.e., unrealized gains and losses on customers' positions) to assist them in evaluating the products and transactions, periodically or whenever considered necessary.

(ii) Hedging risks of financial assets and liabilities

Each bank of the Group uses derivatives to manage interest rate and foreign currency risks associated with various financial assets and liabilities, such as loans and deposits. Each bank of the Group uses fair value hedges to protect the fair value of assets and liabilities against risks such as interest rate fluctuations, and cash flow hedges to ensure future cash flows from their variability on an individual and a portfolio basis. As for foreign currency risks, each bank of the Group uses foreign currency hedges to protect future fair value of assets and liabilities against risks such as foreign currency fluctuations.

Derivative transactions designated as hedges are strictly monitored by assessing hedge effectiveness periodically in accordance with the relevant hedge accounting guidelines.

For a portfolio hedge of interest rate risks, hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge, hedge effectiveness is assessed individually. For a foreign currency hedge, hedge effectiveness is assessed by confirming that the principal and interest amount of receivables and liabilities denominated in foreign currencies exceed the principal and interest amount of hedging instruments.

(iii) Trading activities

Each bank of the Group engages in trading activities to earn profits by taking advantage of short-term fluctuations in market indices or market gaps.

Risks associated with derivative transactions are credit risks and market risks. Each bank of the Group determines and monitors credit exposures by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with the on-balance sheet transactions such as loans, and the Loan and Credit Division, independent from Market Divisions and Operation Divisions, establishing individual credit limits. The division reviews the transaction and credit limits applicable to each of the counterparties, on an on-going basis, in response to the changes in creditworthiness of the counterparties.

Refer to following (3) (b) "Market risk management."

(d) Type of and risks associated with financial liabilities

Each bank of the Group raises funds through acceptance of customer deposits, funding in the market and issuing bonds. Customer deposits comprise 83% and 86% of liabilities as of March 31, 2014 and 2013, respectively. Liabilities are exposed to liquidity risk and may be difficult to fund based on the fluctuation of the financial economic environment.

(e) Type of and risks associated with non-banking subsidiaries and affiliates accounted for by the equity method

Non-banking subsidiaries and affiliates accounted for by the equity method include Resona Guarantee Co., Ltd. which conducts a credit guarantee business and Resona Card Co., Ltd. which conducts a credit card administration and credit guarantee business. They are exposed to credit risk and market risk related to each business activity.

(3) Risk management system related to financial instruments

The Company has established the Group Risk Management Policy that serves as the basic risk management policy. Based on the policy and operational characteristics, each bank of the Group established its own risk management policy "Basic Policy for Risk Management," approved by the Board of Directors of each bank of the Group, including basic policies for credit risk management, market risk management and liquidity risk management. In accordance with the Basic Policy for Risk Management, each bank of the Group manages risks and establishes detailed rules over risk management activities.

Each bank of the Group plans and conducts internal audits depending on the degree of intrinsic risks and the risk management system.

(a) Credit risk management

In accordance with the Basic Policy for Risk Management, Credit Risk Management-related Departments, independent from sales promotion-related divisions, are responsible for determining and monitoring credit exposures at each bank of the Group. As an organization responsible for credit risk management, each bank of the Group sets up Credit Committee and Credit Risk Management-related Departments, which include the Credit Risk Management Division, Credit Analysis Division and Administration of Problem Loans. The Credit Committee has been established to resolve, discuss and report significant credit matters as a whole. The Credit Risk Management Division is a division to propose policies and procedures over credit rating and a framework necessary for appropriate credit risk management such as credit analysis. The Credit Analysis Division is a division to review operational and financial conditions, qualitative factors, funding purpose, repayment plan, etc. of counterparties, and determine credit exposures by considering the nature of risks associated with the transaction appropriately. The Administration of Problem Loans is a division to understand the business condition of the counterparties with problems and engage in rehabilitation, resolution and correction of the business.

To reduce credit risks, each bank of the Group makes an effort to include "offsetting" provisions of credit claims (i.e., unsecured portion of loans) into debt obligations (i.e., non-collateralized deposits) in case of customers' insolvency under banking account agreements with customers. Collateral is composed of deposits with each bank of the Group, bonds such as Japanese government bonds and securities such as listed corporate stocks, commercial bills, and real estate. Other than the collateral, each bank of the Group reduces credit risks by utilizing guarantees, contracts to offset loans and deposits on each bank of the Group without collateral, and negotiated netting contracts of derivative transactions and repurchase transactions. Each bank of the Group controls credit risks within certain amounts by measuring credit risks from the perspective of managing the whole credit portfolio and setting credit limits.

(b) Market risk management

(i) Market risk management system

In accordance with the Basic Policy for Risk Management, each bank of the Group established the Risk Management Division (middle-office) and Office Management Division (back-office), independent from Transaction Divisions (front-office), to enable mutual checks and balances. The ALM Committee has been established to manage changes and conditions of funding, revenue, risk and cost, and to discuss and report corresponding actions to the circumstances.

Each bank of the Group establishes policies such as "Market Risk Management Policy" to manage market risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

As for market risks resulting from fair market valuation of transactions or changes in risk factors such as interest, market prices, and foreign currency exchange, each bank of the Group measures risk exposures by Value at Risk ("VaR"), establishes limits of risk exposure, limits of loss and limits of sensitivity by product, and monitors those observance conditions. In addition, each bank of the Group regularly measures potential loss amounts based on stress-scenario testing.

Each bank of the Group monitors and reports to management about risk exposures and profit/loss conditions, including observance of the conditions of the credit limits. It also leads checks and balances by the Risk Management Division (middle-office) to the Transaction Divisions (front-office).

(ii) Quantitative information on market risk

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

Risk exposures of certain products and affiliated companies are excluded from the market risk exposure of the Group, as the effect is confirmed to be immaterial.

(Trading)

The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposure of the Group in the trading operation as of March 31, 2014 and 2013 is ¥1,031 million ($10 million) and ¥2,717 million, respectively.

(Banking)

In the banking operation, each bank of the Group deals with financial instruments other than those held for trading and securities held for the purpose of strategic investment, and any other assets and liabilities. The Group adopts a historical simulation method (holding period is 20 or 125 business days, confidence interval is 99%, observation period is 1,250 business days) in order to measure VaR associated with the banking operation. The market risk exposure of the Group in the banking operation as of March 31, 2014 and 2013 is ¥44,693 million ($434 million) and ¥61,880 million, respectively.

(Securities held for the purpose of strategic investment)

Each bank of the Group measures VaR or manages risks associated with securities held for the purpose of strategic investment separately from the trading and the banking operation. The Group adopts a historical simulation method (holding period is 125 business days, confidence interval is 99%, observation period is 250 and 1,250 business days) in order to measure VaR associated with securities held for the purpose of strategic investment, and measures risk exposure by considering unrealized gains/losses and impairment risks. The market risk exposure of the Group on the securities held for the purpose of strategic investment as of March 31, 2014 and 2013 is ¥24,580 million ($238 million) and ¥56,078 million, respectively.

(Verification system of VaR)

Each bank of the Group performs a backtesting which reconciles VaR measured by the model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of the risk measurement model.

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

(c) Liquidity risk management

In accordance with the Basic Policy for Risk Management, each bank of the Group has established the Cash Management Division and the Liquidity Risk Management Division, to enable mutual checks and balances. The ALM Committee and the Liquidity Risk Management Committee monitor and report to management timely and appropriately.

Each bank of the Group establishes policies such as the "Liquidity Risk Management Policy" to manage liquidity risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

For cash flow management, each bank of the Group establishes liquidity risk phases (normal and 3 levels under emergency condition) and carries out corresponding actions at each phase determined in advance.

Each bank of the Group monitors liquidity risks by defining a key indicator for liquidity risk management based on its size and nature of the business and circumstances over a liquidity risk. Each bank of the Group establishes guidelines of a key indicator for liquidity risk management as necessary.

As for market liquidity risks in which each bank of the Group may suffer losses because it cannot make transactions on market or is forced to make significantly unfavorable transactions due to market turmoil, each bank of the Group monitors conditions of the market liquidity risk on a regular basis.

(4) Supplementary explanation relating to fair value of financial instruments and other

The fair value of financial instruments includes, in addition to the value determined based on the market price, a value calculated on a reasonable basis if no market price is available. Certain assumptions are used for the calculation of such amount. Accordingly, the result of such calculation may vary if different assumptions are used. Refer to "(Note 1) Calculation method of fair value of financial instruments" on "II. Fair value of financial instruments" for certain assumptions. Fair value of financial instruments does not include transactions not recognized on consolidated balance sheet, such as an investment trust sold to a customer.

II. Fair value of financial instruments

Amount on consolidated balance sheet, fair values and differences between them as of March 31, 2014 and 2013 were as follows. Non-marketable securities whose fair values cannot be reliably determined such as non-listed equity securities are not included in the table below:

	Millions of yen		
March 31, 2014	Amount on consolidated balance sheet	Fair value	Difference
Cash and due from banks	**¥ 6,471,899**	**¥ 6,471,899**	**¥ —**
Call loans and bills bought	**154,318**	**154,318**	**—**
Monetary claims bought[*1]	**332,637**	**333,105**	**467**
Trading assets:			
Trading securities	**289,964**	**289,964**	**—**
Securities:			
Held-to-maturity debt securities	**2,150,742**	**2,218,592**	**67,850**
Available-for-sale securities	**6,468,044**	**6,468,044**	**—**
Loans and bills discounted	**26,701,668**	**—**	**—**
Reserve for possible loan losses[*1]	**(231,450)**	**—**	**—**
	26,470,218	**26,710,648**	**240,429**
Foreign exchange assets[*1]	**72,757**	**72,757**	**—**
Total assets	**¥42,410,581**	**¥42,719,329**	**¥308,747**
Deposits	**¥35,745,906**	**¥35,747,188**	**¥ 1,281**
Negotiable certificates of deposit	**1,949,860**	**1,949,868**	**8**
Call money and bills sold	**854,793**	**854,793**	**—**
Payables under repurchase agreements	**38,994**	**38,994**	**—**
Payables under securities lending transactions	**49,891**	**49,891**	**—**
Borrowed money	**1,081,701**	**1,082,740**	**1,039**
Foreign exchange liabilities	**1,173**	**1,173**	**—**
Bonds	**696,418**	**733,091**	**36,672**
Due to trust account	**533,844**	**533,844**	**—**
Total liabilities	**¥40,952,585**	**¥40,991,587**	**¥ 39,001**
Derivative transactions[*2]:			
Hedge accounting not applied	**¥ 27,914**	**¥ 27,914**	**¥ —**
Hedge accounting applied	**45,144**	**44,842**	**(301)**
Total derivative transactions	**¥ 73,058**	**¥ 72,757**	**¥ (301)**

	Millions of yen	
	Contractual amount	Fair value
Other		
Guarantee contract[*3]	**¥ 490,552**	**¥ (11,456)**

	Millions of yen		
March 31, 2013	Amount on consolidated balance sheet	Fair value	Difference
Cash and due from banks	¥ 3,386,146	¥ 3,386,146	¥ —
Call loans and bills bought	183,822	183,822	—
Monetary claims bought(*1)	376,495	377,413	917
Trading assets:			
Trading securities	423,196	423,196	—
Securities:			
Held-to-maturity debt securities	2,224,794	2,301,206	76,412
Available-for-sale securities	7,870,288	7,870,288	—
Loans and bills discounted	26,490,121		
Reserve for possible loan losses(*1)	(271,858)		
	26,218,263	26,523,290	305,027
Foreign exchange assets(*1)	67,782	67,782	—
Total assets	¥40,750,788	¥41,133,145	¥382,357
Deposits	¥35,384,871	¥35,387,983	¥ 3,112
Negotiable certificates of deposit	1,301,400	1,301,400	0
Call money and bills sold	250,602	250,602	—
Payables under repurchase agreements	38,992	38,992	—
Borrowed money	671,869	673,472	1,602
Foreign exchange liabilities	1,463	1,463	—
Bonds	716,429	753,376	36,947
Due to trust account	448,793	448,793	—
Total liabilities	¥38,814,424	¥38,856,086	¥ 41,662
Derivative transactions(*2):			
Hedge accounting not applied	¥ 26,780	¥ 26,780	¥ —
Hedge accounting applied	41,425	41,223	(201)
Total derivative transactions	¥ 68,206	¥ 68,004	¥ (201)

	Millions of yen	
	Contractual amount	Fair value
Other		
Guarantee contract(*3)	¥ 539,855	¥ (12,722)

March 31, 2014	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Fair value	Difference
Cash and due from banks	$ 62,888	$ 62,888	$ —
Call loans and bills bought	1,499	1,499	—
Monetary claims bought(*1)	3,232	3,236	4
Trading assets:			
Trading securities	2,817	2,817	—
Securities:			
Held-to-maturity debt securities	20,899	21,558	659
Available-for-sale securities	62,851	62,851	—
Loans and bills discounted	259,466	—	—
Reserve for possible loan losses(*1)	(2,249)	—	—
	257,217	259,553	2,336
Foreign exchange assets(*1)	706	706	—
Total assets	$412,113	$415,113	$3,000
Deposits	$347,351	$347,363	$ 12
Negotiable certificates of deposit	18,947	18,947	0
Call money and bills sold	8,306	8,306	—
Payables under repurchase agreements	378	378	—
Payables under securities lending transactions	484	484	—
Borrowed money	10,511	10,521	10
Foreign exchange liabilities	11	11	—
Bonds	6,767	7,123	356
Due to trust account	5,187	5,187	—
Total liabilities	$397,945	$398,324	$ 378
Derivative transactions(*2):			
Hedge accounting not applied	$ 271	$ 271	$ —
Hedge accounting applied	438	435	(2)
Total derivative transactions	$ 709	$ 706	$ (2)

	Millions of U.S. dollars	
	Contractual amount	Fair value
Other		
Guarantee contract(*3)	$ 4,766	$ (111)

Notes: (*1) Reserve for possible loan losses corresponding to loans and bills discounted are deducted. Specific reserve for possible loan losses corresponding to monetary claims bought and foreign exchange assets are excluded from the amount on consolidated balance sheet directly due to immateriality.

(*2) Derivative financial instruments included in trading assets/liabilities and other assets/liabilities are presented in total. Assets (positive amount) and liabilities (negative amount) arising from derivative transactions are presented on a net basis.

(*3) Contractual amount of guarantee contract is equal to acceptances and guarantees in the consolidated balance sheets.

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

Assets

Cash and due from banks

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

Call loans and bills bought

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

Monetary claims bought

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

Trading assets

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

Securities
Fair values of stocks are based on the one month weighted average of the market prices prior to the end of the fiscal year. Fair values of bonds (excluding private placement bonds) are based on the values calculated by statistics released from the Japan Securities Dealers Association or prices provided by financial institutions. Fair values of investment trusts are based on the disclosed net asset value. Fair values of private placement bonds are, in principle, determined by discounting the principal and interest amount with the interest rate used for new issuances for each category based on the internal rating. Refer to Note 5 "Securities" for note on the purpose of holding those securities.

Loans and bills discounted
For fair values of loans with floating interest rates reflecting the market interest rates in a short-term period, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts, unless creditworthiness of borrowers has changed significantly since the loan was executed. For fair values of loans with fixed interest rates, fair values are determined by discounting the principal and interest amount with the interest rate used for new loans for each category of loan, internal rating and loan period. For fair values of loans by maturity within one year, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts.

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

For fair values of the loans and bills discounted, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of pledged assets, the Group deems the carrying amounts to be fair value since fair values are expected to approximate carrying amounts based on the estimated loan periods, interest rates and other conditions.

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

Liabilities

Deposits and negotiable certificates of deposit
For fair values of demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., carrying amounts) to be fair values. Fair values of time deposits and negotiable certificates of deposit are calculated by classifying them based on their terms and discounting the future cash flows. Discount rates used in such calculations are the interest rates that would be applied to newly accepted deposits. For fair values of deposits by maturity within one year, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts.

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

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

Foreign exchange liabilities
Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident yen deposits are deposits without maturity (due to other foreign banks). Foreign currency short-term borrowed money have short contract terms (one year or less). Thus, their carrying amounts are presented as fair values for these contracts as the fair values approximate such carrying amounts.

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

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

Derivative transactions
Refer to Note 29 "Derivatives" for note on the derivative transactions.

Other

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

For the guarantee to bankrupt obligors, effectively bankrupt obligors and borrowers with high probability of becoming insolvent, the Group deems the present values, which is calculated based on the estimated future cash flow or recoverable amounts from collateral and guarantee, as fair values.

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

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

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Unlisted stocks(*1) (*2)	**¥62,373**	¥68,988	**$606**
Investments in partnerships(*2) (*3)	**17,304**	17,527	**168**
Total	**¥79,678**	¥86,516	**$774**

Notes: (*1) Unlisted stocks do not carry quoted market prices. Since the fair values of these securities cannot be reliably determined, their fair values are not disclosed. Unlisted stocks are amount before reserve for possible losses on investments and the total of both domestic and foreign securities.

(*2) For the fiscal year ended March 31, 2014, impairment losses of unlisted stocks and investments in partnerships were ¥75 million ($0 million) and ¥237 million ($2 million), respectively. For the fiscal year ended March 31, 2013, impairment losses of unlisted stocks was ¥756 million.

(*3) Investments in partnerships contain assets such as unlisted stocks which do not carry quoted market prices. Since the fair values of these securities cannot be reliably determined, their fair values are not disclosed. Investments in partnerships are the total of both domestic and foreign assets.

(Note 3) Maturity analysis for financial assets and liabilities with contractual maturities

	Millions of yen					
As of March 31, 2014	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	**¥ 5,958,186**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call loans and bills bought	**154,318**	**—**	**—**	**—**	**—**	**—**
Monetary claims bought	**236,283**	**—**	**—**	**—**	**—**	**96,482**
Securities:						
Held-to-maturity debt securities	**128,160**	**290,749**	**372,535**	**1,025,410**	**330,015**	**3,000**
Japanese government bonds	**95,000**	**200,000**	**284,300**	**945,200**	**180,000**	**3,000**
Japanese local government bonds	**31,561**	**86,815**	**86,275**	**80,160**	**150,015**	**—**
Japanese corporate bonds	**1,599**	**3,934**	**1,960**	**50**	**—**	**—**
Available-for-sale securities	**1,577,392**	**1,228,526**	**2,101,651**	**187,593**	**530,229**	**84,771**
Japanese government bonds	**1,383,000**	**749,500**	**1,799,400**	**50,000**	**416,000**	**45,000**
Japanese local government bonds	**12,649**	**25,853**	**79,294**	**47,790**	**33,567**	**—**
Japanese corporate bonds	**177,139**	**390,500**	**209,705**	**29,410**	**65,226**	**25,890**
Loans and bills discounted(*1)	**6,717,805**	**4,221,184**	**3,027,582**	**1,961,397**	**2,311,869**	**8,352,189**
Foreign exchange assets	**72,757**	**—**	**—**	**—**	**—**	**—**
Total assets	**¥14,844,904**	**¥5,740,460**	**¥5,501,770**	**¥3,174,401**	**¥3,172,114**	**¥8,536,443**
Deposits(*2)	**¥32,827,711**	**¥2,042,718**	**¥ 875,476**	**¥ —**	**¥ —**	**¥ —**
Negotiable certificates of deposit	**1,944,420**	**5,440**	**—**	**—**	**—**	**—**
Call money and bills sold	**854,793**	**—**	**—**	**—**	**—**	**—**
Payables under repurchase agreements	**38,994**	**—**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**49,891**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**741,461**	**301,417**	**493**	**38,313**	**15**	**—**
Foreign exchange liabilities	**1,173**	**—**	**—**	**—**	**—**	**—**
Bonds(*3)	**20,000**	**53,870**	**50,000**	**171,300**	**221,000**	**36,000**
Due to trust account	**533,844**	**—**	**—**	**—**	**—**	**—**
Total liabilities	**¥37,012,291**	**¥2,403,446**	**¥ 925,970**	**¥ 209,613**	**¥ 221,015**	**¥ 36,000**

As of March 31, 2013	Millions of yen One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	¥ 2,940,460	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	183,822	—	—	—	—	—
Monetary claims bought	251,086	220	—	—	—	125,459
Securities:						
Held-to-maturity debt securities	190,418	255,691	409,799	546,373	817,915	3,000
Japanese government bonds	165,000	177,000	323,300	486,300	667,900	3,000
Japanese local government bonds	24,224	75,236	84,954	60,061	150,015	—
Japanese corporate bonds	1,194	3,455	1,545	11	—	—
Available-for-sale securities	2,397,583	1,160,858	2,727,548	417,212	454,374	64,674
Japanese government bonds	2,187,830	750,200	2,121,000	200,400	349,000	34,000
Japanese local government bonds	11,281	20,139	78,224	45,330	59,648	—
Japanese corporate bonds	178,472	368,998	383,421	122,734	13,195	15,239
Loans and bills discounted(*1)	6,859,012	4,250,911	3,011,202	1,952,767	2,229,933	8,047,000
Foreign exchange assets	67,782	—	—	—	—	—
Total assets	¥12,890,165	¥5,667,683	¥6,148,550	¥2,916,352	¥3,502,222	¥8,240,133
Deposits(*2)	¥32,522,261	¥2,068,654	¥ 793,955	¥ —	¥ —	¥ —
Negotiable certificates of deposit	1,301,140	260	—	—	—	—
Call money and bills sold	250,602	—	—	—	—	—
Payables under repurchase agreements	38,992	—	—	—	—	—
Borrowed money	629,209	5,081	560	11,018	26,000	—
Foreign exchange liabilities	1,463	—	—	—	—	—
Bonds(*3)	32,700	42,700	80,000	121,300	271,000	36,000
Due to trust account	448,793	—	—	—	—	—
Total liabilities	¥35,225,163	¥2,116,696	¥ 874,515	¥ 132,318	¥ 297,000	¥ 36,000

As of March 31, 2014	Millions of U.S. dollars One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	**$ 57,897**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call loans and bills bought	**1,499**	**—**	**—**	**—**	**—**	**—**
Monetary claims bought	**2,296**	**—**	**—**	**—**	**—**	**937**
Securities:						
Held-to-maturity debt securities	**1,245**	**2,825**	**3,620**	**9,964**	**3,206**	**29**
Japanese government bonds	**923**	**1,943**	**2,762**	**9,184**	**1,749**	**29**
Japanese local government bonds	**306**	**843**	**838**	**778**	**1,457**	**—**
Japanese corporate bonds	**15**	**38**	**19**	**0**	**—**	**—**
Available-for-sale securities	**15,327**	**11,937**	**20,422**	**1,822**	**5,152**	**823**
Japanese government bonds	**13,438**	**7,283**	**17,485**	**485**	**4,042**	**437**
Japanese local government bonds	**122**	**251**	**770**	**464**	**326**	**—**
Japanese corporate bonds	**1,721**	**3,794**	**2,037**	**285**	**633**	**251**
Loans and bills discounted(*1)	**65,278**	**41,018**	**29,419**	**19,059**	**22,464**	**81,160**
Foreign exchange assets	**706**	**—**	**—**	**—**	**—**	**—**
Total assets	**$144,251**	**$55,781**	**$53,461**	**$30,846**	**$30,824**	**$82,950**
Deposits(*2)	**$318,994**	**$19,849**	**$ 8,507**	**$ —**	**$ —**	**$ —**
Negotiable certificates of deposit	**18,894**	**52**	**—**	**—**	**—**	**—**
Call money and bills sold	**8,306**	**—**	**—**	**—**	**—**	**—**
Payables under repurchase agreements	**378**	**—**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**484**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**7,204**	**2,928**	**4**	**372**	**0**	**—**
Foreign exchange liabilities	**11**	**—**	**—**	**—**	**—**	**—**
Bonds(*3)	**194**	**523**	**485**	**1,664**	**2,147**	**349**
Due to trust account	**5,187**	**—**	**—**	**—**	**—**	**—**
Total liabilities	**$359,656**	**$23,354**	**$ 8,997**	**$ 2,036**	**$ 2,147**	**$ 349**

Notes: (*1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥109,639 million ($1,065 million) and ¥139,293 million as of March 31, 2014 and 2013, respectively, are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.

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

(*3) Bonds without maturity dates, which amounted to ¥144,283 million ($1,402 million) and ¥132,778 million as of March 31, 2014 and 2013, respectively, are excluded from the above table.

29. Derivatives

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

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is not applied as of March 31, 2014 and 2013, were as follows:

(a) Interest rate-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2014						
Listed	Futures					
		Sold	**¥ 91,136**	**¥ 30,100**	**¥ 11**	**¥ 11**
		Bought	**30,488**	**—**	**(1)**	**(1)**
Over-the-counter	Swaps					
		Receive fixed/pay floating	**23,128,118**	**20,307,546**	**410,928**	**410,928**
		Receive floating/pay fixed	**22,764,009**	**19,817,405**	**(392,743)**	**(392,743)**
		Receive floating/pay floating	**5,376,280**	**4,746,280**	**5,528**	**5,528**
	Caps					
		Sold	**65,659**	**59,438**	**(984)**	**1,056**
		Bought	**—**	**—**	**—**	**—**
	Floors					
		Sold	**3,000**	**3,000**	**82**	**(38)**
		Bought	**78,159**	**74,121**	**1,582**	**1,439**
	Swaptions					
		Sold	**590,400**	**77,400**	**4,269**	**786**
		Bought	**877,200**	**32,200**	**7,199**	**(243)**
Consolidated related party	Swaps					
		Receive fixed/pay floating	**25,000**	**15,500**	**332**	**332**
Total					**¥ 29,472**	**¥ 27,057**

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2013						
Listed	Futures					
		Sold	¥ 9,340	¥ 6,997	¥ (0)	¥ (0)
		Bought	42,353	—	(7)	(7)
Over-the-counter	Swaps					
		Receive fixed/pay floating	24,187,972	19,634,454	466,246	466,246
		Receive floating/pay fixed	23,926,124	19,055,995	(458,519)	(458,519)
		Receive floating/pay floating	5,666,600	3,766,600	7,524	7,524
	Caps					
		Sold	92,003	89,838	(1,527)	1,573
		Bought	—	—	—	—
	Floors					
		Sold	9,000	3,000	209	(100)
		Bought	90,826	84,314	1,951	1,766
	Swaptions					
		Sold	2,721,000	191,000	4,791	2,258
		Bought	1,067,200	311,200	16,586	2,230
Consolidated related party	Swaps					
		Receive fixed/pay floating	61,400	18,000	142	142
Total					¥ 30,449	¥ 23,113

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2014						
Listed	Futures					
		Sold	**$ 885**	**$ 292**	**$ 0**	**$ 0**
		Bought	**296**	**—**	**(0)**	**(0)**
Over-the-counter	Swaps					
		Receive fixed/pay floating	**224,741**	**197,333**	**3,993**	**3,993**
		Receive floating/pay fixed	**221,203**	**192,570**	**(3,816)**	**(3,816)**
		Receive floating/pay floating	**52,242**	**46,120**	**53**	**53**
	Caps					
		Sold	**638**	**577**	**(9)**	**10**
		Bought	**—**	**—**	**—**	**—**
	Floors					
		Sold	**29**	**29**	**0**	**(0)**
		Bought	**759**	**720**	**15**	**13**
	Swaptions					
		Sold	**5,737**	**752**	**41**	**7**
		Bought	**8,523**	**312**	**69**	**(2)**
Consolidated related party	Swaps					
		Receive fixed/pay floating	**242**	**150**	**3**	**3**
Total					**$ 286**	**$ 262**

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

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2014						
Over-the-counter	Currency swaps		**¥1,535,143**	**¥1,298,621**	**¥(13,412)**	**¥ 144**
	Forward contracts					
		Sold	**510,812**	**123,230**	**(36,373)**	**(36,373)**
		Bought	**814,332**	**327,214**	**94,089**	**94,089**
	Currency options					
		Sold	**1,271,014**	**599,889**	**85,651**	**(19,101)**
		Bought	**1,218,183**	**549,737**	**39,749**	**(10,339)**
Total					**¥ (1,598)**	**¥ 28,420**
March 31, 2013						
Over-the-counter	Currency swaps		¥1,981,841	¥1,619,076	¥(18,634)	¥ 6,235
	Forward contracts					
		Sold	751,663	145,273	(47,146)	(47,146)
		Bought	1,050,264	428,537	78,960	78,960
	Currency options					
		Sold	1,723,290	935,614	87,231	5,067
		Bought	1,552,239	850,103	70,311	(6,598)
Total					¥ (3,740)	¥ 36,518

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2014						
Over-the-counter	Currency swaps		**$14,917**	**$12,618**	**$(130)**	**$ 1**
	Forward contracts					
		Sold	**4,963**	**1,197**	**(353)**	**(353)**
		Bought	**7,913**	**3,179**	**914**	**914**
	Currency options					
		Sold	**12,350**	**5,829**	**832**	**(185)**
		Bought	**11,837**	**5,341**	**386**	**(100)**
Total					**$ (15)**	**$276**

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

(c) Stock-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2013						
Listed	Index futures					
		Sold	¥26,601	¥—	¥(58)	¥(58)
		Bought	—	—	—	—
	Index options					
		Sold	5,233	—	5	26
		Bought	5,000	—	74	8
Total					¥ 10	¥(24)

Notes: 1 The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2 The fair value of listed contracts is based on the closing prices on Tokyo Stock Exchange, Inc.
3 There were no stock-related transactions for the fiscal year ended March 31, 2014.

(d) Bond-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2014						
Listed	Futures					
		Sold	**¥60,408**	**¥—**	**¥20**	**¥20**
		Bought	**—**	**—**	**—**	**—**
Over-the-counter	Options					
		Sold	**53,386**	**—**	**17**	**(1)**
		Bought	**53,386**	**—**	**38**	**13**
Total					**¥40**	**¥32**
March 31, 2013						
Listed	Futures					
		Sold	¥14,596	¥—	¥ 1	¥ 1
		Bought	3,636	—	—	—
	Future options					
		Sold	—	—	—	—
		Bought	3,997	—	22	5
Over-the-counter	Options					
		Sold	20,085	—	27	(18)
		Bought	40,257	—	63	10
Total					¥60	¥ (0)

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2014						
Listed	Futures					
		Sold	**$586**	**$—**	**$ 0**	**$ 0**
		Bought	**—**	**—**	**—**	**—**
Over-the-counter	Options					
		Sold	**518**	**—**	**0**	**(0)**
		Bought	**518**	**—**	**0**	**0**
Total					**$ 0**	**$ 0**

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

(2) Derivative transactions to which hedge accounting is applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is applied as of March 31, 2014 and 2013, were as follows:

(a) Interest rate-related transactions

				Millions of yen		
				Notional or contract amount		
Accounting method for hedge	Hedging instruments		Hedged items	Total	Over 1 year	Fair value
March 31, 2014						
Deferral hedge accounting	Swaps	Receive fixed/ pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	**¥2,375,404**	**¥2,275,404**	**¥ 84,200**
		Receive floating/ pay fixed		**711,224**	**651,224**	**(38,760)**
Special treatment of interest rate swaps	Swaps	Receive floating/ pay fixed	Loans	**20,069**	**15,500**	**(301)**
Total						**¥ 45,138**
March 31, 2013						
Deferral hedge accounting	Swaps	Receive fixed/ pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	¥1,780,050	¥1,725,050	¥101,594
		Receive floating/ pay fixed		840,713	709,772	(48,857)
Special treatment of interest rate swaps	Swaps	Receive floating/ pay fixed	Loans	26,555	13,131	(201)
Total						¥ 52,535

Accounting method for hedge	Hedging instruments		Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
March 31, 2014						
Deferral hedge accounting	Swaps					
		Receive fixed/ pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	**$23,082**	**$22,110**	**$818**
		Receive floating/ pay fixed		**6,911**	**6,328**	**(376)**
Special treatment of interest rate swaps	Swaps	Receive floating/ pay fixed	Loans	**195**	**150**	**(2)**
Total						**$438**

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

(b) Currency-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2014					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥318,219**	**¥143,858**	**¥ (295)**
March 31, 2013					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	¥270,031	¥144,935	¥(11,311)

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
March 31, 2014					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$3,092**	**$1,397**	**$(2)**

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

30. Retirement Benefit Plans

(1) Outline of the plans

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

The Company does not have a retirement benefit plan.

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment.

(2) Defined benefit plan (including the plan using the simplified method)

(a) The changes in defined benefit obligation for the fiscal year ended March 31, 2014, were as follows:

	Millions of yen	Millions of U.S. dollars
	2014	2014
Balance at the beginning of the fiscal year	¥393,770	$3,826
Current service cost	11,367	110
Interest cost	5,490	53
Actuarial losses	2,462	23
Benefits paid	(20,330)	(197)
Other	(51)	(0)
Balance at the end of the fiscal year	¥392,709	$3,816

Note: (*) Retirement benefit expenses for the consolidated subsidiaries which adopt the simplified method are all included in current service cost.

(b) The changes in plan assets for the fiscal year ended March 31, 2014, were as follows:

	Millions of yen	Millions of U.S. dollars
	2014	2014
Balance at the beginning of the fiscal year	¥383,910	$3,730
Expected return on plan assets	4,469	43
Actuarial gains	3,388	32
Contribution from the employer	11,835	115
Benefits paid	(13,323)	(129)
Balance at the end of the fiscal year	¥390,279	$3,792

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2014

	Millions of yen	Millions of U.S. dollars
	2014	2014
Funded plans defined benefit obligation	¥384,548	$3,736
Plan assets	(390,279)	(3,792)
Sub-total	(5,730)	(55)
Unfunded defined benefit obligation	8,160	79
Net liability for defined benefit obligation	¥ 2,429	$ 23
Net defined benefit liability	¥ 26,978	$ 262
Net defined benefit asset	(24,548)	(238)
Net liability for defined benefit obligation	¥ 2,429	$ 23

(d) The components of net periodic benefit costs for the fiscal year ended March 31, 2014, were as follows:

	Millions of yen	Millions of U.S. dollars
	2014	2014
Service cost	¥11,367	$110
Interest cost	5,490	53
Expected return on plan assets	(4,469)	(43)
Recognized actuarial gains or losses	(2,882)	(28)
Other	1,057	10
Net periodic benefit costs	¥10,564	$102

(e) Accumulated other comprehensive income (before tax effect) on defined retirement benefit plans as of March 31, 2014

	Millions of yen	Millions of U.S. dollars
	2014	**2014**
Unrecognized actuarial losses	**¥(53,417)**	**$(519)**

(f) Plan assets as of March 31, 2014

(i) Components of plan assets

Bonds	**52%**
Stocks	**8%**
Cash and Deposits and other	**40%**
Total	**100%**

Note: (*) Total plan assets include 37% of a segregated retirement benefit trust which is set up for corporate pension fund and lump-sum retirement benefit plans.

(ii) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(g) Assumptions used for the fiscal year ended March 31, 2014, were set forth as follows:

Discount rate	**1.4%**
Expected rate of return on plan assets	**2.0%**

The reserve for employees' retirement benefits as of March 31, 2013 is analyzed as follows:

	Millions of yen
	2013
Projected benefit obligation	¥(393,770)
Plan assets at fair value	383,910
Plan assets in excess of projected benefit obligation	(9,860)
Unrecognized actuarial loss	51,461
Net retirement benefit obligation	41,600
Prepaid pension cost	54,541
Reserve for employees' retirement benefits	¥ (12,940)

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

The components of retirement benefit expenses for the fiscal years ended March 31, 2013, were as follows:

	Millions of yen
	2013
Service costs(*)	¥10,228
Interest cost	7,207
Expected return on plan assets	(4,173)
Amortization of actuarial loss	7,119
Others (such as supplemental retirement benefit)	947
Retirement benefit expenses	¥21,328

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

The assumptions used in accounting for the plans in the fiscal years ended March 31, 2013, were as follows:

	2013
Discount rate	1.4%
Long-term expected rate of return on plan assets	2.0%
Method of attributing retirement benefits to periods of services	Straight-line basis
Amortization period of prior service cost(*1)	1 year
Amortization period of unrecognized actuarial gains and losses(*2)	10 years

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

31. Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income for the fiscal years ended March 31, 2014 and 2013, were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Net unrealized gains on available-for-sale securities			
Amount incurred during the fiscal year	**¥94,709**	¥148,055	**$920**
Reclassification adjustment	**(19,521)**	(21,864)	**(189)**
Prior to deducting tax effect	**75,187**	126,191	**730**
Tax effect	**(17,605)**	(31,830)	**(171)**
Net unrealized gains on available-for-sale securities	**¥57,582**	¥ 94,361	**$559**
Net deferred gains on hedges			
Amount incurred during the fiscal year	**¥ 7,633**	¥ 28,599	**$ 74**
Reclassification adjustment	**(20,369)**	(14,329)	**(197)**
Prior to deducting tax effect	**(12,736)**	14,270	**(123)**
Tax effect	**4,527**	(5,075)	**43**
Net deferred gains (losses) on hedges	**¥ (8,208)**	¥ 9,194	**$ (79)**
Revaluation reserve for land			
Amount incurred during the fiscal year	**¥ —**	¥ —	**$ —**
Reclassification adjustment	**—**	—	**—**
Prior to deducting tax effect	**—**	—	**—**
Tax effect	**(6)**	—	**(0)**
Revaluation reserve for land	**¥ (6)**	¥ —	**$ (0)**
Foreign currency translation adjustments			
Amount incurred during the fiscal year	**¥ 9,808**	¥ 14,597	**$ 95**
Reclassification adjustment	**—**	—	**—**
Prior to deducting tax effect	**9,808**	14,597	**95**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**¥ 9,808**	¥ 14,597	**$ 95**
Share of other comprehensive income of affiliates accounted for using equity method			
Amount incurred during the fiscal year	**¥ 4**	¥ (3)	**$ 0**
Total other comprehensive income	**¥59,180**	¥118,149	**$575**

32. Per Common Share Information

(1) Net income per share of common stock

Reconciliation of the differences between basic and diluted net income per share of common stock ("EPS") for the fiscal years ended March 31, 2014 and 2013, was as follows:

	Net income (Millions of yen)	Weighted-average shares (Thousands of shares)	EPS (Yen)	EPS (U.S. dollars)
March 31, 2014				
Basic EPS:				
Net income attributable to common stock	**¥206,594**	**2,302,727**	**¥ 89.71**	**$0.87**
Adjustments for the potential effect of dilutive securities:				
Convertible preferred stock	**4,159**	**940,883**		
Diluted EPS:				
Net income for computation	**¥210,754**	**3,243,611**	**¥ 64.97**	**$0.63**
March 31, 2013				
Basic EPS:				
Net income attributable to common stock	¥258,222	2,442,740	¥105.71	
Adjustments for the potential effect of dilutive securities:				
Convertible preferred stock	7,030	1,214,654		
Diluted EPS:				
Net income for computation	¥265,252	3,657,394	¥ 72.52	

Note: Average number of common shares during the period is after deductions of 1) the number of shares of the treasury stock and 2) the number of shares held by the ESOP Trust (6,924 thousands shares and 8,028 thousands shares as of March 31, 2014 and 2013, respectively).

(2) Net assets per share of common stock

Net assets per share of common stock as of March 31, 2014 and 2013, were as follows:

	Yen		U.S. dollars
	2014	2013	**2014**
Net assets per share of common stock	**¥552.89**	¥490.48	**$5.37**

Net assets per share of common stock as of March 31, 2014 and 2013, were calculated based on the following:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Total net assets	**¥1,956,412**	¥2,189,304	**$19,010**
Deductions from total net assets:			
Minority interests	**139,231**	126,072	**1,352**
Preferred stock	**594,000**	848,000	**5,772**
Preferred dividends	**14,048**	16,918	**136**
Net assets attributable to common stock at the end of the fiscal year	**¥1,209,132**	¥1,198,313	**$11,749**
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousands)	**2,186,913**	2,443,144	

Notes: (*1) The repayment scheme based on "Public funds full repayment plan" announced on May 10, 2013, is that the repayment of public fund will be implemented by special preferred dividends funded by other capital surplus. Then, regarding to Class C No. 1 preferred stock and Class F No. 1 preferred stock, the right to receive the distribution of residual assets (total amount is ¥160.0 billion) is not decreased by the special preferred dividends as described in Note 21. In order to represent the actual conditions of the repayment scheme, "Net assets attributable to common stock at the end of the fiscal year" was calculated after deducting the public funds to be repaid for the preferred stocks (¥160.0 billion for this fiscal year) from "Total net assets"(specifically, included in "Preferred stock" of "Deductions from total net assets"). The special preferred dividends of ¥32.0 billion, which record date is at the end of this fiscal year and is funded by other capital surplus, is not deducted from "Total net assets" to avoid duplicated deduction of public funds to be repaid impact described above.

(*2) The number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock is after deductions of 1) the number of treasury shares and 2) the number of shares held by ESOP-type Stock Benefit Trust for the Employee Shareholding Association (6,273 thousands shares and 7,618 thousands shares as of March 31, 2014 and 2013, respectively).

Accounting change for the fiscal year ended March 31, 2014—Retirement Benefits
The Group has adopted ASBJ Statement No. 26 "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25 "Guidance on Accounting Standard for Retirement Benefits", which were issued on May 17, 2012, since the end of this fiscal year (except the main clause of the Article 35 of this accounting standard and the main clause of the Article 67 of this guidance). The transitional treatment stated in Article 37 of this accounting standard was applied. As a result, net assets per share of common stock was decreased by ¥16.44 ($0.15) for the fiscal year ended March 31, 2014.

33. Segment Information

(1) Description of segments

(a) General information about segments

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

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

Principal operating activities of the segments are as follows:

Segment	Principal operating activity
Consumer banking	Mainly for individual customers, provide consulting services regarding consumer loan, asset management and asset succession
Corporate banking	Mainly for corporate customers, support their business growth by providing services regarding corporate loan, trust asset management, real estate business, corporate pension and asset succession
Market trading	In financial markets, transact in short-term lending, borrowing, bond purchase and sale, and derivatives trading

(b) Overview of segment profit and loss

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

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

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

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

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

(2) Basis for measurement of segment profit and loss

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

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

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

(3) Information about profit and loss of each segment

Profit and loss of each segment for the fiscal years ended March 31, 2014 and 2013, were as follows:

	Millions of yen					
	Consumer banking(*2)	Corporate banking(*3)	Market trading(*4)	Subtotal	Other(*5)	Total(*1)
March 31, 2014						
Gross operating profit	**¥259,755**	**¥283,989**	**¥51,913**	**¥595,658**	**¥(2,437)**	**¥593,221**
General and administrative expenses(*6)	**(173,896)**	**(153,090)**	**(8,825)**	**(335,812)**	**—**	**(335,812)**
Actual net operating profit	**85,859**	**130,884**	**43,088**	**259,832**	**(2,437)**	**257,395**
Credit cost	**1,781**	**26,130**	**—**	**27,911**	**—**	**27,911**
Net operating profit less credit cost	**¥ 87,640**	**¥157,015**	**¥43,088**	**¥287,744**	**¥(2,437)**	**¥285,307**
March 31, 2013						
Gross operating profit	¥258,616	¥286,416	¥73,969	¥619,002	¥(4,437)	¥614,564
General and administrative expenses(*6)	(174,192)	(154,762)	(9,880)	(338,835)	—	(338,835)
Actual net operating profit	84,423	131,635	64,089	280,147	(4,437)	275,710
Credit cost	(5,253)	20,262	—	15,009	—	15,009
Net operating profit less credit cost	¥ 79,169	¥151,897	¥64,089	¥295,156	¥(4,437)	¥290,719

	Millions of U.S. dollars					
	Consumer banking(*2)	Corporate banking(*3)	Market trading(*4)	Subtotal	Other(*5)	Total(*1)
March 31, 2014						
Gross operating profit	**$2,524**	**$2,759**	**$504**	**$5,788**	**$(23)**	**$5,764**
General and administrative expenses(*6)	**(1,689)**	**(1,487)**	**(85)**	**(3,263)**	**—**	**(3,263)**
Actual net operating profit	**834**	**1,271**	**418**	**2,524**	**(23)**	**2,501**
Credit cost	**17**	**253**	**—**	**271**	**—**	**271**
Net operating profit less credit cost	**$ 851**	**$1,525**	**$418**	**$2,796**	**$(23)**	**$2,772**

Notes: (*1) Total amount is aggregated by the figures of three consolidated subsidiary banks and three consolidated credit guarantee subsidiaries.
(*2) The consumer banking unit and the corporate banking unit contain operating results of the three credit guarantee subsidiaries.
(*3) Gross operating profit of corporate banking unit does not include credit costs incurred in trust accounts amounting to ¥13 million ($0 million) and ¥18 million of gain for the fiscal years ended March 31, 2014 and 2013, respectively.
(*4) Gross operating profit of the market trading unit contains some portion of gains/losses on equity securities.
(*5) “Other” includes all other departments, such as management office, which are not operating segments.
(*6) Depreciation expense is included in general and administrative expenses.

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

Reconciliation between the segment information and the consolidated financial statements for the fiscal years ended March 31, 2014 and 2013, was as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2013	**2014**
Total amount of segments	**¥287,744**	¥295,156	**$2,796**
Net losses of "Other"	**(2,437)**	(4,437)	**(23)**
Net non-recurring gains (losses) other than credit cost(*1)	**17,615**	(16,601)	**171**
Net extraordinary losses(*2)	**(2,816)**	(761)	**(27)**
Net other reconciliation items	**11,978**	10,992	**116**
Income before income taxes and minority interests	**¥312,085**	¥284,348	**$3,032**

Notes: (*1) Non-recurring gains (losses) other than credit cost include some portion of gains/losses on securities and retirement benefit expenses.
(*2) Net extraordinary losses include impairment loss.

(5) Additional information

(a) Information on services for the fiscal years ended March 31, 2014 and 2013

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

(b) Geographic information for the fiscal years ended March 31, 2014 and 2013

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

(c) Information on major customers for the fiscal years ended March 31, 2014 and 2013

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

34. Related Party Transactions

Major transactions and major balances for the fiscal years ended and as of March 31, 2014 and 2013, with related parties were as follows:

March 31, 2014		Transaction amount for the fiscal year			Balance at the end of the fiscal year	
Category and name of the related party	Description of the transactions	Millions of yen	Millions of U.S. dollars	Account name	Millions of yen	Millions of U.S. dollars
The Group's Directors and Officers and their close relatives	Loans(*)	**¥21**	**$0**	Loans and bills discounted	**¥20**	**$0**

Note: (*) The balance represents the housing loan originated by Resona Bank which is thirty-five-year terms and monthly equal instalments of principal and interest. The Group also has received real estate collateral. During the fiscal year, the debtor was no longer identified as related party. The disclosed amount above was the balance as of the date when the debtor was no longer identified as related party of the Group.

March 31, 2013		Transaction amount for the fiscal year			Balance at the end of the fiscal year	
Category and name of the related party	Description of the transactions	Millions of yen	Millions of U.S. dollars	Account name	Millions of yen	Millions of U.S. dollars
The Group's Directors and Officers and their close relatives	Loans(*1) (*2)	¥229	$2	Loans and bills discounted	¥238	$2
	Guarantee(*3)	229	2		238	2

Notes: (*1) ¥222 million of the balance represents the apartment loan originated by Resona Bank which is twenty-one-year terms and monthly equal instalments of principal and interest. Interest rate is reasonably determined based on the market rate. During the fiscal year, the three debtors were no longer identified as related parties. The disclosed amount above was the balance as of the date when the three debtors were no longer identified as related parties of the Group.

(*2) ¥13 million of the balance represents the apartment loan originated by Resona Bank with guarantee of Resona Guarantee Co., Ltd. ("Resona Guarantee"), which is thirty-year terms and monthly equal instalments of principal and interest. Interest rate is reasonably determined based on the market rate. During the fiscal year, the debtor was no longer identified as a related party. The disclosed amount above was the balance as of the date when the debtor was no longer identified as a related party of the Group.

(*3) The outside Director of Saitama Resona Bank and his relatives, identified as related parties, guarantee the apartment loan amounting ¥222 million that is originated by Resona Bank. The Group also has received real estate collateral. During the fiscal year, the four guarantors were no longer identified as a related party. The disclosed amount above was the balance as of the date when the four guarantors were no longer identified as a related party of the Group.

35. Subsequent Events

(1) Appropriation of retained earnings

On May 13, 2014, the Board of Directors approved payment of cash dividends to stockholders of record on March 31, 2014 as follows:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends of which dividends source were capital surplus:		
Class C No. 1 preferred stock, ¥1,000.00 ($9.71) per share	**¥12,000**	**$116.60**
Class F No. 1 preferred stock, ¥2,500.00 ($24.29) per share	**20,000**	**194.34**
Year-end cash dividends of which dividends source were retained earnings:		
Common stock, ¥15.00 ($0.14) per share(*)	**32,897**	**319.66**
Class C No. 1 preferred stock, ¥68.00 ($0.66) per share	**816**	**7.92**
Class F No. 1 preferred stock, ¥185.00 ($1.79) per share	**1,480**	**14.38**
Class Three No. 1 preferred stock, ¥19.02 ($0.18) per share	**1,863**	**18.10**
Class Four preferred stock, ¥992.50 ($9.64) per share	**2,501**	**24.30**
Class Five preferred stock, ¥918.75 ($8.92) per share	**3,675**	**35.71**
Class Six preferred stock, ¥1,237.50 ($12.02) per share	**3,712**	**36.07**
Total	**¥78,946**	**$767.13**

Note: (*) Year-end cash dividends for the fiscal year ended March 31, 2014 included ¥94 million ($0 million) of dividends paid to ESOP-type Stock Benefit Trust for the Employee Shareholding Association.

(2) Details of the establishment of the threshold for acquisition of own shares

At the meeting of the Board of Directors held on July 25, 2014, Resona Holdings, Inc. resolved to establish the threshold for acquisition of its own shares as described below, for all of the Class Three No. 1 preferred shares (the "Preferred shares") held by the Deposit Insurance Corporation of Japan in relation to the injection of public funds in the past, as part of the Public Funds Full Repayment Plan (the "Plan") formulated on May 10, 2013.

Class of shares subject to acquisition	Class Three No. 1 preferred shares
Total number of shares available for acquisition	98,000,000 shares (ceiling)
Total amount of the acquisition price of the shares	¥234,945.2 million ($2,283.0 million) (ceiling)
Description of the monies, etc., that will be delivered in exchange for the acquisition of the shares	Monies
Period of acquisition	July 25, 2014 to July 30, 2014

The Acquisition of the Preferred shares was implemented as part of the Plan, and it aims for the early repayment of the public funds pursuant to the Deposit Insurance Act. The public funds regarding the Preferred shares were planned to be repaid by March 2018 in accordance with the Plan, however, in light of favorable pace of accumulation of retained earnings, the company acquired the Preferred shares with a view to resolving the dilution risk in relation to the potential shares concerning the Preferred shares and realizing the enhancement of the value of common shares at an early date.

(3) Details of the acquisition and cancellation of own shares

The company acquired the Preferred shares above as its own shares on July 30, 2014, and cancelled on the same date.

Class of shares subject to acquisition	Class Three No. 1 preferred shares
Total number of shares to be acquired	98,000,000 shares
Amount of the acquisition price of the shares	¥2,397.40 ($23.29) per share
Total amount of the acquisition price of the shares	¥234,945.2 million ($2,283.0 million) (total)
Date of the acquisition	July 30, 2014

SUPPLEMENTARY FINANCIAL INFORMATION OF THE GROUP

CONTENTS

Non-consolidated Balance Sheet

Resona Holdings, Inc.

March 31, 2014	Millions of yen 2014	Millions of yen 2013	Millions of U.S. dollars 2014
Assets			
Current assets	**¥ 368,495**	¥ 327,106	**$ 3,580**
Cash and due from banks	**365**	435	**3**
Money held in trust	**193**	200	**1**
Securities	**275,300**	274,800	**2,675**
Prepaid expenses	**6**	6	**0**
Deferred tax assets	**118**	120	**1**
Accrued income	**3**	13	**0**
Other receivable	**22,595**	33,898	**219**
Accrued income tax refund	**69,912**	17,631	**679**
Non-current assets	**1,193,053**	1,192,750	**11,593**
Tangible fixed assets	**8**	10	**0**
Tools, furnitures and fixtures, net	**4**	5	**0**
Leased assets, net	**3**	4	**0**
Intangible fixed assets	**5**	9	**0**
Trademarks	**0**	0	**0**
Software	**5**	8	**0**
Investments and other assets	**1,193,038**	1,192,731	**11,593**
Investments in subsidiaries and affiliates	**1,116,174**	1,116,174	**10,846**
Long-term loans to subsidiaries and affiliates	**79,500**	79,500	**772**
Other	**2**	1	**0**
Reserve for possible losses on investments	**(2,638)**	(2,945)	**(25)**
Total Assets	**¥1,561,549**	¥1,519,857	**$15,173**
Liabilities			
Current liabilities	**¥ 2,289**	¥ 34,933	**$ 22**
Bonds scheduled for repayment within one year	**—**	30,000	**—**
Lease obligations	**1**	1	**0**
Other payable	**354**	684	**3**
Accrued expenses	**684**	645	**6**
Income taxes payable	**192**	2,626	**1**
Consumption taxes payable	**22**	45	**0**
Reserve for employees' bonuses	**465**	421	**4**
Other	**569**	509	**5**
Non-current liabilities	**382,074**	272,821	**3,712**
Bonds	**80,000**	80,000	**777**
Long-term debts to subsidiaries and affiliates	**302,071**	192,817	**2,935**
Lease obligations	**2**	3	**0**
Total Liabilities	**¥ 384,364**	¥ 307,754	**3,734**
Net assets			
Stockholders' equity	**¥1,177,184**	¥1,212,102	**$11,438**
Capital stock	**50,472**	340,472	**490**
Capital surplus	**512,683**	340,472	**4,981**
Other capital surplus	**462,210**	—	**4,491**
Capital reserve	**50,472**	340,472	**490**
Retained earnings	**699,883**	620,754	**6,800**
Treasury stock	**(85,855)**	(89,596)	**(834)**
Total Net Assets	**¥1,177,184**	¥1,212,102	**$11,438**
Total Liabilities and Net Assets	**¥1,561,549**	¥1,519,857	**$15,173**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.

Non-consolidated Statement of Income

Resona Holdings, Inc.

Year ended March 31, 2014	Millions of yen 2014	Millions of yen 2013	Millions of U.S. dollars 2014
Operating income	**¥453,476**	¥244,546	**$4,406**
Dividends from subsidiaries and affiliates	**447,381**	238,025	**4,347**
Fees from subsidiaries and affiliates	**4,325**	4,481	**42**
Interest on loans to subsidiaries and affiliates	**1,770**	2,039	**17**
Operating expenses	**6,852**	7,082	**66**
Interest on debts	**2,313**	2,152	**22**
Interest on bonds	**506**	760	**4**
Bond issuance costs	**—**	191	**—**
General and administrative expenses	**4,032**	3,977	**39**
Operating profits	**446,623**	237,463	**4,339**
Non-operating income	**512**	334	**4**
Interest income on securities	**82**	76	**0**
Fees and commissions	**108**	114	**1**
Reversal of reserve for possible losses on investments	**307**	116	**2**
Interest on tax refunds	**10**	25	**0**
Other	**3**	1	**0**
Non-operating expenses	**2,513**	65	**24**
Net income before income taxes	**444,623**	237,733	**4,320**
Income taxes—current	**(835)**	(75)	**(8)**
Income taxes—deferred	**1**	(23)	**0**
Net income	**¥445,456**	¥237,832	**$4,328**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.

Statement of Trust Assets and Liabilities

Based on the Law Concerning Concurrent Conduct of Trust Business Operations by Financial Institutions, Resona Bank, Limited is the only subsidiary which operates trust business.

Resona Holdings, Inc.	Millions of yen		Millions of U.S. dollars
March 31, 2014	2014	2013	2014
Assets			
Loans and bills discounted	¥ 43,862	¥ 53,412	$ 426
Securities	120	63	1
Beneficiary rights	22,563,199	21,969,982	219,251
Securities held in custody account	7,895	5,578	76
Monetary claims	297,118	372,080	2,887
Tangible fixed assets	444,689	500,550	4,321
Intangible fixed assets	2,004	2,024	19
Other claims	7,371	7,052	71
Due from banking account	533,844	448,793	5,187
Cash and due from banks	15,701	17,817	152
Total assets	¥23,915,807	¥23,377,357	$232,395
Liabilities			
Money trusts	¥ 7,022,390	¥ 7,030,744	$ 68,238
Pension trusts	3,696,076	3,502,401	35,915
Property formation benefit trusts	1,109	1,120	10
Securities investment trusts	11,786,070	11,205,133	114,527
Money entrusted other than money trusts	347,706	325,836	3,378
Securities trusts	33,736	166,568	327
Monetary claims trusts	317,816	382,789	3,088
Land and fixtures trusts	119,752	118,844	1,163
Land and fixtures lease trusts	2,810	2,814	27
Composite trusts	588,337	641,104	5,717
Total liabilities	¥23,915,807	¥23,377,357	$232,395

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.
3. Co-managed trust funds under other trust banks' administration amounted to ¥580,919 million ($5,644 million) and ¥655,712 million on March 31, 2014 and 2013, respectively.

Jointly Operated Designated Money Trusts (JOMTs)

Resona Holdings, Inc.	Millions of yen		Millions of U.S. dollars
March 31, 2014	2014	2013	2014
Assets			
Loans and bills discounted	¥ 43,862	¥ 53,412	$ 426
Other	514,693	440,123	5,001
Total assets	¥558,555	¥493,535	$5,427
Liabilities			
Principal	¥558,345	¥493,318	$5,425
Special loan loss reserve	134	161	1
Other	76	56	0
Total liabilities	¥558,555	¥493,535	$5,427

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.
3. Risk management loans (Trust account)

	Millions of yen		Millions of U.S. dollars
March 31	2014	2013	2014
Loans to borrowers in legal bankruptcy	¥ —	¥ 2	$ —
Past due loans	1,016	1,194	9
Loans past due three months or more	—	—	—
Restructured loans	7	1,995	0
Total	1,024	3,191	9
Total loans and bills discounted	¥43,862	¥53,412	$426

FINANCIAL INFORMATION OF RESONA BANK, LIMITED

Non-consolidated Balance Sheet

Resona Bank, Limited March 31, 2014	Millions of yen 2014	2013	Millions of U.S. dollars 2014
Assets			
Cash and due from banks	**¥ 3,777,886**	¥ 1,993,867	**$ 36,710**
Call loans	**62,082**	60,000	**603**
Monetary claims bought	**50,053**	62,806	**486**
Trading assets	**590,366**	756,460	**5,736**
Securities	**5,040,457**	5,785,124	**48,979**
Loans and bills discounted	**17,693,968**	17,440,713	**171,936**
Foreign exchange assets	**58,026**	55,586	**563**
Other assets	**829,390**	758,492	**8,059**
Tangible fixed assets	**216,626**	215,207	**2,105**
Intangible fixed assets	**36,624**	39,317	**355**
Prepaid pension cost	**57,707**	52,930	**560**
Deferred tax assets	**72,942**	131,933	**708**
Customers' liabilities for acceptances and guarantees	**292,716**	310,796	**2,844**
Reserve for possible loan losses	**(126,457)**	(158,540)	**(1,228)**
Total Assets	**¥28,652,391**	¥27,504,695	**$278,421**
Liabilities			
Deposits	**¥21,186,600**	¥21,282,538	**$205,875**
Negotiable certificates of deposit	**2,210,370**	1,579,190	**21,478**
Call money	**730,514**	202,188	**7,098**
Payables under repurchase agreements	**38,994**	38,992	**378**
Payables under securities lending transactions	**49,891**	—	**484**
Trading liabilities	**306,763**	347,375	**2,980**
Borrowed money	**905,370**	512,125	**8,797**
Foreign exchange liabilities	**4,774**	5,271	**46**
Bonds	**637,469**	615,603	**6,194**
Due to trust account	**533,844**	448,793	**5,187**
Other liabilities	**548,942**	761,152	**5,334**
Reserve for employees' bonuses	**10,660**	10,767	**103**
Other reserves	**27,022**	25,784	**262**
Deferred tax liabilities for land revaluation	**23,696**	23,690	**230**
Acceptances and guarantees	**292,716**	310,796	**2,844**
Total Liabilities	**¥27,507,634**	¥26,164,269	**$267,297**
Net assets			
Capital stock	**¥ 279,928**	¥ 279,928	**$ 2,720**
Capital surplus	**377,178**	377,178	**3,665**
Capital reserve	**279,928**	279,928	**2,720**
Other capital surplus	**97,250**	97,250	**945**
Retained earnings	**227,151**	474,934	**2,207**
Total stockholders' equity	**¥ 884,258**	¥ 1,132,042	**$ 8,592**
Net unrealized gains on available-for-sale securities	**190,897**	130,036	**1,854**
Net deferred gains on hedges	**28,388**	37,127	**275**
Revaluation reserve for land	**41,213**	41,219	**400**
Total valuation and translation differences	**¥ 260,498**	¥ 208,383	**$ 2,531**
Total Net Assets	**¥ 1,144,757**	¥ 1,340,426	**$ 11,123**
Total Liabilities and Net Assets	**¥28,652,391**	¥27,504,695	**$278,421**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.
3. The distributable amount available for dividends which is defined under the Companies Act was ¥324,401 million as of the end of March 2014. Of this amount, the Bank distributed ¥2,843 million as term-end dividends for its common and preferred stock shares.

Non-consolidated Statement of Income

Resona Bank, Limited

Year ended March 31, 2014	Millions of yen 2014	Millions of yen 2013	Millions of U.S. dollars 2014
Income			
Interest income	**¥297,983**	¥306,372	**$2,895**
Interest on loans and bills discounted	**244,928**	260,090	**2,380**
Interest and dividends on securities	**33,384**	32,185	**324**
Other interest income	**19,670**	14,097	**191**
Trust fees	**23,752**	21,657	**230**
Fees and commissions	**118,066**	111,290	**1,147**
Trading income	**860**	2,922	**8**
Other operating income	**25,118**	45,919	**244**
Other income	**84,187**	74,750	**818**
Total Income	**549,969**	562,913	**5,344**
Expenses			
Interest expenses	**33,796**	38,522	**328**
Interest on deposits	**10,603**	14,678	**103**
Other interest expenses	**23,192**	23,844	**225**
Fees and commissions	**50,727**	50,613	**492**
Trading expenses	**2,171**	1,357	**21**
Other operating expenses	**11,045**	9,765	**107**
General and administrative expenses	**214,916**	225,558	**2,088**
Other expenses	**30,922**	49,773	**300**
Total Expenses	**343,579**	375,591	**3,338**
Net income before income taxes	**206,389**	187,321	**2,005**
Income taxes—current	**8,426**	25,780	**81**
Income taxes—deferred	**44,489**	(44,035)	**432**
Net income	**¥153,473**	¥205,576	**$1,491**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.

Statement of Trust Assets and Liabilities

Resona Bank, Limited

March 31, 2014	Millions of yen 2014	Millions of yen 2013	Millions of U.S. dollars 2014
Assets			
Loans and bills discounted	¥ 43,862	¥ 53,412	$ 426
Securities	120	63	1
Beneficiary rights	22,563,199	21,969,982	219,251
Securities held in custody account	7,895	5,578	76
Monetary claims	297,118	372,080	2,887
Tangible fixed assets	444,689	500,550	4,321
Intangible fixed assets	2,004	2,024	19
Other claims	7,371	7,052	71
Due from banking account	533,844	448,793	5,187
Cash and due from banks	15,701	17,817	152
Total assets	¥23,915,807	¥23,377,357	$232,395
Liabilities			
Money trusts	¥ 3,902,044	¥ 3,894,454	$ 37,917
Specified money in trust	3,120,345	3,136,289	30,321
Pension trusts	3,696,076	3,502,401	35,915
Property formation benefit trusts	1,109	1,120	10
Securities investment trusts	11,786,070	11,205,133	114,527
Money entrusted other than money trusts	347,706	325,836	3,378
Securities trusts	33,736	166,568	327
Monetary claims trusts	317,816	382,789	3,088
Land and fixtures trusts	119,752	118,844	1,163
Land and fixtures lease trusts	2,810	2,814	27
Composite trusts	588,337	641,104	5,717
Total liabilities	¥23,915,807	¥23,377,357	$232,395

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.
3. Co-managed trust funds under other trust banks' administration amounted to ¥580,919 million ($5,644 million) and ¥655,712 million on March 31, 2014 and 2013, respectively.
4. Loans and bills discounted funded by Jointly Operated Designated Money Trust account funds that the Bank guarantees the principal amounting to ¥43,862 million ($426 million) and ¥53,412 million on March 31, 2014 and 2013, respectively, included the following:

March 31	Millions of yen 2014	Millions of yen 2013	Millions of U.S. dollars 2014
Loans to borrowers in legal bankruptcy	¥ —	¥ 2	$—
Past due loans	1,016	1,194	9
Loans past due three months or more	—	—	—
Restructured loans	7	1,995	0
Total	¥1,024	¥3,191	$ 9

Deposits and Negotiable Certificates of Deposit (Non-consolidated)

Resona Bank, Limited	Billions of yen	
March 31	2014	2013
Liquid deposits (Domestic)	**¥14,013.1**	¥13,663.5
Time deposits (Domestic)	**6,422.6**	7,000.1
Other deposits	**2,961.1**	2,198.0
Total	**¥23,396.9**	¥22,861.7

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor (Non-consolidated)

Resona Bank, Limited	Billions of yen	
March 31	2014	2013
Individuals	**¥12,495.3**	¥12,278.6
Corporations, Other	**8,635.2**	8,985.3
Total	**¥21,130.5**	¥21,263.9

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Consumers (Non-consolidated)

Resona Bank, Limited	Billions of yen		Ratio to total loans	
March 31	2014	2013	2014	2013
Banking account	**¥14,587.4**	¥14,422.1	**82.4%**	82.6%
Banking and trust accounts	**14,628.1**	14,469.7	**82.4%**	82.7%

Loans to Consumers (Non-consolidated, Banking and Trust Accounts)

Resona Bank, Limited	Billions of yen	
March 31	2014	2013
Consumer loans total	**¥7,892.9**	¥7,772.1
Housing loans	**7,739.0**	7,616.0

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry (Non-consolidated, Banking Account)

Resona Bank, Limited

March 31	Billions of yen 2014	2013
Manufacturing	**¥ 1,950.8**	¥ 1,924.0
	11.02%	11.03%
Agriculture, forestry	**6.0**	6.3
	0.03%	0.04%
Fishery	**1.1**	1.1
	0.01%	0.01%
Mining, quarrying of stone, gravel extraction	**9.9**	11.3
	0.06%	0.06%
Construction	**376.0**	388.6
	2.12%	2.23%
Electricity, gas, heating, water	**117.2**	92.1
	0.66%	0.53%
Information and communication	**199.4**	229.7
	1.13%	1.32%
Transportation, postal service	**335.7**	341.4
	1.90%	1.96%
Wholesale and retail trade	**1,843.7**	1,871.8
	10.42%	10.73%
Finance and insurance	**967.1**	903.8
	5.47%	5.18%
Real estate	**2,038.1**	1,895.4
	11.52%	10.87%
Goods rental and leasing	**256.0**	268.3
	1.45%	1.54%
Services	**1,059.3**	1,058.7
	5.99%	6.07%
Government, local government	**274.3**	308.7
	1.55%	1.77%
Others	**8,258.6**	8,138.8
	46.67%	46.67%
Total	**¥17,693.9**	¥17,440.7
	100.0%	100.0%

Risk-managed Loans (Banking and Trust Accounts)

Resona Bank, Limited Non-consolidated Basis March 31	Billions of yen		
	2014	Change	2013
Loans to borrowers in legal bankruptcy	¥ 2.6	¥ (3.2)	¥ 5.8
Past due loans	205.2	(35.7)	240.9
Loans past due three months or more	2.2	(0.1)	2.4
Restructured loans	67.1	(31.6)	98.8
Total*	¥ 277.3	¥ (70.7)	¥ 348.1
Total loans and bills discounted	¥17,737.8	¥243.7	¥17,494.1
Ratio of risk-managed loans to total loans and bills discounted (%)	1.56	(0.42)	1.98

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Act (Banking and Trust Accounts)

Resona Bank, Limited Non-consolidated Basis March 31	Billions of yen		
	2014	Change	2013
Unrecoverable or valueless claims	¥ 38.8	¥ (8.8)	¥ 47.6
Risk claims	177.3	(31.9)	209.2
Special attention loans	69.4	(31.8)	101.2
Financial Reconstruction Act subtotal	285.6	(72.6)	358.2
Normal claims	18,110.8	(300.0)	17,810.8
Financial Reconstruction Act total*	¥18,396.4	¥227.4	¥18,169.0
Coverage ratio (%)	83.52	3.49	80.03

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses (Banking and Trust Accounts)

Resona Bank, Limited Non-consolidated Basis March 31	Billions of yen		
	2014	Change	2013
Reserves for possible loan losses	¥126.4	¥(32.0)	¥158.5
General reserve for possible loan losses	72.3	(22.8)	95.2
Specific reserve for possible loan losses	54.1	(9.2)	63.3
Special reserve for certain overseas loans	0.0	0.0	0.0
Reserve for write-off of loans in the trust account	0.1	(0.0)	0.1

Securities

Resona Bank, Limited Non-consolidated Basis March 31	Billions of yen	
	2014	2013
Japanese national and local government bonds	¥3,871.9	¥4,402.3
Japanese corporate bonds	394.5	654.3
Japanese corporate stocks	569.9	489.5
Other securities	203.9	238.8
Total book value	¥5,040.4	¥5,785.1

Capital Adequacy Ratio

(1) Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Resona Bank, Limited

Billions of yen

Items	March 31, 2014 (Basel 3 A-IRB)	Amounts excluded under transitional arrangements
Core Capital: instruments and reserves		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	¥ 737.9	/
of which: capital and capital surplus	513.3	/
of which: retained earnings	227.4	/
of which: treasury stock (–)	—	/
of which: planned distribution of income (–)	2.8	/
of which: other than the above	—	/
Accumulated other comprehensive income included in Core Capital	(4.0)	/
of which: foreign currency translation adjustments	(4.0)	/
of which: defined-benefit pension fund net assets (prepaid pension costs)	—	/
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	—	/
Adjusted minority interests, etc. (amount allowed to be included in Core Capital)	1.6	/
Reserves included in Core Capital: instruments and reserves	49.4	/
of which: general reserve for possible loan losses	1.7	/
of which: eligible provisions	47.7	/
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves	—	/
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves	536.7	/
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	196.0	/
45% of revaluation reserve for land included in Core Capital: instruments and reserves	29.2	/
Minority interests included in Core Capital subject to transitional arrangements	8.3	/
Core Capital: instruments and reserves (A)	¥ 1,555.3	/
Core Capital: regulatory adjustments		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	¥ —	¥28.0
of which: goodwill (including those equivalent)	—	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	—	28.0
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	2.2
Shortfall of eligible provisions to expected losses	—	—
Capital increase due to securitization transactions	3.0	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Defined-benefit pension fund net assets (prepaid pension costs)	—	15.8
Investments in own shares (excluding those reported in the Net Assets)	—	—
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Bank	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ('Other Financial Institutions'), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ('Non-significant Investment') (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specified items	—	87.8
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	87.8
Amount exceeding the 15% threshold on specified items	4.7	11.8
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	4.7	4.7
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	7.1
Core Capital: regulatory adjustments (B)	¥ 7.7	/
Total capital		
Total capital ((A)-(B)) (C)	¥ 1,547.5	/
Risk weighted assets		
Credit risk weighted assets	¥ 9,442.5	/
Total of items included in risk weighted assets subject to transitional arrangements	67.4	/
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	28.0	/
of which: deferred tax assets (net of related tax liability)	97.2	/
of which: defined-benefit pension fund net assets (prepaid pension costs)	15.8	/
of which: Other Financial Institutions Exposures	(138.5)	/
of which: other than the above	64.9	/
Amount equivalent to market risk x 12.5	172.9	/
Amount equivalent to operational risk x 12.5	707.6	/
Credit risk weighted assets adjustments	1,249.2	/
Amount equivalent to operational risk adjustments	—	/
Total amount of risk weighted assets (D)	¥11,572.4	/
Capital adequacy ratio (consolidated)		
Capital adequacy ratio (consolidated) ((C)/(D))	13.37%	/

Resona Bank, Limited

March 31			Billions of yen 2013 (Basel 2 F-IRB)
Tier 1 capital	Capital stock		¥ 279.9
	Capital surplus		429.3
	Retained earnings		466.4
	Less: Planned distribution of income		102.1
	Less: Unrealized loss on available-for-sale securities		—
	Foreign currency translation adjustments		(4.3)
	Minority interests in consolidated subsidiaries		120.7
	Preferred securities issued by overseas SPCs		108.1
	Less: Goodwill		—
	Less: Capital increase due to securitization transactions		3.6
	Less: 50% of excess of expected losses relative to eligible reserves		—
	Total of Tier 1 capital before deduction of deferred tax assets		1,186.2
	Less: Deduction of deferred tax assets		—
	Subtotal	(A)	1,186.2
	Preferred securities with a step-up interest rate provision		108.1
Tier 2 capital	45% of revaluation reserve for land		29.2
	General reserve for possible loan losses		2.2
	Excess of eligible reserves relative to expected losses		34.4
	Hybrid debt capital instruments		471.6
	Subtotal		537.5
	Tier 2 capital included as qualifying capital	(B)	537.5
Deductions	Deductions for total risk-based capital	(C)	42.6
Total qualifying capital	(A)+(B)–(C)	(D)	¥ 1,681.1
Risk-weighted assets	On-balance-sheet items		¥10,768.5
	Off-balance-sheet items		977.4
	Credit risk assets	(E)	11,746.0
	Operational risk equivalent assets ((G)/8%)	(F)	710.6
	(For reference: Amount equivalent to operational risk)	(G)	56.8
Total risk-weighted assets	(E)+(F)	(H)	¥12,456.7
Capital adequacy ratio	(D)/(H)		13.49%

(2) Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Resona Bank, Limited

Billions of yen

Items	March 31, 2014 (Basel 3 A-IRB)	Amounts excluded under transitional arrangements
Core Capital: instruments and reserves		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	¥ 686.5	/
of which: capital and capital surplus	461.1	/
of which: retained earnings	228.3	/
of which: treasury stock (–)	—	/
of which: planned distribution of income (–)	2.8	/
of which: other than the above	—	/
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	—	/
Reserves included in Core Capital: instruments and reserves	47.4	/
of which: general reserve for possible loan losses	0.6	/
of which: eligible provisions	46.7	/
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves	—	/
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves	528.6	/
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	196.0	/
45% of revaluation reserve for land included in Core Capital: instruments and reserves	29.2	/
Core Capital: instruments and reserves (A)	¥ 1,487.8	/
Core Capital: regulatory adjustments		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	¥ —	¥23.5
of which: goodwill	—	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	—	23.5
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	2.1
Shortfall of eligible provisions to expected losses	—	—
Capital increase due to securitization transactions	3.0	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	—	37.1
Investments in own shares (excluding those reported in the Net Assets)	—	—
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Bank	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (‘Other Financial Institutions’), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (‘Non-significant Investment’) (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specified items	—	89.9
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	89.9
Amount exceeding the 15% threshold on specified items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core Capital: regulatory adjustments (B)	¥ 3.0	/
Total capital		
Total capital ((A)-(B)) (C)	¥ 1,484.7	/
Risk weighted assets		
Credit risk weighted assets	¥ 9,341.2	/
Total of items included in risk weighted assets subject to transitional arrangements	79.2	/
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	23.5	/
of which: deferred tax assets (net of related tax liability)	92.1	/
of which: prepaid pension cost	37.1	/
of which: Other Financial Institutions Exposures	(138.5)	/
of which: other than the above	64.9	/
Amount equivalent to market risk x 12.5	172.1	/
Amount equivalent to operational risk x 12.5	677.1	/
Credit risk weighted assets adjustments	1,269.3	/
Amount equivalent to operational risk adjustments	—	/
Total amount of risk weighted assets (D)	¥11,459.9	/
Capital adequacy ratio		
Capital adequacy ratio ((C)/(D))	12.95%	/

Resona Bank, Limited

March 31			Billions of yen 2013 (Basel 2 F-IRB)
Tier 1 capital	Capital stock		¥ 279.9
	Capital reserve		279.9
	Other capital surplus		97.2
	Other retained earnings		476.7
	Other		111.7
	Less: Planned distribution of income		102.1
	Less: Unrealized loss on available-for-sale securities		—
	Less: Capital increase due to securitization transactions		3.6
	Less: 50% of excess of expected losses relative to eligible reserves		—
	Total of Tier 1 capital before deduction of deferred tax assets		1,139.7
	Less: Deduction of deferred tax assets		—
	Subtotal	(A)	1,139.7
	Preferred securities with a step-up interest rate provision		108.1
Tier 2 capital	45% of revaluation reserve for land		29.2
	General reserve for possible loan losses		1.3
	Excess of eligible reserves relative to expected losses		34.5
	Hybrid debt capital instruments		471.6
	Subtotal		536.7
	Tier 2 capital included as qualifying capital	(B)	536.7
Deductions	Deductions for total risk-based capital	(C)	19.4
Total qualifying capital	(A)+(B)–(C)	(D)	¥ 1,656.9
Risk-weighted assets	On-balance-sheet items		¥10,683.3
	Off-balance-sheet items		986.5
	Credit risk assets	(E)	11,669.9
	Operational risk equivalent assets ((G)/8%)	(F)	680.4
	(For reference: Amount equivalent to operational risk)	(G)	54.4
Total risk-weighted assets	(E)+(F)	(H)	¥12,350.3
Capital adequacy ratio	(D)/(H)		13.41%

FINANCIAL INFORMATION OF SAITAMA RESONA BANK, LIMITED

Non-consolidated Balance Sheet

Saitama Resona Bank, Limited	**Millions of yen**		**Millions of U.S. dollars**
March 31, 2014	**2014**	2013	**2014**
Assets			
Cash and due from banks	**¥ 2,476,598**	¥ 1,293,178	**$ 24,065**
Call loans	**88,094**	128,550	**856**
Monetary claims bought	**16,856**	23,106	**163**
Trading securities	**27,807**	32,578	**270**
Securities	**2,870,438**	3,579,705	**27,892**
Loans and bills discounted	**6,692,453**	6,631,075	**65,032**
Foreign exchange assets	**7,191**	6,963	**69**
Other assets	**42,358**	50,693	**411**
Tangible fixed assets	**57,242**	57,812	**556**
Intangible fixed assets	**2,727**	2,763	**26**
Prepaid pension cost	**4,197**	1,611	**40**
Deferred tax assets	**11,701**	13,884	**113**
Customers' liabilities for acceptances and guarantees	**11,904**	13,735	**115**
Reserve for possible loan losses	**(38,127)**	(43,730)	**(370)**
Total Assets	**¥12,271,444**	¥11,791,928	**$119,244**
Liabilities			
Deposits	**¥11,321,153**	¥10,911,648	**$110,010**
Negotiable certificates of deposit	**123,790**	110,410	**1,202**
Call money	**130,000**	60,000	**1,263**
Borrowed money	**161,260**	148,660	**1,567**
Foreign exchange liabilities	**213**	121	**2**
Bonds	**95,500**	95,500	**927**
Other liabilities	**52,340**	70,796	**508**
Reserve for employees' bonuses	**3,326**	3,358	**32**
Reserve for employees' retirement benefits	**6,044**	5,575	**58**
Other reserves	**9,701**	8,153	**94**
Acceptances and guarantees	**11,904**	13,735	**115**
Total Liabilities	**¥11,915,234**	¥11,427,958	**$115,783**
Net assets			
Capital stock	**¥ 70,000**	¥ 70,000	**$ 680**
Capital surplus	**100,000**	100,000	**971**
Capital reserve	**100,000**	100,000	**971**
Retained earnings	**140,865**	146,001	**1,368**
Total stockholders' equity	**¥ 310,865**	¥ 316,001	**$ 3,020**
Net unrealized gains on available-for-sale securities	**45,514**	48,553	**442**
Net deferred losses on hedges	**(170)**	(584)	**(1)**
Total valuation and translation differences	**¥ 45,344**	¥ 47,968	**$ 440**
Total Net Assets	**¥ 356,209**	¥ 363,969	**$ 3,461**
Total Liabilities and Net Assets	**¥12,271,444**	¥11,791,928	**$119,244**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.

Non-consolidated Statement of Income

Saitama Resona Bank, Limited

Year ended March 31, 2014	Millions of yen 2014	Millions of yen 2013	Millions of U.S. dollars 2014
Income			
Interest income	**¥124,532**	¥132,027	**$1,210**
Interest on loans and bills discounted	**104,488**	111,080	**1,015**
Interest and dividends on securities	**17,355**	19,304	**168**
Other interest income	**2,688**	1,642	**26**
Fees and commissions	**35,919**	35,255	**349**
Other operating income	**3,658**	4,462	**35**
Other income	**10,474**	6,119	**101**
Total Income	**174,586**	177,864	**1,696**
Expenses			
Interest expenses	**7,517**	8,997	**73**
Interest on deposits	**3,786**	5,120	**36**
Other interest expenses	**3,731**	3,877	**36**
Fees and commissions	**18,749**	19,133	**182**
Other operating expenses	**2,325**	1,787	**22**
General and administrative expenses	**76,676**	76,949	**745**
Other expenses	**11,242**	8,556	**109**
Total Expenses	**116,511**	115,423	**1,132**
Net income before income taxes	**58,075**	62,441	**564**
Income taxes—current	**17,250**	18,862	**167**
Income taxes—deferred	**3,400**	900	**33**
Net income	**¥ 37,424**	¥ 42,678	**$ 363**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.

Deposits and Negotiable Certificates of Deposit

Saitama Resona Bank, Limited

March 31	Billions of yen	
	2014	2013
Liquid deposits (Domestic)	**¥ 7,518.7**	¥ 7,091.5
Time deposits (Domestic)	**3,661.5**	3,700.6
Other deposits	**264.6**	229.7
Total	**¥11,444.9**	¥11,022.0

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor

Saitama Resona Bank, Limited

March 31	Billions of yen	
	2014	2013
Individuals	**¥ 8,597.5**	¥ 8,344.9
Corporations	**1,935.4**	1,832.5
Other	**788.1**	734.2
Total	**¥11,321.1**	¥10,911.6

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Consumers

Saitama Resona Bank, Limited

March 31	Billions of yen		Ratio to total loans	
	2014	2013	**2014**	2013
Loans to SMEs and individuals	**¥6,002.0**	¥5,923.6	**89.6%**	89.3%

Loans to Consumers

Saitama Resona Bank, Limited

March 31	Billions of yen	
	2014	2013
Consumer loans total	**¥4,085.2**	¥3,981.4
Housing loans	**3,970.9**	3,871.7

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry

Saitama Resona Bank, Limited

March 31	Billions of yen 2014	2013
Manufacturing	**¥ 455.8**	¥ 473.2
	6.81%	7.14%
Agriculture, forestry	**5.2**	5.4
	0.08%	0.08%
Fishery	**0.0**	0.0
	0.00%	0.00%
Mining, quarrying of stone, gravel extraction	**1.9**	2.2
	0.03%	0.03%
Construction	**181.9**	189.4
	2.72%	2.86%
Electricity, gas, heating, water	**14.6**	13.6
	0.22%	0.20%
Information and communication	**23.8**	21.8
	0.36%	0.33%
Transportation, postal service	**135.2**	127.8
	2.02%	1.93%
Wholesale and retail trade	**379.7**	389.5
	5.67%	5.87%
Finance and insurance	**33.4**	39.6
	0.50%	0.60%
Real estate	**565.4**	550.7
	8.45%	8.31%
Goods rental and leasing	**36.1**	36.6
	0.54%	0.55%
Services	**347.6**	370.1
	5.19%	5.58%
Government, local government	**343.4**	340.8
	5.13%	5.14%
Others	**4,167.7**	4,069.8
	62.28%	61.38%
Total	**¥6,692.4**	¥6,631.0
	100.0%	100.0%

Risk-managed Loans

Saitama Resona Bank, Limited

March 31	2014	Change	2013
	Billions of yen		
Loans to borrowers in legal bankruptcy	**¥ 2.9**	**¥ (1.8)**	¥ 4.7
Past due loans	**82.8**	**(1.6)**	84.4
Loans past due three months or more	**1.0**	**0.2**	0.8
Restructured loans	**23.2**	**(0.2)**	23.5
Total*	**¥ 110.1**	**¥ (3.4)**	¥ 113.5
Total loans and bills discounted	**¥6,692.4**	**¥61.3**	¥6,631.0
Ratio of risk-managed loans to total loans and bills discounted (%)	**1.64**	**(0.06)**	1.71

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Act

Saitama Resona Bank, Limited

March 31	2014	Change	2013
	Billions of yen		
Unrecoverable or valueless claims	**¥ 11.1**	**¥ (2.1)**	¥ 13.3
Risk claims	**74.8**	**(1.3)**	76.2
Special attention loans	**24.3**	**(0.0)**	24.3
Financial Reconstruction Act subtotal	**110.3**	**(3.5)**	113.9
Normal claims	**6,623.7**	**57.7**	6,566.0
Financial Reconstruction Act total*	**¥6,734.1**	**¥54.1**	¥6,680.0
Coverage ratio (%)	**88.16**	**(0.16)**	88.32

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses

Saitama Resona Bank, Limited

March 31	2014	Change	2013
	Billions of yen		
Reserves for possible loan losses	**¥38.1**	**¥(5.6)**	¥43.7
General reserve for possible loan losses	**18.7**	**(3.7)**	22.5
Specific reserve for possible loan losses	**19.3**	**(1.8)**	21.1

Securities

Saitama Resona Bank, Limited

March 31	2014	2013
	Billions of yen	
Japanese national and local government bonds	**¥2,600.2**	¥3,349.5
Japanese corporate bonds	**113.4**	78.1
Japanese corporate stocks	**128.6**	127.7
Other securities	**27.9**	24.2
Total book value	**¥2,870.4**	¥3,579.7

Capital Adequacy Ratio

Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Saitama Resona Bank, Limited

Billions of yen

Items	March 31, 2014 (Basel 3 A-IRB)	Amounts excluded under transitional arrangements
Core Capital: instruments and reserves		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	¥ 292.2	/
of which: capital and capital surplus	170.0	/
of which: retained earnings	140.8	/
of which: treasury stock (–)	—	/
of which: planned distribution of income (–)	18.6	/
of which: other than the above	—	/
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	—	/
Reserves included in Core Capital: instruments and reserves	0.1	/
of which: general reserve for possible loan losses	0.1	/
of which: eligible provisions	—	/
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves	—	/
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves	157.0	/
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	—	/
45% of revaluation reserve for land included in Core Capital: instruments and reserves	—	/
Core Capital: instruments and reserves (A)	¥ 449.3	/
Core Capital: regulatory adjustments		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	¥ —	¥1.7
of which: goodwill	—	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	—	1.7
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—
Shortfall of eligible provisions to expected losses	9.6	—
Capital increase due to securitization transactions	4.2	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	—	2.7
Investments in own shares (excluding those reported in the Net Assets)	—	—
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Bank	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (‘Other Financial Institutions’), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (‘Non-significant Investment’) (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specified items	—	3.2
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	3.2
Amount exceeding the 15% threshold on specified items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core Capital: regulatory adjustments (B)	¥ 13.8	/
Total capital		
Total capital ((A)-(B)) (C)	¥ 435.5	/
Risk weighted assets		
Credit risk weighted assets	¥2,541.9	/
Total of items included in risk weighted assets subject to transitional arrangements	7.7	/
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	1.7	/
of which: deferred tax assets (net of related tax liability)	3.2	/
of which: prepaid pension cost	2.7	/
of which: Other Financial Institutions Exposures	—	/
of which: other than the above	—	/
Amount equivalent to market risk x 12.5	4.7	/
Amount equivalent to operational risk x 12.5	244.8	/
Credit risk weighted assets adjustments	456.8	/
Amount equivalent to operational risk adjustments	—	/
Total amount of risk weighted assets (D)	¥3,248.4	/
Capital adequacy ratio		
Capital adequacy ratio ((C)/(D))	13.40%	/

Saitama Resona Bank, Limited

March 31			Billions of yen 2013 (Basel 2 F-IRB)
Tier 1 capital	Capital stock		¥ 70.0
	Capital reserve		100.0
	Legal reserve		20.0
	Other retained earnings		125.9
	Less: Planned distribution of income		21.2
	Less: Unrealized loss on available-for-sale securities		—
	Less: Capital increase due to securitization transactions		4.5
	Less: 50% of excess of expected losses relative to eligible reserves		8.1
	Subtotal	(A)	282.0
Tier 2 capital	General reserve for possible loan losses		0.1
	Excess of eligible reserves relative to expected losses		—
	Hybrid debt capital instruments		157.0
	Subtotal		157.1
	Tier 2 capital included as qualifying capital	(B)	157.1
Deductions	Deductions for total risk-based capital	(C)	10.4
Total qualifying capital	(A)+(B)–(C)	(D)	¥ 428.7
Risk-weighted assets	On-balance-sheet items		¥3,144.1
	Off-balance-sheet items		46.1
	Credit risk assets	(E)	3,190.2
	Operational risk equivalent assets ((G)/8%)	(F)	250.6
	(For reference: Amount equivalent to operational risk)	(G)	20.0
Total risk-weighted assets	(E)+(F)	(H)	¥3,440.9
Capital adequacy ratio	(D)/(H)		12.46%

FINANCIAL INFORMATION OF THE KINKI OSAKA BANK, LIMITED

Non-consolidated Balance Sheet

The Kinki Osaka Bank, Limited

March 31, 2014	Millions of yen 2014	Millions of yen 2013	Millions of U.S. dollars 2014
Assets			
Cash and due from banks	**¥ 210,509**	¥ 90,075	**$ 2,045**
Call loans	**1,000**	1,000	**9**
Monetary claims bought	**29,963**	42,206	**291**
Trading securities	**2**	7	**0**
Securities	**793,362**	822,727	**7,709**
Loans and bills discounted	**2,555,791**	2,556,928	**24,835**
Foreign exchange assets	**3,796**	3,744	**36**
Other assets	**8,683**	10,368	**84**
Tangible fixed assets	**31,341**	31,611	**304**
Intangible fixed assets	**370**	423	**3**
Prepaid pension cost	**2,034**	—	**19**
Deferred tax assets	**294**	2,584	**2**
Customers' liabilities for acceptances and guarantees	**9,650**	11,699	**93**
Reserve for possible loan losses	**(27,028)**	(28,148)	**(262)**
Total Assets	**¥3,619,772**	¥3,545,229	**$35,174**
Liabilities			
Deposits	**¥3,285,969**	¥3,250,253	**$31,930**
Negotiable certificates of deposit	**106,000**	71,600	**1,030**
Borrowed money	**72,920**	66,110	**708**
Foreign exchange liabilities	**170**	114	**1**
Other liabilities	**16,662**	19,006	**161**
Reserve for employees' bonuses	**2,438**	2,448	**23**
Reserve for employees' retirement benefits	**5,364**	5,847	**52**
Other reserves	**3,585**	3,340	**34**
Acceptances and guarantees	**9,650**	11,699	**93**
Total Liabilities	**¥3,502,761**	¥3,430,420	**$34,037**
Net assets			
Capital stock	**¥ 38,971**	¥ 38,971	**$ 378**
Capital surplus	**55,439**	55,439	**538**
Capital reserve	**38,971**	38,971	**378**
Other capital surplus	**16,467**	16,467	**160**
Retained earnings	**15,083**	12,666	**146**
Total stockholders' equity	**¥ 109,493**	¥ 107,076	**$ 1,063**
Net unrealized gains on available-for-sale securities	**7,516**	7,732	**73**
Total valuation and translation differences	**¥ 7,516**	¥ 7,732	**$ 73**
Total Net Assets	**¥ 117,010**	¥ 114,809	**$ 1,137**
Total Liabilities and Net Assets	**¥3,619,772**	¥3,545,229	**$35,174**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.

Non-consolidated Statement of Income

The Kinki Osaka Bank, Limited

Year ended March 31, 2014	Millions of yen 2014	2013	Millions of U.S. dollars 2014
Income			
Interest income	**¥43,734**	¥46,503	**$424**
Interest on loans and bills discounted	**38,894**	41,450	**377**
Interest and dividends on securities	**4,247**	4,573	**41**
Other interest income	**592**	480	**5**
Fees and commissions	**15,015**	14,402	**145**
Other operating income	**4,765**	2,383	**46**
Other income	**3,557**	3,329	**34**
Total Income	**67,073**	66,618	**651**
Expenses			
Interest expenses	**4,020**	4,376	**39**
Interest on deposits	**2,801**	3,030	**27**
Other interest expenses	**1,218**	1,345	**11**
Fees and commissions	**7,335**	6,985	**71**
Other operating expenses	**423**	14	**4**
General and administrative expenses	**39,227**	41,165	**381**
Other expenses	**6,529**	10,065	**63**
Total Expenses	**57,535**	62,607	**559**
Net income before income taxes	**9,537**	4,011	**92**
Income taxes—current	**1,063**	101	**10**
Income taxes—deferred	**2,547**	193	**24**
Net income	**¥ 5,927**	¥ 3,717	**$ 57**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥102.91=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2014, has been used.

Deposits and Negotiable Certificates of Deposit

The Kinki Osaka Bank, Limited

March 31	Billions of yen 2014	2013
Liquid deposits (Domestic)	**¥1,762.7**	¥1,682.2
Time deposits (Domestic)	**1,486.5**	1,538.9
Other deposits	**142.6**	100.7
Total	**¥3,391.9**	¥3,321.8

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor

The Kinki Osaka Bank, Limited

March 31	Billions of yen 2014	2013
Individuals	**¥2,567.5**	¥2,567.8
Corporations	**702.6**	659.4
Other	**15.7**	22.9
Total	**¥3,285.9**	¥3,250.2

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Consumers (Non-consolidated)

The Kinki Osaka Bank, Limited

	Billions of yen		Ratio to total loans	
March 31	**2014**	2013	**2014**	2013
Loans to SMEs and individuals	**¥2,282.4**	¥2,266.1	**89.3%**	88.6%

Loans to Consumers (Non-consolidated)

The Kinki Osaka Bank, Limited

March 31	Billions of yen 2014	2013
Consumer loans total	**¥1,240.5**	¥1,199.0
Housing loans	**1,208.3**	1,164.1

Loans and Bills Discounted by Industry

The Kinki Osaka Bank, Limited

March 31	Billions of yen 2014	2013
Manufacturing	**¥ 250.5**	¥ 264.0
	9.80%	10.33%
Agriculture, forestry	**0.7**	0.6
	0.03%	0.02%
Fishery	**0.2**	0.1
	0.01%	0.01%
Mining, quarrying of stone, gravel extraction	**0.0**	0.0
	0.00%	0.00%
Construction	**108.4**	112.9
	4.24%	4.42%
Electricity, gas, heating, water	**2.0**	1.8
	0.08%	0.07%
Information and communication	**13.0**	14.3
	0.51%	0.56%
Transportation, postal service	**32.3**	35.1
	1.26%	1.38%
Wholesale and retail trade	**273.3**	284.0
	10.70%	11.11%
Finance and insurance	**19.8**	25.6
	0.78%	1.00%
Real estate	**228.5**	220.3
	8.94%	8.62%
Goods rental and leasing	**21.1**	20.7
	0.83%	0.81%
Services	**123.1**	126.1
	4.82%	4.93%
Government, local government	**228.4**	237.4
	8.94%	9.29%
Others	**1,253.9**	1,213.2
	49.06%	47.45%
Total	**¥2,555.7**	¥2,556.9
	100.0%	100.0%

Risk-managed Loans

The Kinki Osaka Bank, Limited Non-consolidated Basis March 31	Billions of yen		
	2014	Change	2013
Loans to borrowers in legal bankruptcy	**¥ 0.3**	**¥ (0.3)**	¥ 0.7
Past due loans	**66.7**	**(1.2)**	68.0
Loans past due three months or more	**0.3**	**(0.8)**	1.2
Restructured loans	**20.2**	**(1.9)**	22.2
Total*	**¥ 87.8**	**(4.4)**	¥ 92.2
Total loans and bills discounted	**¥2,555.7**	**¥ (1.1)**	¥2,556.9
Ratio of risk-managed loans to total loans and bills discounted (%)	**3.43**	**(0.17)**	3.60

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Act

The Kinki Osaka Bank, Limited Non-consolidated Basis March 31	Billions of yen		
	2014	Change	2013
Unrecoverable or valueless claims	**¥ 9.1**	**¥ (0.2)**	¥ 9.3
Risk claims	**58.5**	**(1.6)**	60.2
Special attention loans	**20.6**	**(2.8)**	23.4
Financial Reconstruction Act subtotal	**88.3**	**(4.6)**	93.0
Normal claims	**2,487.9**	**2.2**	2,485.7
Financial Reconstruction Act total*	**¥2,576.3**	**¥ (2.4)**	¥2,578.7
Coverage ratio (%)	**87.05**	**1.79**	85.26

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses

The Kinki Osaka Bank, Limited Non-consolidated Basis March 31	Billions of yen		
	2014	Change	2013
Reserves for possible loan losses	**¥27.0**	**¥(1.1)**	¥28.1
General reserve for possible loan losses	**12.0**	**(1.8)**	13.9
Specific reserve for possible loan losses	**14.9**	**0.7**	14.2

Securities

The Kinki Osaka Bank, Limited Non-consolidated Basis March 31	Billions of yen	
	2014	2013
Japanese national and local government bonds	**¥330.0**	¥365.4
Japanese corporate bonds	**405.7**	365.5
Japanese corporate stocks	**14.3**	12.7
Other securities	**43.2**	78.9
Total book value	**¥793.3**	¥822.7

Capital Adequacy Ratio

(1) Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

The Kinki Osaka Bank, Limited

Billions of yen

Items	March 31, 2014 (Basel 3 F-IRB)	Amounts excluded under transitional arrangements
Core Capital: instruments and reserves		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	¥ 115.0	/
of which: capital and capital surplus	94.4	/
of which: retained earnings	23.5	/
of which: treasury stock (–)	—	/
of which: planned distribution of income (–)	2.9	/
of which: other than the above	—	/
Accumulated other comprehensive income included in Core Capital	—	/
of which: foreign currency translation adjustments	—	/
of which: defined-benefit pension fund net assets (prepaid pension costs)	—	/
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	—	/
Adjusted minority interests, etc. (amount allowed to be included in Core Capital)	—	/
Reserves included in Core Capital: instruments and reserves	6.7	/
of which: general reserve for possible loan losses	0.1	/
of which: eligible provisions	6.6	/
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves	—	/
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves	55.0	/
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	—	/
45% of revaluation reserve for land included in Core Capital: instruments and reserves	—	/
Minority interests included in Core Capital subject to transitional arrangements	—	/
Core Capital: instruments and reserves (A)	¥ 176.8	/
Core Capital: regulatory adjustments		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	¥ —	¥0.3
of which: goodwill (including those equivalent)	—	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	—	0.3
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	0.7
Shortfall of eligible provisions to expected losses	—	—
Capital increase due to securitization transactions	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Defined-benefit pension fund net assets (prepaid pension costs)	—	—
Investments in own shares (excluding those reported in the Net Assets)	—	—
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Bank	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ('Other Financial Institutions'), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ('Non-significant Investment') (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specified items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specified items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core Capital: regulatory adjustments (B)	¥ —	/
Total capital		
Total capital ((A)-(B)) (C)	¥ 176.8	/
Risk weighted assets		
Credit risk weighted assets	¥1,246.4	/
Total of items included in risk weighted assets subject to transitional arrangements	1.0	/
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	0.3	/
of which: deferred tax assets (net of related tax liability)	0.7	/
of which: defined-benefit pension fund net assets (prepaid pension costs)	—	/
of which: Other Financial Institutions Exposures	—	/
of which: other than the above	—	/
Amount equivalent to market risk x 12.5	0.5	/
Amount equivalent to operational risk x 12.5	91.5	/
Credit risk weighted assets adjustments	—	/
Amount equivalent to operational risk adjustments	—	/
Total amount of risk weighted assets (D)	¥1,338.5	/
Capital adequacy ratio (consolidated)		
Capital adequacy ratio (consolidated) ((C)/(D))	13.20%	/

The Kinki Osaka Bank, Limited

March 31			Billions of yen 2013 (Basel 2 F-IRB)
Tier 1 capital	Capital stock		¥ 38.9
	Capital surplus		55.4
	Retained earnings		19.2
	Less: Planned distribution of income		1.7
	Less: Unrealized loss on available-for-sale securities		—
	Foreign currency translation adjustments		—
	Minority interests in consolidated subsidiaries		—
	Subtotal	(A)	111.8
Tier 2 capital	General reserve for possible loan losses		0.2
	Excess of eligible reserves relative to expected losses		3.5
	Hybrid debt capital instruments		55.0
	Subtotal		58.7
	Tier 2 capital included as qualifying capital	(B)	58.7
Deductions	Deductions for total risk-based capital	(C)	0.1
Total qualifying capital	(A)+(B)–(C)	(D)	¥ 170.4
Risk-weighted assets	On-balance-sheet items		¥1,164.1
	Off-balance-sheet items		17.2
	Credit risk assets	(E)	1,181.4
	Operational risk equivalent assets ((G)/8%)	(F)	94.4
	(For reference: Amount equivalent to operational risk)	(G)	7.5
Total risk-weighted assets	(E)+(F)	(H)	¥1,275.8
Capital adequacy ratio	(D)/(H)		13.35%

(2) Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

The Kinki Osaka Bank, Limited

Billions of yen

Items	March 31, 2014 (Basel 3 F-IRB)	Amounts excluded under transitional arrangements
Core Capital: instruments and reserves		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	¥ 106.5	/
of which: capital and capital surplus	94.4	/
of which: retained earnings	15.0	/
of which: treasury stock (–)	—	/
of which: planned distribution of income (–)	2.9	/
of which: other than the above	—	/
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	—	/
Reserves included in Core Capital: instruments and reserves	1.7	/
of which: general reserve for possible loan losses	0.0	/
of which: eligible provisions	1.6	/
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves	—	/
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves	55.0	/
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	—	/
45% of revaluation reserve for land included in Core Capital: instruments and reserves	—	/
Core Capital: instruments and reserves (A)	¥ 163.3	/
Core Capital: regulatory adjustments		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	¥ —	¥0.2
of which: goodwill	—	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	—	0.2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	0.5
Shortfall of eligible provisions to expected losses	—	—
Capital increase due to securitization transactions	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	—	1.0
Investments in own shares (excluding those reported in the Net Assets)	—	—
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Bank	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ('Other Financial Institutions'), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ('Non-significant Investment') (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specified items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specified items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core Capital: regulatory adjustments (B)	¥ —	/
Total capital		
Total capital ((A)-(B)) (C)	¥ 163.3	/
Risk weighted assets		
Credit risk weighted assets	¥1,241.7	/
Total of items included in risk weighted assets subject to transitional arrangements	1.8	/
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	0.2	/
of which: deferred tax assets (net of related tax liability)	0.5	/
of which: prepaid pension cost	1.0	/
of which: Other Financial Institutions Exposures	—	/
of which: other than the above	—	/
Amount equivalent to market risk x 12.5	0.5	/
Amount equivalent to operational risk x 12.5	86.3	/
Credit risk weighted assets adjustments	—	/
Amount equivalent to operational risk adjustments	—	/
Total amount of risk weighted assets (D)	¥1,328.6	/
Capital adequacy ratio		
Capital adequacy ratio ((C)/(D))	12.29%	/

The Kinki Osaka Bank, Limited

March 31			Billions of yen 2013 (Basel 2 F-IRB)
Tier 1 capital	Capital stock		¥ 38.9
	Capital reserve		38.9
	Other capital surplus		16.4
	Other retained earnings		12.6
	Less: Planned distribution of income		1.7
	Less: Unrealized loss on available-for-sale securities		—
	Less: 50% of excess of expected losses relative to eligible reserves		—
	Subtotal	(A)	105.3
Tier 2 capital	General reserve for possible loan losses		0.0
	Excess of eligible reserves relative to expected losses		0.6
	Hybrid debt capital instruments		55.0
	Subtotal		55.7
	Tier 2 capital included as qualifying capital	(B)	55.7
Deductions	Deductions for total risk-based capital	(C)	0.1
Total qualifying capital	(A)+(B)–(C)	(D)	¥ 160.8
Risk-weighted assets	On-balance-sheet items		¥1,162.9
	Off-balance-sheet items		14.9
	Credit risk assets	(E)	1,177.9
	Operational risk equivalent assets ((G)/8%)	(F)	89.2
	(For reference: Amount equivalent to operational risk)	(G)	7.1
Total risk-weighted assets	(E)+(F)	(H)	¥1,267.1
Capital adequacy ratio	(D)/(H)		12.69%

STATUS OF CAPITAL ADEQUACY/ BASEL DATA SECTION

CONTENTS

SCOPE OF CONSOLIDATION

■ Differences and reasons for such differences between those companies belonging to the Corporate Group (hereinafter, Holding Company Group) that calculate their capital adequacy ratio according to Article 15 of Notification 20, 2006, issued by the Financial Services Agency (hereinafter, Notification on Consolidated Capital Adequacy), which is based on the method stipulated in "Standards for Bank Holding Companies to Examine the Adequacy of its Capital Based on Assets, Etc. held by it and its Subsidiaries" pursuant to Article 52-25 of the Banking Act and those companies included within the scope of consolidation (hereinafter, Scope of Consolidation) based on Article 5 of the Regulations for Preparation of Consolidated Financial Statements.

Asahi Servicos e Representacoes Ltda. is not included in the scope of consolidation under the provisions of Article 5-2 of the Regulations for Preparation of Consolidated Financial Statements, but, based on Article 15 of the Notification on Consolidated Capital Adequacy, this company is included in the Holding Company Group for calculation of the consolidated capital adequacy ratio.

■ Number, names, and principal business activities of the major consolidated subsidiaries in the Holding Company Group

Number of consolidated subsidiaries: 15

Names and principal business activities of consolidated subsidiaries: As shown below

(As of March 31, 2014)

Company Name	Principal Business Activities
Resona Bank, Ltd.	Banking and trust banking business
Saitama Resona Bank, Ltd.	Banking business
The Kinki Osaka Bank, Ltd.	Banking business
Resona Guarantee Co., Ltd.	Credit guarantee
Daiwa Guarantee Co., Ltd.	Credit guarantee
Kinki Osaka Shinyo Hosho Co., Ltd.	Credit guarantee
Resona Kessai Service Co., Ltd.	Collection of bills and receivables, and factoring
Resona Card Co., Ltd.	Credit card administration and credit guarantee
Resona Capital Co., Ltd.	Private equity business
Resona Research Institute Co., Ltd.	Business consulting services
Resona Business Service Co., Ltd.	Subcontracted operations, Temporary staffing
P.T. Bank Resona Perdania	Banking business
P.T. Resona Indonesia Finance	Finance leasing
TD Consulting Co., Ltd.	Investment consulting
Resona Preferred Global Securities (Cayman) Limited	Financing

■ Names, total assets, and net assets as shown on the balance sheets, and principal business activities of affiliated companies engaging in financial businesses as specified in Article 21 of the Notification on Consolidated Capital Adequacy

Number of affiliated companies engaging in financial businesses: 1

(Billions of yen)

Company Name	Total Assets	Net Assets	Principal Business Activities
Japan Trustee Services Bank, Ltd.	1,728.3	58.2	Trust and banking business

■ Names, total assets, and net assets as shown on the balance sheets and principal business activities of companies that belong to the Holding Company Group but are not included within the Scope of Consolidation and companies that do not belong to the Holding Company Group but are included within the Scope of Consolidation.

None

■ Restrictions on transfer of funds or capital within the Holding Company Group

There are no specific restrictions on transfer of funds or capital within the Holding Company Group.

■ Names of other financial institutions, etc. (other financial institutions as specified in Article 18, Paragraph 6, Item 1 of the Notification on Consolidated Capital Adequacy), that are included among bank subsidiaries, etc., with capital below the stipulated amount, and the total amounts the capital of these financial institutions are below the stipulated amount.

None

Structure of Capital and Assessment of Capital Adequacy

The capital structure of Resona Holdings, Inc., is as shown below. Please note that the capital ratio is calculated based on the "Notification on Consolidated Capital Adequacy," and is computed on a consolidated basis. The amounts of credit risk assets are calculated by the Foundation Internal Rating-Based (hereinafter, F-IRB) Approach for March 31, 2013, and by the Advanced Internal Ratings-Based (hereinafter, A-IRB) approach for March 31, 2014.

■ Capital Structure Information (Japanese Domestic Standard)

(Millions of yen, %)

Items		As of March 31, 2014	Amounts excluded under transitional arrangements
Core Capital: instruments and reserves			
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings		**1,030,751**	/
of which: capital and capital surplus		**25,766**	/
of which: retained earnings		**1,169,787**	/
of which: treasury stock (–)		**85,855**	/
of which: planned distribution of income (–)		**78,946**	/
of which: other than the above		**—**	/
Accumulated other comprehensive income included in Core Capital		**(4,081)**	/
of which: foreign currency translation adjustments		**(4,081)**	/
of which: defined-benefit pension fund net assets (prepaid pension costs)		**—**	/
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock		**—**	/
Adjusted minority interests, etc. (amount allowed to be included in Core Capital)		**1,694**	/
Reserves included in Core Capital: instruments and reserves		**81,777**	/
of which: general reserve for possible loan losses		**6,813**	/
of which: eligible provisions		**74,963**	/
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves		**238,000**	/
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves		**698,210**	/
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves		**196,000**	/
45% of revaluation reserve for land included in Core Capital: instruments and reserves		**29,227**	/
Minority interests included in Core Capital subject to transitional arrangements		**14,210**	/
Core Capital: instruments and reserves	(A)	**2,285,790**	/
Core Capital: regulatory adjustments			
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)		**—**	30,507
of which: goodwill (including those equivalent)		**—**	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights		**—**	30,507
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		**—**	4,304
Shortfall of eligible provisions to expected losses		**—**	—
Capital increase due to securitization transactions		**7,241**	—
Gains and losses due to changes in own credit risk on fair valued liabilities		**—**	—
Defined-benefit pension fund net assets (prepaid pension costs)		**—**	15,809
Investments in own shares (excluding those reported in the Net Assets)		**—**	57
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Holding Company Group		**—**	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ('Other Financial Institutions'), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ('Non-significant Investment') (amount above the 10% threshold)		**—**	—
Amount exceeding the 10% threshold on specified items		**—**	121,349
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions		**—**	—
of which: mortgage servicing rights		**—**	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)		**—**	121,349
Amount exceeding the 15% threshold on specified items		**—**	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions		**—**	—
of which: mortgage servicing rights		**—**	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)		**—**	—
Core Capital: regulatory adjustments	(B)	**7,241**	/
Total capital			
Total capital	((A)-(B)) (C)	**2,278,549**	/
Risk weighted assets			
Credit risk weighted assets		**13,268,824**	/
Total of items included in risk weighted assets subject to transitional arrangements		**98,530**	/
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)		**30,507**	/
of which: deferred tax assets (net of related tax liability)		**125,654**	/
of which: defined-benefit pension fund net assets (prepaid pension costs)		**15,809**	/
of which: Other Financial Institutions Exposures		**(138,544)**	/
of which: other than the above		**65,103**	/
Amount equivalent to market risk x 12.5		**178,409**	/
Amount equivalent to operational risk x 12.5		**1,080,820**	/
Credit risk weighted assets adjustments		**1,368,747**	/
Amount equivalent to operational risk adjustments		**—**	/
Total amount of risk weighted assets	(D)	**15,896,800**	/
Capital adequacy ratio (consolidated)			
Capital adequacy ratio (consolidated)	((C)/(D))	**14.33**	/

Note: Pursuant to Industry Committee Report Practical Guidelines No. 30 of the Japanese Institute of Certified Public Accountants, we have made an engagement with ERNST & YOUNG SHINNIHON LLC to have them conduct Agreed-Upon Procedures in the areas of calculating the consolidated capital adequacy ratio as of March 31, 2014. This external audit is not conducted as a part of an audit performed under certain laws, such as the Companies Act. Under certain procedures agreed between the certified public accountant and Resona Holdings, Inc., the certified public accountant reviews and evaluates our effectiveness of internal control to calculating the capital adequacy ratio and does not provide any opinion to the capital adequacy ratio itself.

(Millions of yen)

As of March 31,			2013
Tier 1 capital	Capital stock		340,472
	Non-cumulative perpetual preferred stock (Note 1)		—
	Advance payment for new shares		—
	Capital surplus		237,082
	Retained earnings		1,315,472
	Less: Treasury stock		89,596
	Advance payment for treasury stock		—
	Less: Planned distribution of income		46,327
	Less: Unrealized loss on available-for-sale securities		—
	Foreign currency translation adjustments		(4,350)
	Rights to acquire new shares		—
	Minority interests in consolidated subsidiaries		125,999
	Preferred securities issued by overseas SPCs		108,169
	Less: Goodwill		—
	Less: Intangible fixed assets recognized as a result of a merger		—
	Less: Capital increase due to securitization transactions		8,201
	Less: 50% of excess of expected losses relative to eligible reserves		—
	Total of Tier 1 capital before deduction of deferred tax assets		1,870,551
	Less: Deduction of deferred tax assets (Note 2)		—
	Subtotal	(A)	1,870,551
	Preferred securities with a step-up interest rate provision (Note 3)	(B)	108,169
Tier 2 capital	45% of revaluation reserve for land		29,227
	General reserve for possible loan losses		8,239
	Excess of eligible reserves relative to expected losses		46,969
	Hybrid debt capital instruments		604,154
	Perpetual subordinated debt (Note 4)		132,753
	Subordinated debt with maturity dates and preferred stocks with maturity dates (Note 5)		471,401
	Subtotal		688,591
	Tier 2 capital included as qualifying capital	(C)	688,591
Deductions	Deductions for total risk-based capital (Note 6)	(D)	4,972
Total qualifying capital	(A)+(C)–(D)	(E)	2,554,170
Risk-weighted assets	On-balance-sheet items		15,192,590
	Off-balance-sheet items		1,117,331
	Credit risk assets	(F)	16,309,921
	Operational risk equivalent assets (J)/8%	(G)	1,095,113
	(For reference: Amount equivalent to operational risk)	(H)	87,609
	Credit risk asset adjustments	(I)	—
	Amount equivalent to operational risk adjustments	(J)	—
	Total (F)+(G)+(I)+(J)	(K)	17,405,034
Capital adequacy ratio (Japanese domestic standard) (E)/(K) x 100 (%)			14.67
Consolidated Tier 1 capital ratio (A)/(K) x 100 (%)			10.74
Percentage of preferred securities with conditions for interest rate step-ups in consolidated Tier 1 capital = (B)/(A) x 100 (%)			5.78
Total consolidated capital required (Note 7)			1,392,402

Notes: 1. Since the holding company's capital stock cannot be classified by types of shares issued, the amount of non-cumulative perpetual preferred stock is not shown.
2. The amount of net deferred tax assets at March 31, 2013, was ¥176,223 million, and the limit allowed to incorporate deferred tax assets into regulatory capital was ¥374,110 million.
3. These are stocks and other securities with conditions for interest rate step-ups, for which there is a possibility of call and amortization (including preferred securities issued through overseas special-purpose companies (SPCs)), as stipulated in Article 17, Paragraph 2 of the Notification on Consolidated Capital Adequacy. ("Notification on Consolidated Capital Adequacy" mentioned in notes 3, 4, 5, and 6 refer to the notification before the amendment on March 2013 (Basel 2).)
4. Instruments for raising capital that have the characteristics of liabilities, as stipulated in Article 18, Paragraph 1, Item 3 of the Notification on Consolidated Capital Adequacy, having all of the following characteristics:
(1) Uncollateralized, subordinated to other liabilities and already paid in,
(2) Except under specified conditions, these securities cannot be called or amortized,
(3) Proceeds from these securities may be used to cover losses as the Holding Company Group continues its operations, and
(4) Interest payments on these securities may be postponed.
5. These securities are specified in Article 18, Paragraph 1, Item 4 and Article 18, Paragraph 1, Item 5 of the Notification on Consolidated Capital Adequacy. However, this subordinated debt with maturity dates are limited to those with maturity dates of over five years at the time of their respective contracts.

6. Deductions are specified in Article 20, Paragraph 1, Item 1 through Article 20, Paragraph 1, Item 6 of the Notification on Consolidated Capital Adequacy. These figures include the amounts of securities of other financial instruments for raising capital issued by other financial institutions that are held deliberately by the Holding Company Group and the amount of investments as stipulated in Article 20, Paragraph 1, Item 2 of the said Notification.
7. Since the Holding Company adopts the domestic Basel 2 F-IRB Approach for calculating credit risk assets, it uses 8% to calculate total required capital on a consolidated basis.
8. Figures for March 31, 2013 have been calculated pursuant to Financial Services Agency 2012 Notification 56.

Outline of Preferred Securities

The Holding Company's consolidated subsidiary Resona Bank, Ltd. (hereinafter, the Company), has issued the preferred securities outlined below through its overseas special-purpose company. The securities are included in calculation of the Holding Company's consolidated capital adequacy ratio (Japanese domestic standard) as eligible Tier 1 capital.

Issuer	Resona Preferred Global Securities (Cayman) Limited
Type of Securities	Non-cumulative perpetual preferred securities (hereinafter, preferred securities)
Maturity	None (perpetual)
Optional Redemption	The preferred securities may be redeemed at the option of the issuer on any dividend payment date in or after July 2015, subject to the prior approval of the Financial Services Agency.
Amount of Issue	US$1.15 billion
Date for Payment of the Issue Price	July 25, 2005
Dividend Rate	Dividends on the preferred securities will be payable at a fixed rate through the dividend payment date in July 2015. After this date, the dividend rate will become variable and a step-up coupon will be added.
Dividend Payment Date	July 30 of each year, provided that if this date in any year falls on a day that is not a business day, payment will be made on the next business day. From July 2016, in the event that a dividend payment date falls on a date that is not a business day, and the next business day falls in the following month, the dividend payment date shall be the last business day before July 30.
Mandatory Dividend Payment	Provided that the conditions detailed below for mandatory suspension (limitation) or optional suspension (limitation) of dividends are not met for any fiscal year, the full amount of dividends on the preferred securities described here must be paid on the dividend payment date following the conclusion of such fiscal year.
Mandatory Suspension (Limitation) of Dividend	Dividend payments will be suspended upon the occurrence of a liquidation event, reorganization event, insolvency event, or government action (See Note 1 below.). In the event that a Preferred Stock Dividend Limitation or Distributable Profits Limitation is applied, dividends will be suspended or subject to limitation in accordance with such an application. Unpaid dividends shall not accrue to subsequent periods.
Preferred Stock Dividend Limitation	If the dividends paid on the Company's preferred stock (See Note 2 below.) are reduced, dividends on the preferred securities will be reduced by the same percentage.
Distributable Profits Limitation	If there are insufficient Available Distributable Profits (See Note 3 below.) (i.e. in the case where the Available Distributable Profits are less than the total amount of dividends to be paid), dividends on the preferred securities will be limited to the amount of Available Distributable Profits.
Optional Suspension (Limitation) of Dividend	The Company may, at its option, suspend or limit the dividends upon the occurrence of any of the following events. However, in the event that dividends are to be paid on other preferred securities, dividends shall also be paid at the same ratio on the preferred securities described here, regardless of the order of their respective dividend payment dates. Unpaid dividends shall not accrue to subsequent periods. 1. When a "regulatory event" (See Note 4 below.) occurs. 2. In the event that the Company has not paid dividends on the Company's common stock for the most recently concluded fiscal year.
Liquidation Preference	The preferred securities rank effectively *pari passu* with the Company's preferred shares as to liquidation preference.

Notes: 1. Liquidation event, reorganization event, insolvency event, or government action

(Liquidation event)
Commencement of a liquidation proceeding, adjudication to commence a bankruptcy proceeding, approval to prepare a reorganization plan for liquidation and submission of a rehabilitation plan for liquidation

(Reorganization event)
Adjudication to commence a corporate reorganization proceeding under the Corporate Reorganization Law, adjudication to commence a civil rehabilitation proceeding under the Civil Rehabilitation Law

(Insolvency event)
(1) In the event of inability to pay debts, or in the event of inability to pay debts upon the payment of aforementioned dividends or the concern of such occurring
(2) In the event of liabilities exceeding assets, or in the event of liabilities exceeding assets upon the payment of aforementioned dividends

(Government action)
In the event that the responsible regulatory agency issues a proclamation that the Company is insolvent or is in the condition of having liabilities in excess of assets; to place the Company under state management; or to transfer the Company to a third party

2. The Company's preferred stock: The Company's preferred stock which has been issued directly by the Company and has the highest priority for the payment of dividends among preferred stock
3. Available Distributable Profits: Available Distributable Profits are defined as the amount of Distributable Profits for the fiscal year immediately prior to the current year less the sum of the amount of dividends paid or to be paid on the Company's preferred stock for such immediately prior year. (However, the interim dividend to be paid on the Company's preferred stock in the current year is not considered in the computation of Available Distributable Profits.) However, when there are securities issued by subsidiaries of the Company, rights to dividends, voting rights, and rights exercisable in the event of liquidation of which are determined by reference to the Company's financial position and operating performance and which have the same ranking for their issuer as these preferred securities do to their issuer, adjustments are made to Available Distributable Profits.
4. Regulatory event: A regulatory event occurs when the Company's capital adequacy ratio or Tier 1 ratio falls below the minimum level as prescribed by banking regulations, or when such ratios fall below required minimum levels upon the payment of aforementioned dividends.

■ Capital Requirements for Credit Risk

(Millions of yen)

As of March 31	2014	2013
Capital requirements for credit risk (excluding equity exposures in the Internal Ratings-based (IRB) Approach, exposures relating to investment funds)	**1,377,022**	1,749,260
Standardized Approach (Note 1)	**43,604**	52,267
IRB Approach (Note 2)	**1,326,350**	1,686,810
Corporate exposures (Note 3)	**839,472**	1,208,541
Sovereign exposures	**6,308**	11,343
Bank exposures	**25,464**	27,541
Residential mortgage exposures	**275,598**	275,189
Qualified revolving retail exposures	**11,889**	13,359
Other retail exposures	**89,064**	89,122
Other IRB exposures (Note 4)	**78,552**	61,713
Securitization exposures	**7,067**	10,182
Capital requirements for credit risk of equity exposures in the IRB Approach	**57,578**	53,375
Market-Based Approach (Simple Risk Weight Method)	**19,464**	18,383
Market-Based Approach (Internal Models Approach) (Note 5)	**—**	—
PD/LGD Approach	**5,593**	5,759
Exposures subject to transitional grandfathering provisions (Article 13 of the Supplementary Provisions of Notification on Consolidated Capital Adequacy)	**28,693**	29,232
Exposure related to the fund-raising methods of other financial institutions other than equity exposure	**3,816**	/
Exposure related to portions of specified items that cannot be included in regulatory adjustment	**10**	/
Other	**0**	/
Capital requirements for exposures relating to investment funds	**13,611**	7,564
Capital requirements for CVA risk	**8,977**	/
Capital requirements for exposure to the Central Counterparty	**1,523**	/
Total	**1,458,712**	1,810,201

Notes: 1. Capital requirement for portfolios under the Standardized Approach is calculated as “credit risk-weighted asset amount x 8%.
2. Capital requirement for portfolios under the IRB Approach is calculated as “credit risk-weighted asset amount (multiplied by the scaling factor of 1.06) x 8% + expected losses + core capital: regulatory adjustment.
3. Corporate exposures include Specialised Lending and exposures to SMEs.
4. Other IRB exposures include purchased receivables assets and other assets.
5. The Holding Company Group does not adopt the Internal Models Approach.

■ Capital Requirements for Market Risk

(Millions of yen)

As of March 31	2014	2013
Standardized approach	**14,272**	/
Interest rate risk	**4,270**	/
Equity risk	**—**	/
Foreign exchange risk	**892**	/
Commodity risk	**—**	/
Option transactions	**9,110**	/

Notes: 1. Capital requirement for operational risk is calculated in accordance with the following formula; Amount equivalent to operational risk x 12.5 x 8%
2. The Company does not apply the market risk internal models approach.
3. As of March 31, 2013, the Company made use of the special provision for non-entry, and the amount of market risk has not been included. As a result, there is no capital requirement.

■ Capital Requirements for Operational Risk

(Millions of yen)

As of March 31	2014	2013
The Standardized Approach	**86,465**	87,609

Notes: 1. Capital requirement for operational risk is calculated in accordance with the following formula; Amount equivalent to operational risk x 12.5 x 8%
2. Capital requirement for operational risk is calculated using the Standardized Approach. The Holding Company Group does not adopt the Basic Indicator Approach nor Advanced Measurement Approach.

■ Total Consolidated Capital Requirement

(Millions of yen)

As of March 31	2014	2013
Total consolidated capital requirement	**1,271,744**	1,392,402

Notes: 1. The capital adequacy ratio is calculated by multiplying the denominator by 8%.
2. Although the Company is subject to the domestic criteria in calculating its capital adequacy ratio, since it adopts the Internal Ratings-Based Approach, it multiplies by 8%.

Main Features of Regulatory Capital Instruments (Japanese Domestic Standard)

The financial instruments the Holding Company uses for raising capital are as listed below:

■ Common and Preferred Stock

Issuer	Instrument type	Amount recognised in core capital (Note 1) (Millions of yen)	Dividends/ coupons (only officially announced items)	Outline of provisions for conversion to another type of instrument for raising capital or for repayment when certain conditions are met
Resona Holdings	Common Stock	870,751	—	—
P.T. Bank Resona Perdania, others	Minority Interests	15,904	—	—
Resona Holdings	Class C No. 1 Preferred Stock	60,000	1.36% (Note 2)	Instrument type convertible into: Resona Holdings common stock Conversion trigger: (a) when the Right to Request Acquisition is exercised up to the date of the general meeting of shareholders for the fiscal year ended March 2018, and (b) when the Right to Request Acquisition is not exercised up to the date of the general meeting of shareholders for the fiscal year ended March 2018 (Full Conversion will take place on the next day of the meeting) Scope of conversion: In the case of (a), Full or Partial, and in the case of (b) Full. Conversion ratio: The ratio of the figure corresponding to the paid-in amount per share (¥5,000) divided by the market price Room for discretion of the issuer: None
Resona Holdings	Class F No. 1 Preferred Stock	100,000	1.48% (Note 3)	Instrument type convertible into: Resona Holdings common stock Conversion trigger: (a) when the Right to Request Acquisition is exercised up to the date of the general meeting of shareholders for the fiscal year ended March 2018, and (b) when the Right to Request Acquisition is not exercised up to the date of the general meeting of shareholders for the fiscal year ended March 2018 (Full Conversion will take place on the next day of the meeting) Scope of conversion: In the case of (a), Full or Partial, and in the case of (b) Full. Conversion ratio: The ratio of the figure corresponding to the paid-in amount per share (¥12,500) divided by the market price Room for discretion of the issuer: None
Resona Holdings	Class three No. 1 Preferred Stock	196,000	Floating rate (1-year euro-yen LIBOR + 0.50%)	Instrument type convertible into: Resona Holdings common stock Conversion trigger: Any time on and after July 1, 2010. Scope of conversion: Full or Partial Conversion ratio: The paid-in amount per share (¥2,000) divided by the market price. Room for discretion of the issuer: None
Resona Holdings	Class Four Preferred Stock	63,000	Fixed 3.970%	Optional call date: Date determined by the Representative Executive Officer, on or after August 31, 2013 Redemption amount: ¥25,000 per share
Resona Holdings	Class Five Preferred Stock	100,000	Fixed 3.675%	Optional call date: Date determined by the Representative Executive Officer, on or after August 28, 2014 Redemption amount: ¥25,000 per share
Resona Holdings	Class Six Preferred Stock	75,000	Fixed 4.950%	Optional call date: Date determined by the Representative Executive Officer, on or after December 8, 2014 Redemption amount: ¥25,000 per share

Notes: 1. The amounts shown are before considering deduction or caps under Transitional Rules subject to Article 3 of the Supplementary Provisions to the Notification on Consolidated Capital Adequacy (2013 Notification No. 6 issued by the Financial Services Agency).
2. When Special Preferred dividend is paid, it will be calculated as follows: ¥68 per stock x (1 minus (accumulated Special Preferred dividends/balance of public funds outstanding))
3. When Special Preferred dividend is paid, it will be calculated as follows: ¥185 per stock x (1 minus (accumulated Special Preferred dividends/balance of public funds outstanding))
4. For Preferred Stocks, dividend stopper clauses exist, and dividends are non-cumulative.

For further details, please access the Resona Holdings website: **http://www.resona-gr.co.jp/holdings/english/investors/financial/basel3/**

■ Preferred Securities

Issuer	Instrument type	Amount recognised in core capital (Note 1) (Millions of yen)	Dividends/coupons (only officially announced items)	Outline of provisions for conversion to another type of instrument for raising capital or for repayment when certain conditions are met
Resona Preferred Global Securities (Cayman) Limited	Non-cumulative, fixed or floating rate dividend, preferred securities	118,346 (US$1,150 million)	From fixed to floating rate: 7.191% /12-month US$ LIBOR + 3.76% (Provision for step-up interest rate)	Optional call date: Any dividend payment date on or after July 30, 2015 Redemption amount: US$1,000/preferred security Contingent Call: Upon the occurrence of Tax Event or Special Event Redemption amount: (in case of Tax Event) USD1,000 per preferred security: (in case of Special Event) the higher of USD1,000 per preferred security and the Make Whole Amount

Notes: 1. The amounts shown are before considering deduction or caps under Transitional Rules subject to Article 3 of the Supplementary Provisions to the Notification on Consolidated Capital Adequacy (2013 Notification No. 6 issued by the Financial Services Agency).
2. For Preferred Securities, dividend stopper clauses exist, and dividends are non-cumulative.

■ Subordinated Loans and Bonds

Issuer	Instrument type	Amount recognised in core capital (Note 1) (Millions of yen)	Dividends/coupons (only officially announced items)	Date of repayment	Outline of any special provision(s) making redemption possible for certain specified reasons	Outline of any special provision(s) for step-up interest rates or any other provision that would increase the likelihood of redemption.
Resona Bank	U.S. Dollar Perpetual Subordinated Bonds	133,764 (US$1,299 million)	Fixed to floating rate 5.85% /3-month U.S. dollar LIBOR + 2.77%	—	Optional call date: Interest payment date on or after April 15, 2016 Redemption amount: Whole Par Value	Provision for step-up interest rates
Resona Bank	No. 1 Unsecured Subordinated Bonds	1,938	Fixed 2.12%	September 24, 2014	—	—
Resona Bank	No. 2 Unsecured Subordinated Bonds	6,867	Fixed 2.02%	December 18, 2015	—	—
Resona Bank	No. 3 Redeemable Unsecured Subordinated Bonds	21,300	Fixed to floating 2.52% /6-month yen LIBOR + 3.00%	June 4, 2019	Optional call date: Interest payment date on or after June 4, 2014 Redemption amount: Whole Par Value	Provision for step-up interest rates
Resona Bank	No. 4 Unsecured Subordinated Bonds	50,000	Fixed 2.766%	June 20, 2020	—	—
Resona Bank	No. 6 Unsecured Subordinated Bonds	50,000	Fixed 2.084%	March 4, 2020	—	—
Resona Bank	No. 7 Unsecured Subordinated Bonds	40,000	Fixed 1.606%	September 28, 2020	—	—
Resona Bank	No. 8 Unsecured Subordinated Bonds	25,000	Fixed 1.878%	June 1, 2021	—	—
Resona Bank	No. 9 Unsecured Subordinated Bonds	20,000	Fixed 2.442%	December 22, 2026	—	—
Resona Bank	No. 10 Redeemable Unsecured Subordinated Bonds	66,000	Fixed to floating 1.47% /5-year yen swap offer rate + 0.95%	April 21, 2022	Optional call date: Interest payment date on April 21, 2017 Redemption amount: Whole Par Value	—
Resona Bank	No. 11 Unsecured Subordinated Bonds	35,000	Fixed 1.780%	March 15, 2022	—	—
Resona Bank	No. 12 Unsecured Subordinated Bonds	16,000	Fixed 2.464%	March 15, 2027	—	—
Resona Bank	No. 13 Unsecured Subordinated Bonds	20,000	Fixed to floating rate 1.32% /5-year yen swap offer rate + 0.86%	June 21, 2022	Optional call date: Interest payment date on June 21, 2017 Redemption amount: Whole Par Value	—

Issuer	Instrument type	Amount recognised in core capital (Note 1) (Millions of yen)	Dividends/coupons (only officially announced items)	Date of repayment	Outline of any special provision(s) making redemption possible for certain specified reasons	Outline of any special provision(s) for step-up interest rates or any other provision that would increase the likelihood of redemption.
Saitama Resona Bank	Unsecured Perpetual Bond with redemption provision (with subordination provision)	10,500	Floating to floating rate 6-month yen LIBOR + 1.70% /6-month yen LIBOR + 3.20%	—	Optional call date: Interest payment date on or after December 17, 2014 Redemption amount: Full or partial	Provision for step-up interest rate
Saitama Resona Bank	No. 2 Unsecured Bonds Redeemable before Maturity (with subordination provision)	10,000	Fixed to floating rate 1.30% /6-month yen LIBOR + 0.58%	December 17, 2020	Optional call date: Interest payment date on December 17, 2015 Redemption amount: Whole Par Value	—
Saitama Resona Bank	No. 3 Unsecured Bonds Redeemable before Maturity (with subordination provision)	50,000	Fixed rate to fixed rate 1.45% /5-year swap offer rate + 0.93%	October 19, 2021	Optional call date: Interest payment date on October 19, 2016 Redemption amount: Whole Par Value	—
Saitama Resona Bank	No. 4 Unsecured Bond Redeemable before Maturity (with subordination provision)	25,000	Fixed rate to fixed rate 1.24% /5-year swap offer rate + 0.84%	July 27, 2022	Optional call date: Interest payment date on July 27, 2017 Redemption amount: Whole Par Value	—
Saitama Resona Bank	Subordinated loan with maturity date	25,000	—	March 31, 2021	Optional call date: Interest payment date on or after March 31, 2016 Redemption amount: Full or partial	Provision for step-up interest rates
Saitama Resona Bank	Subordinated loan with maturity date	5,000	—	September 30, 2019	Optional call date: Interest payment date on or after September 30, 2014 Redemption amount: Full or partial	Provision for step-up interest rates
Saitama Resona Bank	Subordinated loan with maturity date	3,000	—	March 31, 2020	Optional call date: Interest payment date on or after March 31, 2015 Redemption amount: Full or partial	Provision for step-up interest rates
Saitama Resona Bank	Subordinated loan with maturity date	3,000	—	March 31, 2020	Optional call date: Interest payment date on or after March 31, 2015 Redemption amount: Full or partial	Provision for step-up interest rates
Saitama Resona Bank	Subordinated loan with maturity date	1,000	—	July 9, 2020	Optional call date: Interest payment date on or after July 9, 2015 Redemption amount: Full or partial	—

Note: The amounts shown are before considering deduction or caps under Transitional Rules subject to Article 3 of the Supplementary Provisions to the Notification on Consolidated Capital Adequacy (2013 Notification No. 6 issued by the Financial Services Agency).

For further details please access the Resona Holdings website: **http://www.resona-gr.co.jp/holdings/english/investors/financial/basel3/**

Credit Risk

■ Ratings Applied to Portfolio Subject to Standardized Approach

1. Qualified Rating Agencies Used in Making Judgments on Risk Weights

In determining the risk weights for portfolios to which the Standardized Approach is applied, the Holding Company Group makes use of ratings issued by the following five qualified rating agencies (Eligible External Credit Assessment Institutions (ECAI)): Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P), and Fitch Ratings Limited (Fitch). These rating agencies are those designated by the Financial Services Agency, as of March 31, 2014, and are "qualified rating agencies" for the purposes of Basel 3.

2. Types of Exposure and Qualified Rating Agencies Used

The Holding Company Group has specified the use of the following rating agencies for certain obligors and types of exposure as shown below. In all cases, when there are two or more ratings available from qualified rating agencies and these ratings differ, the second smallest risk weight counting from the smallest risk weight is adopted. (When one smallest risk weight is corresponding to two or more ratings, the smallest risk weight is adopted.)

Types of Obligor and Exposure	Rating Agency Used
Central governments and central banks Local governments in Japan Foreign non-central government public-sector entities Multilateral Development Banks Japan Finance Organization for Municipalities Government-affiliated organizations in Japan Local public corporations Banks Securities companies	Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P), Fitch Ratings Limited (Fitch)
Investment funds (assets backed up with underlying investments in multiple assets)	Same as the above
Securitized products Structured finance	Same as the above
Other than the above	Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P)

■ Credit Risk Exposure at Fiscal Year-End: By Region, By Industry, Including Claims Past Due Three Months or More, or Default: By Residual Contractual Maturity

(Millions of yen)

	As of March 31, 2014					
	Total					
		Loans and bills discounted, foreign exchange, etc.	Securities	Off-balance sheet transactions	Derivatives transactions	Past due three months or more, or default
By Region						
Japan	50,412,545	33,442,140	8,287,721	6,815,622	1,072,439	659,817
Overseas	—	—	—	—	—	—
Exposure to which the Standardized Approach is applied	1,231,151	894,673	47,790	67,655	450	26,002
Total	51,643,697	34,336,814	8,335,512	6,883,277	1,072,889	685,820
By Industry						
Manufacturing	3,177,271	2,545,385	309,095	291,956	27,519	104,658
Agriculture and forestry	38,721	38,373	—	348	—	2,159
Fishery	1,751	1,688	60	0	2	24
Mining, quarrying of stone, gravel extraction	13,609	11,724	1,279	560	46	204
Construction	654,750	527,596	39,311	86,593	931	26,783
Electricity, gas, heating, water	163,716	134,156	20,782	8,147	629	12
Information and communication	251,060	208,082	20,434	20,386	603	16,776
Transportation, postal services	558,199	498,823	28,916	26,243	4,125	34,231
Wholesale and retail trade	2,575,159	2,280,284	134,822	106,944	38,015	150,762
Finance and insurance	2,494,245	854,815	233,232	254,929	980,772	5,346
Real estate	4,833,761	4,734,586	30,908	55,633	11,312	136,916
Goods rental and leasing	337,014	314,270	5,562	16,182	928	2,439
Services	1,643,420	1,465,810	47,820	98,872	7,172	68,362
Individuals	10,511,006	10,423,010	—	87,632	—	110,643
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	21,867,686	8,886,026	7,220,091	5,761,190	378	487
Foreign central governments and central banks, etc.	120,665	672	119,992	—	—	7
Others	1,170,504	516,833	75,411	—	—	0
Exposure to which the Standardized Approach is applied	1,231,151	894,673	47,790	67,655	450	26,002
Total	51,643,697	34,336,814	8,335,512	6,883,277	1,072,889	685,820
By Residual Contractual Maturity						
One year or less	5,022,794	2,478,170	1,643,122	770,251	85,017	/
One year to less than three years	4,060,085	2,077,325	1,482,846	137,943	351,374	/
Three years to less than five years	5,362,336	2,495,483	2,558,309	41,886	225,025	/
Five years to less than seven years	3,083,595	1,494,810	1,220,312	18,349	311,452	/
Over seven years	16,817,782	15,622,245	939,534	87,753	99,568	/
Exposures with no maturity dates	16,065,951	9,274,105	443,595	5,759,437	—	/
Exposure to which the Standardized Approach is applied	1,231,151	894,673	47,790	67,655	450	/
Total	51,643,697	34,336,814	8,335,512	6,883,277	1,072,889	/

Notes: 1. Figures presented refer to the credit risk exposure calculated by applying the Internal Ratings-Based (IRB) approach. Is applied (Exposures relating investment funds and securitization exposures are not included). However, assets of non-financial companies exempt from IRB calculations and other assets which are minimal are treated as Exempt Assets, and the Standardized Approach is applied in calculating the risk assets (For stocks held by the subsidiaries, the IRB approach is applied and such stocks are not included among the Excluded Assets.).
2. Exposures to which the A-IRB or F-IRB approach is applied are presented before the subtraction of reserves, etc., before partial direct write-offs, and after taking into account the effect of credit risk mitigation techniques. In addition, exposures to which the Standardized Approach is applied are presented after the subtraction of reserves, etc., after partial direct write-offs, and after taking into account the effect of credit risk mitigation techniques.
3. "Loans and bills discounted, foreign exchanges, etc." includes the following transactions: cash and due from banks, call loans, monetary claims bought, trading assets, loans and bills discounted, foreign exchange assets, and others.
4. "Off-balance sheet transactions" includes customers' liabilities for acceptances and guarantees, commitments, and amounts equivalent to credit risk exposure in relation to loans in the trust account (after taking into account of the Credit Conversion Factor (CCF)).
5. "Total" of types of exposures includes other assets, premises and equipment, intangible fixed assets, deferred tax assets, and exposure related to the central counterparty. Also, since the figures presented are after the set-off of internal transactions, the total may not coincide with a sum of the above shown items.

	As of March 31, 2013					
	Total					
		Loans and bills discounted, foreign exchange, etc.	Securities	Off-balance sheet transactions	Derivatives transactions	Past due three months or more, or default
By Region						
Japan	46,124,014	30,469,811	9,858,810	3,913,565	1,331,851	812,255
Overseas	—	—	—	—	—	—
Exposure to which the Standardized Approach is applied	1,140,540	710,685	58,228	76,196	189	30,905
Total	47,264,555	31,180,497	9,917,039	3,989,761	1,332,040	843,160
By Industry						
Manufacturing	3,227,002	2,554,055	302,119	318,109	47,368	115,103
Agriculture and forestry	43,923	43,511	40	372	—	1,706
Fishery	1,442	1,362	77	2	—	26
Mining, quarrying of stone, gravel extraction	14,230	13,017	1,044	130	37	236
Construction	649,373	529,518	45,558	73,268	829	30,475
Electricity, gas, heating, water	149,047	122,102	20,769	5,988	186	0
Information and communication	264,124	221,583	19,840	18,940	1,680	29,279
Transportation, postal services	553,330	492,146	26,343	28,703	6,039	39,111
Wholesale and retail trade	2,610,359	2,299,028	135,095	87,585	71,687	178,713
Finance and insurance	2,632,428	960,247	251,785	233,264	1,183,147	5,793
Real estate	4,551,511	4,439,775	25,008	52,701	11,149	179,006
Goods rental and leasing	514,190	493,127	5,643	14,609	741	3,551
Services	1,608,118	1,457,723	48,310	91,786	8,480	97,561
Individuals	10,280,293	10,189,753	—	89,948	—	131,682
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	17,793,326	6,204,136	8,715,321	2,873,367	501	—
Foreign central governments and central banks, etc.	214,266	797	213,468	—	—	7
Others	1,017,044	447,923	48,382	24,786	—	0
Exposure to which the Standardized Approach is applied	1,140,540	710,685	58,228	76,196	189	30,905
Total	47,264,555	31,180,497	9,917,039	3,989,761	1,332,040	843,160
By Residual Contractual Maturity						
One year or less	6,460,165	3,035,291	2,531,262	739,116	104,277	/
One year to less than three years	4,043,103	2,204,117	1,387,727	127,799	323,460	/
Three years to less than five years	6,073,861	2,488,977	3,211,765	32,291	340,827	/
Five years to less than seven years	2,784,110	1,519,514	982,413	18,394	263,787	/
Over seven years	16,937,536	15,212,757	1,325,606	99,673	299,498	/
Exposures with no maturity dates	9,825,236	6,009,153	420,037	2,896,288	—	/
Exposure to which the Standardized Approach is applied	1,140,540	710,685	58,228	76,196	189	/
Total	47,264,555	31,180,497	9,917,039	3,989,761	1,332,040	/

Notes: 1. Figures presented refer to the credit risk exposure to which the Foundation Internal Ratings-Based (F-IRB) approach is applied (Exposures relating investment funds and securitization exposures are not included). However, assets of non-financial companies exempt from F-IRB calculations and other assets which are minimal are treated as Exempt Assets, and the Standardized Approach is applied in calculating the risk assets (For stocks held by the subsidiaries, the F-IRB approach is applied and such stocks are not included among the Excluded Assets.).

2. Exposures to which the F-IRB approach is applied are presented before the subtraction of reserves, etc., before partial direct write-offs, and after taking into account the effect of credit risk mitigation techniques. In addition, exposures to which the Standardized Approach is applied are presented after the subtraction of reserves, etc., after partial direct write-offs, and after taking into account the effect of credit risk mitigation techniques.

3. "Loans and bills discounted, foreign exchanges, etc." includes the following transactions: cash and due from banks, call loans, monetary claims bought, trading account securities included in trading assets, loans and bills discounted, foreign exchange assets, and others.

4. "Off-balance sheet transactions" includes customers' liabilities for acceptances and guarantees, commitments, and amounts equivalent to credit risk exposure in relation to loans in the trust account (after taking into account of the Credit Conversion Factor (CCF)).

5. "Total" of types of exposures includes other assets, premises and equipment, intangible fixed assets, and deferred tax assets. Also, since the figures presented are after the set-off of internal transactions, the total may not coincide with a sum of the above shown items.

■ General Reserve for Possible Loan Losses and Special Reserve for Certain Overseas Loans

(Millions of yen)

Years ended March 31,	2014			2013		
	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year
General reserve for possible loan losses	**199,828**	**(38,146)**	**161,681**	234,478	(34,650)	199,828
Special reserve for certain overseas loans	**1**	**0**	**1**	2	(0)	1

Note: The Holding Company Group does not prepare the breakdown of general reserve for possible loan losses by region and industry.

■ Specific Reserve for Possible Loan Losses: By Region and Industry

(Millions of yen)

Year ended March 31,	2014		
	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year
By Region			
Japan	**103,533**	**(11,240)**	**92,292**
Overseas	**—**	**—**	**—**
Total	**103,533**	**(11,240)**	**92,292**
By Industry			
Manufacturing	**16,382**	**2,018**	**18,401**
Agriculture and forestry	**162**	**182**	**345**
Fishery	**—**	**—**	**—**
Mining, quarrying of stone, gravel extraction	**3**	**(0)**	**3**
Construction	**2,824**	**282**	**3,107**
Electricity, gas, heating, water	**—**	**—**	**—**
Information and communication	**1,634**	**509**	**2,144**
Transportation, postal services	**3,664**	**541**	**4,205**
Wholesale and retail trade	**32,589**	**(6,696)**	**25,893**
Finance and insurance	**3,054**	**497**	**3,551**
Real estate	**16,591**	**(3,700)**	**12,890**
Goods rental and leasing	**167**	**(82)**	**85**
Services	**12,639**	**(2,648)**	**9,990**
Individuals	**4,422**	**(568)**	**3,853**
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	**—**	**—**	**—**
Foreign central governments and central banks, etc.	**—**	**—**	**—**
Others	**9,395**	**(1,576)**	**7,818**
Total	**103,533**	**(11,240)**	**92,292**

Year ended March 31,	2013		
	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year
By Region			
Japan	143,239	(39,774)	103,465
Overseas	—	—	—
Total	143,239	(39,774)	103,465
By Industry			
Manufacturing	32,895	(16,512)	16,382
Agriculture and forestry	81	81	162
Fishery	—	—	—
Mining, quarrying of stone, gravel extraction	20	(16)	3
Construction	2,806	18	2,824
Electricity, gas, heating, water	—	—	—
Information and communication	1,809	(174)	1,634
Transportation, postal services	1,316	2,347	3,664
Wholesale and retail trade	45,591	(13,001)	32,589
Finance and insurance	3,341	(286)	3,054
Real estate	16,459	132	16,591
Goods rental and leasing	93	74	167
Services	15,358	(2,719)	12,639
Individuals	4,897	(475)	4,422
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	193	(193)	—
Foreign central governments and central banks, etc.	—	—	—
Others	18,376	(9,048)	9,327
Total	143,239	(39,774)	103,465

Notes: 1. The by-industry breakdown is for the specific reserves provided for the exposures held by Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank.
2. The “Others” category of the by-industry segment includes the specific reserves provided for the exposures held by subsidiaries other than the aforementioned banking subsidiaries.

■ Write-Offs of Claims: By Industry

(Millions of yen)

Year ended March 31,	2014	2013
Manufacturing	**8,767**	8,464
Agriculture and forestry	**7**	47
Fishery	**—**	—
Mining, quarrying of stone, gravel extraction	**—**	7
Construction	**310**	1,094
Electricity, gas, heating, water	**—**	—
Information and communication	**894**	585
Transportation, postal services	**110**	277
Wholesale and retail trade	**4,830**	9,342
Finance and insurance	**1**	(3)
Real estate	**906**	4,519
Goods rental and leasing	**128**	81
Services	**2,812**	3,767
Individuals	**1,067**	2,177
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	**—**	—
Foreign central governments and central banks, etc.	**—**	—
Others	**4,143**	4,811
Total	**23,979**	35,175

Notes: 1. The by-industry breakdown is for the write-offs made for the exposures held by Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank.
2. The "Others" category includes the write-offs made for the exposures held by subsidiaries other than the aforementioned banking subsidiaries.

[Exposure Subject to the Standardized Approach]

■ Exposure by Risk Weight Category

(Millions of yen)

As of March 31,	2014		2013	
	With external rating	**Without external rating**	With external rating	Without external rating
0%	**259**	**553,777**	575	394,578
10%	**—**	**25,932**	—	30,009
20%	**121,892**	**0**	69,116	2
35%	**—**	**—**	—	—
50%	**48,635**	**72**	50,037	135
75%	**—**	**0**	—	0
100%	**3,521**	**450,781**	4,346	561,161
150%	**1**	**26,264**	—	30,575
250%	**—**	**11**	—	—
350%	**—**	**—**	—	—
1,250%	**—**	**—**	—	—
Others	**—**	**—**	—	—
Total	**174,311**	**1,056,840**	124,076	1,016,464

Notes: 1. Credit ratings are those provided by the qualified rating agencies.
2. Exposures by risk weight categories are reported as the balance after taking into account the effect of credit risk mitigation techniques.
3. The 1,250% risk weight is applied to exposure specified in Article 57-5-2-2; Article 155-2-2-2; and Article 225-1 of the Notification on Consolidated Capital Adequacy (only in cases where Article 103, Article 105, and Article 114-1 of the Notification on Consolidated Capital Adequacy also apply). Figures presented are the exposure to which the 1,250% risk weight applies.
4. For March 31, 2013, there were no deductions from capital.

[Exposure Subject to the IRB Approach]

■ Specialised Lending Exposure subject to Slotting Criteria by Risk Weight Category

(1) Specialised Lending Exposure Excluding High Volatility Commercial Real Estate Lending

(Millions of yen)

Slotting criteria	Residual contractual maturity	Risk weights	**As of March 31, 2014**	As of March 31, 2013
Strong	Under 2 and half years	50%	**29**	6,904
	Over 2 and half years	70%	**26,262**	17,309
Good	Under 2 and half years	70%	**30,000**	12,519
	Over 2 and half years	90%	**76,728**	100,477
Satisfactory	No term	115%	**76,890**	75,814
Weak	No term	250%	**4,670**	2,830
Default	No term	0%	**1,911**	1,934
Total			**216,492**	217,790

(2) High Volatility Commercial Real Estate Lending

(Millions of yen)

Slotting criteria	Residual contractual maturity	Risk weights	**As of March 31, 2014**	As of March 31, 2013
Strong	Under 2 and half years	70%	**2,000**	2,000
	Over 2 and half years	95%	**5,000**	2,900
Good	Under 2 and half years	95%	**—**	6,500
	Over 2 and half years	120%	**—**	—
Satisfactory	No term	140%	**4,550**	10,950
Weak	No term	250%	**—**	—
Default	No term	0%	**—**	—
Total			**11,550**	22,350

■ Equity Exposure under Simple Risk Weight Method by Risk Weight Category

(Millions of yen)

As of March 31,	**2014**	2013
Risk weights		
300%	**59,290**	62,698
400%	**12,914**	7,157
Total	**72,205**	69,856

■ Corporate Exposures

(Millions of yen)

	As of March 31, 2014							
Credit rating	PD (Estimated) (Note 1)	LGD (Estimated) (Note 1)	EL default (Estimated) (Note 1)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
SA, A	**0.16%**	**31.95%**	**/**	**25.41%**	**2,935,236**	**476,032**	**317,922**	**75.00%**
B–E	**1.17%**	**27.55%**	**/**	**50.88%**	**7,951,743**	**518,733**	**366,846**	**75.00%**
F, G	**12.08%**	**25.54%**	**/**	**105.21%**	**1,020,012**	**46,724**	**6,537**	**75.00%**
Default	**100.00%**	**32.59%**	**44.74**	**10.61%**	**490,830**	**13,540**	**5,650**	**75.00%**
Total	**/**	**/**	**/**	**/**	**12,397,823**	**1,055,030**	**696,956**	**75.00%**

	As of March 31, 2013							
Credit rating	PD (Estimated) (Note 1)	LGD (Estimated) (Note 1)	EL default (Estimated) (Note 1)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weight average CCF on undrawn commitments
SA, A	0.16%	43.80%	/	33.37%	3,001,022	426,267	/	/
B–E	1.21%	41.49%	/	77.43%	7,792,211	527,744	/	/
F, G	12.42%	40.98%	/	169.52%	1,168,337	56,262	/	/
Default	100.00%	43.36%	/	/	610,289	23,685	/	/
Total	/	/	/	/	12,571,860	1,033,959	/	/

Notes: 1. Weighted average figures based on EAD
2. Specialised lending exposure subject to supervisory slotting criteria is not included.

■ Sovereign Exposures

(Millions of yen)

Credit rating	PD* (Estimated)	LGD* (Estimated)	EL default* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
As of March 31, 2014								
SA, A	**0.00%**	**36.93%**	**/**	**0.29%**	**16,216,328**	**5,760,491**	**—**	**—**
B–E	**0.75%**	**35.03%**	**/**	**60.31%**	**9,949**	**1,048**	**—**	**—**
F, G	**16.57%**	**10.07%**	**/**	**56.74%**	**3,851**	**28**	**—**	**—**
Default	**100.00%**	**18.21%**	**17.58%**	**10.54%**	**495**	**—**	**—**	**—**
Total	**/**	**/**	**/**	**/**	**16,230,625**	**5,761,569**	**—**	**—**
As of March 31, 2013								
SA, A	0.00%	45.00%	/	0.42%	15,091,915	2,872,556	/	/
B–E	0.98%	44.76%	/	105.88%	37,276	1,300	/	/
F, G	16.77%	43.43%	/	242.57%	4,523	69	/	/
Default	100.00%	45.00%	/	/	7	—	/	/
Total	/	/	/	/	15,133,722	2,873,926	/	/

Note: Weighted average figures based on EAD

■ Bank Exposures

(Millions of yen)

Credit rating	PD* (Estimated)	LGD* (Estimated)	EL default* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
As of March 31, 2014								
SA, A	**0.11%**	**37.89%**	**/**	**28.83%**	**593,191**	**278,702**	**—**	**—**
B–E	**0.70%**	**37.42%**	**/**	**48.45%**	**44,047**	**14,059**	**15,500**	**75.00%**
F, G	**11.34%**	**23.99%**	**/**	**98.61%**	**8,655**	**2,587**	**3,450**	**75.00%**
Default	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**/**	**/**	**/**	**/**	**645,894**	**295,349**	**18,950**	**75.00%**
As of March 31, 2013								
SA, A	0.12%	43.24%	/	26.73%	622,703	362,160	/	/
B–E	0.63%	45.82%	/	61.41%	41,672	12,734	/	/
F, G	11.70%	29.54%	/	122.92%	10,520	1,926	/	/
Default	—	—	/	/	—	—	/	/
Total	/	/	/	/	674,896	376,820	/	/

Note: Weighted average figures based on EAD

■ Equity Exposures subject to PD/LGD Approach

(Millions of yen)

Credit rating	**As of March 31, 2014**			As of March 31, 2013		
	PD* (Estimated)	Weighted average RW	Balance	PD* (Estimated)	Weighted average RW	Balance
SA, A	**0.16%**	**153.45%**	**33,385**	0.16%	134.94%	26,787
B–E	**0.76%**	**226.10%**	**5,643**	0.70%	211.63%	9,473
F, G	**11.85%**	**599.33%**	**328**	11.70%	465.56%	500
Default	**100.00%**	**1,125.00%**	**0**	100.00%	/	21
Total	**/**	**/**	**39,357**	/	/	36,782

Note: Weighted average figures based on Balance

■ Retail Exposures

(Millions of yen)

	As of March 31, 2014						
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
Residential mortgage exposures	**/**	**/**	**/**	**8,987,171**	**20,779**	**—**	**—**
Non-default	**1.05%**	**33.42%**	**29.08%**	**8,907,010**	**20,285**	**—**	**—**
Default	**100.00%**	**34.20%**	**/**	**80,161**	**494**	**—**	**—**
Qualifying revolving retail exposures	**/**	**/**	**/**	**118,896**	**46,372**	**452,636**	**10.25%**
Non-default	**3.51%**	**65.72%**	**54.85%**	**118,376**	**46,328**	**452,361**	**10.24%**
Default	**100.00%**	**67.73%**	**/**	**519**	**44**	**274**	**16.03%**
Other retail exposures	**/**	**/**	**/**	**2,121,417**	**29,672**	**49,963**	**26.45%**
Non-default	**1.52%**	**32.10%**	**28.08%**	**2,050,292**	**28,960**	**49,760**	**26.44%**
Default	**100.00%**	**39.51%**	**/**	**71,124**	**712**	**203**	**29.19%**

	As of March 31, 2013						
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
Residential mortgage exposures	/	/	/	8,669,941	23,464	—	—
Non-default	1.04%	33.88%	29.41%	8,574,785	22,770	—	—
Default	100.00%	35.41%	/	95,155	693	—	—
Qualifying revolving retail exposures	/	/	/	120,989	45,182	448,883	10.07%
Non-default	3.70%	70.38%	60.61%	120,360	45,130	448,590	10.06%
Default	100.00%	72.11%	/	629	52	293	17.73%
Other retail exposures	/	/	/	2,102,847	31,195	49,335	23.90%
Non-default	1.49%	31.07%	27.51%	2,023,658	30,592	49,136	23.89%
Default	100.00%	38.55%	/	79,189	602	198	27.61%

Note: Weighted average figures based on EAD

■ Actual Losses by Types of Exposures and Comparison to the Result of the Year Before (Notes 1 and 2)

(Millions of yen)

Years ended March 31,	2014	2013
Resona Holdings, Inc. (Consolidated) (Note 4)	**(26,488)**	(13,075)
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 4)	**(27,112)**	(21,438)
Corporate exposures	**(11,603)**	4,924
Sovereign exposures	**0**	0
Bank exposures	**—**	—
Residential mortgage exposures	**(551)**	927
Qualified revolving retail exposures	**(0)**	(0)
Other retail exposures	**4,145**	8,639
Resona Bank, Ltd. (Consolidated) (Note 4)	**(30,706)**	(28,626)
Resona Bank, Ltd. (Non-Consolidated) (Note 4)	**(31,544)**	(29,558)
Corporate exposures	**(18,986)**	(6,184)
Sovereign exposures	**0**	0
Bank exposures	**—**	—
Residential mortgage exposures	**(384)**	523
Qualified revolving retail exposures (Note 3)	**—**	—
Other retail exposures	**2,722**	4,831
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 4)	**1,157**	2,191
Corporate exposures	**3,601**	5,743
Sovereign exposures	**—**	—
Bank exposures	**—**	—
Residential mortgage exposures	**(101)**	271
Qualified revolving retail exposures (Note 3)	**—**	—
Other retail exposures	**854**	1,817
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 4)	**3,503**	7,969
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 4)	**3,275**	5,927
Corporate exposures	**3,781**	5,365
Sovereign risk exposures	**—**	—
Bank exposures	**—**	—
Residential mortgage exposures	**(64)**	132
Qualified revolving retail exposures	**(0)**	(0)
Other retail exposures	**568**	1,989

Notes: 1. Actual losses refer to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gain from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the credit guarantee corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
2. Actual losses for equity exposures which apply the PD/LGD approach are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
3. Since the losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, Inc., actual losses have been omitted from the above exposure classification.
4. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

Analysis

The credit-related expenses of Resona Holdings for the year ended March 31, 2014, amounted to ¥26.4 billion, ¥13.4 billion lower than in the previous fiscal year.

For the Resona Bank (nonconsolidated), the principal causes of the decline of ¥10.2 billion from the previous year (to minus ¥20.9 billion) were the decline in new non-performing loans and a decline in losses due to movement of some exposure to lower credit quality.

By exposure category, loan write-offs and provisions to loan loss reserves increased in the wholesale category, and, as a result credit-related expenses related to corporate exposures increased.

■ Comparison of Estimated and Actual Losses by Types of Exposures

(Millions of yen)

	As of March 31, 2013 (Note 4)		**Year ended March 31, 2014**
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	**/**	**/**	**(26,488)**
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	**428,816**	**(10,523)**	**(27,112)**
Corporate exposures	**376,942**	**(10,831)**	**(11,603)**
Sovereign exposures	**569**	**564**	**0**
Bank exposures	**1,315**	**1,315**	**—**
Residential mortgage exposures	**8,748**	**1,647**	**(551)**
Qualified revolving retail exposures	**455**	**449**	**(0)**
Other retail exposures	**37,274**	**(7,153)**	**4,145**
Resona Bank, Ltd. (Consolidated) (Note 7)	**/**	**/**	**(30,706)**
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	**332,834**	**(18,389)**	**(31,544)**
Corporate exposures	**299,541**	**(20,892)**	**(18,986)**
Sovereign exposures	**425**	**420**	**0**
Bank exposures	**1,144**	**1,144**	**—**
Residential mortgage exposures	**6,180**	**3,172**	**(384)**
Qualified revolving retail exposures (Note 3)	**—**	**—**	**—**
Other retail exposures	**22,079**	**(5,690)**	**2,722**
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	**53,788**	**8,795**	**1,157**
Corporate exposures	**46,335**	**8,519**	**3,601**
Sovereign exposures	**114**	**114**	**—**
Bank exposures	**60**	**60**	**—**
Residential mortgage exposures	**1,546**	**420**	**(101)**
Qualified revolving retail exposures (Note 3)	**—**	**—**	**—**
Other retail exposures	**5,702**	**(328)**	**854**
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 7)	**/**	**/**	**3,503**
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	**42,194**	**(929)**	**3,275**
Corporate exposures	**31,065**	**1,541**	**3,781**
Sovereign exposures	**29**	**29**	**—**
Bank exposures	**110**	**110**	**—**
Residential mortgage exposures	**1,021**	**(1,945)**	**(64)**
Qualified revolving retail exposures	**455**	**449**	**(0)**
Other retail exposures	**9,492**	**(1,134)**	**568**

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2013.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

(Millions of yen)

	As of March 31, 2012 (Note 4)		Year ended March 31, 2013
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	(13,075)
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	489,457	(31,127)	(21,438)
Corporate exposures	433,611	(29,395)	4,924
Sovereign exposures	440	436	0
Bank exposures	1,371	1,371	—
Residential mortgage exposures	8,817	1,885	927
Qualified revolving retail exposures	505	498	(0)
Other retail exposures	41,398	(9,197)	8,639
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	(28,626)
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	385,550	(40,959)	(29,558)
Corporate exposures	350,130	(41,963)	(6,184)
Sovereign exposures	253	249	0
Bank exposures	1,189	1,189	—
Residential mortgage exposures	6,199	3,332	523
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	24,500	(7,037)	4,831
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	58,158	8,862	2,191
Corporate exposures	49,243	8,027	5,743
Sovereign exposures	149	149	—
Bank exposures	89	89	—
Residential mortgage exposures	1,542	611	271
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	7,121	3	1,817
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 7)	/	/	7,969
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	45,749	968	5,927
Corporate exposures	34,237	4,539	5,365
Sovereign exposures	37	37	—
Bank exposures	92	92	—
Residential mortgage exposures	1,075	(2,059)	132
Qualified revolving retail exposures	505	498	(0)
Other retail exposures	9,777	(2,163)	1,989

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2012.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

(Millions of yen)

	As of March 31, 2011 (Note 4)		Year ended March 31, 2012
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	13,816
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	534,745	3,096	4,478
Corporate exposures	474,037	(1,031)	44,105
Sovereign exposures	377	373	(0)
Bank exposures	1,673	1,673	—
Residential mortgage exposures	11,450	3,264	(947)
Qualified revolving retail exposures	575	568	1
Other retail exposures	43,024	(5,303)	10,879
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	(6,446)
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	424,081	(14,344)	(6,003)
Corporate exposures	386,655	(18,365)	29,721
Sovereign exposures	207	203	(0)
Bank exposures	1,532	1,532	—
Residential mortgage exposures	7,364	3,797	(603)
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	24,779	(5,041)	5,473
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	61,783	13,720	4,332
Corporate exposures	52,764	11,901	8,235
Sovereign exposures	137	137	—
Bank exposures	69	69	—
Residential mortgage exposures	1,426	97	(345)
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	7,368	1,539	2,672
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 7)	/	/	7,581
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	48,880	3,720	6,150
Corporate exposures	34,616	5,432	6,148
Sovereign exposures	33	33	—
Bank exposures	71	71	—
Residential mortgage exposures	2,660	(630)	1
Qualified revolving retail exposures	575	568	1
Other retail exposures	10,876	(1,802)	2,734

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2011.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

(Millions of yen)

	As of March 31, 2010 (Note 4)		Year ended March 31, 2011
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	61,561
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Notes 7 and 8)	530,270	(16,368)	36,818
Corporate exposures	479,069	(28,124)	19,515
Sovereign exposures	671	667	(1)
Bank exposures	1,849	1,849	—
Residential mortgage exposures	9,759	5,526	1,812
Qualified revolving retail exposures	/	/	(0)
Other retail exposures	33,953	(1,200)	12,216
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	17,378
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	463,701	(32,200)	17,590
Corporate exposures	420,868	(42,576)	8,319
Sovereign exposures	514	510	1
Bank exposures	1,571	1,571	—
Residential mortgage exposures	8,431	5,349	969
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	27,380	(1,982)	6,470
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	66,568	15,832	10,762
Corporate exposures	58,200	14,451	6,324
Sovereign exposures	156	156	—
Bank exposures	277	277	—
Residential mortgage exposures	1,327	177	319
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	6,572	782	2,034
The Kinki Osaka Bank, Ltd. (Consolidated) (Notes 7 and 8)	/	/	10,697
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Notes 7 and 8)	/	/	8,465
Corporate exposures	/	/	4,871
Sovereign exposures	/	/	(2)
Bank exposures	/	/	—
Residential mortgage exposures	/	/	523
Qualified revolving retail exposures	/	/	(0)
Other retail exposures	/	/	3,711

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2010.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.
8. Since The Kinki Osaka Bank has applied the internal rating-based approach since March 31, 2011, the expected loss (EL) was not calculated for the year ended March 31, 2010.

(Millions of yen)

	As of March 31, 2009 (Note 4)		Year ended March 31, 2010
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	114,650
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	552,096	(11,819)	70,906
Corporate exposures	498,261	(28,175)	56,033
Sovereign exposures	747	742	(111)
Bank exposures	3,275	3,275	(675)
Residential mortgage exposures	13,096	9,686	1,218
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	28,699	(5,307)	10,096
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	54,810
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	490,781	(21,388)	54,183
Corporate exposures	444,632	(35,867)	51,531
Sovereign exposures	461	456	(111)
Bank exposures	3,094	3,094	(675)
Residential mortgage exposures	11,973	9,258	680
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	22,645	(6,294)	6,868
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	61,315	9,569	16,723
Corporate exposures	53,628	7,691	4,501
Sovereign exposures	285	285	—
Bank exposures	181	181	—
Residential mortgage exposures	1,122	428	538
Qualified revolving retail exposures (Note 3)	—	—	—
Other retail exposures	6,053	986	3,227

Notes: 1. Estimated losses and actual losses on equity exposures for which the PD/LGD approach is applied are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
2. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings are not included in estimated losses.
3. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, estimated losses and actual losses have been omitted from the above exposure classification.
4. Estimated losses are the Expected Loss (EL) as of March 31, 2009.
5. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, general loan loss reserves, and partial direct write-offs) of obligors of Special Attention or below, from EL.
6. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of non-performing loans in the trust accounts, and gains from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other net additions to reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves for Normal and Watch borrowers and net addition to reserves under the Burden Sharing System charged by the Credit Guarantee Corporation. Figures in parentheses indicate a profit due to the reversal of the reserve.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included in actual losses.

Credit Risk Mitigation Techniques

In calculating the Capital Adequacy Ratio, the Holding Company Group adopts the "Comprehensive Approach" as credit risks mitigation techniques which is stipulated in the Notification on Consolidated Capital Adequacy. Credit risk mitigation techniques are approaches to reduce the level of credit risk borne by the Holding Company Group such as the pledging of Eligible Financial Collateral, offsetting loans with deposits held with the Holding Company Group (On-Balance Sheet Netting), other eligible IRB collateral, guarantees, and the use of credit derivatives.

Please note that for Group banks adopting the Advanced Internal Ratings-Based Approach, the LGD estimates take account of on-balance sheet netting and credit risk mitigation through collateral.

■ Principal Types of Collateral

The principal type of collateral is as follows.

1. Cash and deposits
2. Listed stocks
3. Real estate
4. Discounted bills
5. Bonds

■ Outline of Procedure on Evaluation and Administration of Collateral

The pledged collateral is properly retained by acquiring the lien on the mortgage and administered under the retention policy so that timely execution of collateral rights is possible. In order to properly acknowledge the coverage status of loans to collateral held, collateral which their value fluctuates according to the financial market are re-evaluated periodically.

■ Outline of Policy and Procedure for On-Balance Sheet Netting of Loans and Deposits

For Group banks adopting the Advanced Internal Ratings-Based Approach, since the LGD estimates take account of on-balance sheet netting, the above-mentioned procedures have not been implemented.

Regarding the adoption of the Foundation Internal Ratings-based Approach, based on contracts governing bank transactions in which the netting of loans and deposits is permitted, we offset the loan balance with the deposits held with us that are not pledged as collateral and define that amount as credit exposure after credit risk mitigation techniques. When there is a maturity and/or currency mismatch, we will adjust the offset amount according to the practices stipulated in the Notification on Consolidated Capital Adequacy.

■ Outline of Policy and Procedure on Legally Binding Netting Contracts for Derivative and Repo-Style Transactions

In applying bilateral netting contracts for derivatives and repo-style transactions, the Bank reviews its legality prior to engagement of the contract. In the case of International SWAP and Derivative Association (ISDA) Master Agreements, we review and confirm that the article on Close-out Netting is legally binding under the laws of each country.

For transactions that are entered individually, we obtain comments from the legal counsel and conduct compliance checks in order to maintain its legality.

The transaction subject to credit risk mitigation techniques in the Trading and Banking Book is as follows.

Transactions: Derivative Transactions (Interest rate swaps, Currency swaps, Interest rate options, FRA, Forward contracts, Currency options, etc.), Repo-style Transactions

■ Information on Credit and Market Risk Concentration Arising from Credit Risk Mitigation Techniques

There is no credit and market risk concentration as a result of the use of credit risk mitigation techniques.

■ Types of Guarantors and Principal Counterparties in Credit Derivative Transactions and Explanation of Their Credit Standings

Major guarantors are central and local governments, government affiliated institutions, multilateral development banks, and banks and securities companies with lower risk weight compared to the borrower and/or the claims subject to the guarantee.

There is no outstanding balance of credit derivatives.

■ Exposure to which Credit Risk Mitigation Techniques Method Is Applied

(Millions of yen)

	As of March 31, 2014		
	Eligible financial collateral	Other eligible IRB collateral	Total
Exposure calculated by the Advanced Internal Ratings-Based Approach	/	/	/
Exposure calculated by the Foundation Internal Ratings-Based Approach	**27,808**	**214,805**	**242,613**
Corporate exposures	**27,718**	**214,615**	**242,333**
Sovereign exposures	**52**	**189**	**241**
Bank exposures	**37**	**—**	**37**
Standardized Approach	**3,260**	**/**	**3,260**
Total	**31,068**	**214,805**	**245,873**

	As of March 31, 2014		
	Guarantees	Credit derivatives	Total
Internal Ratings-based Approach	**2,229,641**	**—**	**2,229,641**
Corporate exposures	**726,116**	**—**	**726,116**
Sovereign exposures	**87,706**	**—**	**87,706**
Bank exposures	**—**	**—**	**—**
Residential mortgage exposures	**731,434**	**—**	**731,434**
Qualifying revolving retail exposures	**—**	**—**	**—**
Other retail exposures	**684,383**	**—**	**684,383**
Standardized Approach	**19**	**—**	**19**
Total	**2,229,660**	**—**	**2,229,660**

Note: Credit risk mitigation techniques applied to assets which compose the investment funds are not included.

	As of March 31, 2013				
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives	Total
Internal Ratings-based Approach	376,805	2,744,108	2,485,255	—	5,606,169
Corporate exposures	332,828	2,742,611	823,088	—	3,898,527
Sovereign exposures	102	1,190	122,039	—	123,331
Bank exposures	43,874	307	—	—	44,181
Residential mortgage exposures	/	/	790,556	—	790,556
Qualifying revolving retail exposures	/	/	—	—	—
Other retail exposures	/	/	749,571	—	749,571
Standardized Approach	38,365	/	18	—	38,384
Total	415,170	2,744,108	2,485,274	—	5,644,553

Notes: 1. Does not include on-balance-sheet netting
2. Credit risk mitigation techniques applied to assets which compose the investment funds are not included.

Derivative Transactions

■ Status of Derivative Transactions and Long-Settlement Transactions

(Millions of yen)

	As of March 31, 2014				
	Notional or contract amount	Fair value	Gross replacement cost	Gross add-ons	Credit equivalent amount
Long-settlement transactions	**—**	**—**	**—**	**—**	**—**
Interest rate related					
Interest rate swaps	**42,954,458**	**41,547**	**449,707**	**291,603**	**741,310**
Interest rate options	**1,005,359**	**8,820**	**8,820**	**913**	**9,733**
Subtotal	**43,959,818**	**50,367**	**458,527**	**292,516**	**751,044**
Currency-related					
Currency swaps	**1,680,269**	**(14,977)**	**41,006**	**80,034**	**121,040**
Currency options	**1,208,467**	**39,605**	**39,605**	**34,214**	**73,819**
Forward contracts	**1,244,453**	**58,735**	**96,200**	**30,784**	**126,984**
Subtotal	**4,133,191**	**83,364**	**176,812**	**145,032**	**321,845**
Subtotal (prior to netting)	**48,093,009**	**133,731**	**635,340**	**437,549**	**1,072,889**
Credit risk mitigation under close-out netting contracts					**605,320**
Credit risk mitigation by pledged collateral (Note 3)					**65,986**
Total (after netting)					**401,582**

(Millions of yen)

	As of March 31, 2013				
	Notional or contract amount	Fair value	Gross replacement cost	Gross add-ons	Credit equivalent amount
Long-settlement transactions	1,624	(0)	0	162	162
Interest rate related					
Interest rate swaps	54,079,096	55,613	562,911	364,535	927,446
Interest rate options	1,198,283	18,601	18,601	2,729	21,330
Subtotal	55,277,380	74,215	581,512	367,264	948,777
Currency-related					
Currency swaps	2,126,983	(28,997)	39,138	98,396	137,535
Currency options	1,541,490	70,089	70,089	52,480	122,570
Forward contracts	1,636,769	29,797	83,261	39,896	123,157
Subtotal	5,305,244	70,890	192,489	190,773	383,263
Subtotal (prior to netting)	60,582,624	145,105	774,002	558,038	1,332,040
Credit risk mitigation under close-out netting contracts					785,835
Credit risk mitigation by pledged collateral (Note 3)					43,539
Total (after netting)					502,665

Notes: 1. The credit equivalent amount is calculated according to the Notification on Consolidated Capital Adequacy as follows.
(1) Foreign exchange transactions with the original contractual period within 5 business days are omitted from calculating the credit equivalent amount.
(2) The credit equivalent amount is calculated under the Current Exposure method by adding gross add-ons (market fluctuation risk taking in consideration of residual contractual maturity), to individual derivative transactions at fair market value (Gross replacement cost is limited to figures larger than zero.).
2. There is no outstanding balance of credit derivative transactions as of March 31, 2014.
3. The effect of credit risk mitigation of collateralized derivative transactions as of March 31, 2014, is as follows.
Collateral is composed of cash.
(1) Collateral placed: 13,355
(2) Collateral held: 79,342
(2)-(1): 65,986

Securitization Exposures

■ Method of Calculating Risk-Weighted Assets for Credit Risk of securitization Exposures

In calculating the risk-weighted asset for credit risk of securitization exposures, the Resona Group adopts the Ratings-Based Approach and the Supervisory Formula Approach as stipulated in Notification on Consolidated Capital Adequacy.

■ Name of Formula Used in Calculating the Amount Corresponding to Market Risk in Securitization Exposure

Since an exceptional treatment is applicable, the Resona Group does not include the amount equivalent to market risk.

■ When the Holding Company Group Securitizes Third-Party Assets through Special-Purpose Entities, Indicate the Type of Special-Purpose Entity and whether the Holding Company Group Holds Securitization Exposure from such Transaction

Special-Purpose Entity for Securitization	Type
AB Global Funding Limited, Tokyo Branch	SPC
March Asset Management Co., Ltd.	SPC

With respect to the status, whether the Holding Company Group retains the securitization exposure from such transactions or not, please refer to "Securitization Exposure that Is Subject to Calculation of Credit Risk Assets, When the Holding Company Group Is the Sponsor (ABCP, etc.)".

■ Name of the Subsidiaries of the Holding Company Group (Excluding Consolidated Subsidiaries) and Affiliated Companies That Holds Securitization Exposure Conducted by the Holding Company Group (Including Securitization Transactions Conducted through Special-Purpose Entities)

None

■ Accounting Policy with Respect to Securitization Exposures

The Holding Company Group applies the Accounting Standards for Financial Instruments and the Practical Guidelines for Accounting for Financial Instruments in accounting for securitization transactions. For those securitization transactions in which the Group is an investor, such financial assets are reported at market value. However, for securitization transactions where the Group is the originator, the following accounting treatment is applied.

With respect to future cash inflows, collection costs, credit risk, risk of redemption before maturity, and others that compose the concerned financial assets, transfer and extinction of ownership and the residual financial assets are recognized, provided that the following conditions are all satisfied.

Conditions:

1. The contractual rights of the recipient of the financial assets that are transferred are legally secured from the transferring party and the creditors of the transferring party.
2. The contractual rights to the benefits of the financial assets that are transferred to the recipient can be received directly or indirectly by normal methods.
3. The transferring party does not have any rights or duties to repurchase the financial assets that such party has transferred prior to the date of maturity.

When these conditions for the recognition of extinction are satisfied, the book value of the portion to be extinguished and the difference between the amount to be received or paid is treated as a gain (loss) for the accounting period. The book value of the portion to be extinguished is calculated as a proportion to the book value of the financial assets.

Moreover, when new financial assets or new financial liabilities are created as a result of the extinction of financial assets, such new assets and liabilities are reported at market value.

Please note that in securitization transactions involving the use of a special-purpose company and trust, when the Group as the transferring party holds all or a portion of the securities or other financial instruments issued by the special-purpose company, that portion is treated as a residual portion and is not recognized as an extinction of the financial assets.

■ Qualified Credit Ratings Agency in Determining the Risk Weights for Securitization Exposures

In calculating the risk-weighted assets for credit risk of Securitization Exposures, the Holding Company Group applies the Ratings-Based Approach and adopts the ratings issued by the following Qualified Ratings Agencies (Eligible External Credit Assessment Institutions). These rating agencies are those designated by the Financial Services Agency, as of March 31, 2014.

- Rating and Investment Information, Inc. (R&I)
- Japan Credit Rating Agency, Ltd. (JCR)
- Moody's Investors Service, Inc. (Moody's)
- Standard and Poor's Ratings Services (S&P)
- Fitch Ratings Limited (Fitch)

■ When using the Internal Assessment Approach, give a summary of the method

The Resona Group does not use the Internal Assessment Approach

■ When Material Changes Occur in Quantitative Information, Give a Statement of the Content

None

■ Securitization Exposure that Is Subject to Calculation of Credit Risk Assets When the Holding Company Group Is the Originator.

1. Breakdown of Securitization Exposure Retained

(1) Securitization exposure (excluding re-securitization exposure)

(Millions of yen)

	As of March 31, 2014											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	**—**	**15,818**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**15,818**	**3,527**
Risk weight:												
To 20%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over 20% to 100%	**—**	**4,734**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,734**	**387**
Over 100% to 1,250%	**—**	**11,083**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**11,083**	**3,140**
1,250% (Note 1)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Capital increase due to securitization transactions	**—**	**4,203**	**3,037**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**7,241**	**7,241**

Notes: 1. Figures presented are the securitization exposures to which the 1,250% weight is applied pursuant to Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(Millions of yen)

	As of March 31, 2013											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	—	15,844	—	—	—	—	—	—	—	—	15,844	5,769
Risk weight:												
To 20%	—	2,600	—	—	—	—	—	—	—	—	2,600	33
Over 20% to 100%	—	—	—	—	—	—	—	—	—	—	—	—
Over 100% to 1,250%	—	9,215	—	—	—	—	—	—	—	—	9,215	1,708
Deduction from capital	—	4,028	—	—	—	—	—	—	—	—	4,028	4,028
Capital increase due to securitization transactions	—	4,509	3,692	—	—	—	—	—	—	—	8,201	8,201

Notes: 1. The item “Deduction from capital” in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy (Notification prior to the revision in March 2013 (Basel 2)).
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(2) Re-securitization exposure

None

2. Underlying Assets

(Millions of yen)

	As of March 31, 2014										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	**—**	**64,424**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**64,424**
Asset transfer-type securitizations	**—**	**64,424**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**64,424**
Past due three months or more, or default	**—**	**2,970**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,970**
Losses during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Synthetic securitizations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Past due three months or more, or default	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Losses during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of exposures securitized during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of gain (loss) recognized for the period in connection with securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Securitization exposures subject to early amortization provisions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of assets held for the purpose of securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

(Millions of yen)

	As of March 31, 2013										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	—	75,288	—	—	—	—	—	—	—	—	75,288
Asset transfer-type securitizations	—	75,288	—	—	—	—	—	—	—	—	75,288
Past due three months or more, or default	—	3,326	—	—	—	—	—	—	—	—	3,326
Losses during the year	—	56	—	—	—	—	—	—	—	—	56
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—
Amount of assets held for the purpose of securitization transactions	—	—	—	—	—	—	—	—	—	—	—

■ Securitization Exposure that Is Subject to Calculation of Market Risk When the Holding Company Group Is the Originator.

None

■ Securitization Exposure that Is Subject to Calculation of Credit Risk Assets When the Holding Company Group Is the Sponsor of Securitization Programs (ABCP, etc.).

1. Breakdown of Securitization Exposures Retained

(1) Securitization exposure (excluding re-securitization exposure)

(Millions of yen)

	As of March 31, 2014											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total	
											Amount	Required capital
Retained securitization exposures	—	—	—	—	4,211	—	—	46,511	—	5,435	56,157	1,636
Risk weight:												
To 20%	—	—	—	—	4,211	—	—	17,103	—	4,214	25,528	152
Over 20% to 100%	—	—	—	—	—	—	—	29,344	—	1,162	30,506	1,414
Over 100% to 1,250%	—	—	—	—	—	—	—	63	—	—	63	6
1,250% (Note 1)	—	—	—	—	—	—	—	—	—	59	59	62
Capital increase due to securitization transactions	—	—	—	—	—	—	—	—	—	—	—	—

Notes: 1. Figures presented are the securitization exposures to which the 1,250% weight is applied pursuant to Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(Millions of yen)

	As of March 31, 2013											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total	
											Amount	Required capital
Retained securitization exposures	—	—	—	—	8,308	—	—	48,547	—	1,847	58,703	2,240
Risk weight:												
To 20%	—	—	—	—	8,308	—	—	17,682	—	602	26,592	160
Over 20% to 100%	—	—	—	—	—	—	—	29,514	—	960	30,474	1,535
Over 100% to 1,250%	—	—	—	—	—	—	—	1,350	—	—	1,350	258
Deduction from capital	—	—	—	—	—	—	—	—	—	285	285	285
Capital increase due to securitization transactions	—	—	—	—	—	—	—	—	—	—	—	—

Notes: 1. The item “Deduction from capital” in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy (Notification prior to the revision in March 2013 (Basel 2)).
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(2) Re-securitization exposure
None

2. Underlying Assets

(Millions of yen)

	As of March 31, 2014										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	**—**	**—**	**—**	**—**	**5,698**	**—**	**—**	**60,579**	**—**	**7,065**	**73,343**
Asset transfer-type securitizations	**—**	**—**	**—**	**—**	**5,698**	**—**	**—**	**60,579**	**—**	**7,065**	**73,343**
Past due three months or more, or default	**—**	**—**	**—**	**—**	**0**	**—**	**—**	**0**	**—**	**1**	**2**
Losses during the year	**—**	**—**	**—**	**—**	**98**	**—**	**—**	**67**	**—**	**12**	**179**
Synthetic securitizations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Past due three months or more, or default	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Losses during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of exposures securitized during the year*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**96,190**	**—**	**7,266**	**103,457**
Amount of gain (loss) recognized for the period in connection with securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Securitization exposures subject to early amortization provisions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amount of assets held for the purpose of securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Note: Includes purchase of claims, such as bills, lease receivables, and accounts receivables, etc., originally held by our customers and trust beneficiary rights composed of above-mentioned underlying assets through issuance of CP (ABCP) and/or offering loans (ABL) to special-purpose companies.

(Millions of yen)

	As of March 31, 2013										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	—	—	—	—	10,407	—	—	62,812	—	3,005	76,225
Asset transfer-type securitizations	—	—	—	—	10,407	—	—	62,812	—	3,005	76,225
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	5	5
Losses during the year	—	—	—	—	195	—	—	306		8	510
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year*	—	—	—	—	—	—	—	109,023	—	2,871	111,894
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—
Amount of assets held for the purpose of securitization transactions	—	—	—	—	—	—	—	—	—	—	—

Note: Includes purchase of claims, such as bills, lease receivables, and accounts receivables, etc., originally held by our customers and trust beneficiary rights composed of above-mentioned underlying assets through issuance of CP (ABCP) and/or offering loans (ABL) to special-purpose companies.

■ Securitization Exposure that Is Subject to Calculation of Market Risk When the Holding Company Group Is the Sponsor of Securitization Programs (ABCP, etc.).

None

■ Securitization Exposure that Is Subject to the Calculation of Credit Risk Assets When the Holding Company Group Is an Investor.

(1) Securitization exposure (excluding re-securitization exposure)

(Millions of yen)

	As of March 31, 2014											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	**0**	**34,007**	**8,031**	**—**	**—**	**—**	**—**	**435**	**—**	**—**	**42,474**	**261**
Risk weight:												
To 20%	**—**	**34,007**	**8,031**	**—**	**—**	**—**	**—**	**435**	**—**	**—**	**42,473**	**261**
Over 20% to 100%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over 100% to 1,250%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
1,250% (Note 1)	**0**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**0**	**0**

Notes: 1. Figures presented are the securitization exposures to which the 1,250% weight is applied pursuant to Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(Millions of yen)

	As of March 31, 2013											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	233	46,635	9,351	—	—	—	—	431	—	—	56,651	502
Risk weight:												
To 20%	—	46,635	9,351	—	—	—	—	431	—	—	56,418	344
Over 20% to 100%	80	—	—	—	—	—	—	—	—	—	80	5
Over 100% to 1,250%	—	—	—	—	—	—	—	—	—	—	—	—
Deduction from capital	153	—	—	—	—	—	—	—	—	—	153	153

Notes: 1. The item “Deduction from capital” in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy (Notification prior to the revision in March 2013 (Basel 2)).
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(2) Re-securitization exposure

(Millions of yen)

	As of March 31, 2014											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total Amount	Total Required capital
Retained securitization exposures	**—**	**8,080**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**8,080**	**149**
Risk weight:												
To 20%	**—**	**7,902**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**7,902**	**134**
Over 20% to 100%	**—**	**178**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**178**	**15**
Over 100% to 1,250%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
1,250% (Note 1)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Notes: 1. Figures presented are the securitization exposures to which the 1,250% weight is applied pursuant to Article 225 of the Notification on Consolidated Capital Adequacy.
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

Credit risk reduction has not been applied for holdings of re-securitization exposure.

(Millions of yen)

	As of March 31, 2013											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total Amount	Total Required capital
Retained securitization exposures	—	13,457	—	—	—	—	—	—	—	—	13,457	262
Risk weight:												
To 20%	—	13,261	—	—	—	—	—	—	—	—	13,261	224
Over 20% to 100%	—	—	—	—	—	—	—	—	—	—	—	—
Over 100% to 1,250%	—	196	—	—	—	—	—	—	—	—	196	37
Deduction from capital	—	—	—	—	—	—	—	—	—	—	—	—

Notes: 1. The item “Deduction from capital” in the table above is securitization exposures subtracted from capital based on Article 225 of the Notification on Consolidated Capital Adequacy (Notification prior to the revision in March 2013 (Basel 2)).
2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

Credit risk reduction has not been applied for holdings of re-securitization exposure.

■ Securitization Exposure that Is Included in the Calculation of Market Risk When the Holding Company Group Is an Investor.

None

Equity Exposures in the Banking Book

■ Equity Exposure on the Consolidated Balance Sheets

(Millions of yen)

As of March 31,	2014		2013	
	Consolidated balance sheet amount	Market value	Consolidated balance sheet amount	Market value
Listed stocks and other similar investment/equity exposure	**715,373**	**715,373**	607,895	607,895
Investment/equity exposure other than the above	**120,710**	**120,710**	76,317	76,317
Total	**836,084**	**836,084**	684,213	684,213

■ Gain (Loss) on Sale or Write-off of Equity Exposure

(Millions of yen)

Years ended March 31,	2014	2013
Gain on sale	**31,846**	10,233
Loss on sale	**(8,875)**	(3,751)
Write-off	**(324)**	(14,049)
Net gains/(losses)	**22,645**	(7,567)

■ Unrealized Gain Recognized on the Consolidated Balance Sheet but Not on the Consolidated Statement of Income

(Millions of yen)

As of March 31,	2014	2013
Unrealized gain	**313,559**	222,019

■ Unrealized Gain (Loss) Not Recognized Either on the Consolidated Balance Sheet or on the Consolidated Statement of Income

None

■ Equity Exposure Portfolio

(Millions of yen)

As of March 31,	2014	2013
Market-based approach (Simple Risk Weight Method)	**72,205**	69,856
Market-based approach (Internal Models Approach)	**—**	—
PD/LGD Approach	**39,357**	36,782
Grandfathering provision applied	**338,364**	344,491
Exposure related to capital fund-raising of other financial institutions, etc., excluding common stock	**45,010**	/
Exposure related to the portion, among specified items, that cannot be included in regulatory adjustment	**—**	/
Other	**1**	1
Total	**494,939**	451,131

Exposures Relating to Investment Funds

■ Exposures Relating to Investment Funds

(Millions of yen)

As of March 31,	2014	2013
Exposures relating to investment funds	**54,134**	28,396

Interest Rate Risk in the Banking Book

■ Outlier Framework

Under capital adequacy regulations, a decline in economic value arising in the banking book under a hypothetical interest rate shock scenario, or stress conditions, is estimated and compared with the capital. If the decline in economic value is more than 20% of the capital, the Bank is considered an "outlier" and may be required to reduce its risk or take other corrective measures.

The corresponding figures for the Group (Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank) are shown in the following table. According to these data, none of the Group banks is classified as an outlier.

■ Results of Estimates under the Outlier Framework

(Billions of yen)

As of March 31,	2014		2013	
	Decline in economic value	Percentage of capital	Decline in economic value	Percentage of capital
Resona Bank	**36.9**	**2.5%**	41.6	2.5%
Saitama Resona Bank	**23.4**	**5.4%**	26.0	6.0%
The Kinki Osaka Bank	**4.9**	**3.1%**	7.1	4.5%

Notes: 1. The parameters for estimating the decline in economic value are: Interest rate scenarios assume interest rate shocks in the 99th percentile over an observation period of five years and a holding period of one year.
2. An internal model has been adopted to estimate the interest rate risk of liquid deposits with no maturities.
3. For capital, the sum of "Tier 1 and Tier 2" capital was used as the criteria as of March 31, 2013, and the "Total capital" as of March 31, 2014.

[Disclosure on Remuneration]

■ **Table of Contents**

■ Full Text of Disclosure on Remuneration

1. Status of Organizational Systems Related to Remuneration of Resona Group Relevant Officers and Employees

(1) Scope of "Relevant Officers and Employees"

The scope of "Relevant Officers" and "Relevant Employees" (referred to collectively as "Relevant Officers and Employees") are specified in the "Notification on Remuneration*" and have the following meanings as applied by the Resona Group.

*Notification on Remuneration: Based on the Ordinance for Enforcement of the Banking Act Article 19-2 Paragraph 1 Item 6, this notification covers matters related to remuneration, and specifies persons who may have a material impact on banking operations and the state of bank assets as the head of the Financial Services Agency has issued a separate notice (Financial Services Agency Notification No. 21) specifying such persons.

1) Scope of "Relevant Officers"

"Relevant Officers" are the Company's Directors and Executive Officers. Outside directors are excluded.

2) Scope of "Relevant Employees"

"Relevant Employees" are staff of the Company and officers and employees of principal consolidated subsidiaries who "receive a high level of remuneration" and may have a material impact on the banking operations and/or the assets of the Resona Group.

(a) Scope of "Principal Consolidated Subsidiaries"

"Principal consolidated subsidiaries" are those subsidiaries whose total assets exceed 2% of the consolidated total assets of the bank holding company and are consolidated subsidiaries that have a material impact on Resona Group management. Specifically, these subsidiaries are Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd.

(b) Scope of "Persons Receiving High Level of Remuneration"

"Persons receiving a high level of remuneration" are those persons receiving the base amount of remuneration or higher from the Company and its principal consolidated subsidiaries. (Here and hereinafter, "Resona Group refers to the Company (Resona Holdings, Inc.), which is the holding company for the Resona Group, and its principal consolidated subsidiaries.) In the Resona Group, the criterion for compensation is ¥19 million or higher, which was the total annual compensation received by full-time Directors in the immediately preceding three fiscal years divided by the number of directors. This base compensation amount is applied in common to all principal consolidated subsidiaries that have the same compensation system and level. This base compensation amount is applied in common to all principal consolidated subsidiaries that have the same compensation system and level.

Please note that when Severance Payments are made, the amount of the Severance Payment is deducted from remuneration and then, "the amount corresponding to the Severance Payment divided by the number of years of service" is added back. The resulting figure is regarded as that person's remuneration.

(c) Scope of "Persons Having a Material Impact on the Business and/or the Assets of the Resona Group"

"Persons having a material impact on the business and/or Assets of the Resona Group" are those persons who may have a substantial impact on the conduct of the Resona Group's operations in the course of executing regular transactions and managing matters under their supervision and who may have an important impact on the state of assets if losses are reported. Specifically, such persons include staff of the Risk Management Division and Compliance Division; Directors and Corporate Auditors of the Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd., (excluding Outside Directors and Outside Corporate Auditors); and Executive Officers with the additional titles of Senior Managing Executive Officer, Managing Executive Officer and Executive Officers in charge of either the Market, Risk Management, or Compliance sections as well as the staff of these sections.

Please note that, because of the differences in the compensation decision-making process, Directors, Corporate Auditors, and Executive Officers of principal consolidated subsidiaries that is included in "Relevant Officers" and "Relevant Employees" are regarded as "Relevant Officers, etc." in Disclosure on Remuneration. In addition, "Relevant Employees" after the exclusion of such Directors, Corporate Auditors, and Executive Officers are regarded as "Relevant Staff."

(2) Decision Making on Remuneration of Relevant Officers and Employees

1) Decision Making on Remuneration of Relevant Officers, etc.

Resona Holdings, Inc., adopted the Committees Governance Model and has formed a Compensation Committee as required by law.

The Compensation Committee is responsible for setting policies regarding decision making for remuneration of Directors and Executive Officers as well as for making decisions on compensation of individual Directors and Executive Officers. The Compensation Committee comprises a majority of Outside Directors, is independent of the business promotion departments, and has the authority to set compensation policy and the amounts of remuneration of individual Directors and Executive Officers.

Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd., are companies that have adopted the Corporate Auditors Model, and the total amount of monthly compensation of their Directors and the total amount of monthly compensation of their Corporate Auditors are decided by their respective shareholders meeting. The monthly compensation of individual Directors is decided by the Representative Director and President of the respective banks, who has been delegated this authority by the Board of Directors of the respective banks. Please note that, when such decisions are made, the Compensation Committee of the Company (Resona Holdings, Inc.) takes account of established standards for compensation of Directors and the total amount of monthly compensation. In addition, the monthly compensation of individual Corporate Auditors is set within the limits of the total amount of monthly compensation and is decided through consultation among the Corporate Auditors. On the other hand, the compensation of Executive Officers, who are appointed by the Board of Directors, is set by the Representative Director and President, based on the compensation standards set by the previously mentioned Compensation Committee.

2) Decision Making on Remuneration of Relevant Staff

The remuneration of relevant staff is set and paid based on the salary policies duly established by such as the management committees of the respective Resona Group companies. These policies are systematically designed and put in writing by the Human Resources sections of the Resona Group companies, which are independent of the business promotion departments. In addition, when the salary policies of principal consolidated subsidiaries are changed, this is reported to the Company's Human Resources section, which is responsible for verifying the appropriateness of such changes.

Please note that compensation of traders and others in certain market sections in the Company's principal consolidated subsidiaries are decided on an individual basis according to their duties and responsibilities.

(3) Decision Making on Remuneration of the Staff of Risk Management Division and Compliance Division

The compensation of the staff of the Risk Management Division and Compliance Division of Group companies is set based on salary policies, and the specific amounts are decided by the head of the respective Human Resources sections of these companies, which are independent of the business promotion departments, based on assessments of performance.

Moreover, personnel assessment items are used to evaluate the attainment of goals that have been set and approved by the persons responsible for employees in the Risk Management Division and Compliance Division. These goals reflect the contributions of employees within the risk management and compliance frameworks.

(4) Total Amount of Remuneration Paid to Members of the Committees, such as the Compensation Committee, and the Number of Meetings Held

	Number of Meetings (April 2013 to March 2014)
Compensation Committee (Resona Holdings, Inc.)	4
Executive Committee (Resona Bank, Ltd.)	2
Executive Committee (Saitama Resona Bank, Ltd.)	2
Executive Committee (The Kinki Osaka Bank, Ltd.)	2

Notes: 1. The Compensation Committee has three members, all of whom are Outside Directors, and the total amount of remuneration is not included in the above chart.

2. The number of meetings of the Executive Committees of Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd. is the number of meetings of the Executive Committees held for deciding on compensation of relevant staff. Moreover, regarding the composition of the Executive Committees, since the amount corresponding to the performance of duties related to decisions on compensation cannot be separated from other compensation, the total amount of remuneration is not shown. Please note that, as regards to the compensation of officers of the respective banks, since decisions on the compensation system and levels are made by the Compensation Committee, related matters are not included on the agendas of the Executive Committees shown above.

2. Evaluation of the Appropriateness of the Design and Operation of the Remuneration System of Resona Group Relevant Officers and Employees

(1) Remuneration Policy

1) Remuneration Policy of Relevant Officers, etc.

(a) Remuneration Policy of the Company's Directors and Executive Officers

The Compensation Committee has established the following policies regarding the compensation of Directors and Executive Officers and the policy for decision making regarding the remuneration of individual Directors and Executive Officers. Based on these policies, decisions are made on the compensation of individual officers. Please note that the retirement benefit system was abolished as of June 2004.

a. Compensation System for Directors

Remuneration for Directors consists of a position-based fixed portion, a performance-based variable portion, and a duty-based additional fixed portion.

To enable the supervision of Executive Officers to function in a sound manner, the ratio of the position-based fixed portion to the performance-based variable portion (standard amount) is set at 95 to 5, thus placing strong emphasis on compensation for their position.

(i) Position-based fixed portion

The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual.

(ii) Performance-based variable portion

The performance-based variable portion is determined after taking into consideration the results of the Company's previous fiscal year.

(iii) Duty-based additional fixed portion

The duty-based additional fixed portion is determined by the nature and scope of responsibilities held by each Outside Director who also serves as a member of the Nomination Committee, Compensation Committee, and/or Audit Committee.

b. Compensation System for Executive Officers

Remuneration for Executive Officers consists of the position-based fixed portion, a performance-based variable portion (standard amount), and a share-based portion. The ratio of the position-based fixed portion to the performance-based variable portion is set at 60 to 40, respectively. (i) Position-based fixed portion The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual. (ii) Performance-based variable portion The performance-based variable portion is determined after taking into consideration the results of the Company as well as the performance of each individual in the previous fiscal year. (iii) Share-based variable portion (introduced in June 2010) The share-based variable portion is determined for the purpose of acquiring Company shares when income before taxes and minority interest in the previous fiscal year has surpassed a certain level in the Company's Business Revitalization Plan. Executive Officers who receive this share-based variable portion shall acquire Company shares by disbursing a certain amount of this portion to the Directors' Shareholding Association every month. They possess such shares for up to one year after their retirement.

A certain amount of each benefit is paid monthly by cash.

Officers holding both the positions of Director and Executive Officer concurrently are paid only their compensation as Executive Officers. Executive Officers who concurrently hold the position of Representative Director and President in subsidiary banks are not paid as Executive Officers.

(b) Remuneration Policy of Officers of Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd.

The respective shareholders meeting of these Group banks decide on the total amount of monthly remuneration of their Directors, and their respective Representative Director and President are authorized by their Board of Directors to set the remuneration of individual Directors within the limits of the total monthly remuneration.

In addition, taking account of the matters decided by the Compensation Committee of Resona Holdings, Inc., these Group banks have established the following policies regarding the setting of the remuneration of individual Directors (non-executive), the Representative Director(s), and the Directors with executive responsibilities and Executive Officers (hereinafter, Representative Director, etc.). Please note that the retirement benefit system was abolished as of June 2004.

a. Compensation System for Directors (non-executive)

Remuneration of Directors (non-executive) consists of a position-based fixed portion and a performance-based variable portion. To enable the supervision of Representative Directors, etc., to function in a sound manner, the ratio of the position-based fixed portion to the performance-based variable portion (standard amount) is set at 95 to 5, thus placing strong emphasis on compensation for their position. (i) Position-based fixed portion The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual. (ii) Performance-based variable portion The performance-based variable portion is determined after taking into consideration the results of the Company's previous fiscal year.

b. Compensation system for Representative Directors, Etc.

Remuneration of Representative Directors, etc., consists of the position-based fixed portion, a performance-based variable portion, and a share-based portion. The ratio of the position-based fixed portion to the performance-based variable portion (standard amount) is set at 60 to 40, respectively. (i) Position-based fixed portion The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual. (ii) Performance-based variable portion The performance-based variable portion is determined after taking into consideration the results of the Company as well as the performance of each individual in the previous fiscal year. (iii) Share-based variable portion (introduced in June 2010) The share-based variable portion is determined for the purpose of acquiring Company shares when income before taxes and minority interest in the previous fiscal year has surpassed a certain level in the Company's Business Revitalization Plan. Representative Directors who receive this share-based variable portion shall acquire Company shares by disbursing a certain amount of this portion to the Directors' Shareholding Association every month. They possess such shares for up to one year after their retirement.

The remuneration of Corporate Auditors is determined as follows. The scope of the total monthly amount of remuneration of Corporate Auditors is decided by the shareholders meeting. The monthly remuneration to be received by individual Corporate Auditors is decided, within the scope of the total amount, through consultation among the Corporate Auditors.

A certain amount of each benefit is paid monthly by cash.

2) Remuneration Policy of Relevant Staff

For relevant staff, compensation consists of a fixed amount that is set according to duties and responsibilities and an amount that is linked to corporate performance. To reflect such contribution, compensation is decided based on assessments of performance. Please note that, when deciding on remuneration, the officer in charge of Human Resources sections takes account of this compensation system, the status of performance assessments, and actual payments as well as confirms that compensation practices do not place excessive emphasis on performance.

(2) Impact of the Level of Overall Remuneration on Capital

(Relevant Officers, etc.)

To ensure that the overall level of compensation paid by the Resona Group is financially sound for the Group as a whole and consistent with the future outlook, the Compensation Committee calculates the maximum amount (theoretical value) that may be paid under the compensation system, then compares the outlook for payments to officers with the Business Revitalization Plan, and confirms that such payments will not have an adverse impact on the adequacy of the Group's capital in the future.

(Relevant Staff)

Regarding compensation to the staff of the Resona Group, the Company considers the management condition of the Group as well as the Group's performance, the portion of compensation that varies with assessments of performance of individuals, and the temporary payment portion; then compares these figures with the Business Revitalization Plan; and confirms that such payment will not have an adverse impact on the adequacy of the Group's capital in the future. In addition, the Company compares the amount of salaries paid for the fiscal year with the level of income for the fiscal year as well as the status of retained earnings to confirm that these payments will not have an adverse impact on the capital ratio.

3. Consistency between the Remuneration System of Resona Group Relevant Officers and Employees and Risk Management and the Link between Remuneration and Corporate Performance

(1) Method of Taking Account Risks in Deciding Remuneration

(Relevant Officers, etc.)

The portion of the compensation of Executive Officers and Representative Directors that is linked to corporate performance is determined with reference to the performance of Group companies in the previous fiscal year and individual performance. Indicators used in assessing corporate performance are not only income before taxes but also include profitability, soundness, and efficiency. In addition, in assessing individual performance, reference is made to the attainment of objectives that have been set after taking account of various risks that may occur in the divisions where the Executive Officers and Representatives are in charge.

For Directors (non-executive), the portion of compensation linked to corporate performance is set with reference to the Company's performance in the previous fiscal year, but the ratio of this portion in the individual's remuneration is set at a low level.

(Relevant Staff)

When the Resona Group companies design and review their payroll systems, the Human Resources section performs these design and review activities, and final decisions are made by the authorized organizational unit after being reviewed by the Executive Committee. Please note that, when such matters are brought up in meetings of the Executive Committee, the departments in charge of comprehensive risk management verify the appropriateness and suitability of the relevant payroll systems from a risk management perspective.

(2) Portion Linked to Corporate Performance in Deciding Remuneration of Relevant Officers and Employees

1) Method for Calculating the Portion Linked to Corporate Performance

(Relevant Officers, etc.)

When the Compensation Committee decides on compensation policy for Officers of the Resona Group as a whole, it takes account of the management policies, operating environment, and other relevant matters and then decides on the percentage of the portion of compensation linked to corporate performance for the fiscal year.

(Relevant Staff)

The portion of compensation linked to performance to be paid to the staff is determined based on Group performance according to a predetermined formula.

2) Method for Making Adjustments in the Portion Linked to Corporate Performance

(Relevant Officers, etc.)

When performance of Group companies is not satisfactory, the portion of compensation linked to corporate performance for relevant Officers, etc. of the Resona Group may be reduced by lowering the percentage contained in the predetermined formula.

(Relevant Staff)

When performance of Group companies is not satisfactory, the portion of compensation linked to corporate performance for the staff of the Resona Group may be reduced by lowering the percentage contained in the predetermined formula.

3) Assessment that the Linkage to Corporate Performance Is not Excessively Short-Term Oriented

(Relevant Officers, etc.)

For compensation of officers, etc. of Resona Group, the Compensation Committee has established criteria for the payment of compensation and, by assessing the ratio of the portion of compensation linked to corporate performance and the appropriateness of amounts paid, works to verify that compensation practices do not place excessive emphasis on performance.

(Relevant Staff)

For compensation of the staff of the Resona Group, taking into account the compensation system, assessments of performance, and actual payments made, Officers in charge of Human Resources sections confirm that compensation practices in their respective companies do not place excessive emphasis on performance.

4) Monitoring and Restraint on Transactions that Only Reduce Risk Superficially

In principal consolidated subsidiaries Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd., the middle-office and back-office departments as well as the internal auditing departments monitor transactions at appropriate intervals to ensure that relevant officers and employees have not made arrangements, etc., to reduce risk superficially and that there is no behavior that may be contrary to the intent of the compensation system, which has been designed to be consistent with risk management.

4. Types, Amounts, and the Method of Remuneration Paid to Resona Group Relevant Officers and Employees

■ Total Amount of Remuneration of Relevant Officers and Employees

(From April 1, 2013 to March 31, 2014)

Item	Number	Total remuneration (¥ million)	Total fixed compensation			Total variable compensation			
				Basic compensation	Other		Basic compensation	One-time payments	Other
Relevant Officers (excluding Outside Officers)	14	354	200	200	—	153	138	—	15
Relevant Employees	21	505	285	285	—	220	195	—	24

Notes: 1. The compensation of relevant officers includes the amount of compensation as officers of principal consolidated subsidiaries.
2. Basic compensation includes retirement benefits paid during the fiscal year (lump-sum retirement benefit payments divided by the number of years of service).
3. "Other" in the above chart, as noted in a previous item, is the Share-based variable portion.

5. Other Matters for Reference Regarding Remuneration System of Resona Group Relevant Officers and Employees

There are no other matters that need to be mentioned other than the items previously referred in this document.

CORPORATE DATA SECTION

CONTENTS

DIRECTORS AND EXECUTIVE OFFICERS

As of July 1, 2014

■ Directors

Post	Name	Concurrent Post
Director, President and Representative Executive Officer	Kazuhiro Higashi	Representative Director, President and Executive Officer of Resona Bank, Limited
Director Representative Executive Officer	Tetsuya Kan	Director and Executive Officer of Resona Bank, Limited
Director Representative Executive Officer	Yuji Furukawa	Director and Executive Officer of Resona Bank, Limited Executive Officer of Saitama Resona Bank, Limited
Director Member of Audit Committee	Kaoru Isono	
Outside Director Chairperson of Audit Committee Member of Nominating Committee	Shusai Nagai	Outside Director of Saitama Resona Bank, Limited Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School
Outside Director Member of Nominating Committee	Emi Osono	Professor of Hitotsubashi University Graduate School of International Corporate Strategy Outside Director of Lawson, Inc.
Outside Director Chairperson of Nominating Committee Member of Compensation Committee	Toshio Arima	Chairman of the Board, Global Compact Japan Network Outside Director of Kirin Holdings Company, Limited Outside Director of Fuji Heavy Industries Ltd.
Outside Director Member of Audit Committee	Yoko Sanuki	Representative of NS Law Office Outside Director of Meiji Holdings Co., Ltd.
Outside Director Chairperson of Compensation Committee	Mitsudo Urano	Senior Advisor of Nichirei Corporation, Outside Director of Mitsui Fudosan Co., Ltd. Outside Director of Yokogawa Electric Corporation Outside Director of HOYA CORPORATION Outside Director of Hitachi Transport System, Ltd.
Outside Director Member of Compensation Committee	Tadamitsu Matsui	Chairman and Representative Director of Ryohin Keikaku Co., Ltd. Outside Director of Adastria Holdings Co., Ltd. Outside Director of OOTOYA Holdings Co., Ltd.

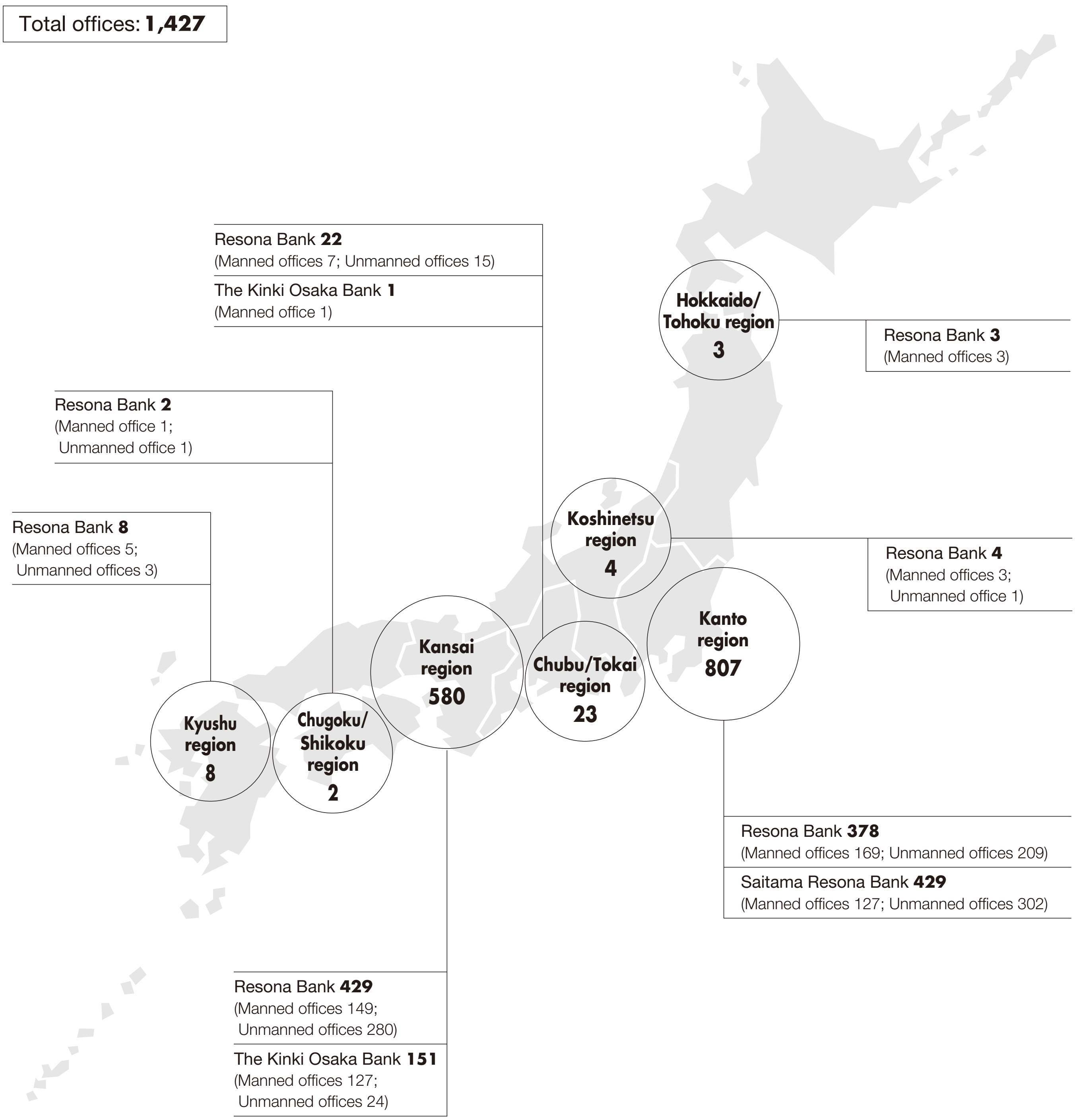
Note: The six outside directors—Shusai Nagai, Emi Osono, Toshio Arima, Yoko Sanuki, Mitsudo Urano, and Tadamitsu Matsui—meet the conditions for outside directors set forth in Article 2-15 of the Companies Act of Japan.

■ Executive Officers

Post	Name	Concurrent Post
Executive Officer	Kazuyoshi Ikeda	Representative Director and President of Saitama Resona Bank, Limited
Executive Officer	Koji Nakamae	Representative Director, President and Executive Officer of The Kinki Osaka Bank, Limited
Executive Officer	Toru Muraki	Senior Managing Executive Officer of Resona Bank, Limited Executive Officer of Saitama Resona Bank, Limited
Executive Officer	Makoto Nomura	Outside Director of Saitama Resona Bank, Limited
Executive Officer	Tetsuya Shiratori	Managing Executive Officer of Resona Bank, Limited
Executive Officer	Yasunori Uno	Executive Officer of Resona Bank, Limited
Executive Officer	Kenichiro Masuda	Executive Officer of Resona Bank, Limited Outside Director of The Kinki Osaka Bank, Limited
Executive Officer	Takahiro Kawashima	Executive Officer of Resona Bank, Limited
Executive Officer	Takayuki Torii	Executive Officer of Resona Bank, Limited

DOMESTIC NETWORK

As of March 31, 2014



Domestic Branches

(As of March 31, 2014)

	Resona Bank	Saitama Resona Bank	The Kinki Osaka Bank	Total of the three banks	Including Kanto region	Including Kansai region
Manned offices	337	127	128	592	296	276
Unmanned offices	509	302	24	835	511	304
Total offices	846	429	152	1,427	807	580

INTERNATIONAL NETWORK

As of July 1, 2014

Resona Bank, Limited

■ ASIA

Hong Kong Representative Office
Unit 01, 6/F.,
Tower1, Lippo Centre
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2201 Yan An Xi Lu, Shanghai,
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Phone: 86-21-6275-5198
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990 Rama 4 Road,
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9-11, South Jakarta, 12930,
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Fax: 62-21-570-1936
SWIFT: BPIAIDJA

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Phone: 62-21-89115020
Fax: 62-267-647347

MM 2100 Sub-Branch
Ruko Mal Bekasi Fajar Blok D
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Phone: 62-21-89982151
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Kompleks Ruko Palais de Paris
Blok D No. 10, Perumahan Koto
Deltamas, Cikarang Pusat
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Phone: 62-21-28517930
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Graha Bumiputera,
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Phone: 62-22-4241742
Fax: 62-22-4241207

PT. Resona Indonesia Finance
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Jenderal Gatot Subroto, Kav.
9-11, South Jakarta, 12930,
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■ JAPAN

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Osaka Head Office
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Japan
Phone: 81-6-6271-1221
SWIFT: DIWAJPJT

Internet Address
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resonabank/

The Kinki Osaka Bank, Limited

■ JAPAN

Head Office
4-27, Shiromi 1-chome,
Chuo-ku, Osaka 540-8560, Japan
Phone: 81-6-6945-2121
SWIFT: OSABJPJS

Internet Address
http://www.kinkiosakabank.co.jp/

Saitama Resona Bank, Limited

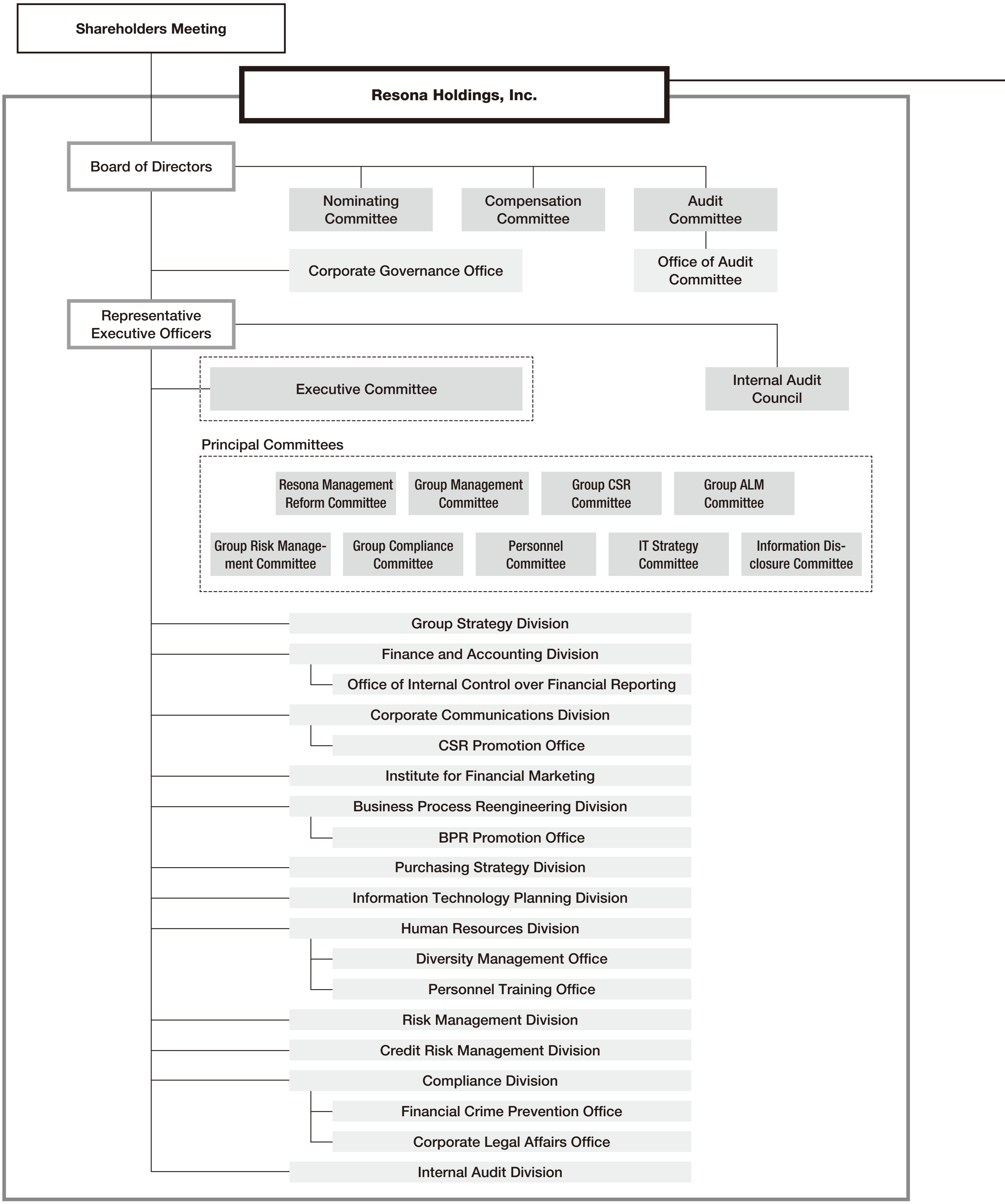
■ JAPAN

Head Office
4-1, Tokiwa 7-chome,
Urawa-ku, Saitama 330-9088, Japan
Phone: 81-48-824-2411
SWIFT: SAIBJPJT

Internet Address
http://www.resona-gr.co.jp/saitamaresona/

ORGANIZATION CHART AND OUTLINE OF THE GROUP

As of July 1, 2014



Resona Holdings' Ownership: 100%
Resona Bank, Limited
Banking and trust banking business

Resona Holdings' Ownership: 100%
Saitama Resona Bank, Limited
Banking business

Resona Holdings' Ownership: 100%
The Kinki Osaka Bank, Limited
Banking business

Principal Subsidiaries and Affiliates

Name	Address	Capital (Millions)	Operations	Established	Equity ownership by Group companies (%)
Banking and trust banking business					
■ Resona Guarantee Co., Ltd.	Urawa-ku, Saitama-shi	¥14,000	Credit guarantee	May 8, 1975	100.0
■ Daiwa Guarantee Co., Ltd.	Chuo-ku, Osaka-shi	¥6,000	Credit guarantee	July 23, 1969	100.0
■ Kinki Osaka Shinyo Hosho Co., Ltd.	Chuo-ku, Osaka-shi	¥6,397	Credit guarantee	Mar. 17, 1995	100.0
■ Resona Research Institute Co., Ltd.	Chuo-ku, Osaka-shi	¥100	Business consulting services	Oct. 1, 1986	100.0
▲ Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	¥51,000	Banking and trust banking business	June 20, 2000	33.3
■ P.T. Bank Resona Perdania	Jakarta, Indonesia	IDR 285,000	Banking business	Feb. 15, 1956	43.4
Finance-related business					
■ Resona Card Co., Ltd.	Koto-ku, Tokyo	¥1,000	Credit card administration Credit guarantee	Feb. 12, 1983	77.5
■ Resona Capital Co., Ltd.	Chuo-ku, Tokyo	¥5,049	Private equity business	Mar. 29, 1988	100.0
■ Resona Kessai Service Co., Ltd.	Chuo-ku, Tokyo	¥1,000	Factoring	Oct. 25, 1978	100.0

■ Consolidated subsidiaries
▲ Affiliates accounted for by the equity method

INVESTOR INFORMATION

As of March 31, 2014

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Tel: 81-3-6704-3111

Osaka Head Office
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Chuo-ku, Osaka 540-8608, Japan
Tel: 81-6-6268-7400

Paid-in Capital
¥50,472 million
(As of March 31, 2014, Non-consolidated)

Number of Shareholders
(Common stock)
283,111

Stock Exchange Listing
Tokyo Stock Exchange (1st Section)

Transfer Agent and Registrar
Sumitomo Mitsui Trust Bank, Ltd.
1-4-1, Marunouchi, Chuo-ku,
Tokyo 108-8233, Japan

Independent Auditor
Deloitte Touche Tohmatsu LLC

Number of Employees
16,536 (Consolidated)
603 (Non-consolidated)

Common Stock/Preferred Stock

(Number of shares)

	Issued (End of March 2014)
Common Stock	2,324,118,091
Class C No. 1 Preferred Stock	12,000,000
Class F No. 1 Preferred Stock	8,000,000
Class Three No. 1 Preferred Stock	98,000,000
Class Four Preferred Stock	2,520,000
Class Five Preferred Stock	4,000,000
Class Six Preferred Stock	3,000,000
	2,451,638,091

Stock Price Range on the Tokyo Stock Exchange

(First Section) (Yen)

	2013						2014					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
High	534	532	515	534	536	538	582	575	547	525	536	595
Low	477	465	468	483	497	504	532	522	461	469	503	525

Major Shareholders (Common Stock)

	Number of shares held (Thousands)	Percentage of total shares issued
Japan Trustee Services Bank, Ltd. (Trust Account)	95,265	4.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	89,935	4.10
GOLDMAN SACHS & CO. REG	86,570	3.94
The Dai-Ichi Mutual Life Insurance Company, Ltd.	55,241	2.51
CACEIS BANK FRANCE/CREDIT AGRICOLE SA	39,483	1.80
STATE STREET BANK AND TRUST COMPANY 505225	32,435	1.47
JP MORGAN CHASE BANK 380072	28,286	1.28
Japan Trustee Services Bank, Ltd. (Trust Account 4)	26,927	1.22
STATE STREET BANK WEST CLIENT-TREATY	26,019	1.18
STATE STREET BANK AND TRUST COMPANY	24,992	1.13

CONTACT:

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RESONA

Resona Holdings

VEGETABLE OIL INK

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