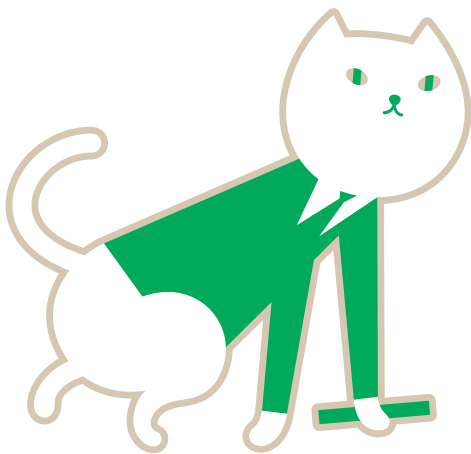


Resona Holdings, Inc.

ANNUAL REPORT 2015



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,
2015, 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, 2015):

Credit ratings for Resona Holdings and Resona Group
banks are as follows:

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

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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 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.”



No. 1 Retail Bank

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

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, 2015, the Japanese economy saw a slump in consumer spending in the first half as a result of a decline in demand due to the backlash after the consumption tax increase. However, it saw an overall recovery during the second half of the fiscal year in part because of improved corporate profits driven by such factors as weaker yen and lower crude oil price.

Amid this operating environment, consolidated net income of the Resona Group amounted to ¥211.4 billion, which was ¥21.4 billion higher than the profit guidance announced in November 2014, and marked over ¥200 billion for the fourth consecutive period. This solid performance is attributable to strong momentum we saw in the fields of financial product sale and real estate brokerage business, and a gain from the reversal of credit expenses supported by improvements in the financial position and business performance of corporate customers. In addition, the ratio of non-performing loans (NPLs) improved another 23 percentage points, to 1.51%, thus enabling the Resona Group to maintain its sound financial position.

In February 2015, the Resona Group announced a “New Mid-term Management Plan” in order to make a transition from revitalization and recovery to sustained growth for the next ten years, after completing repayment of public funds. With this plan, the Resona Group aims to become a “No. 1 Retail Bank” through a “mind change” to conduct business more proactively in order to further solidify the Group’s continued growth. To realize this goal, the Resona Group will

work to maximize customer value by maintaining its fundamental stance that “Customers’ joy and happiness are Resona’s” and following the three management policies of “Succession and further deepening of Resona-ism,” “Establishing a business model as a new financial services company,” and “Further deepening Group consolidated management.”

The Resona Group strengthened its capital through the injection of public funds in 2003. In the 12 years since then, it has revitalized its business and has worked toward becoming reborn as a financial group that is truly valued by the national economy, primarily through corporate governance reforms, customer service reforms, and drastic financial reforms.

As for the public funds that supported the revitalization and growth of the Resona Group (peak balance of ¥3,128 billion, based on the injected amount), the repayment of ¥96.0 billion on June 25, 2015 (based on the injected amount) marks the full repayment of these funds. We would like to sincerely thank the people of Japan, our customers, and our shareholders for their vast support and cooperation over this long period.

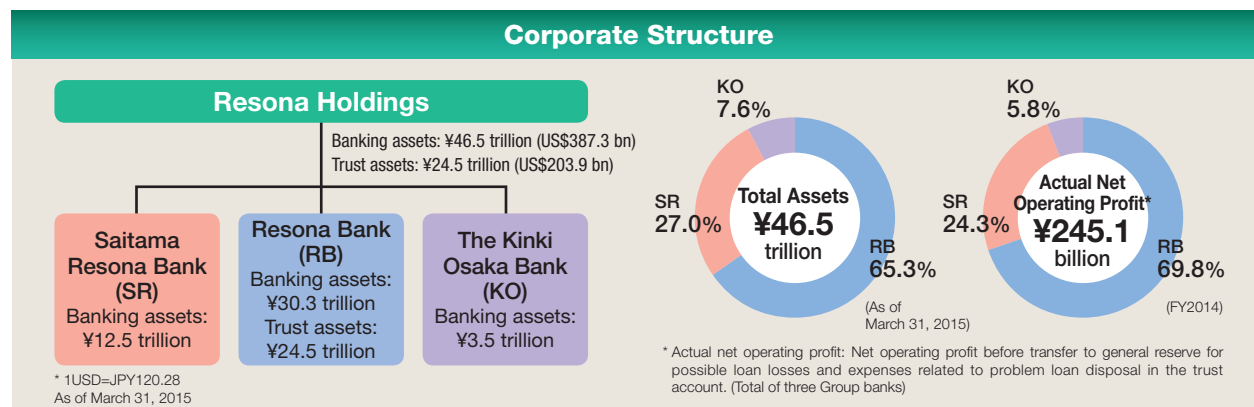
The Resona Group will work to accelerate our reformation into a “New Resona” in an aim to become a financial services group that is “No. 1 Retail Bank” most supported by regional customers. At the same time, we will maintain a high degree of management transparency, maximizing the value of Group companies. We request your continuing strong support and encouragement in the years ahead.

July 2015

RESONA GROUP AT A GLANCE

Resona Group's Structure

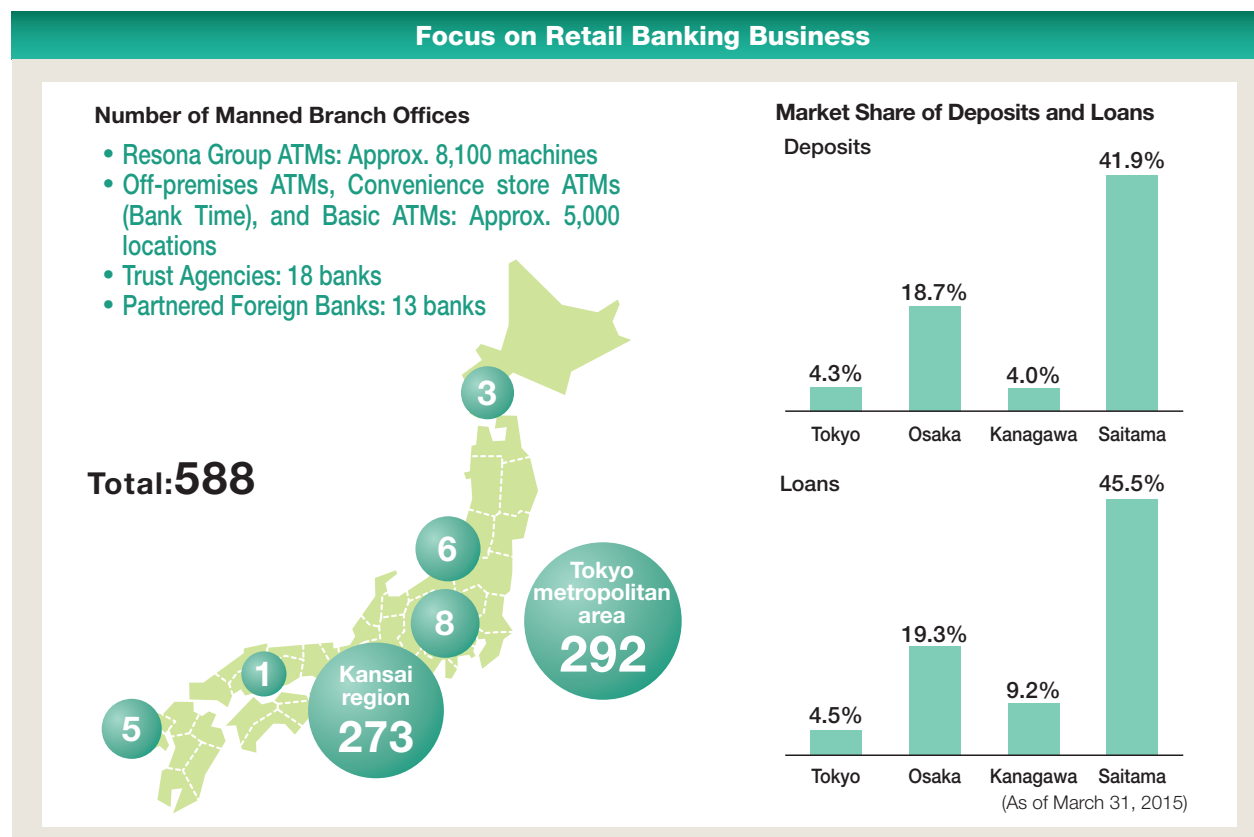
The Resona Group, with Resona Holdings as the Group holding company, is a financial services group comprising three banks with aggregate consolidated assets of approximately ¥46 trillion and trust assets of about ¥24 trillion. The Group comprises Resona Bank, which is the core institution in the Group 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 122 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.



Competitive Strengths of Resona Group

(1) Strong franchise value

The Resona Group has established strong operating bases in the greater Tokyo metropolitan area and the Kansai region, where Japan's economic activities and population are concentrated. Especially in Saitama and Osaka prefectures, our shares of deposits and loans are more than 40% and close to 20%, respectively.



(2) Efficiencies derived from economies of scale

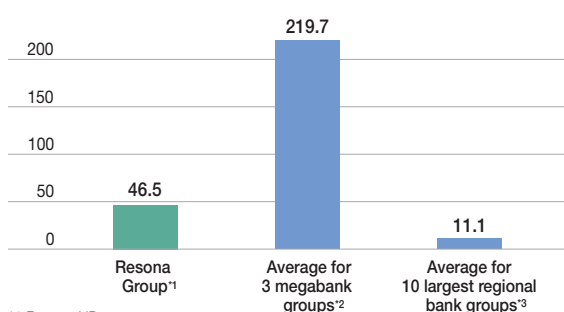
Compared with the major regional banks in Japan, the Resona Group, with consolidated total assets of approximately ¥46 trillion, can pursue economies of scale. Also, even though the Resona Group is closely focused on retail banking business, it has a superior cost-to-income ratio, compared to the Japanese megabank groups and top regional bank groups.

Efficiencies Derived from Economies of Scale

Consolidated Total Assets (As of March 31, 2015)

■ 4th largest banking group in Japan, with ¥46 trillion in assets

(Trillions of yen)



^{*1} Resona HD

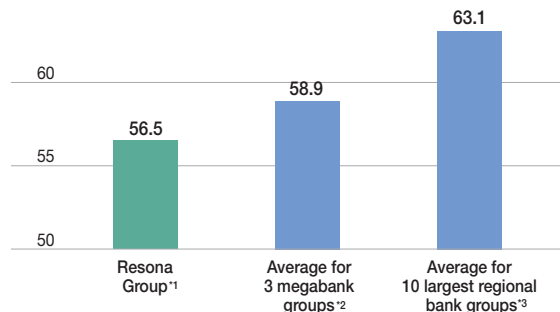
^{*2} MUFG, Mizuho FG, SMFG

^{*3} 10 largest regional banks in terms of consolidated total assets (Fukuoka FG, Yokohama, Chiba, Hokuohoku FG, Shizuoka, Yamaguchi FG, Joyo, Nishinippon City, 77, Kyoto)

Consolidated Cost-to-Income Ratio (FY2014)

■ High operational efficiency

(%)



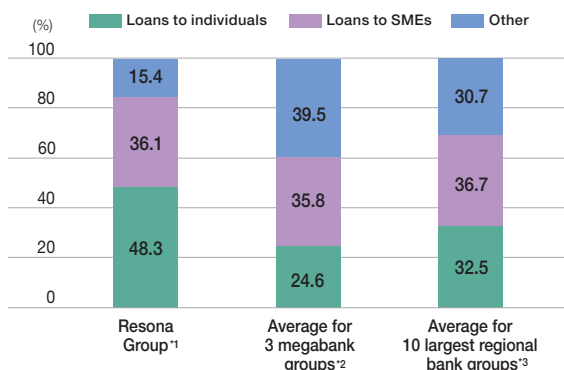
(3) Focus on retail banking business

Loans to small and medium-sized enterprises (SMEs) and individuals account for 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



^{*1} Total of three Group banks (RB, SR, KO)

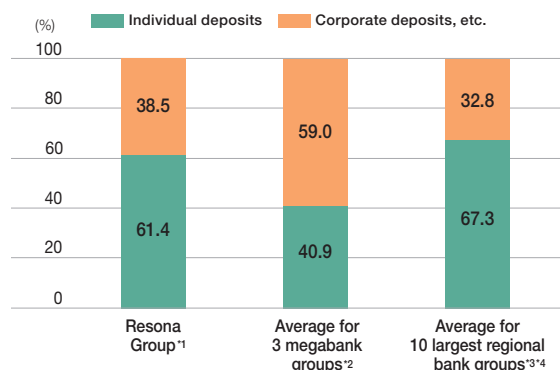
^{*2} BTMU + MUTB, Mizuho BK + Mizuho TBK, SMBC

^{*3} 10 largest regional bank groups in terms of consolidated total assets (Fukuoka FG, Yokohama, Chiba, Hokuohoku FG, Shizuoka, Yamaguchi FG, Joyo, Nishinippon City, 77, Kyoto)

^{*4} Excluding certain regional bank groups for which relevant data are not publicly disclosed.

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

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



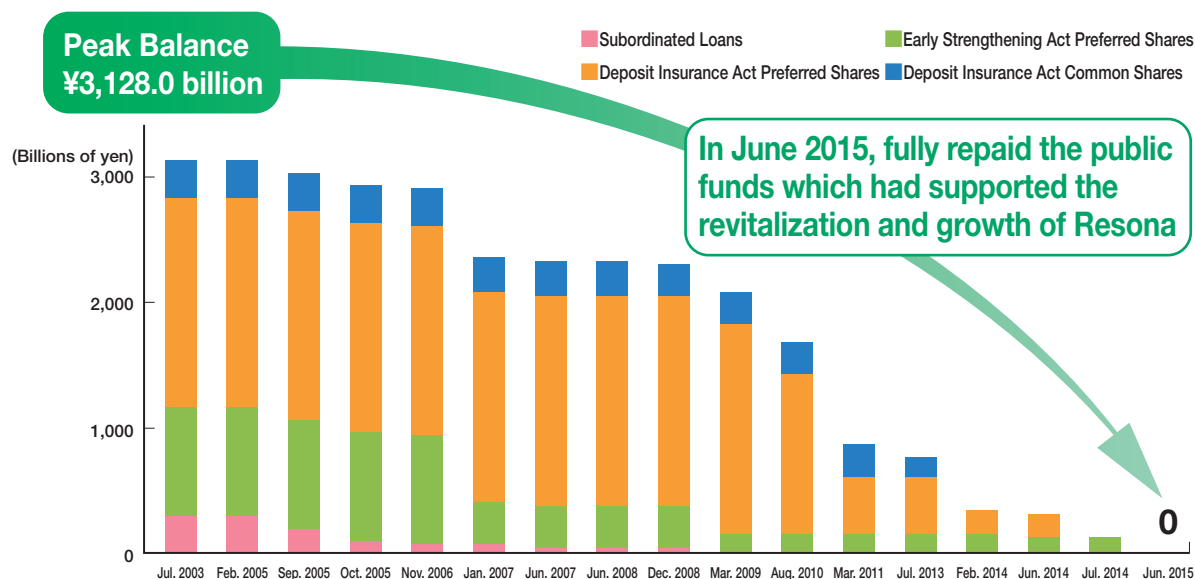
(As of March 31, 2015)

FULL REPAYMENT OF PUBLIC FUNDS AND MEDIUM-TERM MANAGEMENT PLAN

Full Repayment of Public Funds

Pursuant to the Act on Emergency Measures for Early Strengthening of Financial Functions, the Company repaid ¥96.0 billion (based on the injected amount) of preferred shares on June 25, 2015. As a result, the Company was able to fully repay all public funds (peak balance of ¥3,128.0

billion, based on the injected amount) that were injected. The officers and employees of the Resona Group would like to once again sincerely thank the people of Japan, our customers, and our stakeholders for their support in repayment of these public funds.



New Capital Management Policy

<Target Level of Capital Adequacy Ratio>

We will aim to secure sufficient capital adequacy under the Japanese standard currently applied, as well as to steadily maintain an 8.0% or higher common equity Tier 1 ratio (excluding net unrealized gains/losses on available-for-sale securities) also under the international standard, and will seek to secure additional strength in our capital adequacy in order to attain target level at an early stage.

We will strive to operate with an awareness of our capital efficiency and continue to aim at achieving a level of ROE that exceeds 10%.

<Measures towards Qualitative and Quantitative Reinforcement of Equity Capital>

We were engaged in de facto capital exchanges in the form of a combined disposal of treasury stock (common stock; ¥86.5 billion; conducted in March 2015) and acquisition of Class Four preferred stock (¥63.8 billion; conducted in July 2015).

Moving forward, we will also consider the buyback of bond-type preferred stock over a medium- to long-term timeframe.

<Dividend Policy>

With regard to the Company's dividend per common share, we increased the annual dividend by ¥2 (from ¥15 per share to ¥17 per share annually), effective from the year-end dividend for the fiscal year ended March 31, 2015. We will continue to strive to achieve steady dividend payout in the future. If we carry out acquisition and retirement of bond-type preferred stock (¥175.0 billion), we will consider increasing common dividends since the burden of preferred dividends is expected to decrease.

We will also begin to pay an interim dividend from the fiscal year ending March 31, 2016.

<New Shareholder Benefit Program>

With the aim of increasing the attractiveness of the Company's shares, creating an incentive for the medium- to long-term holding of the Company's shares by a greater number of individuals, and providing opportunities for shareholders to understand the services offered by the Resona Group, we introduced a new shareholder benefit program. Benefits available to shareholders include loyalty points redeemable at Group banks and discounted ATM and transfer fees that vary depending upon the number of shares held.

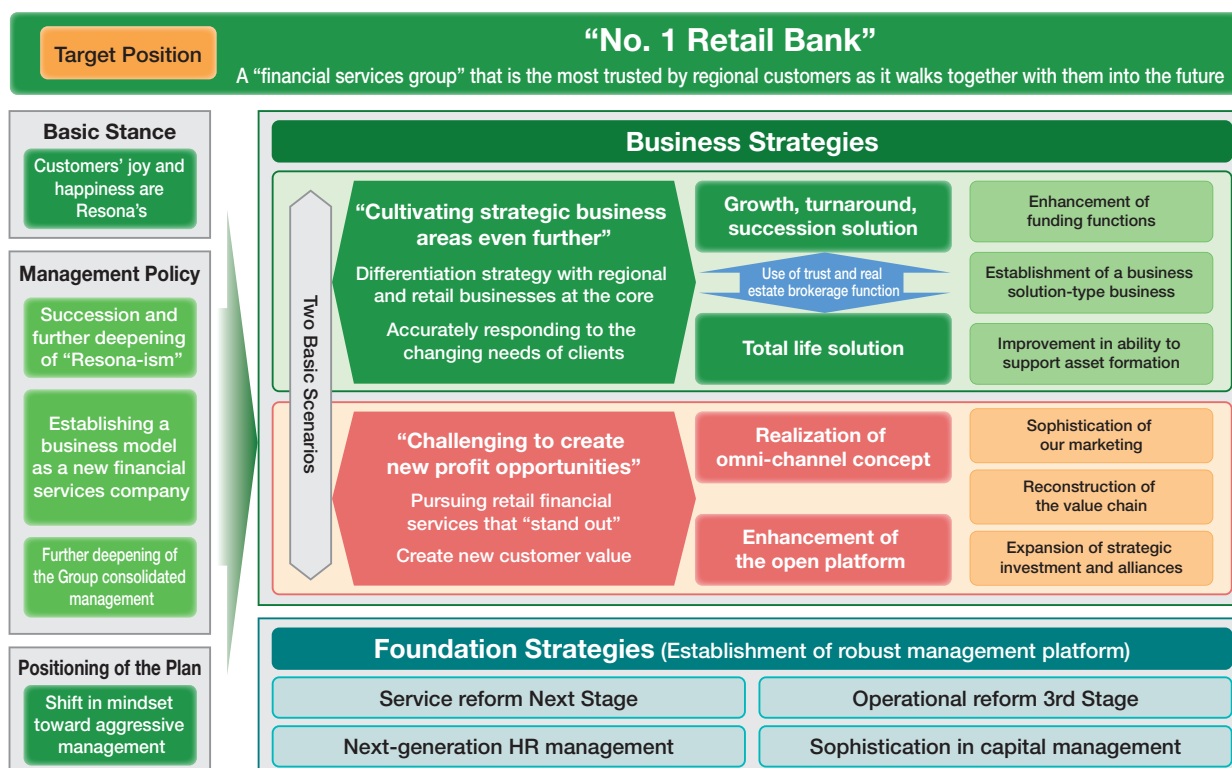
THE NEW MEDIUM-TERM MANAGEMENT PLAN

The Resona Group formulated a new Medium-term Management Plan in February 2015 in an aim to become a financial services group that is “No. 1 Retail Bank” most trusted by regional customers.

Overall Management Strategy of “Resona”

In order to ensure the Group’s sustainable growth, we will implement business strategies based on the basic scenarios comprising “cultivating strategic business areas even further” and “challenging to create new profit opportunities” and promote four foundation strategies as new reform measures looking ahead to changes in the operating environment while upholding our basic stance that “Customers’ joy and happiness are Resona’s.”

By setting the Group’s strengths of regional and retail businesses as its core businesses, we will strive to further advance our differentiation strategies leveraged by trust and real estate functions. In addition, we will work towards the “realization of the Omni-channel concept” as reforms in customer contact based on marketing while aiming to further evolve our regional retail strategy through the “enhancement of the Group’s open platforms” with strategic investment and alliance and others.



<Financial Indicators (Group Consolidated)>

| Group consolidated | | FY2017 |
|---------------------|---|---|
| Profitability | Net income | ¥175.0 billion |
| | Shareholders’ equity ROE (Note 1) | Above 10% (Through the period of the New Plan) |
| Financial soundness | Common equity Tier 1 capital ratio (Note 2) (excluding net unrealized gains/losses on available-for-sale securities) | Around 8% |
| Efficiency | Consolidated expense ratio (Note 3) | In the middle of 50% range |

(Note 1) Net income attributable to owners of the parent

(Note 2) (Net income – Amount equivalent to annual dividends for preferred stock) / {(Total shareholders’ equity at beginning of period – Aggregate amount paid in for preferred stock at beginning of period + total shareholders’ equity at end of period – Aggregate amount paid in for preferred stock at end of period) / 2} × 100

(Note 3) Under the international standard

(Note 4) Consolidated operating expenses / consolidated gross operating profits × 100

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.

Additionally, we will advance the “realization of the Omni-channel concept” to provide high-quality retail financial services in the best places, at the best times, and in the best channels, to respond to the financial behaviour and values of customers.

Resona Branches

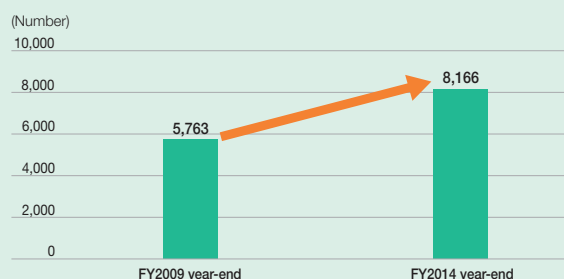
Open for business until 5 pm (Resona Bank and Saitama Resona Bank)

To enable our customers to use our services in comfort without having to wait, the Resona Group has introduced next-generation branches that offer General Reception Counters, Quick Navi services, and Communication Booths. In addition to these initiatives, we have also introduced ser-

vices that break away from conventional bank practices, including extending our business hours on weekdays to 5 pm at all the Resona Bank and Saitama Resona Bank branches, and a portion of The Kinki Osaka Bank branches. In addition, the Resona Group has expanded the number of its proprietary ATMs to approximately 8,100 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

We opened the “7-Days Plaza Kawaguchi” (Saitama Resona Bank) in April 2015, and in May 2015, we opened the “7-Days Plaza Shibuya” (Resona Bank), which was the first

in Tokyo. We are working to expand our network of branches with staff available on weekends and after hours on weekdays to offer our customers financial advice.

Open Year Round

In pursuit of customer convenience, we expanded business hours. Branches that are open year round also continue to open.

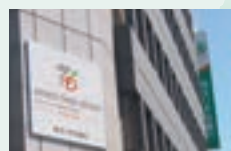


◀ Resona Bank
7-Days Plaza
Umekita



▲ The Kinki Osaka Bank
Umeda Plaza nanoka*1

▶ Resona Bank
7-Days Plaza
Abeno Harukas*2



Opened April 5, 2014

◀ Saitama Resona Bank
7-Days Plaza Omiya*1



Opened April 4, 2015

▲ Saitama Resona Bank
7-Days Plaza Kawaguchi*1



Opened May 9, 2015

◀ Resona Bank
7-Days Plaza
Shibuya*1

Open Seven Days a Week

*1 Except during year-end through new-year holidays and Golden Week holidays in early May.

*2 Excluding those days when the Abeno Harukas building is closed.

Resona's Internet Banking Services

Web Communication Service “MyGate”


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 functions with homepage information provision functions. As a result of the introduction of this service, Resona can offer the best products and services to each and every one of its customers.

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**

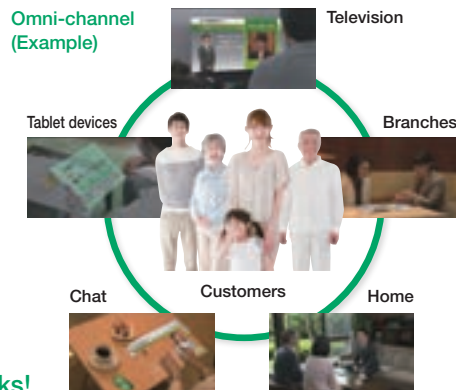
• Omni-channel

Money transfers, which had previously been handled on the following business day for those initiated after 3 pm or on weekends and holidays, will now be handled on the same day for those made between Resona Group Banks. (Transactions must be made from an ATM or via Internet banking.)

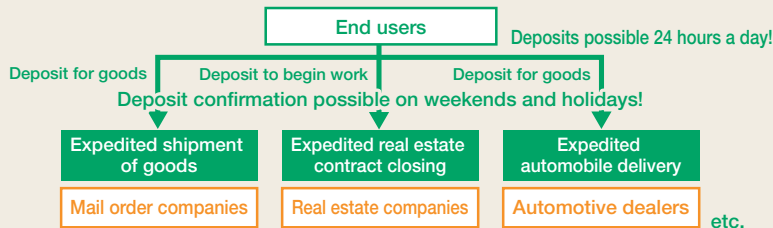
**Payment processing
24 hours a day, 365 days a year**

Service begins for immediate money transfers 24 hours a day, 365 days a year* for those made between Group Banks!

*Excluding those made during maintenance hours (Saturdays 11 pm to Sundays 8 am, and Sundays 11pm to Mondays 7 am)



In addition to benefits for money transfers by individuals, this also provides benefits for B-to-C transactions as well.



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 by Resona Bank and Saitama Resona Bank branches (as of June 30, 2015).

Preparing for the Future and the Unexpected, 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, 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 Unique Trust Know-How of the Resona Group

Based on its unique 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" (money trust).

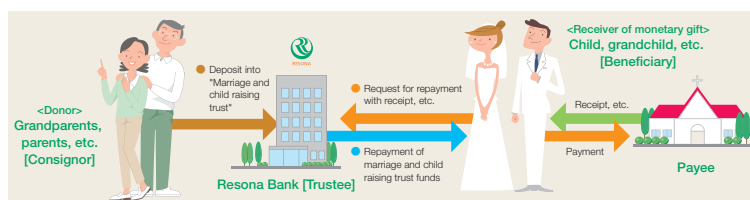


Advertisement for "My Trust Mirai Anshin Zu"

• Marriage and Child Raising Trust

This is a new service that allows for tax-exempt monetary gifts of up to ¥10 million for the purposes of marriage and child raising, and is available at approximately 600 Resona Group branches, the largest of such networks in Japan. (Saitama Resona Bank and The Kinki Osaka Bank will act as Trust Agents of Resona Bank.)

Scheme diagram



From April 2015, we began offering services for **marriage and child raising trusts**.

Loans

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

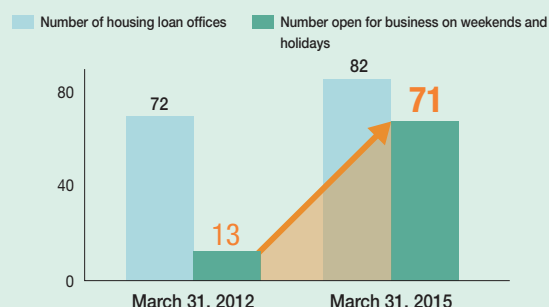
Leading Company in the Housing Loan Field

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 2014, Resona newly established Resona reconversion loans (web-only plan). The Resona Group also sells unique products such as the *Danshin Kakumei* housing loan, which features greatly expanded group credit life insurance coverage, the *Haretara li 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 expanding Loan Plaza offices which are open on weekends and holidays.

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.

Resona Reconversion Loan

- Open to customers who have applied for advance screening via the Internet among those who are users of "MyGate," or for those who are able to apply

Loans especially for women
Rin-next

りそな借りかえローン
Web申込限定プラン

Provides compensation for homeowners who installed solar panels for insufficient sunlight
Haretara li 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," and "cannael," a loan targeted toward women to support their future.

* These products are handled only by Resona Bank branches.



"cannael," a loan targeted toward women to support their future

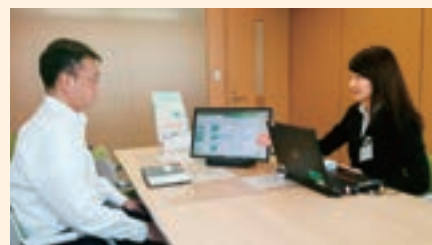
Enhancing Convenience!

Through introduction of a new housing loan system, credit screening and payment lead time drastically reduced

We are progressively introducing a new housing loan system that enables faster credit screening and reduced waiting time to close contracts for housing loans.

Through the installation of this system, credit screening and payment lead time will be drastically reduced.

- (1) Credit screening period for Flat 35 loans reduced from four days to same day!
- (2) Filling out bothersome forms reduced to approximately 10% of previous levels!
- (3) Use of Quick Navi ATMs shortens payment lead time from approximately 60 minutes to 15 minutes!



The first in the industry to use specialized monitors for individual loan contracts!

Began same-day payment for trust agency services, the first Japanese Bank to do so!

Beginning on May 11, 2015, for transactions regarding the below trust products for which Saitama Resona Bank and The Kinki Osaka Bank act as trust agents for Resona Bank, services are now available at branch offices of each Bank.

Available products and transaction procedures

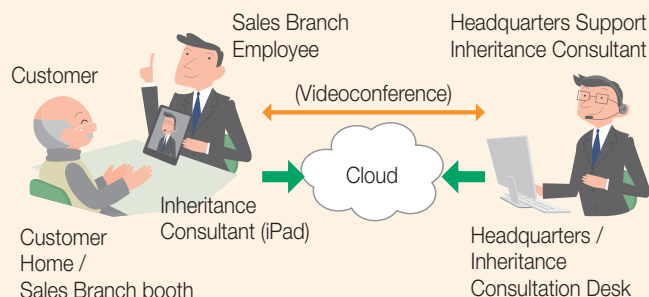
| Available products | Transaction procedures |
|---|------------------------|
| Education fund monetary gift trust (Education Fund Trust) | Partial repayment |
| Asset Inheritance Trust (My Trust, Heart Trust) | Account Closing |
| Guardianship Support Trust | Passbook recording |

The launch of these services is the result of the unification of front office functions for trust services across the Resona Group, and it is **the first service offered by a Japanese Bank** that enables same-day payment of funds to beneficiaries (grandchild, etc.) by a trust agent.

Use of tablet devices to support customer consultations

In June 2015, we began a service which enables staff at sales branches to utilize tablet devices, such as iPads, to connect with experts at our headquarters when working with issues surrounding inheritance.

Whether at the branch service desk or at the customer's home, sales staff are able to videoconference with our inheritance experts anytime, anywhere, to receive specialized advice for any complex issues that may arise.



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.

Specifically, based on the Basic Policy for Facilitating Finance, we will strive to realize active financial intermediary functions under appropriate management.

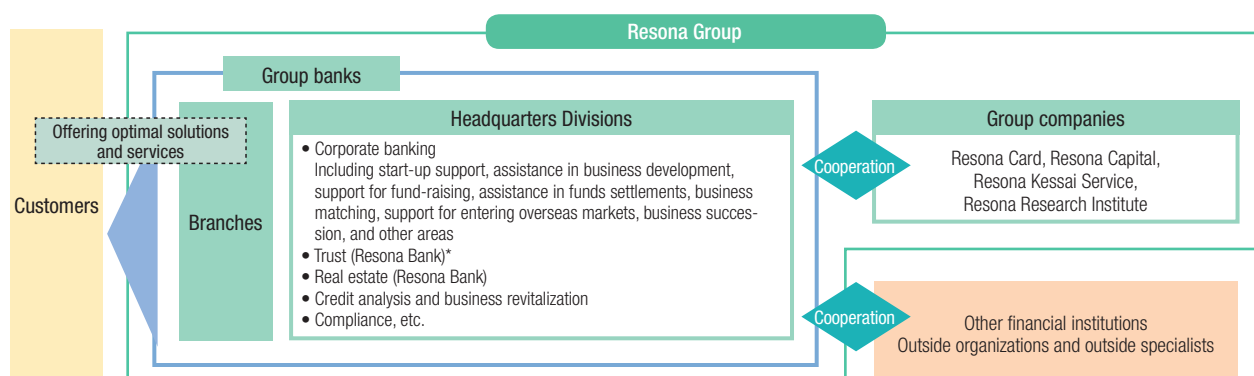
[Outline of the Basic Policy for Facilitating Finance]

- 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 are taking initiatives to provide management support to our customers through collabora-

tion among the Group's headquarters and the Group companies and their branches 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 established at Saitama Resona Bank is named the "Committee for Strengthening Corporate

Transactions." These committees are taking 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.

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. Funds are made available for purchasing equipment in the medical and nursing care fields, and these various funding options are intended to support industries that are making a significant contribution to 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 including funding for environment-relat-

ed expenditures to companies that are engaging in environmental preservation as well as lending arrangements in cooperation with various regional credit guarantee associations.

Began offering short-term loans for businesses receiving “Regional Shopping District Support Grants”

- When collective groups of customers with business located in regional shopping districts in Saitama Prefecture seek to conduct business through use of “Regional Shopping District Support Grants” offered by The Small and Medium Enterprise Agency, this system provides short-term loans to these business for the period until the grant is actually received. As these grants are not paid out until after business expenses are paid, this loan product meets the financing needs of customers who wish to apply for the grants, but do not have the cash on hand to pay the upfront business expenses. (Saitama Resona Bank)

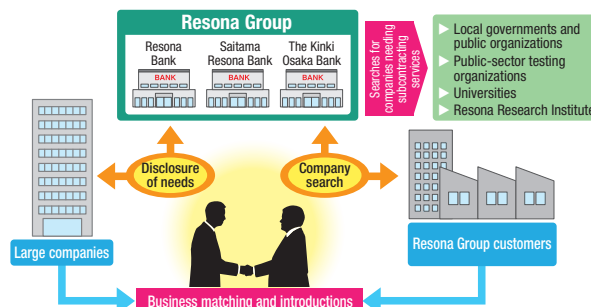
Business Matching

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 “business diversification.”

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.

Establishment of the “Resona Manufacturing Excellent Network”

- Drawing on its nationwide network, which is centered around approximately 430,000 SME customers, Resona has established its “Resona Manufacturing Excellent Network.” This network provides search and introduction services at no charge to help large corporate customers 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



Support for Corporate Customers Expanding Business Overseas

The Resona Group banks offer various services to corporate customers who are considering entry into overseas markets and those customers who already have business operations overseas through their overseas representative offices and P.T. Bank Resona Perdania in Indonesia.

To meet corporate customers' funding needs overseas, we offer loans to customers' local subsidiaries and other financial services through partner banks overseas.

To further substantially strengthen our abilities to meet the needs of customers expanding their overseas operations, following the establishment of the International Business Division by the Resona Bank, Saitama Resona Bank and The Kinki Osaka Bank established International Business Offices in April 2014 and May 2014, respectively. Through these and other initiatives, Resona is working to give strong support to the increasingly diverse needs of customers expanding overseas.

Business Alliance with Cambodian Public Bank

- Japanese companies have become increasingly interested in entering the Cambodian market in recent years. In June 2014, Resona Group banks signed a business alliance agreement with Cambodian Public Bank Plc. Through the Japan desk of Cambodian Public Bank, the Resona Group banks provide meticulous services to customers starting business in Cambodia. (Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank)

Business Alliance with Myanmar Apex Bank

- In November 2014, Resona Group banks signed a business alliance agreement with Myanmar Apex Bank Ltd. with the aim of providing support to customers entering Myanmar, a country poised for economic growth with abundant labor and natural resources. (Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank.)

Ho Chi Minh City Representative Office Opened

- In view of the economic growth potential of Vietnam and its high-quality labor, an increasing number of customers are expected to enter the Vietnamese market and customers that have already been operating business in Vietnam are expected to expand investment. In March 2015, Resona Bank opened a representative office in Ho Chi Minh City to provide meticulous support for customers expanding business to Vietnam.



Trust Banking and Real Estate (Resona Bank)*

In addition to its commercial banking business, Resona Bank is the only commercial bank in Japan that can offer 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 to solve their management issues.

Specific solutions include offering proposals for corporate and personal defined contribution plans (DC) and defined benefit pension plans (DB), trust arrangements that enable company owners to succeed their shares smoothly to their heirs (own company stock succession trusts), employee stock ownership plans (ESOPs) that utilize listed shares for employee benefits, employee benefit trusts and board benefit trusts, which are incentive plans linking financial performance of a company and its stock price with the remuneration system, and various other trust products. 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.

We support smooth business succession with a range of trust products. The "Own Company Stock Succession Trust with Retained Voting Rights" enables management to substantially transfer the shares to their heirs while retaining control of their voting rights. The "Own Company Stock Succession Trust with Entrusted Will" allows Resona Bank to administer the shares entrusted to it, and in the event of inheritance, 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. Saitama Resona Bank and The Kinki Osaka Bank may not handle certain products.

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, Resona also 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 is implementing specific revitalization measures by making use of regional business revitalization funds, such as the SME Revitalization Fund for the Greater Kansai Region (Investment Limited Partnership) in which Resona Bank and The Kinki Osaka Bank are involved and the *Sai no Kuni* SME Revitalization Fund (Investment Limited Partnership) in which Saitama Resona Bank is involved, and a debt-for-debt swap (DDS) scheme.

Sai no Kuni SME Revitalization Fund (Investment Limited Partnership)

- Saitama Resona Bank, in cooperation with the Saitama Prefectural SME Business Rehabilitation Support Co-operative and consultants, supports turnaround of SMEs in Saitama Prefecture that are deemed to be capable of continuing business. The *Sai no Kuni* SME Revitalization Fund was used as a source of working capital for new companies established by sponsors to succeed profitable businesses split from companies facing difficulties.

Business Revitalization through Collaboration within the Resona Group

- Resona Bank and Saitama Resona Bank collaborated in supporting SME customers of Saitama Resona Bank that are deemed to be capable of continuing business. With the involvement of the Saitama Prefectural SME Business Rehabilitation Support Co-operative, in cooperation with Resona Bank's M&A department, Saitama Resona Bank invited Resona Bank's customers to be sponsors for secondary corporation-type business revitalization of troubled SMEs.

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 business succession, business vision, and ideas regarding business continuation, the Group banks give consideration to the best solutions and approaches.

To meet customers' business succession needs, we offer support from various perspectives to solve issues, including estimation of the value of the stock of a customer's company; capital policies and asset succession; 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, other trusts and real estate services.

MBO Funds for Business Succession

- In order to meet customers' needs for equity solutions for business succession measures in addition to needs for support of initial public offerings, Resona Group banks handle MBO funds* to support smooth business succession of customers.

* Resona Capital No. 3 Investment Limited Partnership (Also known as "Bridge to the Future") (Resona Bank)
Saitama Resona Bank No. 3 Investment Limited Partnership (Also known as "Saitama Resona Business Succession and Growth Support Fund") (Saitama Resona Bank)
Kinki Osaka No. 3 Investment Limited Partnership (Also known as "Kinki Osaka Business Succession Support Fund—Connection to the Future") (The Kinki Osaka Bank)

Seminars on Business Succession

- For the purpose of providing next-generation successor candidates with opportunities to consider their families' business and business succession, Resona Bank and The Kinki Osaka Bank held a free-of-charge seminar titled "Learn with an Active Manager: Career Design for Successors" for sons and daughters of company owners who are students or working for companies other than their families' business.
- Saitama Resona Bank, jointly with Group company Resona Research Institute, held a business succession seminar for customers who are owners of companies that are facing difficulties in securing successors. The theme of the seminar was business succession led by successors and utilization of M&A.

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 con-

tinuing our efforts to support 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.



Network Business Negotiations in Osaka

The Kinki Osaka Bank sponsored the 5th Network Business Negotiations in Osaka jointly with Saitama Resona Bank and four other regional banks (Iyo Bank, Fukui Bank, Daishi Bank, Hyakugo Bank, and 77 Bank). The six participating banks are based in different business territories, and the purpose of the event was to support the expansion of sales channels of the customers by the collaboration of the sponsoring banks. With the theme, of “food,” the 5th Network Business Negotiations in Osaka provided opportunities to have individual business meetings and exhibit attractive food products of sellers from various regions to department store representatives, 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.



Agriculture and Food Exhibition and Business Discussion 2015

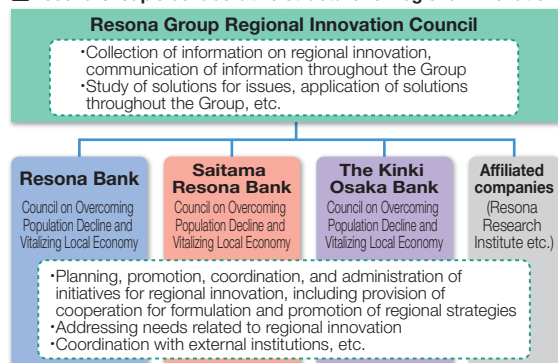
As part of activities to revitalize regional communities and strengthen initiatives related to agricultural businesses, Saitama Resona Bank, in collaboration with Saitama Prefecture, sponsored the “Agriculture and Food Exhibition and Business Discussion 2015.” This is one of the largest exhibitions of its kind in the Tokyo Metropolitan area in which agricultural producers and processed food companies based in Saitama Prefecture and food buyers nationwide participate. The event attracted over 3,000 visitors and publicized the role of Saitama as a source of food products to buyers of foods throughout Japan.



Establishment of Regional Innovation Council

The Resona Group has established the Regional Innovation Council, which is a cross-departmental, Group-wide organization, to provide cooperation and support to prefectural governments and municipalities in formulating and promoting strategies for overcoming population decline and vitalizing local economies through strengthened collaboration among industry, government, academia, financial institutions, and labor unions. Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank have each established a Council on Overcoming Population Decline and Vitalizing the Local Economy, an organization to formulate effective measures for local communities in cooperation with the Regional Innovation Council.

■ Resona Group's collaborative structure for regional innovation



FINANCIAL REVIEW

Selected Financial Data (Consolidated)

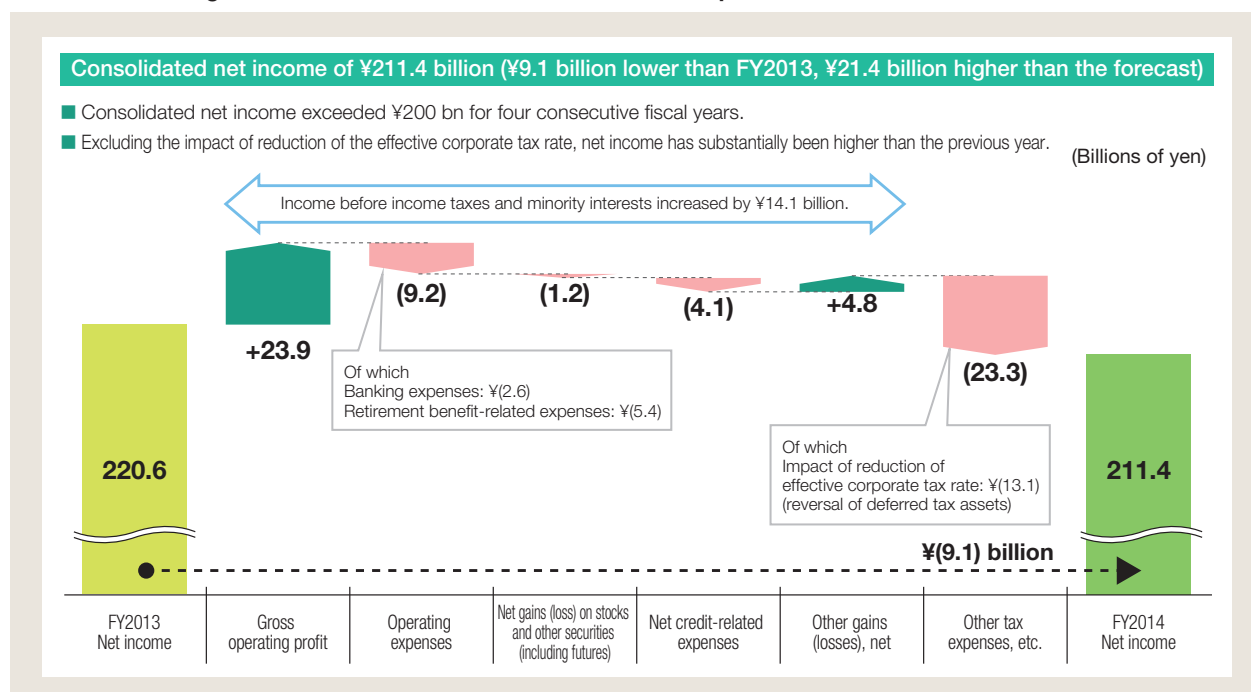
| Resona Holdings, Inc. | | | | | | |
|---|-----------------|---------------|----------|----------|----------|---------------------|
| | Billions of Yen | | | | | |
| | FY2014 (A) | FY2013 (B) | FY2012 | FY2011 | FY2010 | Change (A) – (B) |
| Scope of consolidation and application of the equity method: | | | | | | |
| Consolidated subsidiaries | 15 | 15 | 15 | 16 | 17 | — |
| Affiliated companies accounted for by the equity method | 1 | 1 | 1 | 1 | 1 | — |
| Total | 16 | 16 | 16 | 17 | 18 | — |
| Income statement data: | | | | | | |
| Gross operating profit | 632.4 | 608.5 | 637.1 | 655.2 | 667.0 | 23.9 |
| Net interest income | 425.9 | 430.0 | 443.0 | 463.9 | 484.0 | (4.0) |
| Trust fees | 22.7 | 23.7 | 21.6 | 23.4 | 25.9 | (0.9) |
| Fees and commissions | 146.4 | 135.0 | 128.9 | 119.6 | 120.8 | 11.3 |
| Trading income (loss) | 5.2 | (0.9) | 2.1 | 11.5 | 28.5 | 6.1 |
| Other operating income | 32.0 | 20.6 | 41.2 | 36.5 | 7.6 | 11.4 |
| General and administrative expenses | (357.7) | (348.4) | (361.6) | (360.9) | (369.4) | (9.2) |
| Net gains (losses) on stocks | 44.5 | 22.6 | (7.5) | 2.3 | (0.8) | 21.9 |
| Net credit expenses | 22.3 | 26.4 | 13.0 | (13.8) | (61.5) | (4.1) |
| Net income before income taxes and minority interests | 326.2 | 312.0 | 284.3 | 273.2 | 237.1 | 14.1 |
| Income taxes-current | (45.4) | (32.8) | (47.6) | (12.5) | (10.5) | (12.5) |
| Income taxes-deferred | (63.4) | (51.7) | 43.7 | (2.5) | (62.1) | (11.6) |
| Minority interests in net income | (5.9) | (6.8) | (5.3) | (4.5) | (4.3) | 0.9 |
| Net income | 211.4 | 220.6 | 275.1 | 253.6 | 160.0 | (9.1) |
| Comprehensive income | 416.8 | 286.6 | 398.6 | 300.8 | 132.5 | 130.1 |
| Balance sheet data: | | | | | | |
| Cash and due from banks | 9,672.9 | 6,471.8 | 3,386.1 | 2,707.7 | 3,027.7 | 3,201.0 |
| Trading assets | 589.6 | 616.5 | 787.1 | 696.5 | 637.5 | (26.8) |
| Securities | 6,864.2 | 8,698.4 | 10,181.5 | 11,335.8 | 9,899.9 | (1,834.2) |
| Loans and bills discounted | 27,487.2 | 26,701.6 | 26,490.1 | 25,782.6 | 25,853.0 | 785.6 |
| Deferred tax assets | 5.6 | 128.9 | 176.2 | 169.3 | 186.8 | (123.3) |
| Customers' liabilities for acceptances and guarantees | 478.9 | 490.5 | 539.8 | 608.4 | 678.4 | (11.5) |
| Reserve for possible loan losses | (209.5) | (256.1) | (305.5) | (379.8) | (424.6) | 46.6 |
| Total assets | 46,586.5 | 44,719.4 | 43,110.6 | 43,199.8 | 42,706.8 | 1,867.1 |
| Deposits, including negotiable certificates of deposit | 38,843.4 | 37,695.7 | 36,686.2 | 35,861.1 | 35,604.5 | 1,147.7 |
| Trading liabilities | 302.8 | 305.5 | 346.0 | 273.2 | 244.2 | (2.6) |
| Borrowed money | 737.0 | 1,081.7 | 671.8 | 1,512.9 | 1,700.8 | (344.6) |
| Bonds | 667.7 | 696.4 | 716.4 | 797.0 | 678.0 | (28.7) |
| Deferred tax liabilities | 0.4 | 0.2 | 0.2 | 0.1 | — | 0.1 |
| Acceptances and guarantees | 478.9 | 490.5 | 539.8 | 608.4 | 678.4 | (11.5) |
| Total liabilities | 44,443.1 | 42,763.0 | 40,921.3 | 41,356.5 | 41,114.2 | 1,680.1 |
| Capital stock | 50.4 | 50.4 | 340.4 | 340.4 | 340.4 | — |
| Total net assets | 2,143.3 | 1,956.4 | 2,189.3 | 1,843.3 | 1,592.5 | 186.9 |
| Per common share data (yen): | | | | | | |
| Net assets per share | 690.66 | 552.89 | 490.48 | 354.35 | 251.67 | 137.77 |
| Net income per share (Basic) | 91.07 | 89.71 | 105.71 | 96.56 | 73.14 | 1.36 |
| Net income per share (Diluted) | 84.28 | 64.97 | 72.52 | 68.36 | 39.62 | 19.31 |
| Capital adequacy data (%): | | | | | | |
| Capital adequacy ratio (Basel 3, Domestic standard) | 13.46 | 14.33 | — | — | — | (0.87) |
| Capital adequacy ratio (Basel 2, Domestic standard) | — | — | 14.67 | 13.19 | 11.21 | — |
| Other data: | | | | | | |
| Return on equity (%) | 11.13 | 11.37 | 14.49 | 15.77 | 8.82 | (0.23) |
| Price earnings ratio (x) | 6.55 | 5.56 | 4.61 | 3.94 | 5.41 | 0.98 |
| Cost-to-income ratio (%) | 56.56 | 57.26 | 56.75 | 55.08 | 55.38 | (0.69) |
| Number of employees | 16,436 | 16,536 | 16,826 | 16,881 | 16,941 | (100) |
| Trust assets under management and custody | 24,526.6 | 23,915.8 | 23,377.3 | 23,973.6 | 26,093.6 | 610.8 |

Resona Group Business Trends

Consolidated gross operating profit increased for the first time in eight years from the previous fiscal year by ¥23.9 billion to ¥632.4 billion. This increase was due to an increase in fees and commissions income for sales of investment trust and insurance products despite a decrease in net interest income mainly due to the shrinkage in the spread between deposit and lending interest rates. Consolidated operating expenses increased ¥9.2 billion from the previous fiscal year to ¥357.7 billion partly due to the consumption tax increase in spite of efforts on strict cost management. Although credit expenses increased ¥4.1 billion from the previous fiscal year (a decrease of a reversal gain), the group banks still recorded a gain from the reversal of credit expenses, resulting in the lowest ratio of non-performing loans since the establishment of Resona.

As a result, income before income taxes and minority interests increased ¥14.1 billion from the previous fiscal year to ¥326.2 billion. Net income decreased ¥9.1 billion from ¥220.6 billion for the previous fiscal year to ¥211.4 billion mainly because income taxes and other increased ¥23.3 billion due to reversal of deferred tax assets in line with the reduction of the effective corporate tax rate. Net income, however, exceeded ¥200 billion for the fourth consecutive year and was ¥21.4 billion or 11% higher than the figure in the consolidated earnings forecast announced on November 11, 2014, which was an upward revision of the initial forecast.

<Factors for Change in Consolidated Net Income for FY2014 Compared with FY2013>



[Outline of Financial Results for FY2014]

(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 | 632.4 | 23.9 | 51.9 | 580.5 | 25.2 | 391.0 | 136.3 | 53.0 |
| Net interest income ^{*1} | 425.9 | (4.0) | 9.4 | 416.5 | (4.3) | 265.7 | 112.1 | 38.7 |
| Income from loans and deposits (domestic operations) | | | | 348.8 | (17.6) | 219.2 | 95.5 | 34.0 |
| Trust fees | 22.7 | (0.9) | 0.0 | 22.7 | (0.9) | 22.7 | — | — |
| Fees and commissions income ^{*2} | 146.4 | 11.3 | 41.4 | 105.0 | 12.8 | 75.3 | 19.3 | 10.3 |
| Other operating income | 37.2 | 17.5 | 1.1 | 36.1 | 17.7 | 27.1 | 4.9 | 4.0 |
| Net gains (losses) on bonds (including futures etc.) | 19.5 | 12.3 | — | 19.5 | 12.3 | 11.5 | 4.1 | 3.7 |
| Actual net operating profit | | | | 245.1 | 22.4 | 171.1 | 59.5 | 14.4 |
| Operating expenses (including non-recurring items) | (357.7) | (9.2) | (18.9) | (338.8) | (8.0) | (219.3) | (79.0) | (40.3) |
| Expenses | | | | (335.3) | (2.6) | (219.8) | (76.8) | (38.6) |
| Net gain (losses) on stocks | 44.5 | 21.9 | 0.0 | 44.5 | 22.2 | 42.9 | 0.6 | 0.9 |
| Net credit expenses ^{*3} | 22.3 | (4.1) | (1.9) | 24.3 | (2.7) | 24.8 | (2.2) | 1.7 |
| Other gains (losses), net | (15.4) | (18.3) | 1.8 | (17.2) | (17.3) | (15.0) | 0.5 | (2.7) |
| Net income before income taxes and minority interests | 326.2 | 14.1 | 32.9 | 293.2 | 19.2 | 224.3 | 56.2 | 12.6 |
| Income taxes and other | (114.7) | (23.3) | (17.9) | (96.8) | (19.6) | (74.4) | (20.9) | (1.4) |
| Net income | 211.4 | (9.1) | 15.0 | 196.4 | (0.3) | 149.9 | 35.2 | 11.2 |

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

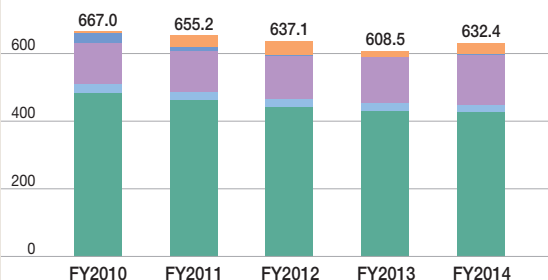
Trends in Performance

Gross Operating Profit

Increased for the first time in eight years.

Net interest income Trading income
Trust fees Other operating income
Fees and commissions

(Billions of yen)



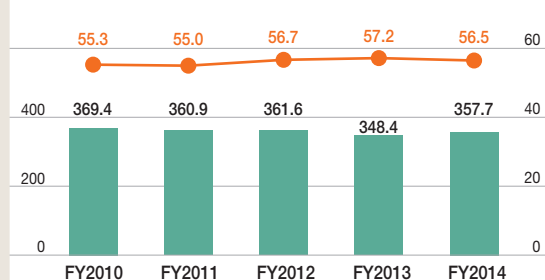
Operating Expenses (including non-recurring items), Cost-to-Income Ratio

Low-cost operation is thoroughly in place.

Operating expenses
Cost-to-income ratio (right scale)

(Billions of yen)

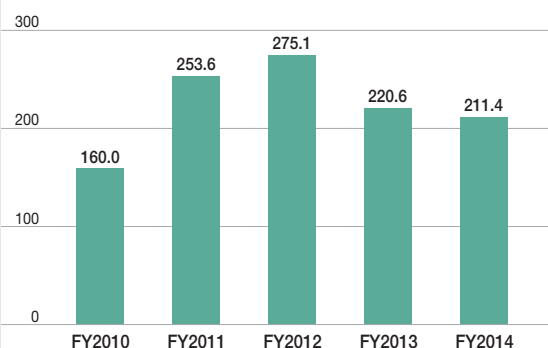
(%)



Net Income

Exceeded ¥200 billion for the fourth consecutive year.

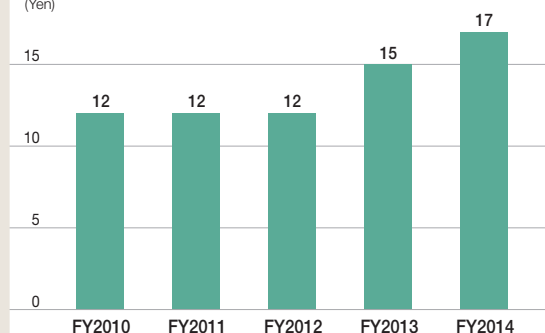
(Billions of yen)



Cash Dividends per Share Applicable to the Fiscal Year

An increase of ¥2 per share.

(Yen)



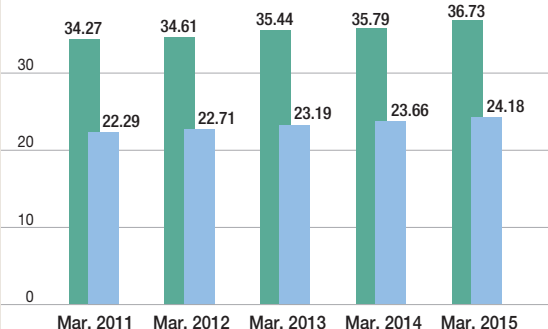
Deposits and Loans

Balance of Deposits (Total of Group Banks)

The upward trend continued.

Deposits Individual deposits

(Trillions of yen)



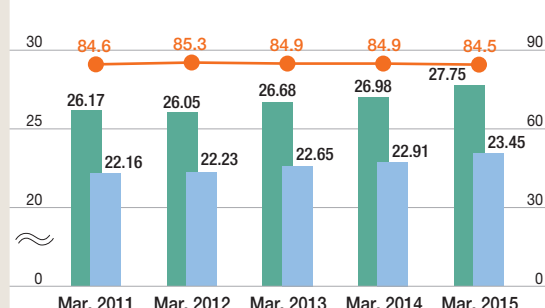
Balance of Loans (Total of Group Banks)

Increased for the third consecutive year.

Balance of loans outstanding Balance of loans to SMEs and individuals
Ratio of loans to SMEs and individuals (right scale)

(Trillions of yen)

(%)

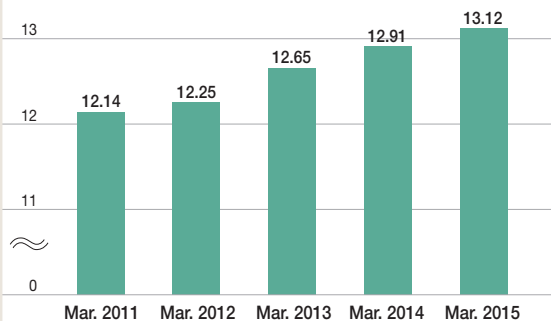


Trends in Principal Businesses

Balance of Housing Loans (Total of Group Banks)

The upward trend continued.

(Trillions of yen)

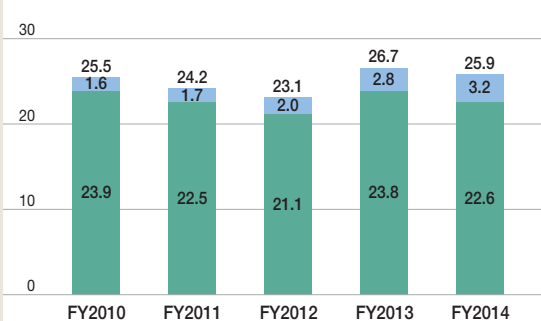


Trust-related income (Total of Group Banks)

Group consolidated operation is taking root.

Income from pension and securities trusts Income related to succession trusts

(Billions of yen)

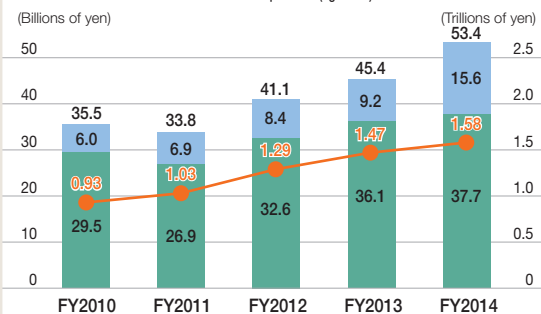


Sales of Investment Trusts and Insurance (Total of Group Banks)

Set a new record high.

Income from investment trusts (left axis) Income from insurance products (left axis)
Sales of investment trusts and insurance products (right axis)

(Billions of yen)

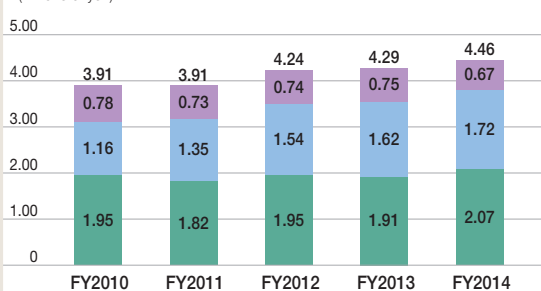


Investment Products for Individual Customers (Total of Group Banks)

The upward trend continued.

Investment trust Insurance
Government bonds

(Trillions of yen)

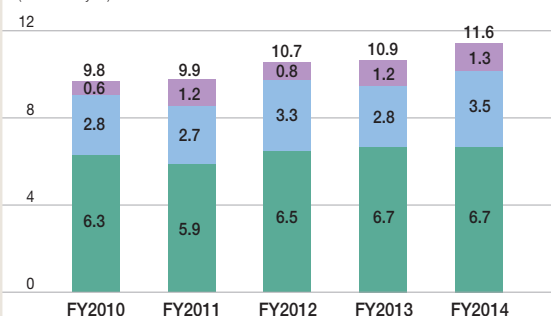


Income from Corporate Solutions (Total of Group Banks)

Exceeded ¥10 billion for the third consecutive year.

Commitment line, syndicated loans Private notes M&A

(Billions of yen)

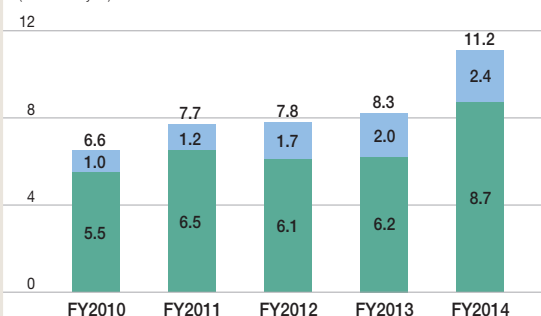


Real Estate Business (Total of Group Banks)

Exceeded ¥10 billion for the first time in seven years.

Brokerage fees (Corporate) Brokerage fees (Retail)

(Billions of yen)

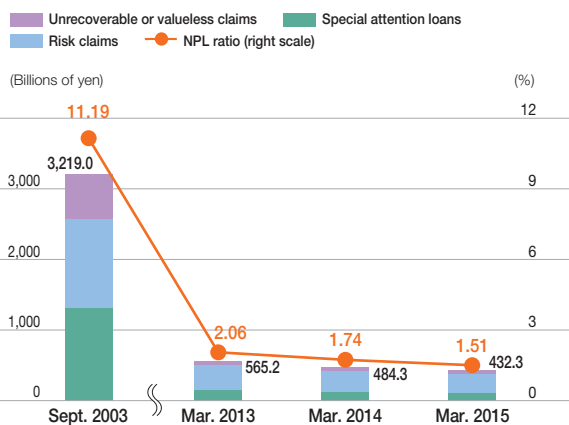


Note: Excludes gains (losses) from investments in real estate funds

Trends in Indicators of Financial Soundness

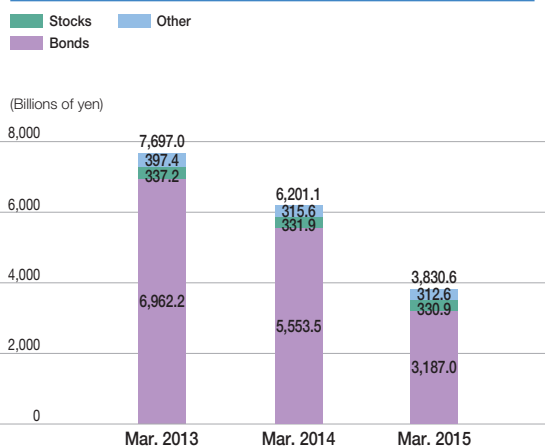
NPL Balance and Ratio (Total of Group Banks)

The balance and the ratio of NPLs were both the lowest since the establishment of Resona.



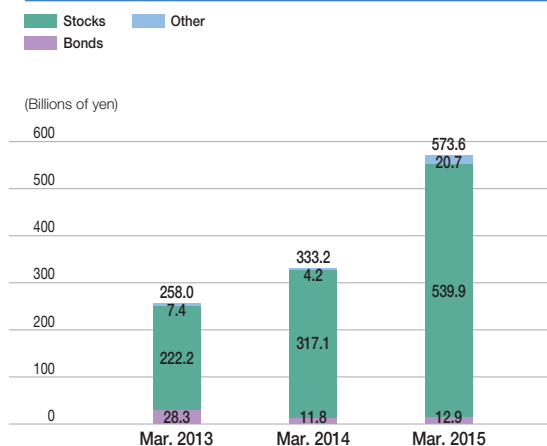
| NPL classification based on the Financial Reconstruction Law Criteria | Definitions |
|---|---|
| Unrecoverable or valueless claims | Claims against bankrupt and effectively bankrupt obligors under the self-assessment classifications |
| Risk claims | Claims against doubtful obligors under the self-assessment 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



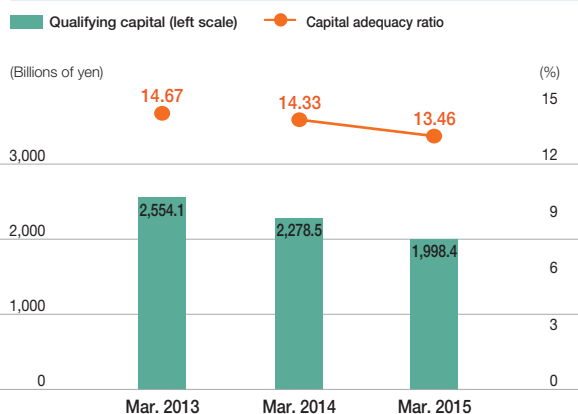
Net Unrealized Gain (Loss) on Available-for-Sale Securities

The Group secured ¥573.6 billion of unrealized gains.



Consolidated Capital Adequacy Ratio (Japanese domestic standard)

The Group's capital adequacy ratio was 13.46% at fiscal year-end, which is sufficient to meet standards. The decline in the capital adequacy ratio for fiscal 2014 was mainly due to repayment 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.

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.

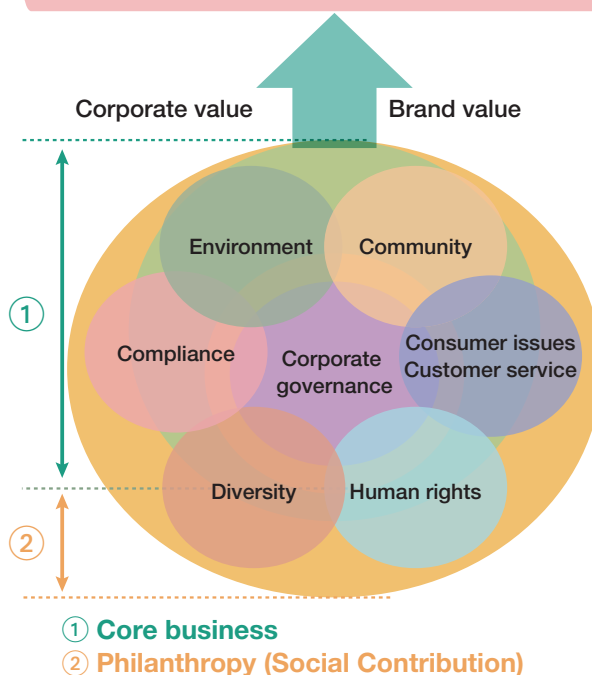
The Group cherishes "relationships with customers," "relationships with shareholders," "ties with society," and "employees' dignity and personality." To win the support of all its stakeholders, the Resona Group makes use of its management resources to conduct various CSR-related activities.

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

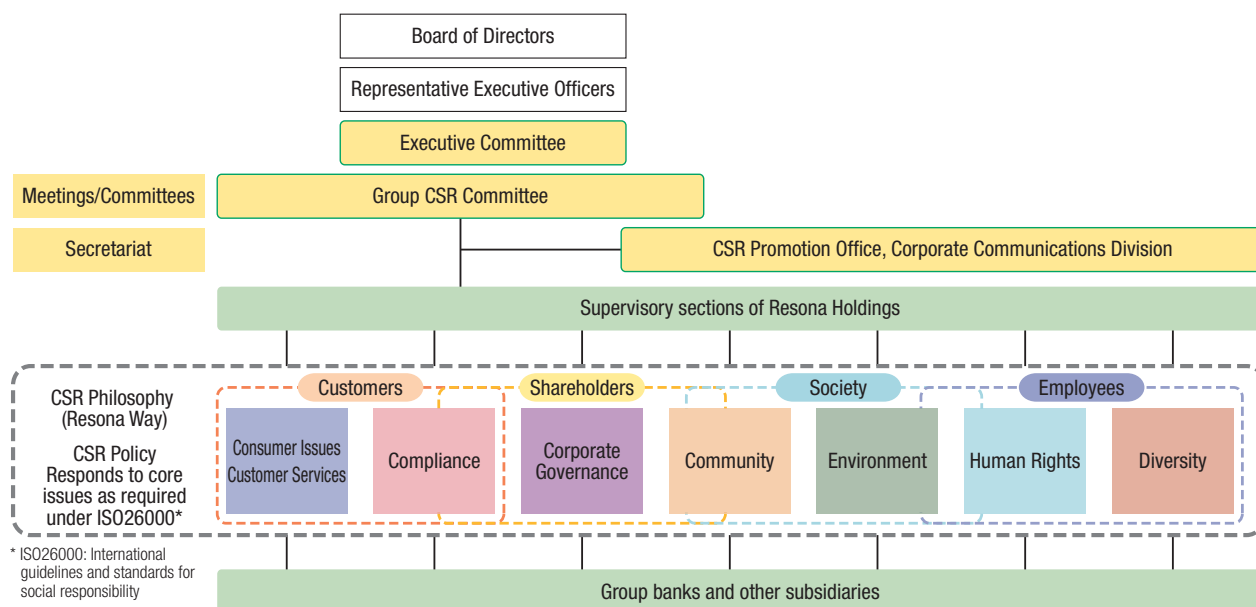
| Issues | Policy |
|-----------------------------------|--|
| Corporate Governance | We work to strengthen oversight and supervision functions for responsible management systems as well as management and achieve accountability for all the stakeholders. |
| Human Rights | We build a corporate culture 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 Resona Group's Socially Responsible Investments and Financing Initiatives

The Resona Group has established a "Resona Group CSR Policy," "Group Environmental Policies," and the "Resona Group Human Rights Policy," declaring the Group's own approach to major social issues.

The group has also endorsed internationally-recognized standards and rules such as the UN Global Compact and the PRI. The company bases its decision-making process with regard to investments and financing with these thoughts in mind, giving consideration to the environmental and social effects of investments.

■ Environmental Consideration in the Financing Business

In order to contribute to the creation of a sustainable society, the Resona Group believes that it is an important responsibility as a financial institute to assertively support the environ-

mental preservation activities of its customers through developing and offering environmentally-friendly products and services.

Therefore, in the financing business as well, the Group will not only assertively support environmental initiatives of customers, it will also not finance development projects that may have a major negative impact on the environment.

■ Approach to ESG Consideration in Investments

When investigating and analyzing individual corporations in the investment decision-making process, the Resona Group makes an effort to understand challenges involving ESG as well as corporate strategy, performance, risks, capital structure, and more, in order to make comprehensive investment decisions.

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:

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 FY2014 | Results of FY2014 | Assessment | Action goals for FY2015 |
|----------------------|--------------------------|--|---|------------|--|
| Corporate Governance | Information Disclosure | To realize superior corporate governance, proactively disclose information in an easy-to-understand way, and increase the transparency and objectivity of management | 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, security reports, and corporate governance reports | ★★★ | To realize the creation of a superior corporate governance attitude that contributes to the ensuring of effective management supervisory functions, proactively disclose information regarding company management in an easy-to-understand way, and increase the transparency and objectivity of management |
| | Risk Management | 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 | In addition to working to prevent risks before they emerge to ensure that high-quality services can be provided to customers, 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 | ★★★★ | In addition to providing high-quality services to customers, maintain the soundness of management by working to prevent risks before they emerge |
| Human Rights | Respect for Human Rights | 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 a year. 4) Further improve seminar texts and other materials 5) Collect human rights effort slogans and commend the best ones | 1) Thorough compliance with the Group Human Rights Policy Group training (new employee training / new manager training) and internal documents on human rights (collecting human rights effort slogans and so on twice over the period) were used to establish the purpose and repeat the content of the Group Human Rights Policy once again. Also, e-learning for all employees discussed the Group Human Rights Policy. 2) Creating a workplace with no harassment E-learning on sexual harassment and power harassment were shown once each over the period, and video training on power harassment (viewing and discussion) was conducted once. Furthermore, training on "Respecting LGBT human rights in the workplace" was conducted in every workplace. 3) Training at least once a year As stated above, all employees received training four or more times (sexual harassment prevention e-learning, power harassment prevention video training, training on LGBT human rights) in principle. 4) Improving seminar texts and other materials To ensure equal content and level of training materials across all workplaces, "Respecting LGBT rights in the workplace" instructional video materials (approx. 16 minutes) were created and distributed to all workplaces. 5) Human rights effort slogans 9,109 effort slogans were submitted across the Group and each Group company selected ones for commendation. Outstanding works were submitted to the Japanese Bankers Association, and one was selected as most outstanding, two were selected as outstanding, and three were selected as honorable mentions. | ★★★★ | In order to realize an even greater commitment of the Group Human Rights Policy, the following measures will be implemented. 1) Human Rights Training Improvement Further improve human rights training in order to respect the basic human rights of all stakeholders including customers and employees. • In principle, all employees will take human rights training at least once a year. • Revise training texts to be easier to read and understand. • Provide a training program (training materials) that matches the needs of the times. • To create a workplace with no harassment, continue to implement educational activities such as training. 2) Human rights educational activities other than training Collect human rights effort slogans and commend the best ones. |

| Issue | Item | Action goals for FY2014 | Results of FY2014 | Assessment | Action goals for FY2015 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------|---------------------------------------|--|--|---------------------------|---|---------------------------|--|--|-------------------------|---------------------------------------|---------------------------------------|--------------------|---------------------------|-------------|---|---|---|---|---|---------------------|---|---|---|---|---|----------------------|---|---|---|---|---|---|--|--------------|--|-------------------|--|--|--|-------------------------|---------------------------------------|---------------------------------------|------------|--------------------|---------------------------|-------------|---|---|---|---|---|---|---------------------|---|---|---|---|---|---|----------------------|---|---|---|---|---|---|-----|---|--|--------------|--|-------------------|--|-------------------------|---------------------------------------|---------------------------------------|---------------------------|-------------|---|---|---|---|---------------------|---|---|---|---|----------------------|---|---|---|---|
| Human Rights | Normalization | Enhance approaches to normalization in order to realize branches and services which all customers can use safely and with ease 1) Enhancements in services <ul style="list-style-type: none">At least 3 projects 2) Improvements in branch facilities <table><thead><tr><th rowspan="2"></th><th colspan="2">New branches</th><th colspan="3">Existing branches</th></tr><tr><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></thead><tbody><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><tr><td>The Kinki Osaka Bank</td><td>1</td><td>1</td><td>0</td><td>0</td><td>0</td></tr></tbody></table> Unit: Number of branches | | New branches | | Existing branches | | | Barrier-free conversion | Voice guidance system implementations | Voice guidance system implementations | Slope improvements | New elevator installation | Resona Bank | 6 | 4 | 3 | 1 | 2 | Saitama Resona Bank | 1 | 1 | 0 | 0 | 0 | The Kinki Osaka Bank | 1 | 1 | 0 | 0 | 0 | Took initiatives to realize branches and services that all customers can use safely and with ease 1) Enhancements in services <ul style="list-style-type: none">"Dementia Supporter Training Lecture" taken by all employeesTraining using "Elderly Experience Set" (SR)Establishment of "Universal Design Training" and "Universal Design Practice Guidebook" (For Head Office employees) 2) Improvements in branch facilities <table><thead><tr><th rowspan="2"></th><th colspan="2">New branches</th><th colspan="4">Existing branches</th></tr><tr><th>Barrier-free conversion</th><th>Voice guidance system implementations</th><th>Voice guidance system implementations</th><th>New slopes</th><th>Slope improvements</th><th>New elevator installation</th></tr></thead><tbody><tr><td>Resona Bank</td><td>8</td><td>4</td><td>0</td><td>1</td><td>0</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><td>0</td></tr><tr><td>The Kinki Osaka Bank</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></tbody></table> Unit: Number of branches | | New branches | | Existing branches | | | | Barrier-free conversion | Voice guidance system implementations | Voice guidance system implementations | New slopes | Slope improvements | New elevator installation | Resona Bank | 8 | 4 | 0 | 1 | 0 | 2 | Saitama Resona Bank | 1 | 1 | 0 | 0 | 0 | 0 | The Kinki Osaka Bank | 1 | 0 | 0 | 0 | 0 | 0 | ★★★ | Enhance approaches to normalization in order to realize branches and services which all customers can use safely and with ease 1) Enhancements in services <ul style="list-style-type: none">At least 3 projects 2) Improvements in branch facilities <table><thead><tr><th rowspan="2"></th><th colspan="2">New branches</th><th colspan="2">Existing branches</th></tr><tr><th>Barrier-free conversion</th><th>Voice guidance system implementations</th><th>Voice guidance system implementations</th><th>New elevator installation</th></tr></thead><tbody><tr><td>Resona Bank</td><td>5</td><td>3</td><td>4</td><td>1</td></tr><tr><td>Saitama Resona Bank</td><td>0</td><td>0</td><td>0</td><td>2</td></tr><tr><td>The Kinki Osaka Bank</td><td>1</td><td>0</td><td>0</td><td>0</td></tr></tbody></table> Unit: Number of branches | | New branches | | Existing branches | | Barrier-free conversion | Voice guidance system implementations | Voice guidance system implementations | New elevator installation | Resona Bank | 5 | 3 | 4 | 1 | Saitama Resona Bank | 0 | 0 | 0 | 2 | The Kinki Osaka Bank | 1 | 0 | 0 | 0 |
| | | | | New branches | | Existing branches | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Barrier-free conversion | Voice guidance system implementations | | Voice guidance system implementations | Slope improvements | New elevator installation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resona Bank | 6 | 4 | 3 | 1 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Saitama Resona Bank | 1 | 1 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Kinki Osaka Bank | 1 | 1 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | New branches | | Existing branches | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Barrier-free conversion | Voice guidance system implementations | Voice guidance system implementations | New slopes | Slope improvements | New elevator installation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resona Bank | 8 | 4 | 0 | 1 | 0 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Saitama Resona Bank | 1 | 1 | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Kinki Osaka Bank | 1 | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | New branches | | Existing branches | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Barrier-free conversion | Voice guidance system implementations | Voice guidance system implementations | New elevator installation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resona Bank | 5 | 3 | 4 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Saitama Resona Bank | 0 | 0 | 0 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Kinki Osaka Bank | 1 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversity | Diversity Promotion | Continue to work to create workplaces that are energetic where all employees mutually understand and recognize one another and can contribute <ul style="list-style-type: none">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 activelySecure higher percentage of employees with disabilities than is required by law (2.0%) | Worked toward having 30% of management positions filled by females by 2020 <ul style="list-style-type: none">Development support: mentoring system, women's leadership seminars, networking seminars, female corporate personnel networking events, etcChild and family care support: pre-mothering seminars, returning-to-the-workplace seminars, family care seminars, etc. Newly established the "Meister System" for FY2015 targeting middle-to-advanced-aged employees. Regarding employment of people with disabilities, a "corporate group calculation exception" was received and the employment rate for HD has been calculated based on the accumulation of Group companies. Secured employment of people with disabilities at the percentage of employees greater than required by law (2.16%). | ★★★ | Continue to work to create workplaces that are energetic where all employees mutually understand and recognize one another and can contribute <ul style="list-style-type: none">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 activelySecure higher percentage of employees with disabilities than is required by law (2.0%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Work Environment | <ul style="list-style-type: none">Enhance productivity and promote leave on time to improve working environmentFurther energize the workplace by spreading the idea that diversity raises organization strength | <ul style="list-style-type: none">"Time management" efforts were conducted to continue to create an atmosphere of leaving on time.In order to raise work-life balance such as doing both work and child-raising or work and nursing care, various guidebooks were improved and seminars were regularly held in order to increase the awareness in the workplace of leaving on time. | ★★★ | <ul style="list-style-type: none">Enhance productivity and promote leave on time to improve working environmentFurther energize the workplace by spreading the idea that diversity raises organizational strength | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | People Development | <ul style="list-style-type: none">Strengthen training and development programs to develop professionals in all areas of operationsEnhance various kinds of initiatives to support career building for employees | <ul style="list-style-type: none">Improved internal corporate structure to increase effectiveness of training and education programsContinued support for detailed career building for each employee at different career stage, e.g., for females and middle-to-advanced-aged employeesYoung females: career design forumFemales in managerial positions: women's leadership trainingFemales in middle management: mind-up trainingFemale corporate personnel: female corporate personnel networking eventsMiddle-to-advanced-aged employees: career design seminars, career seminar 50+, pre-masters employee seminars | ★★★ | <ul style="list-style-type: none">Strengthen training and development programs to develop professionals in all areas of operationsEnhance various kinds of initiatives to support career building for employees | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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 FY2014 | Results of FY2014 | Assessment | Action goals for FY2015 |
|----------------------------------|--|--|--|------------|---|
| 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 revised Act on Prevention of Transfer of Criminal Proceeds. Worked toward improving attitudes within the Group toward eliminating transactions with anti-social forces and preventing money laundering through deeper consolidated group management. | ★★★ | 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 raising customers' awareness on financial crimes and strengthening measures to prevent financial crimes such as improper use of Internet banking | 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. |
| Consumer Issues/Customer Service | Explanation to Customers | Further 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, in addition to providing a lineup of products that match customer needs, conducted appropriate solicitation strictly according to compliance, improved sales regulations and tools, and implemented training. | ★★★ | Further enhance the system to manage explanations to customers, in order to provide appropriate products and services to customers |
| | Information Management | To strengthen the framework to prevent customer information loss or leakage, the following will be initiated <ul style="list-style-type: none"> Systematization of transmission of information to customers Implement monitoring to fixate appropriate document management rules | In order to strengthen a management system to prevent loss and/or leakage of customer information assets, continued from last year in systematizing transmission of materials to customers, implementing monitoring to fixate appropriate document management rules, and other measures. | ★★ | To strengthen the customer information retention and management rules, continue to implement measures such as improving education and training based on the implementation and revision of related laws and regulations and monitoring document management rules. |
| | Service Reforms | Implement at least 5 service improvement initiatives based on opinions and requests of customers | <ul style="list-style-type: none"> Surveyed over 80,000 customers (across the three Group companies) In view of the results of this survey, the following improvements were implemented <ol style="list-style-type: none"> 1) Ability to make in-Group bank transfers 24 hours a day 2) Simultaneous issuance of cash card and usage card (random number chart) 3) Internet banking (MyGate) improvements of various kinds 4) Resonya LINE stamp distribution began 5) Made NISA transactions paperless | ★★★ | Implement at least 5 service improvement initiatives based on opinions and requests of customers |
| | Operational Reforms | Work to further improve security and convenience of transactions to offer good services to customers <ul style="list-style-type: none"> Improve visibility of the layout inside branches: 9 branches (Resona Bank) Ensure branches are easy for customers to use (Saitama Resona Bank) <ul style="list-style-type: none"> - Introduce barrier-free facilities for the convenience of seniors: 1 branch - Introduce wheelchairs: all branches Introduce lifting counters: 10 branches (The Kinki Osaka Bank) | <ul style="list-style-type: none"> Improved visibility of the layout inside branches: 25 branches (Resona Bank) Introduced barrier-free facilities for the convenience of seniors: 1 branch Wheelchairs installed: All branches (Saitama Resona Bank) Introduced lifting counters: 11 branches (The Kinki Osaka Bank) | ★★★★ | Work to further improve security and convenience of transactions to offer quick and accurate service as a group. Begin accepting various 3-bank-compatible ordinary bank account procedures and applications |

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 FY2014 | Results of FY2014 | Assessment | Action goals for FY2015 |
|----------------------------------|--|--|--|------------|---|
| Consumer Issues/Customer Service | Provision of Solutions to Customers | Offer products using trust-bank capabilities to bring satisfaction to even more customers <ul style="list-style-type: none"> • "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) | <ul style="list-style-type: none"> • "My Trust": 21 cases increase over FY2013 levels • Trust for transfer of own company stock: 52 cases increase over FY2013 levels • Increase in balance of specific-purpose loans: 174.6% (over FY2013) | ★★ | In order to solve individual customer problems and answer a broad variety of needs, enhanced measures will be taken such as the development of new products and services and improvement to functionality of existing products and services, offering high-quality financial services. |
| | Provision of Opportunities for Enlightenment | Promote initiatives useful for realizing customers' dreams and achieving life plans through seminars and kids' financial education <ul style="list-style-type: none"> • Asset management seminars: 20 seminars • Financial and economic education for children (Summer Vacation Resona Kids' Money Academy): about 3,000 participants | <ul style="list-style-type: none"> • Asset management seminars: 19 seminars (total number of 5,946 participants) • Financial and economic education for children (Summer Vacation Resona Kids' Money Academy): Total of 3,564 participants | ★★★ | Promote initiatives useful for realizing customers' dreams and achieving life plans through seminars and kids' financial education <ul style="list-style-type: none"> • Asset management seminars: 20 seminars • Financial and economic education for children (Summer Vacation Resona Kids' Money Academy): about 4,000 participants |
| 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 <ul style="list-style-type: none"> • 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) | <ul style="list-style-type: none"> • Undertook 7 initiatives including new product development assistance, support for recruiting activities, business matching, and others to contribute to the community • Financing to contribute to regional revitalization: 116% (vs. FY2013) | ★★★★ | Contribute to local society by pushing ahead with various activities in cooperation with the local society, and supporting revitalization of local economy <ul style="list-style-type: none"> • Assistance in the development of new products, support for recruiting activities, business matching events, etc.; at least 6 initiatives to contribute to local society |
| | Social Contribution | Encourage employees to voluntarily conduct social contribution activities toward the resolution of social issues <ul style="list-style-type: none"> • Increase participation in donation scheme: +150 people • Increase the number of activities | <ul style="list-style-type: none"> • Increased participation in donation programs: +200 people • Increased activities: +240 cases | ★★★ | Encourage employees to voluntarily conduct social contribution activities toward the resolution of social issues <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Reduce CO₂ emissions (per unit of output) 5% compared to FY2009 levels • Restrain copy-paper purchases within the FY2012 levels | Operated environmental management system according to ISO14001 and reduced the load on the environment as follows. <ul style="list-style-type: none"> • CO₂ emissions (per unit of output): 5% reduction compared to FY2009 levels • Copy-paper purchases: 2.2% reduction over FY2012 | ★★★★ | Proactively conduct various environmental conservation activities, such as environmental load reduction, in accordance with environmental management systems based on ISO14001 <ul style="list-style-type: none"> • Reduce CO₂ emissions (per unit of output) 6% 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 <ul style="list-style-type: none"> • 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 | Paper-based bank-transfer transactions (FY 2013 results to FY2014 results) Resona Bank: 1.28% to 1.24% (-0.04%) Saitama Resona Bank: 2.65% to 2.39% (-0.26%) The Kinki Osaka Bank: 4.87% to 4.61% (-0.26%) <ul style="list-style-type: none"> • Internet banking transaction: 640,000 transactions • Loan activities that take environment considerations into account 117% (vs. FY2013) | ★★★ | <ul style="list-style-type: none"> • Reduce paper-based bank-transfer transactions below FY2014 levels • Internet banking transactions: 600,000 transactions • Promote loan activities that take environment considerations into account: increase over FY2014 levels |
| | Environmental Communication | Take initiatives to further increase awareness about environmental issues by providing information on the environment to customers and employees <ul style="list-style-type: none"> • Environmental training: companywide • Go-home-early day: 12 days • Environmental business seminars (at least two seminars annually) | <ul style="list-style-type: none"> • Environmental training: held companywide • Go-home-early day: 12 days • Environmental business seminar held once. 150 participants (increase of 300%) | ★★★ | Take initiatives to further increase awareness about environmental issues by providing information on the environment to customers and employees <ul style="list-style-type: none"> • Environmental training: companywide • Go-home-early day: 12 days |

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.

Additionally, in order to further promote diversity measures, in October 2015 we plan to make revisions in parts of our personnel system to expand the current system. These revisions will place "The ability for all human resources to be able to be ambitious in improving their skills and furthering their careers" on the same level as "The ability to have various working styles according to each personnel's work-life balance," realizing "Support for long-term occupations by aiding in the formation of independent autonomous careers."

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."

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 FY2014, the Resona Group banks rehired 109 persons as Master Employees.

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,

Employing Individuals with Disabilities

The Resona Group is working to create a "Workplace that is easy to work in" where all employees can understand and acknowledge one another, make use of their abilities and play an active role. Regarding the employment rate established by the Act on Employment Promotion of Persons with Disabilities, in FY 2014 the Resona Group's overall employment rate was 2.16%, a result that is higher than the target of 2.0%.

Human Rights

Basic Approach to Human Rights

The Resona Group follows the United Nations' Guiding Principles on Business and Human Rights, and in order to make a commitment to its own responsibility to respect human rights both inside and outside the group, the "Resona Group Human Rights Policy" was established in February 2013.

Resona Group Human Rights Policy

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

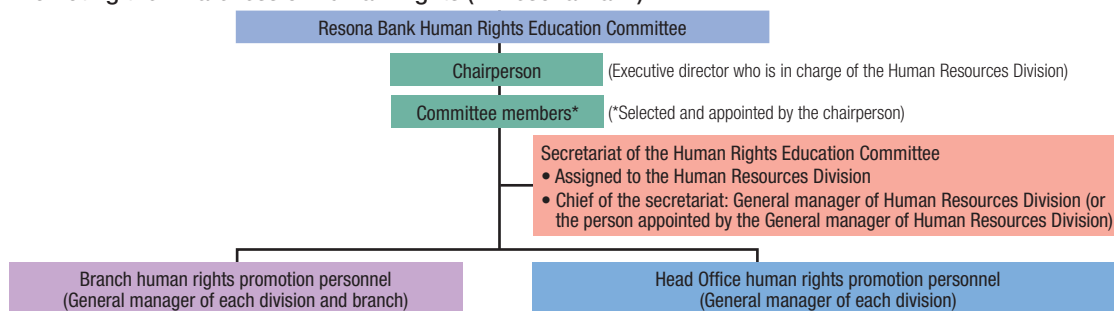
- Observance of International Rules**
The Universal Declaration of Human Rights and other international standards regarding human rights will be respected.
- Elimination of Discrimination**
In all corporate activities, we will not perform acts of discrimination or human rights violations due to nationality, sex, origin, social standing, creed, religion, or physical characteristics.
- Creation of a Corporate Culture that Respects Human Rights**
The Group will consider all human rights issues as its own issues, strictly observing the practice of considering actions from the other party's position and developing a corporate culture that respects human rights.
- Creation of an environment where it is easy for employees to work**
By having all officers and employees recognizing one another as business partners and forming equal relationships where opinions can be freely expressed, the Group will create a work environment where it is easy for employees to work. Sexual harassment, power harassment, and other such actions harm human dignity and will be eliminated from the workplace.
- Implementation of fair employment practices**
Regarding the hiring of employees, the Group will strictly adhere to equality under the law and the freedom to choose one's occupation as stated in the Constitution of Japan and will conduct impartial and fair hiring screenings using individual character, suitability, and ability to accomplish work as standards.
- Improvement of human rights training**
In order to move toward the solution of all human rights issues, broad human rights training will be implemented in order for all officers and employees to learn a correct understanding of human rights and to broaden their knowledge.

Based on this policy, The Resona Group enhances human rights awareness activities to respect fundamental human rights of any stakeholders. In addition, we are concerned with the negative impacts on human rights that business activities of investment and financing destinations, suppliers and business partners (supply chain) might occur. If there are any incompliance with laws and regulations, we take necessary measures in each case.

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 has conducted an awareness survey of all its employees every year from 2005.

By accurately understanding the degree of employee expectations, satisfaction and the sense of burden toward the company, the workplace, work, and more, the results of this survey are used to make the workplace into one that is easier for employees to work in.

This survey is not only used to understand employee awareness for the corresponding fiscal year but also to understand changes from year to year. The FY2014 survey shows an increase in satisfaction and attachment to working at the assigned bank as compared to ten years ago. Also, large increases in answers regarding an ideal future image of the Group such as "Promising" and "Top class" indicate that expectations for the Company's future growth is rising.

Ideal Future Image (Emotional)

| Ranking | Item | Points | Comparison to 2005 |
|---------|------------------|--------|--------------------|
| First | Promising | 69.7 | +23.4% ➔ |
| Second | Reliable | 69.0 | -1.2% ➔ |
| Third | Sound management | 61.7 | +1.8% ➔ |
| Fourth | Top class | 54.5 | +39.3% ➔ |
| Fifth | Honest | 53.9 | +0.2% ➔ |

Ideal Future Image (Functional)

| Ranking | Item | Points | Comparison to 2005 |
|---------|---|--------|--------------------|
| First | Highly capable employees | 69.1 | +13.7% ➔ |
| Second | Speedy response | 64.8 | +2.0% ➔ |
| Third | High-quality products and services | 62.7 | -2.2% ➔ |
| Fourth | Employees know their products and services off by heart | 60.7 | +9.2% ➔ |
| Fifth | Good service from teller counters and persons in charge | 54.0 | -9.6% ➔ |

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.

In FY2014, all employees received training themed "LGBT human rights".

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).

■ Installation of ATMs for the Visually Impaired

Each bank of the Resona Group equips regular ATMs with handsets (push-button receivers) in order to make them accessible for the visually impaired. At these ATMs, transactions can be conducted with voice guidance and the push-buttons by using the handsets.

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

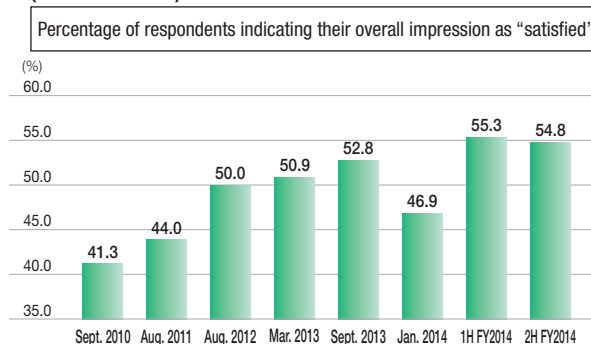
| Bank | FY2012 | FY2013 | FY2014 |
|----------------------|--------|--------|--------|
| Resona Bank | 15,479 | 13,547 | 12,288 |
| Saitama Resona Bank | 4,219 | 4,850 | 5,021 |
| The Kinki Osaka Bank | 1,906 | 2,105 | 2,022 |
| Total | 21,604 | 20,502 | 19,331 |

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)



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 FY2014

Will Trusts and Estate Division: 2,121 cases
Asset Succession Trusts (e.g., My Trust, Heart Trust): 1,140 cases
Trust for Transfer of Own Company Stock: 109 cases
Education Fund Trusts: 5,380

■ 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 dementia 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.

■ 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 FY2014

19 sessions (a total of 5,946 people attended)

Services for Corporate Customers

■ Support for Recruiting Activities

Due to the falling birthrate and demographic aging of the population, securing human resources is an urgent challenge for regional SMEs. The Company works with Saitama Prefecture and universities inside the Prefecture to hold events to support employment activities of regional corporations.

Events held in FY 2014

- May-December 2014 Saitama Prefecture "Saitama Job-Hunting with a Dream Project" (supported by Saitama Resona Bank)
- July 2014 "Job-Hunting Event 2014" (Resona Bank)
- August 2014 Saitama Prefecture University Employment Problem Conference
- December 2014 "Joint Corporate Information Session for 16 Major Saitama Prefecture Universities" (sponsored by Saitama Resona Bank)
- December 2014 "Joint Corporate Interview Session for Young People" (Resona Bank / Saitama Resona Bank / The Kinki Osaka 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 trust products such as trusts for transfer of own company stock and the real estate 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 2015

Saitama Resona Bank, along with the Saitama Industrial Development Corporation and Saitama Prefecture, held the “Sai no Kuni Business Arena 2015” in January 2015. 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 2014

The Kinki Osaka Bank participated in the “Regional Bank Food Selection 2014,” a food business matching fair in October 2014. Regional Bank Food Selection 2014 was the ninth round for this trade fair, in which influential regional banks select and introduce local foods with confidence that are safe, secure, and delicious.

Promoting Regional Vitalization

The Resona Group established “Council on Overcoming Population Decline and Vitalizing the Local Economy” as a cross-divisional and cross-group cooperation body while launching a “Council on Overcoming Population Decline and Vitalizing the Local Economy” in each bank branch to contribute to initiatives towards “Regional Vitalization.”

■ Conclusion of Comprehensive Partnership Agreements

A comprehensive partnership agreement was concluded between Resona Bank and Osaka Prefecture. Saitama

Resona Bank also signed the agreements with Saitama Prefecture and Saitama City respectively. These agreements allow for strengthening partnerships in any areas for collaboration. We will contribute more actively than ever to regional vitalization through revitalizing local economy.



Support Services for Local Companies Expanding Business Overseas

■ Strengthening the Customer Support System

Resona Bank established a representative office in Ho Chi Minh City, in addition to its four representative offices in Hong Kong, Shanghai, Bangkok, and Singapore. In Indonesia, P.T. Bank Resona Perdanika offers deposits, loans, foreign exchange, safe-deposit boxes, etc.; services just like those offered in Japan. In Cambodia and Myanmar, markets gaining much attention recently, we entered an alliance in June 2014 with Cambodian Public Bank and in November 2014 with Myanmar Apex Bank in efforts to create a structure that covers all major countries in Asia. We will continue to provide broad and thoughtful support to customers according to their needs such as assisting initial overseas expansions and solving various problems encountered overseas.

Also, in order to provide a variety of support to meet with the needs for overseas-business, Resona Bank concluded a partnership agreement on promotion of small and medium enter-

prises with Osaka Prefecture. In the same manner, Saitama Resona Bank signed agreements on overseas-business with Saitama Prefecture and on comprehensive business cooperation with Saitama City.

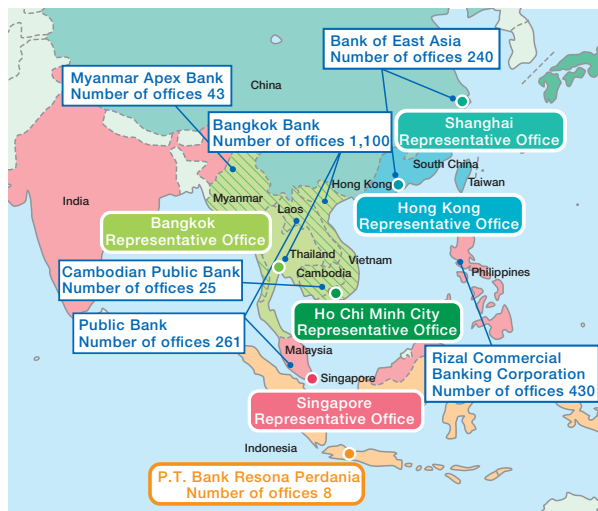
■ Networking Events for Customers

The Resona Group regularly holds customer networking events in major cities in Asia. Many Resona Group clients with active overseas operations participate, making the events great places to exchange information. In June 2015, opening ceremonies for our Ho Chi Minh City representative office were held in Ho Chi Minh City and Hanoi.



Ho Chi Minh City Representative Office Opening Ceremony

■ Strengthening Sales Support Functions



Resona Bank has strived to strengthen branch support functions by utilizing the Asian Business Support Center's overseas network. 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 use Resona Bank's overseas branches as a common platform to support clients in their diverse needs in overseas expansion.

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

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

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

its reason for being. To this end, we are continuing our efforts to contribute to local communities as a good corporate citizen.

Resona Group banks provide and are actively marketing a wide range of financial products.

Education on Finance and Economics

■ Resona Kids' Money Academy 2014

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 FY2014

Events held: 165

Participants: 3,567 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. In February 2015, the ceremony was held for the 21st time at the Resona Tokyo Head Office and approximately 100 recipients and related parties were present.



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 Jakarta and Bandung, West Java.

Donations are now also being made to the environmental education activities at the University of Palangka Raya.

■ 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 | FY2013 Recipients | FY2014 Recipients |
|----------------------|--|-------------------|-------------------|
| Resona Bank | The University of Hong Kong | 2 students | 2 students |
| Bank Resona Perdania | The University of Indonesia and others | 7 students | 7 students |

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

■ 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

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.

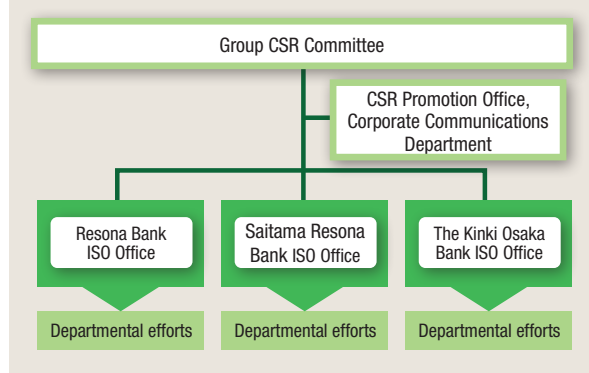
Environmental Management Systems

■ 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 FY2014, one-year goals for energy and copy-paper use were achieved. In FY2015, 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 | FY2014 Goal | Result | FY2015 Goal |
|------------|--|----------|--------------------------|--------|--------------------------|
| Energy | 11% reduction of CO ₂ emissions (per 1m ²) in FY2020 compared with FY2009 | All | 5% reduction over FY2009 | -23.5% | 6% reduction over FY2009 |
| Copy paper | 15% reduction in copy-paper purchases in FY2020 compared with FY2012 | All | Within FY2012 levels | -0.57% | 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.

■ Eco Commuter Pass “Hana Ippai (Full of Flowers)”

Following the “Osaka: Eco Strategy for a City Full of Flowers” strategy held together with Osaka Prefecture, applications were taken starting from May 2014 at The Kinki Osaka Bank for “Eco Commuter Passes,” which reached its goal of ¥10.0 billion again this time. In October 2014, flower seeds, soil, fertilizer and other products worth approximately ¥1.00 million (equivalent to 0.01%) were donated to Osaka Prefecture.



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 | FY2014 | |
|------------------------------------|--|------------|---------|
| | | Investment | Cost |
| (1) Business area cost | — | 165,032 | 260,715 |
| (2) Upstream/downstream cost | — | 0 | 0 |
| (3) Administrative activity cost | Improvement and operation of environmental management | 0 | 15,766 |
| (4) R&D cost | — | 0 | 0 |
| (5) Social activity cost | Financial donations concerning environmental preservation activities | 0 | 2,252 |
| (6) Environmental remediation cost | — | 0 | 0 |
| Total | | 165,032 | 278,734 |

■ Environmental Conservation Effects

| Category | Applicable to | Unit | FY2014 |
|---|---------------------------|-------------------------|-----------|
| Total input of energy | All business locations | GJ | 1,485,205 |
| Greenhouse gas emissions | All business locations | t-CO ₂ | 68,725 |
| Usage of electric power | Head Office/centers, etc. | MWh | 53,660 |
| Usage of city gas | Head Office/centers, etc. | thousand m ³ | 1,010 |
| Usage of gasoline | Head Office/centers, etc. | kl | 92 |
| Input of water resources/ Total discharges | Head Office/centers, etc. | thousand m ³ | 83 |

■ Economic Effects from Measures for Environmental Conservation

(Thousand ¥)

| Category | Comparison with FY2013 |
|---|------------------------|
| Reduction in energy costs with energy-saving measures | -126,652 |

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 | FY2012 | FY2013 | FY2014 |
|----------------------|---|---------|---------|--------|--------|--------|
| | Maximum number of directors defined under Articles of Incorporation | HD | persons | 15 | 15 | 15 |
| | Actual number of directors | HD | persons | 9 | 10 | 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 | 2 | 2 | 2 |
| | Average attendance rate of board members on board meeting | HD | % | 94.6% | 94.9% | 95.5% |

| Compliance | | Company | Unit | FY2012 | FY2013 | FY2014 |
|------------|---|-------------------------------|-----------------------------|------------------------|--------|--------|
| | 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) | Employees subject to training | Time the training conducted | | | |
| | | | FY2013 | FY2014 | | |
| | Duty in explaining products to customers | All employees | Apr., Oct. | Apr., Sep., Jan., Mar. | | |
| | General compliance | All employees | Apr., Oct., Jan., Mar. | Apr., Oct. | | |
| | Financial crime prevention | All employees | Apr., Jan. | Apr., Jan. | | |
| | Information management | All employees | May, Aug., Feb. | May, Aug., Oct., Feb. | | |
| | Resona STANDARD training | All employees | Feb. | Dec. | | |
| | Accident prevention | All employees | Dec. | Jun., Feb. | | |
| | Sexual harassment prevention | All employees | Dec. | Dec. | | |
| | Power harassment prevention | All employees | May | May | | |
| | Real estate operations compliance | All employees | Sept., Mar. | Jul. | | |
| | Environmental training | All employees | Jan. | Jun., Nov. | | |
| | Crisis management | All employees | June, Nov. | Jan. | | |
| | Information security | All employees | Oct. | Jul. | | |

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

| Consumer Issues/ Customer Service | | Company | Unit | FY2012 | FY2013 | FY2014 |
|--------------------------------------|---|---------|----------|--------|--------|--------|
| | Number of next-generation branches introduced | RB | branches | 267 | 265 | 267 |
| | | SR | branches | 98 | 101 | 98 |
| | | KO | branches | 2 | 1 | 1 |
| | Number of asset succession business entrusted (will trusts, inheritance planning, asset succession trusts, education fund trusts) | GR | cases | 3,115 | 13,723 | 8,750 |
| | Number of Asset Management Report Meetings held | GR | times | 34 | 25 | 19 |

| Community | | Company | Unit | FY2012 | FY2013 | FY2014 |
|-----------|---|---------|-------------|--------|--------|--------|
| | Number of "Resona Kids' Money Academy" events held | GR | times | 186 | 174 | 165 |
| | Number of on-site lectures offered*1 | GR | times | 1 | 2 | 4 |
| | Number of work experience programs offered*1 | GR | times | 36 | 51 | 59 |
| | Number of "TABLE FOR TWO" program contributions | GR | meals | 71,997 | 76,163 | 70,913 |
| | Number of research programs contributed for the Resona Foundation for Asia and Oceania | GR | cases | 19 | 14 | 17 |
| | Number of international interaction programs contributed for the Resona Foundation for Asia and Oceania | GR | cases | — | 2 | 2 |
| | Number of environmental projects contributed for the Resona Foundation for Asia and Oceania | GR | cases | 5 | 8 | 10 |
| | Total value of social contribution activities*2 | GR | JPY million | 108 | 109 | 112 |

*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. 2013 | Mar. 2014 | Mar. 2015 |
|-------------|--|---------|----------------|-----------|-----------|-----------|
| | Outstanding balance of environmentally conscious loans for corporate customers | GR | JPY billion | 50.9 | 58.7 | 67.3 |
| | Outstanding balance of socially responsible investments (SRI) | GR | JPY billion | 4.7 | 3.1 | 2.6 |
| | Outstanding balance of charitable trusts for environmental conservation | GR | JPY billion | 16.9 | 14.5 | 12.7 |
| | Number of contracts of Internet banking | GR | thousand cases | 4,188 | 4,549 | 4,836 |

| Environment | All business locations (Facilities covered by Energy Conservation Law) | | | | | |
|------------------------------|---|-------------------------|-----------|-----------|-----------|-----|
| | Company | Unit | FY2012 | FY2013 | FY2014 | |
| | GR | GJ | 1,519,134 | 1,525,395 | 1,485,205 | |
| | GR | t-CO ₂ | 67,935 | 67,988 | 68,725 | |
| | GR | t | 0 | 0 | 0 | |
| | GR | t | 0 | 0 | 0 | |
| | GR | t | 0 | 0 | 0 | |
| | GR | t | 0 | 0 | 0 | |
| | Head Offices, banking head office, and systems/ administration centers (Facility covered by Environmental Voluntary Action Plan) | | | | | |
| | Company | Unit | FY2012 | FY2013 | FY2014 | |
| | GR | t-CO ₂ | 26,274 | 26,284 | 30,396 | |
| | GR | MWh | 53,609 | 51,578 | 53,660 | |
| | GR | thousand m ³ | 1,138 | 1,118 | 1,010 | |
| | GR | kl | 117 | 110 | 92 | |
| | GR | thousand m ³ | 158 | 136 | 83 | |
| Waste (incl. paper waste) | Total volume of waste generated | GR | t | 1,122 | 1,038 | 902 |
| | The volume of waste recycled | GR | t | 913 | 796 | 688 |
| | Recycling rate | GR | % | 81% | 77% | 76% |
| Paper waste | Total volume of waste generated | GR | t | 907 | 1,187 | 813 |
| | The volume of waste recycled | GR | t | 840 | 1,122 | 748 |
| | Recycling rate | GR | % | 93% | 95% | 92% |
| | Copy paper purchased | GR | t | 472 | 470 | 445 |
| | Recycled paper included in above amount | GR | t | 442 | 441 | 415 |
| | Recycled paper usage % | GR | % | 94% | 94% | 93% |

*: CO₂ 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. CO₂ emissions derived from the use of electricity are calculated by using actual emission coefficients of electricity supply companies.

| Diversity | | | | | | |
|-----------|---------|-----------|------------------------|------------------------|------------------------|--|
| | Company | Unit | Male | Female | Total | |
| | GR | persons | 9,906 | 14,635 | 24,541 | |
| | GR | persons | 8,552 | 6,314 | 14,866 | |
| | GR | ages | 43.1 | 36.0 | 40.1 | |
| | GR | years | 19.4 | 12.6 | 16.5 | |
| | GR | persons | 1,614 | 8,439 | 10,053 | |
| | GR | persons | 260 | 118 | 378 | |
| | GR | persons | 6 | 7 | 13 | |
| | Company | Unit | 2012 (as of June 1) | 2013 (as of June 1) | 2014 (as of June 1) | |
| | GR | % | 1.96 | 2.12 | 2.14 | |
| | GR | persons | 314 | 328 | 330 | |
| | Company | Unit | FY2012 | FY2013 | FY2014 | |
| | GR | % | 16.9 | 20.0 | 21.9 | |
| | GR | persons | 934 | 1,082 | 911 | |
| | GR | persons | 625 | 566 | 633 | |
| | GR | persons | 30 | 25 | 22 | |
| | GR | persons | 690 | 590 | 627 | |
| | GR | days | 10.1 | 10.3 | 10.4 | |
| | GR | persons | 540 | 490 | 517 | |
| | GR | persons | 8 | 3 | 2 | |
| | GR | JPY 1,000 | 6,356 | 6,593 | 6,474 | |
| | GR | persons | 85 | 81 | 109 | |
| | GR | persons | 161 | 192 | 220 | |
| | GR | times | 29 | 71 | 68 | |
| | GR | times | 18 | 30 | 20 | |
| | GR | times | 2 | 1 | 3 | |
| | HD | times | 41 | 33 | 29 | |

| Human Rights | | | | | | |
|--------------|---------|---------|--------|--------|--------|--|
| | Company | Unit | FY2012 | FY2013 | FY2014 | |
| | GR | persons | 12,282 | 12,201 | 12,125 | |
| | GR | hours | 31.7 | 30.9 | 29.9 | |
| | GR | days | 10 | 10 | 10 | |
| | GR | cases | 218 | 210 | 202 | |

CORPORATE GOVERNANCE

Basic Approach to Corporate Governance

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

Basic Approach to Corporate Governance

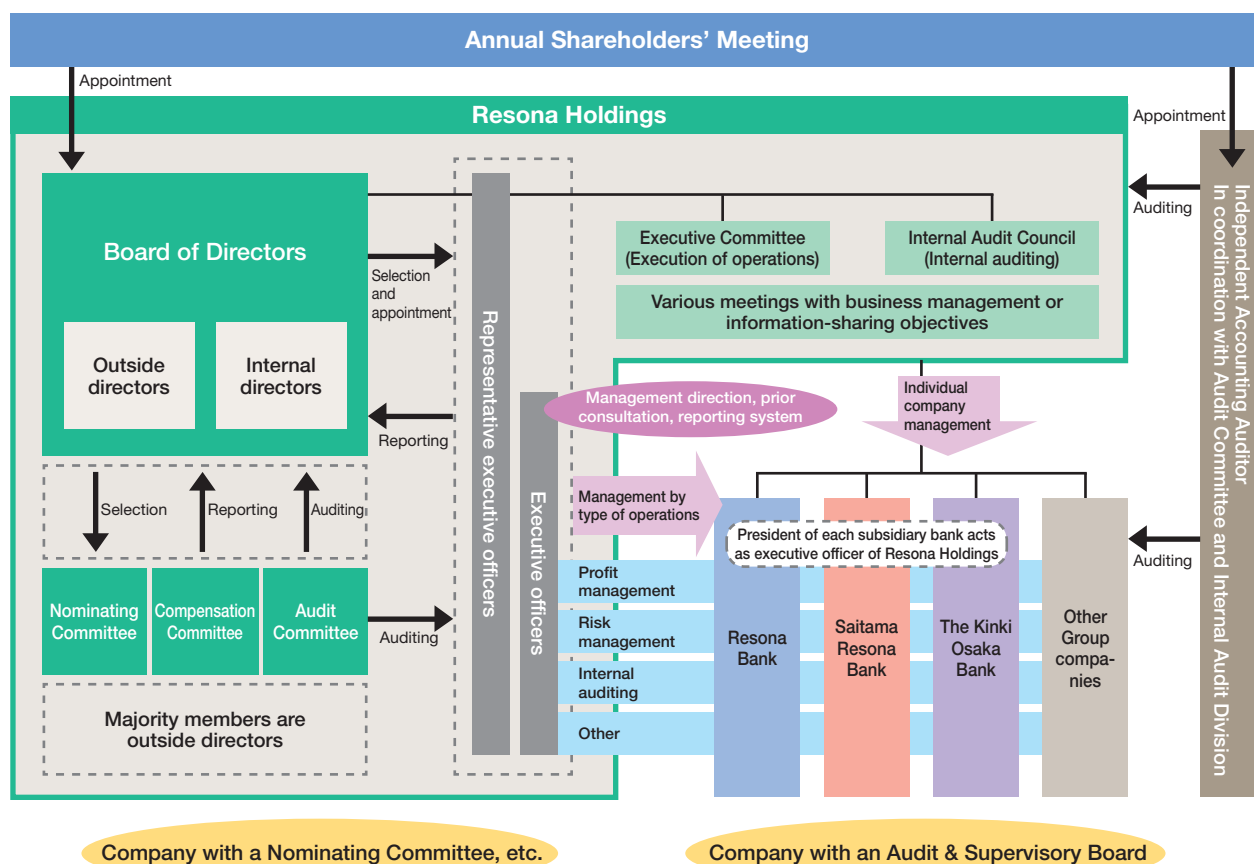
- The Company, as the holding company of the financial services group, including Resona Bank, Limited, Saitama Resona Bank, Limited and The Kinki Osaka Bank, Ltd. (hereinafter the “Group Banks”), shall maximize the corporate value of the Group.
- The Company shall respect all stakeholders, including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

(Resona Group Code of Conduct),” a specific form of the philosophy, under which the Group shall implement business operations in a concerted manner.

The Company's Corporate Governance System

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

[Group Corporate Governance Framework]



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

Activities at Resona Holdings

Board of Directors

The Board of Directors fully ensures that management engages in substantial discussion in fulfilling its responsibilities for decision-making on important Group management issues and supervising the execution of business activities by executive officers and directors. The Board of Directors consists of ten directors, six of whom are outside directors, and the numbers of male and female directors are eight and two, respectively. One of the specific features of the Committees Governance Model as a company with a nominating committee, etc. 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 and decision-making functions. In fiscal 2014, the Board of Directors met 17 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.

The Company's Board of Directors analyzes and evaluates its effectiveness as a whole based on the opinions of each director with regard to their assessment of the operations and functionality of the Board as well as matters discussed at the Board of Directors meetings. The evaluation of the Board for its operations during fiscal 2014 concluded that there was a need to improve methods of selecting agendas and preparing meeting materials to further invigorate discussions at the Board meetings. However, the operations of the Board were deemed appropriate as a whole and the overall effectiveness of the Board of Directors was confirmed. Drawing on the results of the evaluation, the Company will strive to enhance its management oversight and decision-making functions.

Nominating Committee

The Nominating Committee comprises three committee members, with one member serving as the committee chairman and all of the members being outside directors. The committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the general meeting of shareholders, based on the specific qualities that the Group should seek in its directors as well as the

"Standards for Electing Director Candidates," both of which have been discussed and decided at the committee's meetings. This committee met five times in fiscal 2014. In June 2007, the Nominating Committee decided to introduce a succession plan that serves as a mechanism to ensure that the most appropriate candidates fill top management roles and responsibilities with the aim of accelerating the Group's management reform and realizing the enhancement of corporate value on a sustainable basis. The status of the implementation of the succession plan is examined by the Nominating Committee and reported to the Board of Directors.

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 2014.

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 2014, the committee met three 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 man-

agement 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 2014, this committee met 47 times.

Internal Audit 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 2014 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"* (Revised on 1 May, 2015)

(1) Statement

Having reflected on the major injection of public funds and in a spirit of sincere apology, Resona Holdings and its Group companies* have determined the following Basic Policies for Group Internal Control Systems in order to prevent a recurrence of such serious matters.

In accordance with 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.

* Companies stipulated by Article 2, Paragraph 3 of Japan's Companies Act and Article 3 of Ordinance for Enforcement of the Companies Act, and hereinafter the same shall apply.

(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, infor-

mation 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 Resona Holdings' Executive Officers and employees as well as Directors, Executive Officers and employees at each Group company are executed in compliance with legislation and Group regulations
- 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 that may arise at Resona Holdings or its Group companies and related systems
- d. Guidelines to ensure that the responsibilities of Resona Holdings' Executive Officers and each Group company's Directors and Executive Officers 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 (including a system to ensure that the execution of operations by Directors and Executive Officers at each Group company is reported to Resona Holdings)
- 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 and that instructions to said personnel are carried out effectively
- h. Guidelines concerning a reporting system for Resona Holdings' Directors (excluding those concurrently serving as members of the Audit Committee), Executive Officers and employees and each Group company's Directors, Corporate Auditors, Executive Officers and employees as well as persons who received reports from the foregoing personnel to report to the Audit Committee
- i. Guidelines concerning a system to ensure that a person who made the abovementioned reporting is not treated disadvantageously
- j. Guidelines concerning the treatment of expenses incurred in connection with the execution of duties by the members of the Audit Committee
- k. Guidelines to ensure that audits by the Audit Committee are 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 at the Company and each Group bank and secure the transparency of the process of selecting and nurturing directors.

The scope of the succession plan covers various candidates, from those who are candidates for the next generation of top leadership to those who are new candidates for directorships. The process of selection and nurturing successors is carried out steadily according to a schedule, matching qualified candidates to the appropriate rank. The Group retains the objectivity of this process by drawing on the advice of external consultants. Evaluations of candidates undergoing the process are reported to the Nominating Committee. In addition to receiving reports on candidate evaluations, members of the Nominating Committee come into direct contact with candidates as part of the process, evaluating candidates' characters from various aspects.

The activities of the Nominating Committee are reported to the Board of Directors, of which outside directors are the majority, and are discussed from diverse perspectives. Through the entire process, which is highly transparent, each potential director's capabilities and competencies are closely studied and enhanced where appropriate.

In addition, Resona Holdings has set forth seven competencies that define the ideal candidate for the position of director. By ensuring that the directors in the Nominating Committee as well as the other directors share common ideals regarding candidates, the Company clarifies standards for the evaluation and nurturing of successors and thereby aims to realize impartiality during the entire process.

Inside Directors

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



Concurrent Post

Resona Bank
Representative Director, President and Executive Officer

Tetsuya Kan Director and Representative Executive Officer Time in current position: Two years



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: One year



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: Six 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, 2015, the time in the current position has been rounded off.

(As of July 1, 2015)

Outside Directors

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



Area(s) of Responsibility

Member, Nominating Committee
Outside Director

Statements at Directors' Meetings and on Other Occasions

With a wealth of knowledge and experience, as a specialist in the field of corporate management, Ms. Osono brings to the Board of Directors and other committees invaluable insight and advice focusing particularly on management strategy and organizational reforms.

Message to Stakeholders

One of the pillars of Resona's reform was to strictly observe the basics of the service industry, that is, to put the customers first, without acquiescing in the compromises prevalent in the banking industry. This approach is always important. I would like to monitor Resona's efforts to realize a new level of services based on more flexible thinking while refining the unique services provided in the field.

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

Having completed repayment of public funds, Resona's management has refreshed its resolution to become a trailblazer with the aim of becoming the "No. 1 Retail Bank." I am resolved to use all my expertise to help Resona achieve its goal and provide advice from an objective perspective.

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



Area(s) of Responsibility

Chairperson, 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

A key strategy for becoming the "No. 1 Retail Bank" has started to bear fruit under the omnichannel concept. It is crucially important to realize this concept without fail, but it is also necessary to implement various other measures. I will monitor the progress of Resona from various perspectives to ascertain whether it can maintain the sense of urgency and the motivation it had when striving to complete repayment of public funds.

Mitsudo Urano Senior Advisor of Nichirei Corporation Time in current position: Two years



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 Representative Director and President of MATSUI Office Corporation Time in current position: One year



Area(s) of Responsibility

Member, Nominating Committee
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 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.

Hidehiko Sato Lawyer, Hibiki Law Office Time in current position: Since June 19, 2015



Area(s) of Responsibility

Member, Audit Committee
Outside Director

Statements at Directors' Meetings and on Other Occasions

Based on his professional knowledge of legal affairs and his experience in public administration, Mr. Hidehiko Sato offers opinions and advice primarily from the perspective of compliance and organizational management.

Message to Stakeholders

Having accomplished the difficult task of fully repaying the public funds, Resona has promptly started initiatives to achieve its goal of becoming the "No. 1 Retail Bank." Resona is poised to shine as an outstanding financial institution with unique qualities. I would like to contribute to Resona's continuous sound development.

COMPLIANCE SYSTEMS

The Resona Group is strongly aware of the social responsibilities and public mission of financial institutions. To enlarge the trust from its customers and the public, the Resona Group 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.

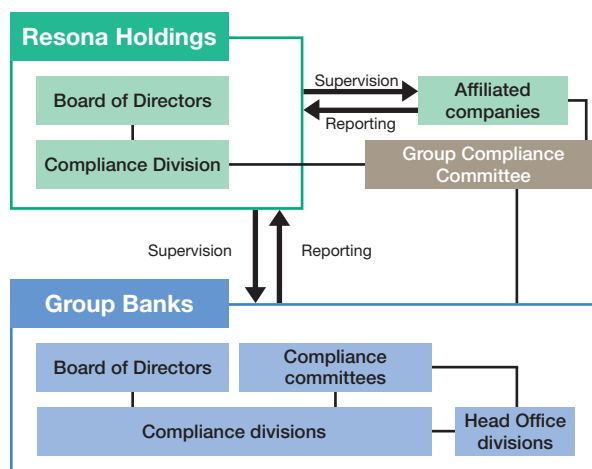
"Aiming to Be a Good Company," the introduction to the Resona Standards, is a message from the top management. It articulates a clear stance on compliance at the Resona Group, stating that corporate ethics must be continually improved, and identifies the most important issues as 1) what the company can 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 out-sourcers 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.

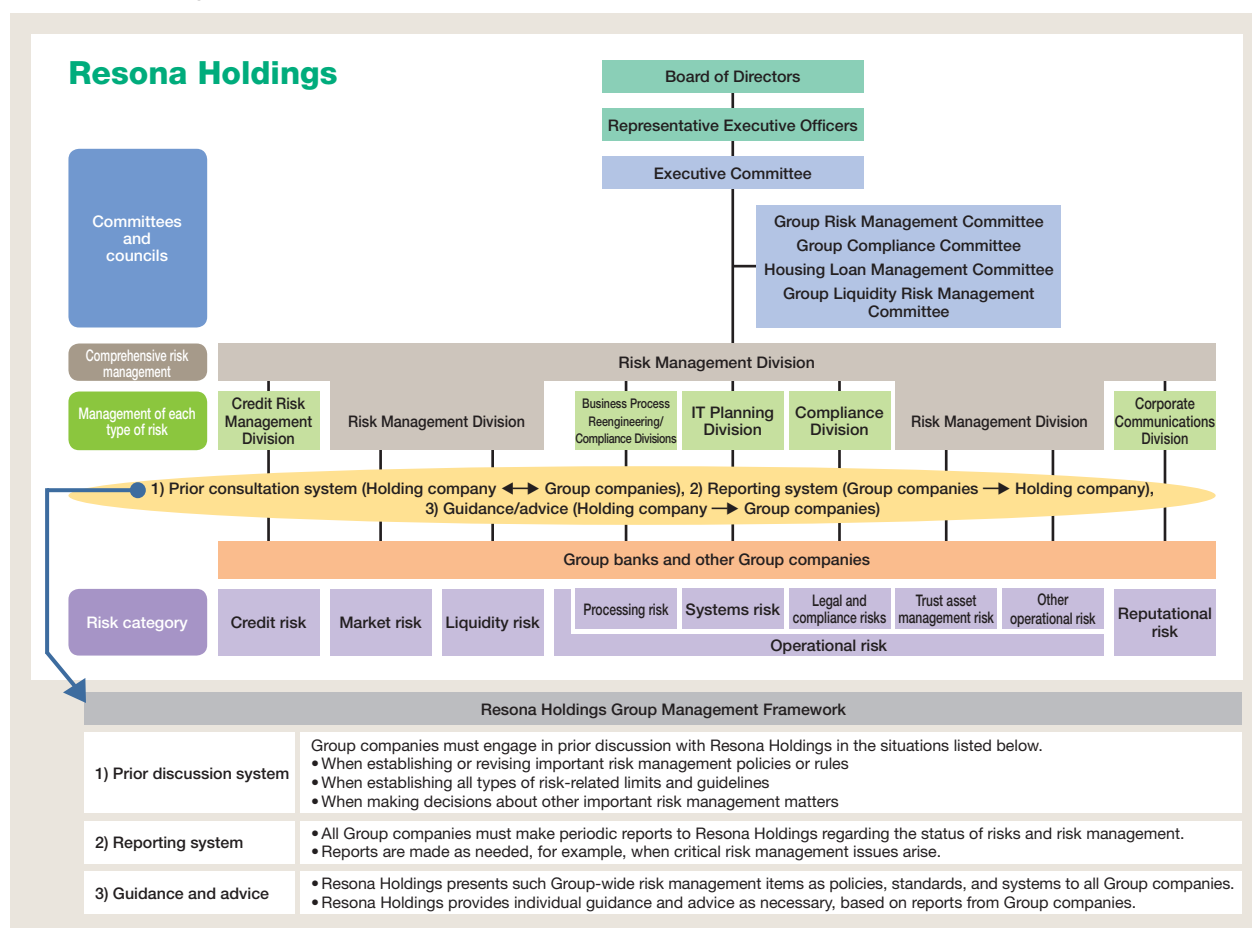
In addition to providing direction to Group companies regarding risk management policies as well as rules, standards, and systems, Resona Holdings verifies risk management policies, rules, standards, and systems at all Group

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 Group-wide basis.

[Group Risk Management Systems in Outline]



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.

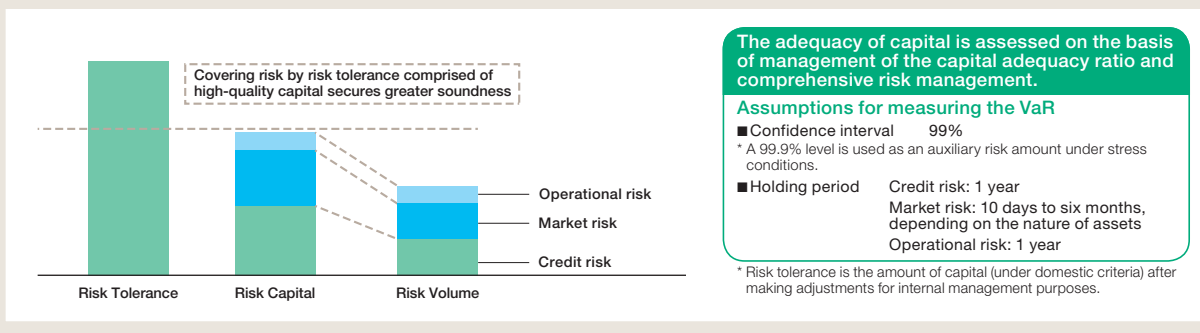
Stress Testing

When formulating a business plan, Resona Holdings and Group banks conduct stress tests based on the stress scenario, such as an economic downturn and turbulence in financial markets, taking into consideration the risk appetite framework, and calculate the impact of change in the macroeconomic environment on earnings and shareholders' equity, and evaluate appropriateness of the business plan and capital adequacy.

In conducting a stress test, in view of the risk profile of the Resona Group, the factors considered in formulating a stress scenario include the current economic environment, the economic outlook, the probability of the occurrence of assumed phenomena and their likely impacts on the Resona Group.

[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.



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.

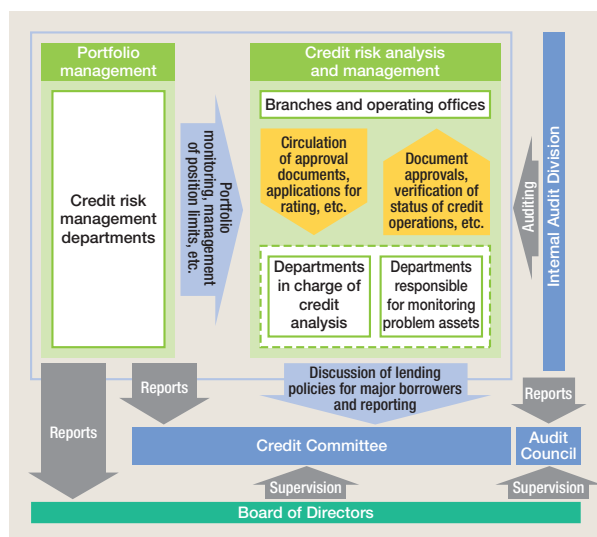
Positioning credit risk management as one of the most-important management issues, Resona Holdings has formulated the *Group Risk Management Policy*. Based on this policy, the Resona Group establishes and upgrades its credit risk management systems and relevant procedures.

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 Group-wide 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 Group-wide Housing Loan Management Committee meets periodically, with the objective of enhancing the sophistication of credit risk management.

With the aim of complementing the aforementioned Group-wide 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 cus-

tomers 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 appropri-

ate 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.

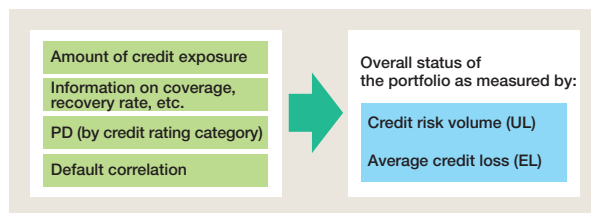
Credit Analysis and Management

Individual Credit Assessments

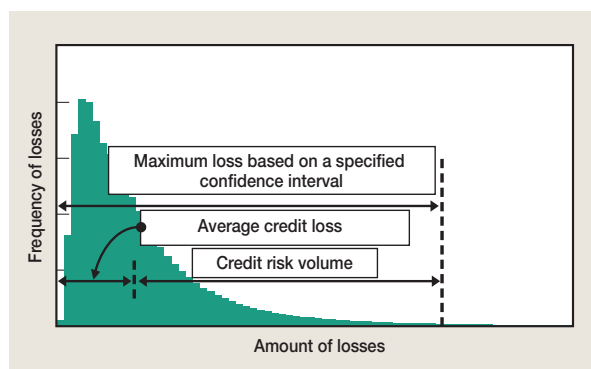
Credit analysis and management entail case-by-case credit assessments, or the credit management of individual obligors. In handling credit operations, to make highly accurate and reliable credit assessments based on policies, regulations, or rules, such as "Credit Policy," Group bank branches engage 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

[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.

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.

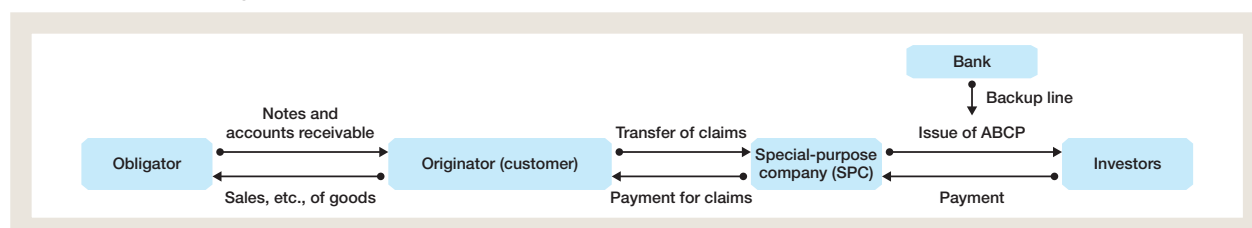
Securitization Exposures Originated by the Holding Company Group

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.

[Group VaR Performance]

The VaR for Resona Bank, Saitama Resona Bank, and The Kinki Osaka Bank in the period from April 1, 2014 to March 31, 2015 were as follows.

Resona Bank

| (Billions of yen) | Period end | Maximum | Minimum | Average |
|----------------------|------------|---------|---------|---------|
| Trading transactions | 0.36 | 2.51 | 0.29 | 0.94 |
| Banking transactions | 21.9 | 35.6 | 16.2 | 22.7 |

* Excludes equity investments held for relationship purposes.

Saitama Resona Bank

| (Billions of yen) | Period end | Maximum | Minimum | Average |
|----------------------|------------|---------|---------|---------|
| Trading transactions | 0.02 | 0.08 | 0.01 | 0.03 |
| Banking transactions | 4.9 | 7.8 | 4.9 | 5.9 |

* Excludes equity investments held for relationship purposes.

The Kinki Osaka Bank

| (Billions of yen) | Period end | Maximum | Minimum | Average |
|----------------------|------------|---------|---------|---------|
| Trading transactions | 0.01 | 0.06 | 0.00 | 0.01 |
| Banking transactions | 9.1 | 9.8 | 8.4 | 9.4 |

* Excludes equity investments held for relationship purposes.

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.

| | 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 |

| | 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 |

| | 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 Group-wide 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 | <ul style="list-style-type: none"> • Embezzlement of customer deposits • Misappropriation of the bank's assets • Intentional unauthorized trading, fabrication |
| | Processing errors | <ul style="list-style-type: none"> • Loss due to processing error • Loss or accidental disposal of important items • Loss due to failure to meet due date |
| Systems risk | | <ul style="list-style-type: none"> • Systems failure • Cyber-attacks |
| Legal and compliance risks | | <ul style="list-style-type: none"> • Loss due to violation of duty to explain • Misuse of a stronger bargaining position |
| Trust asset management risk | | <ul style="list-style-type: none"> • Loss due to misfeasance • Failure to perform fiduciary duties • Violation of management guidelines |
| Other operational risk | Disasters | <ul style="list-style-type: none"> • Cessation of business activities due to disaster or power outage |
| | External crime | <ul style="list-style-type: none"> • Compensation for damage due to counterfeit or stolen cards • Damage due to robbery, theft |
| | Defects of facilities and equipment | <ul style="list-style-type: none"> • Damage to equipment due to natural disasters and terrorism • Loss compensation caused by defective equipment |
| | Human resources management | <ul style="list-style-type: none"> • 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.

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.

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.

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 maintain sufficient capital for the Resona Group, in line with the framework, Resona Holdings has established the Basic Policy for Group Capital Management, and all Resona Group banks have also 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.

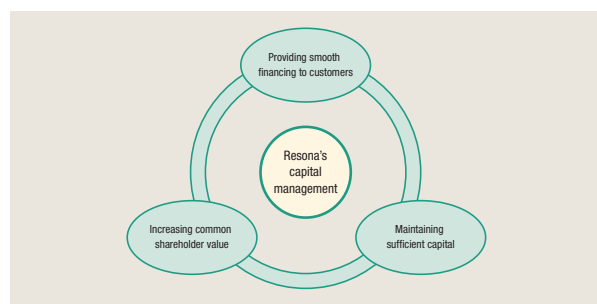
Method for Calculating the Capital Adequacy Ratio

| 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 The Kinki Osaka Bank | Advanced internal ratings-based approach Foundation internal ratings-based approach | The standardized approach [*] | The standardized approach |

Note: ^{*}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 in the Notification on the Consolidated Capital Adequacy and differs from the "gross operating profit" that appears on the Resona Group's financial statements.

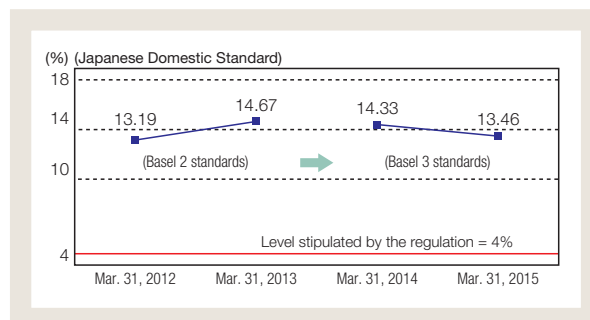
Resona Group's Capital Management

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



In calculating the capital adequacy ratio, we adopt the methods shown in the box on the left and the figures are calculated accurately.

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



Regarding the target level of our medium- to long-term capital adequacy ratio, we will aim to secure sufficient capital adequacy in accordance with the Japanese domestic standard currently applied as well as steadily maintaining a 8.0% or higher common equity Tier 1 ratio (excluding net unrealized gains/losses on available-for-sale securities) in accordance with the international standard as soon as possible in light of the following three points.

- (1) Further contributing to regional society and economic development through the steady supply of funds, the provision of services, etc.
- (2) Securing capital as a trusted financial institution from a global perspective and realizing sustainable growth
- (3) Attaining an excess capital buffer in preparation for flexible response to strategic investment opportunities as well as the possible tightening of capital adequacy regulations

Governance and Implementation of the PDCA Cycle in Capital Management

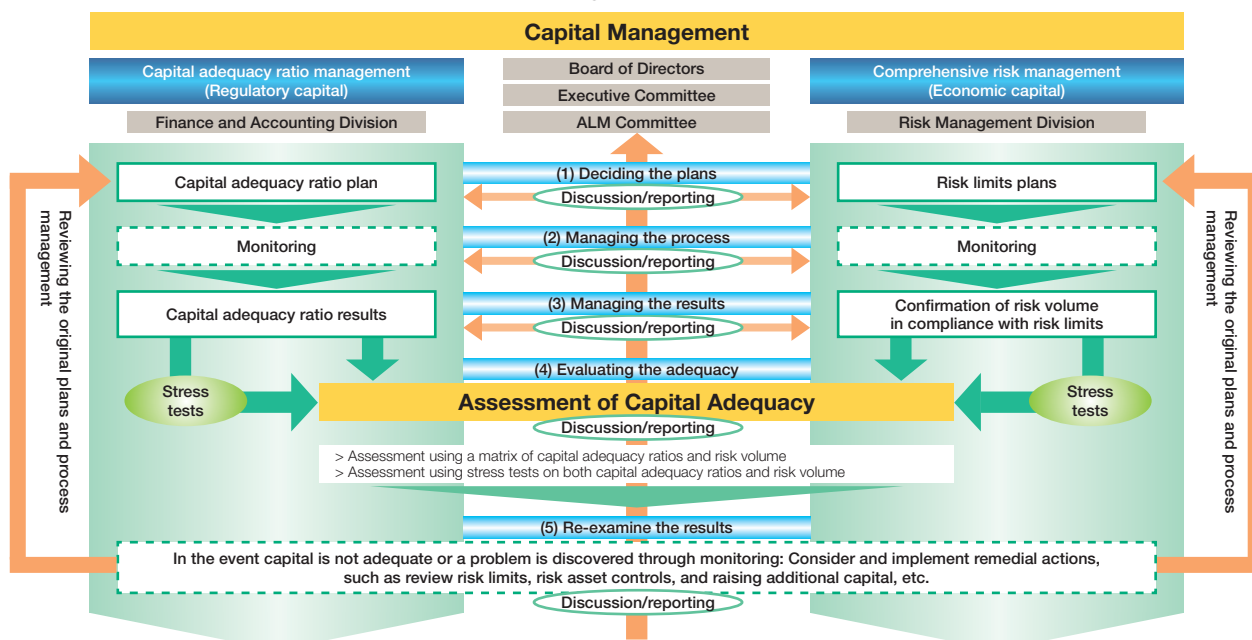
Resona Holdings and all Group banks believe that, to maintain sound and stable business operations, securing sufficient capital to cover the risk taken is extremely important. Accordingly, the Company manages the capital of the Resona Group to maintain the appropriate level of its capital adequacy ratio.

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. Under the management of the capital adequacy ratio, the capital adequacy ratio is calculated and assessed by inspecting the actual result with the plan. Under the 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 features of each type of risk and the 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, Resona Holdings and Resona Group banks continue to maintain 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.

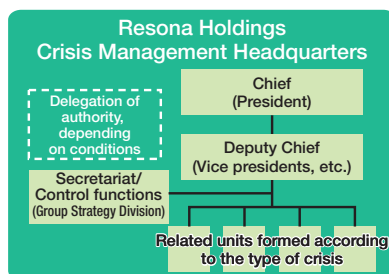
Diagram of Group Crisis Management Systems

Types of Crises (examples)

- Disasters (earthquakes, etc.)
- Pandemic diseases
- Computer system failures
- Various other crises

If the crisis grows to major proportions...

Crisis Response Systems



Directives

Reports

Resona Bank

Saitama Resona Bank

The Kinki Osaka Bank

Affiliated companies

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

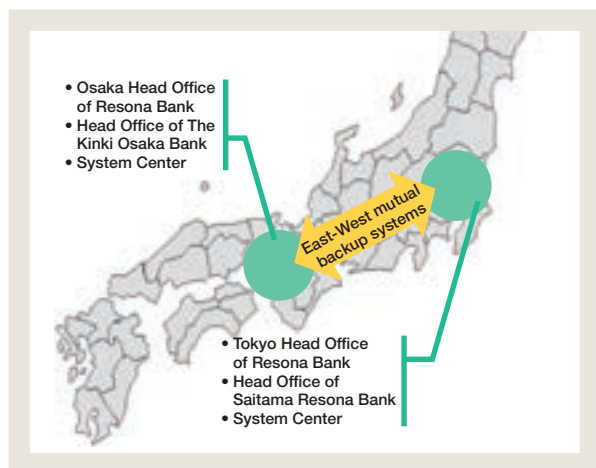
After giving consideration to customers and monetary settlements, the Resona Group companies have positioned the following business operations as priority activities during emergencies following major earthquakes and other disasters: Repayment of deposits, money transfers, funds and securities settlement, 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 Kansai 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.

In accordance with the Comprehensive Agreement Concerning Cooperation during Times of Disaster, which has been concluded with Saitama Prefecture, Saitama Resona Bank is working in cooperation with the local communities. In August 2014, Saitama Resona Bank participated in a drill on countermeasures for dealing with people unable to go home after a disaster, as part of a wider disaster drill organized by Soka City, Saitama Prefecture.

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.

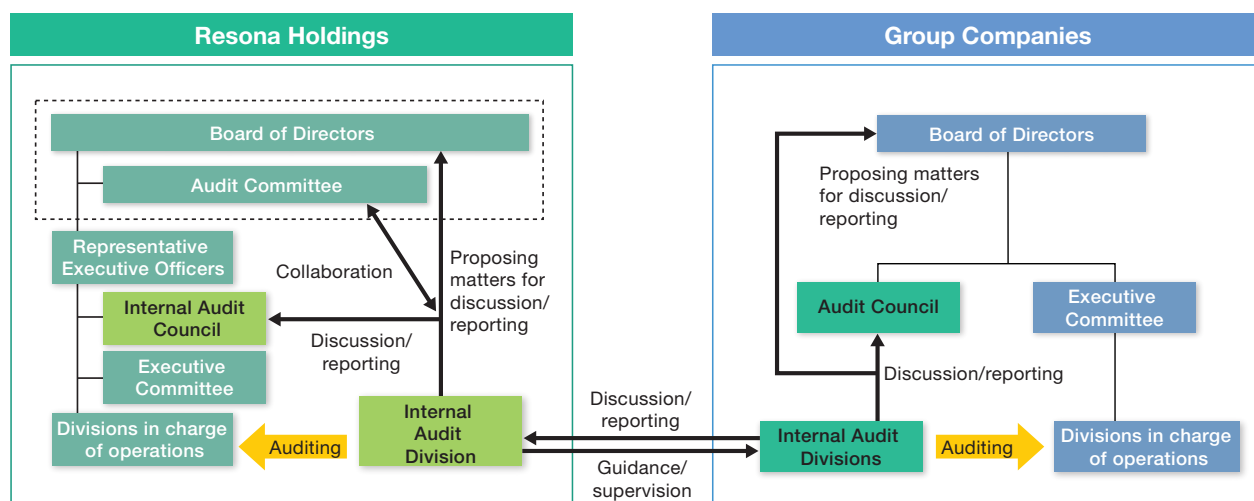
Functions and Roles

To guide the formulation of specific plans for internal auditing, the Internal Audit Division of Resona Holdings formulates the Annual Internal Audit Plan including the Group's annual policies, the targets of auditing, and key items and secures approval of the Board of Directors of Resona Holdings.

The internal audit division of each Group company formulates an Annual Internal Audit Plan based on prior discussion with the Internal Audit Division of Resona Holdings and secures approval of the board of directors of the company.

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]



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, 2015, 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, 2015, 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(2) to the consolidated financial statements, at the annual shareholders' meeting held on June 19, 2015, the agenda for lump sum prepayment of public fund relating to Class C No. 1 preferred stocks and Class F No. 1 preferred stocks ("Early Strengthening Act Preferred Shares") by acquiring the Early Strengthening Act Preferred Shares was approved. Following the approval, the Company executed the acquisition of own shares on June 25, 2015, which threshold was established at the board of directors' meeting held on May 12, 2015, and all of the acquired own shares were cancelled on the same date. Our opinion is not modified 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 25, 2015

(August 5, 2015 as to Note 35(3) and (4))

CONSOLIDATED BALANCE SHEET

Resona Holdings, Inc. and consolidated subsidiaries
March 31, 2015

| | Millions of yen | | Millions of U.S. dollars (Note 1) |
|---|--------------------|--------------------|-----------------------------------|
| | 2015 | 2014 | 2015 |
| Assets: | | | |
| Cash and due from banks (Notes 3, 12 and 28) | ¥ 9,672,994 | ¥ 6,471,899 | \$ 80,420 |
| Call loans and bills bought (Note 28) | 36,243 | 154,318 | 301 |
| Monetary claims bought (Note 28) | 443,004 | 332,671 | 3,683 |
| Trading assets (Notes 4, 12, 28 and 29) | 589,687 | 616,571 | 4,902 |
| Money held in trust (Note 5) | 186 | 193 | 1 |
| Securities (Notes 5, 12 and 28) | 6,864,211 | 8,698,464 | 57,068 |
| Loans and bills discounted (Notes 6, 12, 13, 28 and 34) | 27,487,284 | 26,701,668 | 228,527 |
| Foreign exchange assets (Notes 7 and 28) | 97,945 | 72,757 | 814 |
| Other assets (Notes 8, 12, 28 and 29) | 749,994 | 934,781 | 6,235 |
| Tangible fixed assets (Notes 9, 11, 20 and 27) | 305,493 | 307,887 | 2,539 |
| Intangible fixed assets (Notes 10, 11 and 27) | 37,398 | 40,475 | 310 |
| Net defined benefit asset (Note 30) | 27,155 | 24,548 | 225 |
| Deferred tax assets (Note 26) | 5,663 | 128,970 | 47 |
| Customers' liabilities for acceptances and guarantees (Notes 19 and 28) | 478,968 | 490,552 | 3,982 |
| Reserve for possible loan losses (Note 28) | (209,582) | (256,192) | (1,742) |
| Reserve for possible losses on investments | (83) | (133) | (0) |
| Total Assets | ¥46,586,565 | ¥44,719,434 | \$387,317 |
| Liabilities and Net Assets: | | | |
| Liabilities: | | | |
| Deposits (Notes 12, 14 and 28) | ¥36,712,851 | ¥35,745,906 | \$305,228 |
| Negotiable certificates of deposit (Note 28) | 2,130,640 | 1,949,860 | 17,714 |
| Call money and bills sold (Note 28) | 1,531,519 | 854,793 | 12,732 |
| Payables under repurchase agreements (Notes 12 and 28) | 50,993 | 38,994 | 423 |
| Payables under securities lending transactions (Notes 12 and 28) | 24,122 | 49,891 | 200 |
| Trading liabilities (Notes 4, 28 and 29) | 302,869 | 305,542 | 2,518 |
| Borrowed money (Notes 12, 15 and 28) | 737,051 | 1,081,701 | 6,127 |
| Foreign exchange liabilities (Notes 7 and 28) | 1,439 | 1,173 | 11 |
| Bonds (Notes 16 and 28) | 667,707 | 696,418 | 5,551 |
| Due to trust account (Note 28) | 617,622 | 533,844 | 5,134 |
| Other liabilities (Notes 15, 17, 28 and 29) | 1,080,968 | 902,887 | 8,987 |
| Reserve for employees' bonuses | 20,002 | 18,070 | 166 |
| Net defined benefit liability (Note 30) | 28,837 | 26,978 | 239 |
| Other reserves (Note 18) | 35,651 | 42,418 | 296 |
| Deferred tax liabilities (Note 26) | 476 | 290 | 3 |
| Deferred tax liabilities for land revaluation (Note 20) | 21,465 | 23,696 | 178 |
| Acceptances and guarantees (Notes 19 and 28) | 478,968 | 490,552 | 3,982 |
| Total Liabilities | 44,443,186 | 42,763,022 | 369,497 |
| Net Assets (Notes 21, 32 and 35): | | | |
| Capital stock | 50,472 | 50,472 | 419 |
| Capital surplus | 145,916 | 409,293 | 1,213 |
| Retained earnings | 1,335,800 | 1,169,785 | 11,105 |
| Treasury stock | (2,483) | (85,855) | (20) |
| Total stockholders' equity | 1,529,706 | 1,543,696 | 12,717 |
| Net unrealized gains on available-for-sale securities (Note 5) | 423,076 | 244,166 | 3,517 |
| Net deferred gains on hedges | 33,158 | 28,110 | 275 |
| Revaluation reserve for land (Note 20) | 43,485 | 41,254 | 361 |
| Foreign currency translation adjustments | (1,542) | (4,081) | (12) |
| Remeasurements of defined benefit plans (Note 30) | (49,105) | (35,965) | (408) |
| Total accumulated other comprehensive income | 449,072 | 273,484 | 3,733 |
| Minority interests in consolidated subsidiaries | 164,600 | 139,231 | 1,368 |
| Total Net Assets | 2,143,379 | 1,956,412 | 17,819 |
| Total Liabilities and Net Assets | ¥46,586,565 | ¥44,719,434 | \$387,317 |

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, 2015

| | Millions of yen | | Millions of U.S. dollars (Note 1) |
|---|-----------------|-----------------|-----------------------------------|
| | 2015 | 2014 | 2015 |
| Income: | | | |
| Interest income (Note 22)..... | ¥466,655 | ¥472,832 | \$3,879 |
| Trust fees..... | 22,776 | 23,748 | 189 |
| Fees and commissions | 201,031 | 189,209 | 1,671 |
| Trading income (Note 23)..... | 5,973 | 1,338 | 49 |
| Other operating income (Note 24)..... | 45,231 | 34,085 | 376 |
| Other income (Note 25) | 119,713 | 108,679 | 995 |
| Total Income..... | 861,382 | 829,894 | 7,161 |
| Expenses: | | | |
| Interest expenses (Note 22) | 40,666 | 42,820 | 338 |
| Fees and commissions | 54,590 | 54,165 | 453 |
| Trading expenses | 752 | 2,254 | 6 |
| Other operating expenses (Note 24) | 13,176 | 13,450 | 109 |
| General and administrative expenses..... | 357,767 | 348,498 | 2,974 |
| Other expenses (Note 25)..... | 68,178 | 56,619 | 566 |
| Total Expenses | 535,131 | 517,809 | 4,449 |
| Net income before income taxes and minority interests..... | 326,251 | 312,085 | 2,712 |
| Income taxes (Note 26): | | | |
| Current | 45,417 | 32,855 | 377 |
| Deferred | 63,417 | 51,736 | 527 |
| Total income taxes..... | 108,835 | 84,591 | 904 |
| Net income before minority interests | 217,415 | 227,494 | 1,807 |
| Minority interests in net income | 5,937 | 6,851 | 49 |
| Net income | ¥211,477 | ¥220,642 | \$1,758 |
| | Yen | | U.S. dollars (Note 1) |
| Per common share information: | | | |
| Net income per share (Basic) (Note 32)..... | ¥91.07 | ¥89.71 | \$0.75 |
| Net income per share (Diluted) (Note 32)..... | 84.28 | 64.97 | 0.70 |
| Cash dividends per share applicable to the fiscal year (Notes 21 and 35)..... | 17.00 | 15.00 | 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, 2015

| | Millions of yen | | Millions of U.S. dollars (Note 1) |
|--|-----------------|-----------------|-----------------------------------|
| | 2015 | 2014 | 2015 |
| Net income before minority interests | ¥217,415 | ¥227,494 | \$1,807 |
| Other comprehensive income (Note 31): | | | |
| Net unrealized gains on available-for-sale securities | 178,920 | 57,582 | 1,487 |
| Net deferred gains (losses) on hedges..... | 5,047 | (8,208) | 41 |
| Revaluation reserve for land | 2,231 | (6) | 18 |
| Foreign currency translation adjustments | 26,385 | 9,808 | 219 |
| Remeasurements of defined benefit plans | (13,157) | — | (109) |
| Share of other comprehensive income of affiliates accounted for using the equity method..... | 13 | 4 | 0 |
| Total other comprehensive income | 199,441 | 59,180 | 1,658 |
| Total comprehensive income (Note 31) | ¥416,856 | ¥286,674 | \$3,465 |
| Comprehensive income attributable to (Note 31): | | | |
| Owners of the parent | ¥387,065 | ¥270,289 | \$3,218 |
| Minority interests..... | 29,791 | 16,385 | 247 |

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, 2015

| | Stockholders' equity | | | | |
|--|----------------------|-----------------|-------------------|------------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity |
| 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 stockholders' equity during the fiscal year | | | | | |
| Total changes during the fiscal year | (290,000) | 172,210 | (145,684) | 3,741 | (259,732) |
| Balance at April 1, 2014 | 50,472 | 409,293 | 1,169,785 | (85,855) | 1,543,696 |
| Cumulative effect of accounting change..... | | | 1,483 | | 1,483 |
| Restated balance at April 1, 2014..... | 50,472 | 409,293 | 1,171,268 | (85,855) | 1,545,179 |
| Changes during the fiscal year | | | | | |
| Dividends paid- other capital surplus..... | | (32,000) | | | (32,000) |
| Dividends paid | | | (46,946) | | (46,946) |
| Net income | | | 211,477 | | 211,477 |
| Purchase of treasury stock..... | | | | (234,951) | (234,951) |
| Disposal of treasury stock | | 3,568 | | 83,378 | 86,946 |
| Cancellation of treasury stock | | (234,945) | | 234,945 | — |
| Net changes except for stockholders' equity during the fiscal year | | | | | |
| Total changes during the fiscal year | — | (263,376) | 164,531 | 83,371 | (15,473) |
| Balance at March 31, 2015 | ¥ 50,472 | ¥145,916 | ¥1,335,800 | ¥ (2,483) | ¥1,529,706 |

| | Stockholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity |
| Balance at April 1, 2014 | \$419 | \$3,402 | \$ 9,725 | \$ (713) | \$12,834 |
| Cumulative effect of accounting change..... | | | 12 | | 12 |
| Restated balance at April 1, 2014..... | 419 | 3,402 | 9,737 | (713) | 12,846 |
| Changes during the fiscal year | | | | | |
| Dividends paid- other capital surplus..... | | (266) | | | (266) |
| Dividends paid | | | (390) | | (390) |
| Net income | | | 1,758 | | 1,758 |
| Purchase of treasury stock..... | | | | (1,953) | (1,953) |
| Disposal of treasury stock | | 29 | | 693 | 722 |
| Cancellation of treasury stock | | (1,953) | | 1,953 | — |
| Net changes except for stockholders' equity during the fiscal year | | | | | |
| Total changes during the fiscal year | — | (2,189) | 1,367 | 693 | (128) |
| Balance at March 31, 2015 | \$419 | \$1,213 | \$11,105 | \$ (20) | \$12,717 |

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 |
| ¥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 |
| | | | | | | | 1,483 |
| 244,166 | 28,110 | 41,254 | (4,081) | (35,965) | 273,484 | 139,231 | 1,957,896 |
| | | | | | | | (32,000) |
| | | | | | | | (46,946) |
| | | | | | | | 211,477 |
| | | | | | | | (234,951) |
| | | | | | | | 86,946 |
| | | | | | | | — |
| 178,910 | 5,047 | 2,231 | 2,539 | (13,140) | 175,587 | 25,369 | 200,956 |
| 178,910 | 5,047 | 2,231 | 2,539 | (13,140) | 175,587 | 25,369 | 185,483 |
| ¥423,076 | ¥33,158 | ¥43,485 | ¥(1,542) | ¥(49,105) | ¥449,072 | ¥164,600 | ¥2,143,379 |

| 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 |
| \$2,029 | \$233 | \$342 | \$(33) | \$(299) | \$2,273 | \$1,157 | \$16,265 |
| | | | | | | | 12 |
| 2,029 | 233 | 342 | (33) | (299) | 2,273 | 1,157 | 16,277 |
| | | | | | | | (266) |
| | | | | | | | (390) |
| | | | | | | | 1,758 |
| | | | | | | | (1,953) |
| | | | | | | | 722 |
| | | | | | | | — |
| 1,487 | 41 | 18 | 21 | (109) | 1,459 | 210 | 1,670 |
| 1,487 | 41 | 18 | 21 | (109) | 1,459 | 210 | 1,542 |
| \$3,517 | \$275 | \$361 | \$(12) | \$(408) | \$3,733 | \$1,368 | \$17,819 |

CONSOLIDATED STATEMENT OF CASH FLOWS

Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2015

| | Millions of yen | | Millions of U.S. dollars (Note 1) |
|---|-------------------|--------------------|-----------------------------------|
| | 2015 | 2014 | 2015 |
| Cash flows from operating activities: | | | |
| Net income before income taxes and minority interests | ¥ 326,251 | ¥ 312,085 | \$ 2,712 |
| Adjustments for: | | | |
| Depreciation and amortization | 25,726 | 26,935 | 213 |
| Impairment losses on fixed assets | 5,738 | 1,662 | 47 |
| Equity in earnings of investments in affiliates | (153) | (143) | (1) |
| Decrease in reserve for possible loan losses | (46,610) | (49,340) | (387) |
| Decrease in reserve for possible losses on investments | (49) | (27) | (0) |
| Increase (decrease) in reserve for employees' bonuses | 1,932 | (112) | 16 |
| Increase in net defined benefit asset | (6,178) | (4,776) | (51) |
| Decrease in net defined benefit liability | (8,221) | (4,610) | (68) |
| Interest income (accrual basis) | (466,655) | (472,832) | (3,879) |
| Interest expenses (accrual basis) | 40,666 | 42,820 | 338 |
| Net gains on securities | (64,720) | (24,973) | (538) |
| Net foreign exchange gains | (12,906) | (4,128) | (107) |
| Net losses (gains) on disposal of fixed assets | 1,326 | (1,578) | 11 |
| Net decrease in trading assets | 26,883 | 170,568 | 223 |
| Net decrease in trading liabilities | (2,672) | (40,531) | (22) |
| Net increase in loans and bills discounted | (785,615) | (211,547) | (6,531) |
| Net increase in deposits | 966,944 | 361,035 | 8,039 |
| Net increase in negotiable certificates of deposit | 180,780 | 648,460 | 1,502 |
| Net increase (decrease) in borrowed money (excluding subordinated borrowed money) ... | (333,650) | 409,831 | (2,773) |
| Net increase in due from banks (excluding those deposited at Bank of Japan) | (59,438) | (7,778) | (494) |
| Net decrease in call loans and other | 7,741 | 73,369 | 64 |
| Net increase in call money and other | 688,724 | 604,192 | 5,726 |
| Net increase (decrease) in payables under securities lending transactions | (25,769) | 49,891 | (214) |
| Net increase in foreign exchange assets | (25,188) | (4,975) | (209) |
| Net increase (decrease) in foreign exchange liabilities | 265 | (289) | 2 |
| Net increase (decrease) in straight bonds | 500 | (31,522) | 4 |
| Net increase in due to trust account | 83,778 | 85,050 | 696 |
| Interest receipts (cash basis) | 470,258 | 484,398 | 3,909 |
| Interest payments (cash basis) | (43,327) | (52,941) | (360) |
| Other—net | 127,249 | (23,426) | 1,057 |
| Subtotal | 1,073,611 | 2,334,766 | 8,925 |
| Income taxes received (paid) | 29,860 | (91,559) | 248 |
| Net cash provided by operating activities | 1,103,471 | 2,243,206 | 9,174 |
| Cash flows from investing activities: | | | |
| Purchases of securities | (16,562,521) | (15,330,890) | (137,699) |
| Proceeds from sales of securities | 18,010,807 | 14,663,580 | 149,740 |
| Proceeds from redemption of securities | 892,679 | 1,990,814 | 7,421 |
| Purchases of tangible fixed assets | (10,649) | (8,965) | (88) |
| Proceeds from sales of tangible fixed assets | 290 | 1,004 | 2 |
| Purchases of intangible fixed assets | (2,272) | (2,649) | (18) |
| Proceeds from sales of intangible fixed assets | — | 2,397 | — |
| Other—net | (130) | (99) | (1) |
| Net cash provided by investing activities | 2,328,201 | 1,315,192 | 19,356 |
| Cash flows from financing activities: | | | |
| Repayment of subordinated borrowed money | (11,000) | — | (91) |
| Repayment of subordinated bonds | (51,800) | — | (430) |
| Dividends paid | (78,946) | (46,327) | (656) |
| Dividends paid to minority stockholders of consolidated subsidiaries | (640) | (348) | (5) |
| Purchases of treasury stock | (234,951) | (434,532) | (1,953) |
| Proceeds from sales of treasury stock | 87,217 | 672 | 725 |
| Net cash used in financing activities | (290,120) | (480,536) | (2,412) |
| Effect of exchange rate changes on cash and cash equivalents | 104 | 112 | 0 |
| Net increase in cash and cash equivalents | 3,141,657 | 3,077,974 | 26,119 |
| Cash and cash equivalents at the beginning of the fiscal year | 6,314,735 | 3,236,761 | 52,500 |
| Cash and cash equivalents at the end of the fiscal year (Note 3) | ¥9,456,393 | ¥ 6,314,735 | \$ 78,619 |

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Holdings, Inc. and consolidated subsidiaries
Fiscal year ended March 31, 2015

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 2014 consolidated financial statements to conform to the classifications used in 2015.

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 ¥120.28 to U.S. \$1.00, the rate of exchange prevailing in the Tokyo Foreign Exchange Market on March 31, 2015. 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.

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, 2015 and 2014 was fifteen.

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, 2015 and 2014 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, 2015 and 2014 were as follows:

| | (Number of consolidated subsidiaries) | |
|-----------------------|---------------------------------------|------|
| | 2015 | 2014 |
| 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 balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

(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) Expensing 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, Bank 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 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) Deferred charges

Stock issuance costs are charged to expense as incurred.

(9) 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.

(10) 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 ("doubtful obligors") 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, 2015 and 2014 were ¥244,262 million (\$2,030 million) and ¥274,761 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.

(11) 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.

(12) 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.

(13) 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 benefit formula 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 period 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, 2015 ~ Retirement Benefits

The ASBJ issued ASBJ Statement No. 26 "Accounting Standard for Retirement Benefits" on May 17, 2012 and ASBJ Guidance No. 25 "Guidance on Accounting Standard for Retirement Benefits" on March 26, 2015, 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 prior 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, 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) since the end of the fiscal year ended March 31, 2014 and (c) since the beginning of the fiscal year ended March 31, 2015.

Accordingly during this fiscal year, the Group reviewed the calculation method of defined benefit obligation and service cost, and changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis. The Group also changed the method to determine the discount rate which is based on bond maturity, from the use of an approximate period over the expected average remaining working lives of employees to the use of a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

The transitional treatment stated in Article 37 of the accounting standard was applied at the adoption and the effects of the change in calculation method of defined benefit obligation and service cost were recognized as “retained earnings” at the beginning of the fiscal year ended March 31, 2015. As a result, “net defined benefit asset” was increased by ¥636 million (\$5 million), “net defined benefit liability” was decreased by ¥1,110 million (\$9 million), and “retained earnings” was increased by ¥1,483 million (\$12 million) on April 1, 2014. The effects on “ordinary profits” and “net income before income taxes and minority interests” for the fiscal year ended March 31, 2015 were immaterial. For the effects on per share information, please refer to “Note 32. Per Common Share Information.”

(14) Other reserves

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

(15) Translation of foreign currencies

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.

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.

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.

(16) 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.

(17) 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.

(18) 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.

(19) 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 during 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.

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.

(20) 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.

(21) 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.

(22) New accounting pronouncements

Accounting standard for business combinations and consolidated financial statements

On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standards 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 non-controlling interests

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 "non-controlling interests" 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 (a), (b), (c) and (e) 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 (b) and (c). In case of earlier application, all accounting standards and guidance above, except for (b) and (c), should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for (a) and (e) is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) and (e) 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 shall be applied prospectively from the beginning of the year of the first-time application. The revised accounting standards and guidance for (b) and (c) 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 (d) are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs 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 for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after 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, 2015 and 2014, were as follows:

| | Millions of yen | | Millions of U.S. dollars |
|--|-------------------|------------|--------------------------|
| | 2015 | 2014 | 2015 |
| Cash and due from banks | ¥9,672,994 | ¥6,471,899 | \$80,420 |
| Less: Due from banks except for the Bank of Japan..... | (216,601) | (157,163) | (1,800) |
| Cash and cash equivalents..... | ¥9,456,393 | ¥6,314,735 | \$78,619 |

4. Trading Assets and Trading Liabilities

Trading assets and liabilities as of March 31, 2015 and 2014 consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Trading assets: | | | |
| Trading securities | ¥277,487 | ¥289,964 | \$2,307 |
| Derivatives of trading securities | — | 4 | — |
| Derivatives of securities related to trading transactions..... | — | 6 | — |
| Trading-related financial derivatives | 312,200 | 326,595 | 2,595 |
| Total | ¥589,687 | ¥616,571 | \$4,902 |
| Trading liabilities: | | | |
| Derivatives of trading securities | ¥ 0 | ¥ — | \$ 0 |
| Trading-related financial derivatives | 302,869 | 305,542 | 2,518 |
| Total | ¥302,869 | ¥305,542 | \$2,518 |

5. Securities

Securities as of March 31, 2015 and 2014, consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|---------------------------------------|-------------------|------------|--------------------------|
| | 2015 | 2014 | 2015 |
| Japanese government bonds | ¥4,116,884 | ¥6,162,864 | \$34,227 |
| Japanese local government bonds | 616,459 | 639,446 | 5,125 |
| Japanese corporate bonds..... | 902,346 | 913,841 | 7,502 |
| Japanese stocks | 924,887 | 711,015 | 7,689 |
| Other securities | 303,634 | 271,296 | 2,524 |
| Total | ¥6,864,211 | ¥8,698,464 | \$57,068 |

As of March 31, 2015 and 2014, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥19,580 million (\$162 million) and ¥19,418 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥4,693 million (\$39 million) and ¥2,953 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, 2015 and 2014, were as follows:

| | Millions of yen | | |
|--|--------------------------------------|----------------------|-------------------------------|
| | Amount on consolidated balance sheet | Estimated fair value | Net unrealized gains (losses) |
| March 31, 2015 | | | |
| Fair value exceeding amount on consolidated balance sheet: | | | |
| Held-to-maturity debt securities: | | | |
| Japanese government bonds | ¥1,962,010 | ¥2,019,082 | ¥57,072 |
| Japanese local government bonds | 445,668 | 461,081 | 15,412 |
| Japanese corporate bonds | 14,119 | 14,273 | 154 |
| Total | ¥2,421,798 | ¥2,494,437 | ¥72,638 |
| Fair value below amount on consolidated balance sheet: | | | |
| Held-to-maturity debt securities: | | | |
| Japanese local government bonds | ¥ 13,260 | ¥ 13,259 | ¥ (0) |
| Japanese corporate bonds | 689 | 684 | (4) |
| Total | ¥ 13,949 | ¥ 13,943 | ¥ (5) |
| Grand total | ¥2,435,747 | ¥2,508,381 | ¥72,633 |
| 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 |
| | Millions of U.S. dollars | | |
| | Amount on consolidated balance sheet | Estimated fair value | Net unrealized gains (losses) |
| March 31, 2015 | | | |
| Fair value exceeding amount on consolidated balance sheet: | | | |
| Held-to-maturity debt securities: | | | |
| Japanese government bonds | \$16,312 | \$16,786 | \$474 |
| Japanese local government bonds | 3,705 | 3,833 | 128 |
| Japanese corporate bonds | 117 | 118 | 1 |
| Total | \$20,134 | \$20,738 | \$603 |
| Fair value below amount on consolidated balance sheet: | | | |
| Held-to-maturity debt securities: | | | |
| Japanese local government bonds | \$ 110 | \$ 110 | \$ (0) |
| Japanese corporate bonds | 5 | 5 | (0) |
| Total | 115 | 115 | (0) |
| Grand total | \$20,250 | \$20,854 | \$603 |

The amounts on consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of March 31, 2015 and 2014 were as follows:

| | Millions of yen | | |
|---|--------------------------------------|-----------------------------|-------------------------------|
| | Amount on consolidated balance sheet | Acquisition/ amortized cost | Net unrealized gains (losses) |
| March 31, 2015 | | | |
| Amount on consolidated balance sheet exceeding acquisition or amortized cost: | | | |
| Japanese stocks | ¥ 859,863 | ¥ 318,372 | ¥541,490 |
| Bonds: | | | |
| Japanese government bonds | 1,682,332 | 1,678,554 | 3,778 |
| Japanese local government bonds | 117,781 | 114,058 | 3,722 |
| Japanese corporate bonds | 685,255 | 678,824 | 6,431 |
| Total bonds | 2,485,370 | 2,471,437 | 13,932 |
| Other | 296,629 | 275,487 | 21,142 |
| Total | ¥3,641,862 | ¥3,065,296 | ¥576,565 |
| Amount on consolidated balance sheet below acquisition or amortized cost: | | | |
| Japanese stocks | ¥ 11,079 | ¥ 12,598 | ¥ (1,519) |
| Bonds: | | | |
| Japanese government bonds | 472,541 | 472,633 | (91) |
| Japanese local government bonds | 39,748 | 39,850 | (101) |
| Japanese corporate bonds | 202,281 | 203,081 | (799) |
| Total bonds | 714,572 | 715,565 | (992) |
| Other | 36,798 | 37,158 | (359) |
| Total | ¥ 762,449 | ¥ 765,322 | ¥ (2,872) |
| Grand total | ¥4,404,312 | ¥3,830,618 | ¥573,693 |
| 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 U.S. dollars | | |
|---|--------------------------------------|-----------------------------|-------------------------------|
| | Amount on consolidated balance sheet | Acquisition/ amortized cost | Net unrealized gains (losses) |
| March 31, 2015 | | | |
| Amount on consolidated balance sheet exceeding acquisition or amortized cost: | | | |
| Japanese stocks..... | \$ 7,148 | \$ 2,646 | \$4,501 |
| Bonds: | | | |
| Japanese government bonds..... | 13,986 | 13,955 | 31 |
| Japanese local government bonds..... | 979 | 948 | 30 |
| Japanese corporate bonds..... | 5,697 | 5,643 | 53 |
| Total bonds..... | 20,663 | 20,547 | 115 |
| Other | 2,466 | 2,290 | 175 |
| Total | \$30,278 | \$25,484 | \$4,793 |
| Amount on consolidated balance sheet below acquisition or amortized cost: | | | |
| Japanese stocks..... | \$ 92 | \$ 104 | \$ (12) |
| Bonds: | | | |
| Japanese government bonds..... | 3,928 | 3,929 | (0) |
| Japanese local government bonds..... | 330 | 331 | (0) |
| Japanese corporate bonds..... | 1,681 | 1,688 | (6) |
| Total bonds..... | 5,940 | 5,949 | (8) |
| Other | 305 | 308 | (2) |
| Total..... | \$ 6,338 | \$ 6,362 | \$ (23) |
| Grand total | \$36,617 | \$31,847 | \$4,769 |

Note: As of March 31, 2015 and 2014, unlisted stocks in the amounts of ¥34,822 million (\$289 million) and ¥42,931 million and investments in partnerships in the amounts of ¥9,493 million (\$78 million) and ¥14,374 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, 2015 and 2014 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, 2015 | | | | | | |
| Available-for-sale securities: | | | | | | |
| Japanese stocks..... | ¥ 16,025 | ¥12,028 | ¥ 45 | \$ 133 | \$100 | \$ 0 |
| Bonds: | | | | | | |
| Japanese government bonds..... | 14,108,120 | 16,778 | 2,431 | 117,293 | 139 | 20 |
| Japanese local government bonds..... | 189,958 | 1,908 | 25 | 1,579 | 15 | 0 |
| Japanese corporate bonds..... | 487,993 | 1,479 | 163 | 4,057 | 12 | 1 |
| Total bonds..... | 14,786,072 | 20,166 | 2,620 | 122,930 | 167 | 21 |
| Other | 3,053,560 | 47,512 | 7,178 | 25,387 | 395 | 59 |
| Total..... | ¥17,855,657 | ¥79,706 | ¥9,844 | \$148,450 | \$662 | \$81 |
| March 31, 2014 | | | | | | |
| Available-for-sale securities: | | | | | | |
| Japanese stocks..... | ¥ 18,407 | ¥12,198 | ¥ 30 | | | |
| Bonds: | | | | | | |
| Japanese government bonds..... | 12,903,374 | 16,252 | 5,637 | | | |
| Japanese local government bonds..... | 88,637 | 1,290 | 0 | | | |
| Japanese corporate bonds..... | 445,408 | 803 | 18 | | | |
| Total bonds..... | 13,437,420 | 18,345 | 5,655 | | | |
| Other | 1,366,774 | 21,665 | 16,083 | | | |
| Total..... | ¥14,822,603 | ¥52,209 | ¥21,770 | | | |

For the fiscal years ended March 31, 2015 and 2014, 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, 2015 and 2014, impairment losses of ¥20 million (\$0 million) and ¥115 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:

- For issuers who are classified as bankrupt obligors, effectively bankrupt obligors and doubtful obligors: where the fair value is lower than the amortized cost or acquisition cost.
- For issuers who are classified as watch obligors and for issuers who are not rated: where the fair value declines by 30% or more compared to the amortized cost or acquisition cost.
- 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, 2015 and 2014, 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, 2015 | | | | | |
| Other money held in trust | ¥186 | ¥186 | ¥— | ¥— | ¥— |
| March 31, 2014 | | | | | |
| Other money held in trust | ¥193 | ¥193 | ¥— | ¥— | ¥— |

| | 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, 2015 | | | | | |
| 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-sale securities,” presented as a separate component of net assets as of March 31, 2015 and 2014 in the consolidated balance sheets, was as follows:

| | Millions of yen | | Millions of U.S. dollars |
|--|------------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Net unrealized gains before taxes on available-for-sale securities ^(*) | ¥565,689 | ¥325,047 | \$4,703 |
| Deferred tax liabilities..... | (142,539) | (80,818) | (1,185) |
| Net unrealized gains on available-for-sale securities (before adjustment)..... | 423,150 | 244,229 | 3,518 |
| Amounts attributable to minority interests..... | (74) | (66) | (0) |
| The Company's portion of unrealized gains on available-for-sale securities of equity method investees..... | 0 | 4 | 0 |
| Amounts recorded in the consolidated balance sheets..... | ¥423,076 | ¥244,166 | \$3,517 |

Note: (*) There was no money held in trust for trading purpose as of March 31, 2015 and 2014.

For the fiscal years ended March 31, 2015 and 2014, discontinued fair value hedge gains previously recognized as income of ¥8,003 million (\$66 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, 2015 and 2014.

6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2015 and 2014, consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|------------------------|-----------------|-------------|--------------------------|
| | 2015 | 2014 | 2015 |
| Bills discounted | ¥ 130,076 | ¥ 145,623 | \$ 1,081 |
| Loans on notes..... | 744,406 | 803,588 | 6,188 |
| Loans on deeds..... | 23,585,999 | 22,768,783 | 196,092 |
| Overdrafts | 3,026,802 | 2,983,673 | 25,164 |
| Total | ¥27,487,284 | ¥26,701,668 | \$228,527 |

The following loans were included in loans and bills discounted as of March 31, 2015 and 2014.

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Loans to borrowers in legal bankruptcy | ¥ 6,852 | ¥ 8,252 | \$ 56 |
| Past due loans..... | 335,546 | 370,148 | 2,789 |
| Loans past due three months or more..... | 1,407 | 3,757 | 11 |
| Restructured loans | 236,208 | 264,509 | 1,963 |
| Total | ¥580,014 | ¥646,668 | \$4,822 |

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 ¥141,558 million (\$1,176 million) and ¥153,781 million as of March 31, 2015 and 2014, respectively.

7. Foreign Exchange

Foreign exchange assets and liabilities as of March 31, 2015 and 2014 consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Assets: | | | |
| Due from foreign banks..... | ¥59,115 | ¥37,286 | \$491 |
| Foreign bills of exchange bought..... | 11,482 | 8,157 | 95 |
| Foreign bills of exchange receivable | 27,347 | 27,312 | 227 |
| Total | ¥97,945 | ¥72,757 | \$814 |
| Liabilities: | | | |
| Due to foreign banks..... | ¥ 196 | ¥ 224 | \$ 1 |
| Foreign bills of exchange sold | 504 | 284 | 4 |
| Foreign bills of exchange payable..... | 738 | 664 | 6 |
| Total | ¥ 1,439 | ¥ 1,173 | \$ 11 |

8. Other Assets

Other assets as of March 31, 2015 and 2014 consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|----------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Prepaid expenses..... | ¥ 18,246 | ¥ 20,019 | \$ 151 |
| Accrued income | 53,989 | 53,618 | 448 |
| Initial margins for futures transactions | 10,261 | 4,838 | 85 |
| Financial derivatives, principally including option premiums and contracts under hedge accounting | 420,169 | 367,059 | 3,493 |
| Guarantee deposits | 21,311 | 21,106 | 177 |
| Cash collateral paid for financial instruments..... | 66,218 | 84,815 | 550 |
| Other receivable on sales of securities | 72,475 | 222,291 | 602 |
| Other..... | 87,323 | 161,032 | 725 |
| Total | ¥749,994 | ¥934,781 | \$6,235 |

9. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|-----------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Land, buildings and leased assets | ¥524,270 | ¥523,988 | \$4,358 |
| Construction in progress..... | 1,222 | 523 | 10 |
| Subtotal..... | 525,492 | 524,512 | 4,368 |
| Accumulated depreciation | (219,999) | (216,625) | (1,829) |
| Total | ¥305,493 | ¥307,887 | \$2,539 |

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, 2015 and 2014, such deferred profit amounted to ¥51,203 million (\$425 million) and ¥51,559 million, respectively.

10. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|------------------------------------|-----------------|---------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Software..... | ¥ 6,820 | ¥ 7,571 | \$ 56 |
| Leased assets | 25,450 | 27,759 | 211 |
| Other intangible fixed assets..... | 5,127 | 5,144 | 42 |
| Total | ¥37,398 | ¥40,475 | \$310 |

11. Long-Lived Assets

For the fiscal years ended March 31, 2015 and 2014, the Group recognized impairment losses of ¥5,738 million (\$47 million) and ¥1,662 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, 2015 and 2014, were as follows:

| | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|-----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Assets pledged as collateral: | | | |
| Cash and due from banks..... | ¥ 10,579 | ¥ — | \$ 87 |
| Trading assets..... | 50,993 | 38,992 | 423 |
| Securities..... | 3,534,541 | 5,806,264 | 29,385 |
| Loans and bills discounted..... | 131,451 | 239,072 | 1,092 |
| Other assets | 3,872 | 3,907 | 32 |
| Debt collateralized: | | | |
| Deposits | ¥ 197,646 | ¥ 169,762 | \$ 1,643 |
| Payables under repurchase agreements..... | 50,993 | 38,994 | 423 |
| Payables under securities lending transactions..... | 24,122 | 49,891 | 200 |
| Borrowed money | 665,925 | 1,019,466 | 5,536 |

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, 2015 and 2014.

| | Millions of yen | | Millions of U.S. dollars |
|-------------------------------|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Assets pledged as collateral: | | | |
| Cash and due from banks..... | ¥ 80 | ¥ 80 | \$ 0 |
| Securities..... | 888,333 | 790,903 | 7,385 |
| Other assets | 594 | 590 | 4 |

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 |
|---|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Initial margins for futures transactions | ¥10,261 | ¥ 4,838 | \$ 85 |
| Cash collateral paid for financial instruments..... | 66,218 | 84,815 | 550 |
| Guarantee deposits | 21,311 | 21,106 | 177 |

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, 2015 and 2014 amounted to ¥8,429,964 million (\$70,086 million) and ¥8,054,179 million, respectively, including ¥8,041,012 million (\$66,852 million) and ¥7,759,327 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, 2015 and 2014 consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|-------------------------|-----------------|-------------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Current deposits | ¥ 2,713,828 | ¥ 2,640,479 | \$ 22,562 |
| Ordinary deposits | 21,446,257 | 20,129,569 | 178,302 |
| Savings deposits | 357,406 | 360,659 | 2,971 |
| Notice deposits | 122,700 | 109,262 | 1,020 |
| Time deposits | 11,014,292 | 11,579,213 | 91,572 |
| Other deposits | 1,058,365 | 926,721 | 8,799 |
| Total | ¥36,712,851 | ¥35,745,906 | \$305,228 |

15. Borrowed Money and Lease Obligations

(1) Borrowed money

As of March 31, 2015 and 2014, the weighted average annual interest rates applicable to borrowed money were 0.38% and 0.21%, respectively.

Borrowed money included borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated borrowings of ¥26,000 million (\$216 million) and ¥37,000 million as of March 31, 2015 and 2014, respectively.

The following is a summary of maturities of borrowed money subsequent to March 31, 2015:

| Fiscal Year Ending March 31 | Millions of yen | Millions of U.S. dollars |
|-----------------------------|--------------------|-----------------------------|
| 2016..... | ¥200,089 | \$1,663 |
| 2017..... | 314,403 | 2,613 |
| 2018..... | 2,041 | 16 |
| 2019..... | 176,751 | 1,469 |
| 2020..... | 325 | 2 |
| 2021 and thereafter | 43,439 | 361 |
| Total | ¥737,051 | \$6,127 |

(2) Obligations under finance lease transactions

As of March 31, 2015 and 2014, the weighted average annual interest rates applicable to the finance lease obligations were 0.20% and 0.24%, respectively.

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2015:

| Fiscal Year Ending March 31 | Millions of yen | Millions of U.S. dollars |
|-----------------------------|--------------------|-----------------------------|
| 2016..... | ¥12,434 | \$103 |
| 2017..... | 8,942 | 74 |
| 2018..... | 7,162 | 59 |
| 2019..... | 4,522 | 37 |
| 2020..... | 2,259 | 18 |
| 2021 and thereafter | 678 | 5 |
| Total | ¥36,001 | \$299 |

The finance lease obligations were included in other liabilities in the consolidated balance sheet.

16. Bonds

Bonds as of March 31, 2015 and 2014, consisted of the following:

| | Rate | Maturity | Millions of yen | Millions of U.S. dollars |
|--|-------------------|------------------------------------|-----------------|--------------------------|
| March 31, 2015 | | | | |
| The Company: | | | | |
| Straight bond | 0.644% | September 20, 2016 | ¥ 30,000 | \$ 249 |
| Straight bond | 0.399% | December 13, 2017 | 50,000 | 415 |
| Resona Bank, Limited: | | | | |
| Subordinated bonds ⁽¹⁾ | 1.32% to 5.85% | December 18, 2015 to Perpetuity | 498,352 | 4,143 |
| Saitama Resona Bank, Limited: | | | | |
| Subordinated bonds | 1.24% to 1.45% | December 17, 2020 to July 27, 2022 | 85,000 | 706 |
| P.T. Bank Resona Perdania ⁽²⁾ : | | | | |
| Straight bond ⁽³⁾ | 8.75% | July 25, 2015 | 2,903 | 24 |
| Straight bond ⁽⁴⁾ | 10.65% | November 12, 2016 | 1,451 | 12 |
| Total | | | ¥667,707 | \$5,551 |
| March 31, 2014 | | | | |
| The Company: | | | | |
| 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 | 517,064 | |
| Saitama Resona Bank, Limited: | | | | |
| Subordinated bonds | 1.24% to 1.90786% | December 17, 2020 to Perpetuity | 95,500 | |
| P.T. Bank Resona Perdania ⁽²⁾ : | | | | |
| Straight bond ⁽³⁾ | 8.75% | July 25, 2015 | 2,573 | |
| Straight bond ⁽⁴⁾ | 10.65% | November 12, 2016 | 1,280 | |
| Total | | | ¥696,418 | |

Notes: (*1) The amount includes the balances of bonds denominated in foreign currency issued at U.S. \$1,299 million and U.S. \$1,299 million as of March 31, 2015 and 2014, 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 issued at IDR Rp 299,307 million and IDR Rp 299,259 million as of March 31, 2015 and 2014, respectively.

(*4) The amount includes the balance of bonds denominated in foreign currency issued at IDR Rp 149,653 million and IDR Rp 148,894 million as of March 31, 2015 and 2014, respectively.

5 All of the outstanding bonds are unsecured.

The following is a summary of the maturities of bonds subsequent to March 31, 2015:

| Fiscal Year Ending March 31 | Millions of yen | Millions of U.S. dollars |
|-----------------------------|-----------------|--------------------------|
| 2016..... | ¥ 22,903 | \$ 190 |
| 2017..... | 31,451 | 261 |
| 2018..... | 50,000 | 415 |
| 2019..... | — | — |
| 2020..... | 100,000 | 831 |
| 2021 and thereafter | 463,352 | 3,852 |
| Total | ¥667,707 | \$5,551 |

Note: The above amounts are stated at carrying amounts.

17. Other Liabilities

Other liabilities as of March 31, 2015 and 2014 consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|----------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Accrued income taxes | ¥ 12,033 | ¥ 6,351 | \$ 100 |
| Accrued expenses | 24,031 | 26,027 | 199 |
| Unearned income | 18,584 | 18,854 | 154 |
| Cash collateral received for financial instruments | 167,515 | 114,167 | 1,392 |
| Lease obligations | 36,001 | 34,807 | 299 |
| Asset retirement obligations | 1,448 | 1,138 | 12 |
| Other payable on purchases of securities | 84,003 | 13,597 | 698 |
| Financial derivatives, principally including option premiums and contracts under hedge accounting | 330,630 | 315,034 | 2,748 |
| Other | 406,718 | 372,908 | 3,381 |
| Total | ¥1,080,968 | ¥902,887 | \$8,987 |

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 ¥24,082 million (\$200 million) and ¥19,670 million as of March 31, 2015 and 2014, respectively.
- (ii) 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 ¥5,383 million (\$44 million) and ¥5,974 million as of March 31, 2015 and 2014, respectively.
- (iii) 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 ¥4,261 million (\$35 million) and ¥4,053 million as of March 31, 2015 and 2014, respectively.
- (iv) 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 ¥536 million (\$4 million) and ¥681 million as of March 31, 2015 and 2014, respectively.
- (v) 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 administering and operating, and amounted to ¥297 million (\$2 million) and ¥11,206 million as of March 31, 2015 and 2014, 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 ¥637,296 million (\$5,298 million) and ¥558,345 million as of March 31, 2015 and 2014, 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 ¥27,847 million (\$231 million) and ¥30,140 million as of March 31, 2015 and 2014, 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 nominating committee, etc. 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, 2015, were as follows:

| | As of April 1, 2014 | (Shares in thousands) Changes during the fiscal year | | As of March 31, 2015 |
|---|------------------------|--|----------|-----------------------------|
| | | Increase | Decrease | |
| Issued stock: | | | | |
| Common stock | 2,324,118 | — | — | 2,324,118 |
| 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 | 98,000 | — | 98,000 | — ^{(*)1} |
| 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 | 2,451,638 | — | 98,000 | 2,353,638 |
| Treasury stock: | | | | |
| Common stock | 137,204 | 11 | 131,216 | 5,999^{(*)2} |
| Preferred stock: | | | | |
| Class Three No. 1 preferred stock | — | 98,000 | 98,000 | — ^{(*)3} |
| Total | 137,204 | 98,011 | 229,216 | 5,999 |

Notes: (*1) The decrease represents cancellation of own preferred stock of 98,000 thousand shares which were acquired based on the ceiling on total number of shares available for acquisition resolved at the board of directors' meetings held on July 25, 2014.

(*2) The increase represents acquisition of 11 thousand shares of the odd-lot shares. The decrease represents disposal of own common stock of 130,000 thousand shares due to the third party allotment of shares resolved at the board of directors' meetings held on February 27, 2015, disposal of 0 thousand shares of odd-lot shares and 1,216 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 6,273 thousand shares and 5,057 thousand shares, respectively, owned by ESOP-type Stock Benefit Trust for the Employee Shareholding Association.

(*3) The increase represents acquisition of own preferred stock of 98,000 thousand shares based on the ceiling on total number of shares available for acquisition as described Note (*1). Also, the decrease represents cancellation of own preferred stock of 98,000 thousand shares which were acquired based on the ceiling on total number of shares available for acquisition as described Note (*1).

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) | | | |
|---|------------------------|-----------------------------------|---------|---------------------------|
| | As of April 1, 2013 | Changes during the fiscal year | | 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 were acquired based on the 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 were acquired based on the 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 were acquired based on the 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 were acquired based on the 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 were acquired based on the ceiling on total number of shares available for acquisition as described Note (*2).

Capital Stock—Summary of Stock Right

Common stock and preferred stock as of March 31, 2015, were as follows:

| March 31, 2015 | Number of shares | | Liquidation value per share (Yen) | Convertible or not | Convertible period | Voting right | Conversion ratio or price |
|--|------------------|---------------|--------------------------------------|-----------------------|--|-----------------|------------------------------|
| | Authorized | Issued | | | | | |
| Class of stock | | | | | | | |
| Common stock | 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 | Till shareholders meeting for fiscal year ending March 31, 2018 | No | ¥1,501 |
| Class F No. 1 preferred stock ^(*) (2) (3) .. | 8,000,000 | 8,000,000 | 12,500 | Yes | Till shareholders meeting for fiscal year ending March 31, 2018 | No | ¥3,240 |
| Class Three No. 1 preferred stock | 225,000,000 | — | — | — | — | — | — |
| 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 Company acquired 12,000,000 shares of the Class C No. 1 preferred stocks and 8,000,000 shares of Class F No. 1 preferred stocks on June 25, 2015. All of the acquired shares were cancelled on the same date.

(*2) The preferred stocks stated above were conversion price/ratio resettable securities.

(*3) Separate from the usual preferred dividends, the special dividends 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.

4 In addition to the above, the authorized numbers of shares for Class Seven preferred stock and Class Eight preferred stock are as follows as of March 31, 2015:

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.

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.

Cash Dividends Per Share

Cash dividends per share applicable to the fiscal years ended March 31, 2015 and 2014, and cash dividends per share paid for the fiscal years ended March 31, 2015 and 2014, were as follows:

| Class of stock | 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 |
| | 2015 ^(*) | 2014 ⁽²⁾ | 2015 ^(*) | 2015 ⁽²⁾ | 2014 ⁽³⁾ | 2015 ⁽²⁾ |
| Dividends from capital surplus: | | | | | | |
| Class C No. 1 preferred stock | ¥1,000.00 | ¥1,000.00 | \$ 8.31 | ¥1,000.00 | ¥ — | \$ 8.31 |
| Class F No. 1 preferred stock | 2,500.00 | 2,500.00 | 20.78 | 2,500.00 | — | 20.78 |
| Dividends from retained earnings: | | | | | | |
| Common stock | ¥ 17.00 | ¥ 15.00 | \$ 0.14 | ¥ 15.00 | ¥ 12.00 | \$ 0.12 |
| Class C No. 1 preferred stock | 54.40 | 68.00 | 0.45 | 68.00 | 68.00 | 0.56 |
| Class F No. 1 preferred stock | 148.00 | 185.00 | 1.23 | 185.00 | 185.00 | 1.53 |
| Class Three No. 1 preferred stock | — | 19.02 | — | 19.02 | 21.04 | 0.15 |
| Class Four preferred stock | 992.50 | 992.50 | 8.25 | 992.50 | 992.50 | 8.25 |
| Class Five preferred stock | 918.75 | 918.75 | 7.63 | 918.75 | 918.75 | 7.63 |
| Class Six preferred stock | 1,237.50 | 1,237.50 | 10.28 | 1,237.50 | 1,237.50 | 10.28 |

Notes: (*1) Year-end cash dividends for the fiscal year ended March 31, 2015 were approved at the Board of Directors' meeting held on May 12, 2015.

(*2) 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.

(*3) 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.

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 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 fiscal years ended March 31, 2015 and 2014 were ¥128.0 billion (\$1.0 billion) and ¥160.0 billion, respectively.

22. Interest Income and Expenses

Interest income and expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Interest income: | | | |
| Interest on loans and bills discounted | ¥373,090 | ¥392,555 | \$3,101 |
| Interest and dividends on securities | 60,743 | 54,691 | 505 |
| Interest on call loans and bills bought | 931 | 770 | 7 |
| Interest on receivables under securities borrowing transactions | 22 | 62 | 0 |
| Interest on due from banks | 8,308 | 4,317 | 69 |
| Other interest income | 23,558 | 20,434 | 195 |
| Total | ¥466,655 | ¥472,832 | \$3,879 |
| Interest expenses: | | | |
| Interest on deposits | ¥ 14,851 | ¥ 18,152 | \$ 123 |
| Interest on negotiable certificates of deposit | 1,825 | 1,317 | 15 |
| Interest on call money and bills sold | 1,613 | 689 | 13 |
| Interest on payables under repurchase agreements | 79 | 47 | 0 |
| Interest on payables under securities lending transactions | 936 | 546 | 7 |
| Interest on borrowed money | 2,581 | 2,422 | 21 |
| Interest on bonds | 17,121 | 17,926 | 142 |
| Other interest expenses | 1,657 | 1,717 | 13 |
| Total | ¥ 40,666 | ¥ 42,820 | \$ 338 |

23. Trading Income

Trading income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|--------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Trading income: | | | |
| Income from trading securities | ¥1,124 | ¥ 851 | \$ 9 |
| Income from trading-related financial derivatives | 4,495 | — | 37 |
| Other trading income | 354 | 486 | 2 |
| Total | ¥5,973 | ¥1,338 | \$49 |

Income from trading securities included net valuation gain of ¥48 million (\$0 million) and ¥136 million for the fiscal years ended March 31, 2015 and 2014, respectively.

24. Other Operating Income and Expenses

Other operating income and expenses for the fiscal years ended March 31, 2015 and 2014 consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|---------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Other operating income: | | | |
| Gains on foreign exchange transactions..... | ¥12,844 | ¥13,439 | \$106 |
| Gains on sales of Japanese government bonds and other | 32,071 | 20,363 | 266 |
| Other | 315 | 282 | 2 |
| Total | ¥45,231 | ¥34,085 | \$376 |
| Other operating expenses: | | | |
| Losses on sales of Japanese government bonds and other | ¥ 7,664 | ¥12,894 | \$ 63 |
| Losses on redemption of Japanese government bonds and other | — | 126 | — |
| Impairment losses on Japanese government bonds and other..... | 10 | 104 | 0 |
| Expenses for financial derivatives | 5,499 | 325 | 45 |
| Other | 2 | — | 0 |
| Total | ¥13,176 | ¥13,450 | \$109 |

25. Other Income and Expenses

Other income and expenses for the fiscal years ended March 31, 2015 and 2014 consisted of the following:

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|----------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Other income: | | | |
| Gains on sales of stocks and other securities..... | ¥ 47,407 | ¥ 31,846 | \$394 |
| Gains on disposal of fixed assets | 104 | 2,958 | 0 |
| Reversal of reserve for possible loan losses..... | 27,627 | 29,198 | 229 |
| Recoveries of written-off loans | 13,853 | 20,566 | 115 |
| Other | 30,720 | 24,110 | 255 |
| Total | ¥119,713 | ¥108,679 | \$995 |
| Other expenses: | | | |
| Write-offs of loans | ¥ 17,795 | ¥ 23,979 | \$147 |
| Losses on sales of stocks and other securities..... | 2,179 | 8,875 | 18 |
| Impairment losses on stocks and other securities | 665 | 324 | 5 |
| Losses on disposal of fixed assets | 1,430 | 1,379 | 11 |
| Impairment losses on fixed assets..... | 5,738 | 1,662 | 47 |
| Other | 40,368 | 20,397 | 335 |
| Total | ¥ 68,178 | ¥ 56,619 | \$566 |

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 35.59% and 37.97% for the fiscal years ended March 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2015 and 2014 were as follows:

| | Millions of yen | | Millions of U.S. dollars |
|--|------------------|-----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Deferred tax assets: | | | |
| Write-downs of securities | ¥703,702 | ¥ 780,013 | \$5,850 |
| Reserve for possible loan losses and write-offs of loans | 120,133 | 186,620 | 998 |
| Net defined benefit liability | 47,332 | 54,155 | 393 |
| Tax loss carryforwards | 19,183 | 23,912 | 159 |
| Other | 71,789 | 81,273 | 596 |
| Gross deferred tax assets | 962,141 | 1,125,976 | 7,999 |
| Less: valuation allowance | (788,495) | (886,938) | (6,555) |
| Total deferred tax assets | 173,646 | 239,037 | 1,443 |
| Deferred tax liabilities: | | | |
| Unrealized gains on available-for-sale securities | (142,539) | (80,818) | (1,185) |
| Deferred gains on hedges | (15,810) | (15,619) | (131) |
| Gains on securities transferred to employees' retirement benefit trust | (2,521) | (2,815) | (20) |
| Dividends receivable | (2,181) | (2,195) | (18) |
| Other | (5,404) | (8,908) | (44) |
| Total deferred tax liabilities | (168,458) | (110,357) | (1,400) |
| Net deferred tax assets | ¥ 5,187 | ¥ 128,680 | \$ 43 |

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, 2015 and 2014 were as follows:

| | 2015 | 2014 |
|--|---------------|---------|
| Normal effective statutory tax rate | 35.59% | 37.97% |
| Expiration of tax loss carryforward | 0.14 | 0.93 |
| Change in valuation allowance | (5.60) | (12.39) |
| Lower tax rates applicable to income of subsidiaries | (1.24) | (1.33) |
| Dividends exempted for income tax purposes | (1.11) | (0.74) |
| Decrease in deferred tax assets due to change in tax rates | 4.00 | 1.42 |
| Other | 1.59 | 1.25 |
| Effective tax rate | 33.35% | 27.10% |

Changes in tax rates used to determine deferred tax assets and liabilities

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, from 35.59% to 33.02% and for the fiscal year beginning on or after April 1, 2016, to 32.24%.

As a result of this change, deferred tax assets was decreased by ¥13,068 million (\$108 million), net unrealized gains on available-for-sale securities was increased by ¥14,776 million (\$122 million), net deferred gains on hedges was increased by ¥1,632 million (\$13 million) and income taxes-deferred was increased by ¥13,068 million (\$108 million). In addition, deferred tax liability for land revaluation was decreased by ¥2,231 million (\$18 million) and revaluation reserve for land was increased by the same amount.

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, 2015 and 2014, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

| | Millions of yen | | Millions of U.S. dollars |
|---------------------------|-----------------|---------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Due within one year | ¥ 4,250 | ¥ 3,777 | \$ 35 |
| Due after one year | 17,085 | 17,185 | 142 |
| Total | ¥21,336 | ¥20,963 | \$177 |

(2) Lessor

Operating lease transactions

As of March 31, 2015 and 2014, future minimum lease receipts including interest income under non-cancellable operating lease transactions were as follows:

| | Millions of yen | | Millions of U.S. dollars |
|---------------------------|-----------------|------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Due within one year | ¥ 33 | ¥ 46 | \$0 |
| Due after one year | 406 | 455 | 3 |
| Total | ¥440 | ¥502 | \$3 |

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 ¥46 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 59% and 70% of securities as of March 31, 2015 and 2014, 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 as follows.

(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 82% and 83% of liabilities as of March 31, 2015 and 2014, 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 Policy 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, 2015 and 2014 is ¥381 million (\$3 million) and ¥1,031 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, 2015 and 2014 is ¥35,865 million (\$298 million) and ¥44,693 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 impairment risks. The market risk exposure of the Group on the securities held for the purpose of strategic investment as of March 31, 2015 and 2014 is ¥5,978 million (\$49 million) and ¥24,580 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, 2015 and 2014 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 | | |
|---|--------------------------------------|-------------|------------|
| | Amount on consolidated balance sheet | Fair value | Difference |
| March 31, 2015 | | | |
| Cash and due from banks | ¥ 9,672,994 | ¥ 9,672,994 | ¥ — |
| Call loans and bills bought | 36,243 | 36,243 | — |
| Monetary claims bought ⁽¹⁾ | 442,351 | 439,163 | (3,187) |
| Trading assets: | | | |
| Trading securities | 277,487 | 277,487 | — |
| Securities: | | | |
| Held-to-maturity debt securities | 2,435,747 | 2,508,381 | 72,633 |
| Available-for-sale securities | 4,359,873 | 4,359,873 | — |
| Loans and bills discounted | 27,487,284 | | |
| Reserve for possible loan losses ⁽¹⁾ | (190,189) | | |
| | 27,297,095 | 27,504,238 | 207,143 |
| Foreign exchange assets ⁽¹⁾ | 97,945 | 97,945 | — |
| Total assets | ¥44,619,738 | ¥44,896,327 | 276,588 |
| Deposits | ¥36,712,851 | ¥36,713,515 | ¥ 664 |
| Negotiable certificates of deposit | 2,130,640 | 2,130,640 | — |
| Call money and bills sold | 1,531,519 | 1,531,519 | — |
| Payables under repurchase agreements | 50,993 | 50,993 | — |
| Payables under securities lending transactions | 24,122 | 24,122 | — |
| Borrowed money | 737,051 | 737,514 | 462 |
| Foreign exchange liabilities | 1,439 | 1,439 | — |
| Bonds | 667,707 | 699,433 | 31,725 |
| Due to trust account | 617,622 | 617,622 | — |
| Total liabilities | ¥42,473,947 | ¥42,506,800 | ¥32,852 |
| Derivative transactions ⁽²⁾ : | | | |
| Hedge accounting not applied | ¥ 23,911 | ¥ 23,911 | ¥ — |
| Hedge accounting applied | 74,924 | 74,641 | (282) |
| Total derivative transactions | ¥ 98,835 | ¥ 98,553 | ¥ (282) |
| | | | |
| | Millions of yen | | |
| | Contractual amount | Fair value | |
| Other: | | | |
| Guarantee contract ⁽³⁾ | ¥ 478,968 | ¥ (9,734) | |

| | Millions of yen | | |
|---|--------------------------------------|-------------|------------|
| | Amount on consolidated balance sheet | Fair value | Difference |
| March 31, 2014 | | | |
| 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 U.S. dollars | | |
|---|--------------------------------------|------------------|----------------|
| | Amount on consolidated balance sheet | Fair value | Difference |
| March 31, 2015 | | | |
| Cash and due from banks | \$ 80,420 | \$ 80,420 | \$ — |
| Call loans and bills bought | 301 | 301 | — |
| Monetary claims bought ^(*) | 3,677 | 3,651 | (26) |
| Trading assets: | | | |
| Trading securities | 2,307 | 2,307 | — |
| Securities: | | | |
| Held-to-maturity debt securities | 20,250 | 20,854 | 603 |
| Available-for-sale securities | 36,247 | 36,247 | — |
| Loans and bills discounted | 228,527 | | |
| Reserve for possible loan losses ^(*) | (1,581) | | |
| | 226,946 | 228,668 | 1,722 |
| Foreign exchange assets ^(*) | 814 | 814 | — |
| Total assets | \$370,965 | \$373,265 | \$2,299 |
| Deposits | \$305,228 | \$305,233 | \$ 5 |
| Negotiable certificates of deposit | 17,714 | 17,714 | — |
| Call money and bills sold | 12,732 | 12,732 | — |
| Payables under repurchase agreements | 423 | 423 | — |
| Payables under securities lending transactions | 200 | 200 | — |
| Borrowed money | 6,127 | 6,131 | 3 |
| Foreign exchange liabilities | 11 | 11 | — |
| Bonds | 5,551 | 5,815 | 263 |
| Due to trust account | 5,134 | 5,134 | — |
| Total liabilities | \$353,125 | 353,398 | \$ 273 |
| Derivative transactions ^(*) : | | | |
| Hedge accounting not applied | \$ 198 | \$ 198 | \$ — |
| Hedge accounting applied | 622 | 620 | (2) |
| Total derivative transactions | \$ 821 | \$ 819 | \$ (2) |
| | | | |
| | Millions of U.S. dollars | | |
| | Contractual amount | Fair value | |
| Other: | | | |
| Guarantee contract ^(*) | \$ 3,982 | \$ (80) | |

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 sheet.

(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 traveller'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 25 "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.

(Notes 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 |
|--|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Unlisted stocks ^{(1) (2)} | ¥54,426 | ¥62,373 | \$452 |
| Investments in partnerships ^{(2) (3)} | 14,163 | 17,304 | 117 |
| Total | ¥68,590 | ¥79,678 | \$570 |

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, 2015, impairment losses of unlisted stocks was ¥654 million (\$5 million). For the fiscal year ended March 31, 2014, impairment losses of unlisted stocks and investments in partnerships were ¥75 million and ¥237 million, respectively.

(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.

(Notes 3) Maturity analysis for financial assets and liabilities with contractual maturities

| As of March 31, 2015 | 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 | ¥ 9,140,787 | ¥ 10,579 | ¥ — | ¥ — | ¥ — | ¥ — |
| Call loans and bills bought | 36,243 | — | — | — | — | — |
| Monetary claims bought | 279,709 | 46,164 | 25,789 | 12,926 | 7,782 | 66,952 |
| Securities: | | | | | | |
| Held-to-maturity debt securities | 130,080 | 417,250 | 567,627 | 768,254 | 550,005 | 3,000 |
| Japanese government bonds | 82,000 | 323,300 | 486,300 | 667,900 | 400,000 | 3,000 |
| Japanese local government bonds .. | 43,803 | 87,474 | 77,617 | 100,010 | 150,005 | — |
| Japanese corporate bonds | 4,277 | 6,476 | 3,709 | 344 | — | — |
| Available-for-sale securities | 922,367 | 863,774 | 775,667 | 284,252 | 431,769 | 60,075 |
| Japanese government bonds | 690,200 | 532,000 | 413,000 | 185,000 | 310,000 | — |
| Japanese local government bonds .. | 7,950 | 29,368 | 79,746 | 17,352 | 18,764 | — |
| Japanese corporate bonds | 219,483 | 289,966 | 260,933 | 36,625 | 48,946 | 23,170 |
| Loans and bills discounted ⁽¹⁾ | 6,569,342 | 4,353,871 | 3,150,822 | 2,094,287 | 2,560,766 | 8,661,325 |
| Foreign exchange assets | 97,945 | — | — | — | — | — |
| Total assets | ¥17,176,477 | ¥5,691,639 | ¥4,519,906 | ¥3,159,720 | ¥3,550,324 | ¥8,791,353 |
| Deposits ⁽²⁾ | ¥33,776,346 | ¥2,218,979 | ¥ 717,524 | ¥ — | ¥ — | ¥ — |
| Negotiable certificates of deposit | 2,130,640 | — | — | — | — | — |
| Call money and bills sold | 1,531,519 | — | — | — | — | — |
| Payables under repurchase agreement | 50,993 | — | — | — | — | — |
| Payables under securities lending transactions | 24,122 | — | — | — | — | — |
| Borrowed money | 200,089 | 316,444 | 177,077 | 27,901 | 15,538 | — |
| Foreign exchange liabilities | 1,439 | — | — | — | — | — |
| Bonds ⁽³⁾ | 22,910 | 81,455 | 100,000 | 160,000 | 111,000 | 36,000 |
| Due to trust account | 617,622 | — | — | — | — | — |
| Total liabilities | ¥38,355,683 | ¥2,616,879 | ¥ 994,602 | ¥ 187,901 | ¥ 126,538 | ¥ 36,000 |

| As of March 31, 2014 | 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..... | ¥ 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 ^(*) | 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 agreement..... | 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, 2015 | 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..... | \$ 75,995 | \$ 87 | \$ — | \$ — | \$ — | \$ — |
| Call loans and bills bought..... | 301 | — | — | — | — | — |
| Monetary claims bought..... | 2,325 | 383 | 214 | 107 | 64 | 556 |
| Securities: | | | | | | |
| Held-to-maturity debt securities..... | 1,081 | 3,468 | 4,719 | 6,387 | 4,572 | 24 |
| Japanese government bonds..... | 681 | 2,687 | 4,043 | 5,552 | 3,325 | 24 |
| Japanese local government bonds.. | 364 | 727 | 645 | 831 | 1,247 | — |
| Japanese corporate bonds..... | 35 | 53 | 30 | 2 | — | — |
| Available-for-sale securities..... | 7,668 | 7,181 | 6,448 | 2,363 | 3,589 | 499 |
| Japanese government bonds..... | 5,738 | 4,423 | 3,433 | 1,538 | 2,577 | — |
| Japanese local government bonds.. | 66 | 244 | 663 | 144 | 156 | — |
| Japanese corporate bonds..... | 1,824 | 2,410 | 2,169 | 304 | 406 | 192 |
| Loans and bills discounted ^(*) | 54,617 | 36,197 | 26,195 | 17,411 | 21,290 | 72,009 |
| Foreign exchange assets..... | 814 | — | — | — | — | — |
| Total assets | \$142,804 | \$47,319 | \$37,578 | \$26,269 | \$29,517 | \$73,090 |
| Deposits ⁽²⁾ | \$280,814 | \$18,448 | \$ 5,965 | \$ — | \$ — | \$ — |
| Negotiable certificates of deposit..... | 17,714 | — | — | — | — | — |
| Call money and bills sold..... | 12,732 | — | — | — | — | — |
| Payables under repurchase agreements..... | 423 | — | — | — | — | — |
| Payables under securities lending transactions..... | 200 | — | — | — | — | — |
| Borrowed money..... | 1,663 | 2,630 | 1,472 | 231 | 129 | — |
| Foreign exchange liabilities..... | 11 | — | — | — | — | — |
| Bonds ⁽³⁾ | 190 | 677 | 831 | 1,330 | 922 | 299 |
| Due to trust account..... | 5,134 | — | — | — | — | — |
| Total liabilities | \$318,886 | \$21,756 | \$ 8,269 | \$ 1,562 | \$ 1,052 | \$ 299 |

Notes: (*) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥96,869 million (\$805 million) and ¥109,639 million as of March 31, 2015 and 2014, respectively, are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.

(*) Demand deposits are included and presented in "one year or less" in the above table.

(*) Bonds without maturity dates, which amounted to ¥156,364 million (\$1,300 million) and ¥144,283 million as of March 31, 2015 and 2014, 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, 2015 and 2014 were as follows:

(a) Interest rate—related transactions

| | | Millions of yen | | | |
|----------------------------|-----------|------------------------------------|----------------------|------------|---------------------------|
| | | Notional or contract amount | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2015 | | | | | |
| Listed | Futures | | | | |
| | | Sold..... | ¥ 2,981 | ¥ — | ¥ (2) |
| | | Bought | — | — | — |
| Over-the-counter | Swaps | | | | |
| | | Receive fixed/pay floating | 21,736,188 | 18,328,590 | 372,776 |
| | | Receive floating/pay fixed | 21,311,399 | 17,843,293 | (357,507) |
| | | Receive floating/pay floating | 5,927,740 | 4,546,040 | 5,424 |
| | Caps | | | | |
| | | Sold..... | 39,366 | 31,775 | (639) |
| | | Bought | — | — | — |
| | Floors | | | | |
| | | Sold..... | 3,000 | — | 28 |
| | | Bought | 57,056 | 51,511 | 1,024 |
| | Swaptions | | | | |
| | | Sold..... | 147,000 | 37,600 | 2,151 |
| | | Bought | 350,800 | 246,800 | 1,088 |
| Consolidated related party | Swaps | | | | |
| | | Receive fixed/pay floating | 17,000 | 17,000 | 282 |
| Total..... | | | | ¥ 21,546 | ¥ 22,438 |

| | | Millions of yen | | | |
|----------------------------|-----------|------------------------------------|----------------------|------------|---------------------------|
| | | Notional or contract amount | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2014 | | | | | |
| Listed | Futures | | | | |
| | | Sold..... | ¥ 91,136 | ¥ 30,100 | ¥ 11 |
| | | Bought | 30,488 | — | (1) |
| Over-the-counter | Swaps | | | | |
| | | Receive fixed/pay floating | 23,128,118 | 20,307,546 | 410,928 |
| | | Receive floating/pay fixed | 22,764,009 | 19,817,405 | (392,743) |
| | | Receive floating/pay floating | 5,376,280 | 4,746,280 | 5,528 |
| | Caps | | | | |
| | | Sold..... | 65,659 | 59,438 | (984) |
| | | Bought | — | — | — |
| | Floors | | | | |
| | | Sold..... | 3,000 | 3,000 | 82 |
| | | Bought | 78,159 | 74,121 | 1,582 |
| | Swaptions | | | | |
| | | Sold..... | 590,400 | 77,400 | 4,269 |
| | | Bought | 877,200 | 32,200 | 7,199 |
| Consolidated related party | Swaps | | | | |
| | | Receive fixed/pay floating | 25,000 | 15,500 | 332 |
| Total..... | | | | ¥ 29,472 | ¥ 27,057 |

| | | Millions of U.S. dollars | | | |
|----------------------------|-------------------------------------|-----------------------------|----------------------|------------|---------------------------|
| | | Notional or contract amount | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2015 | | | | | |
| Listed | Futures | | | | |
| | Sold..... | \$ 24 | \$ — | \$ (0) | \$ (0) |
| | Bought | — | — | — | — |
| Over-the-counter | Swaps | | | | |
| | Receive fixed/pay floating | 180,713 | 152,382 | 3,099 | 3,099 |
| | Receive floating/pay fixed | 177,181 | 148,347 | (2,972) | (2,972) |
| | Receive floating/pay floating | 49,282 | 37,795 | 45 | 45 |
| | Caps | | | | |
| | Sold..... | 327 | 264 | (5) | 5 |
| | Bought | — | — | — | — |
| | Floors | | | | |
| | Sold..... | 24 | — | 0 | (0) |
| | Bought | 474 | 428 | 8 | 7 |
| | Swaptions | | | | |
| | Sold..... | 1,222 | 312 | 17 | (2) |
| | Bought | 2,916 | 2,051 | 9 | 1 |
| Consolidated related party | Swaps | | | | |
| | Receive fixed/pay floating | 141 | 141 | 2 | 2 |
| Total..... | | | | \$ 179 | \$ 186 |

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 | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2015 | | | | | |
| Over-the-counter | Currency swaps | ¥1,043,354 | ¥ 894,167 | ¥(16,470) | ¥ (3,304) |
| | Forward contracts | | | | |
| | Sold | 695,482 | 72,887 | (49,359) | (49,359) |
| | Bought..... | 934,226 | 167,046 | 126,405 | 126,405 |
| | Currency options | | | | |
| | Sold | 716,022 | 211,965 | 92,792 | (54,759) |
| | Bought..... | 687,197 | 212,443 | 36,266 | 8,875 |
| Total..... | | | | ¥ 4,049 | ¥ 27,857 |
| 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 |

| | | Millions of U.S. dollars | | | |
|-----------------------|----------------------|-----------------------------|----------------------|-----------------|---------------------------|
| | | Notional or contract amount | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2015 | | | | | |
| Over-the-counter | Currency swaps | \$8,674 | \$7,434 | \$ (136) | \$ (27) |
| | Forward contracts | | | | |
| | Sold | 5,782 | 605 | (410) | (410) |
| | Bought..... | 7,767 | 1,388 | 1,050 | 1,050 |
| | Currency options | | | | |
| | Sold | 5,952 | 1,762 | 771 | (455) |
| | Bought..... | 5,713 | 1,766 | 301 | 73 |
| Total..... | | | | \$ 33 | \$ 231 |

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 | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2015 | | | | | |
| Listed | Index futures | | | | |
| | Sold | ¥54,023 | ¥— | ¥(552) | ¥(552) |
| | Bought..... | — | — | — | — |
| | Index options | | | | |
| | Sold | — | — | — | — |
| | Bought..... | 3,825 | — | 68 | 7 |
| Total..... | | | | ¥(484) | ¥(545) |

| | | Millions of U.S. dollars | | | |
|-----------------------|---------------|-----------------------------|----------------------|--------------|---------------------------|
| | | Notional or contract amount | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2015 | | | | | |
| Listed | Index futures | | | | |
| | Sold | \$449 | \$— | \$(4) | \$(4) |
| | Bought..... | — | — | — | — |
| | Index options | | | | |
| | Sold | — | — | — | — |
| | Bought..... | 31 | — | 0 | 0 |
| Total..... | | | | \$(4) | \$(4) |

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.

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 | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2015 | | | | | |
| Listed | Futures | | | | |
| | Sold..... | ¥272,581 | ¥— | ¥(1,199) | ¥(1,199) |
| | Bought | — | — | — | — |
| Total..... | | | | ¥(1,199) | ¥(1,199) |
| 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 |
| | | | | | |
| | | Millions of U.S. dollars | | | |
| | | Notional or contract amount | | Fair value | Unrealized gains (losses) |
| | | Total | Maturity over 1 year | | |
| March 31, 2015 | | | | | |
| Listed | Futures | | | | |
| | Sold..... | \$2,266 | \$— | \$(9) | \$(9) |
| | Bought | — | — | — | — |
| Total..... | | | | \$(9) | \$(9) |

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, 2015 and 2014, were as follows:

(a) Interest rate—related transactions

| | | | | Millions of yen | | |
|--|---------------------|--------------------------------|--|-----------------------------|-------------------|-----------------|
| Accounting method for hedge | Hedging instruments | Hedged items | | Notional or contract amount | | Fair value |
| | | | | Total | Over 1 year | |
| March 31, 2015 | | | | | | |
| Deferral hedge accounting | Swaps | | | | | |
| | | Receive fixed/ pay floating | Financial assets and liabilities with interests (e.g., loans and deposits) | ¥2,460,727 | ¥2,125,000 | ¥83,502 |
| | | Receive floating/ pay fixed | | 651,495 | 636,261 | (29,304) |
| Special treatment of interest rate swaps | Swaps | | | | | |
| | | Receive floating/ pay fixed | Loans | 17,000 | 17,000 | (282) |
| Total..... | | | | | | ¥53,915 |

| Accounting method for hedge | Hedging instruments | Hedged items | Millions of yen | | | |
|--|---------------------|--------------------------------|--|----------------|---------------|----------|
| | | | Notional or contract amount | | Fair value | |
| | | | Total | Over 1 year | | |
| 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 |

| | | | | Millions of U.S. dollars | | |
|--|---------------------|--------------------------------|--|--------------------------|-----------------|--------------|
| Accounting method for hedge | Hedging instruments | Hedged items | Notional or contract amount | | Fair value | |
| | | | Total | Over 1 year | | |
| March 31, 2015 | | | | | | |
| Deferral hedge accounting | Swaps | | | | | |
| | | Receive fixed/ pay floating | Financial assets and liabilities with interests (e.g., loans and deposits) | \$20,458 | \$17,667 | \$694 |
| | | Receive floating/ pay fixed | | 5,416 | 5,289 | (243) |
| Special treatment of interest rate swaps | Swaps | | | | | |
| | | Receive floating/ pay fixed | Loans | 141 | 141 | (2) |
| Total..... | | | | | \$448 | |

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 | | Fair value |
| | | | Total | Over 1 year | |
| March 31, 2015 | | | | | |
| Deferral hedge accounting | Currency swaps | Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits) | ¥569,002 | ¥144,494 | ¥20,725 |
| 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) |

| Accounting method for hedge | Hedging instruments | Hedged items | Millions of U.S. dollars | | |
|-----------------------------------|---------------------|---|-----------------------------|----------------|---------------|
| | | | Notional or contract amount | | Fair value |
| | | | Total | Over 1 year | |
| March 31, 2015 | | | | | |
| Deferral hedge accounting | Currency swaps | Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits) | \$4,730 | \$1,201 | \$172 |

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, contributory funded defined benefit pension plans and defined contribution retirement plan, to which a part of the lump-sum retirement benefit plans has been transferred since July 2014. 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 years ended March 31, 2015 and 2014

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Balance at the beginning of the fiscal year | ¥392,709 | ¥393,770 | \$3,264 |
| Cumulative effect of accounting change | (1,747) | — | (14) |
| Restated balance | 390,962 | 393,770 | 3,250 |
| Current service cost | 12,036 | 11,367 | 100 |
| Interest cost | 5,067 | 5,490 | 42 |
| Actuarial losses | 23,867 | 2,462 | 198 |
| Benefits paid | (20,268) | (20,330) | (168) |
| Decrease due to transfer to defined contribution retirement plan | (7,541) | — | (62) |
| Other | (72) | (51) | (0) |
| Balance at the end of the fiscal year | ¥404,050 | ¥392,709 | \$3,359 |

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 years ended March 31, 2015 and 2014

| | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Balance at the beginning of the year | ¥390,279 | ¥383,910 | \$3,244 |
| Expected return on plan assets | 4,904 | 4,469 | 40 |
| Actuarial gains | 7,247 | 3,388 | 60 |
| Contribution from the employer | 13,256 | 11,835 | 110 |
| Benefit paid | (13,318) | (13,323) | (110) |
| Balance at the end of the fiscal year | ¥402,368 | ¥390,279 | \$3,345 |

(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, 2015 and 2014

| | Millions of yen | | Millions of U.S. dollars |
|--|------------------|-----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Funded plans benefit obligation | ¥396,732 | ¥384,548 | \$3,298 |
| Plan assets | (402,368) | (390,279) | (3,345) |
| Sub-total | (5,636) | (5,730) | (46) |
| Unfunded defined benefit obligation | 7,318 | 8,160 | 60 |
| Net liability for defined benefit obligation | ¥ 1,681 | ¥ 2,429 | \$ 13 |
| Net defined benefit liability | 28,837 | 26,978 | 239 |
| Net defined benefit asset | (27,155) | (24,548) | (225) |
| Net liability for defined benefit obligation | ¥ 1,681 | ¥ 2,429 | \$ 13 |

(d) The components of net periodic benefit costs for the fiscal years ended March 31, 2015 and 2014

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Service cost..... | ¥12,036 | ¥11,367 | \$100 |
| Interest cost | 5,067 | 5,490 | 42 |
| Expected return on plan assets | (4,904) | (4,469) | (40) |
| Recognized actuarial gains | 1,220 | (2,882) | 10 |
| Other (Supplemental benefits which are not subject to defined benefit obligation)..... | 2,267 | 1,057 | 18 |
| Net periodic benefit costs..... | ¥15,687 | ¥10,564 | \$130 |

The above amount of the fiscal year ended March 31, 2015 includes an effect of transfer to the defined contribution retirement plan from the lump-sum retirement benefit. The effect of the transfer (before taxes) was as follows:

| | Millions of yen | Millions of U.S. dollars |
|---|-----------------|--------------------------|
| Decrease of defined benefit obligation | ¥(7,541) | \$(62) |
| Transfer assets to defined contribution retirement plan..... | 8,854 | 73 |
| Sub total..... | 1,313 | 10 |
| Eliminate unrecognized actuarial losses | 764 | 6 |
| Total (loss of transfer assets to defined contribution retirement plan) | ¥ 2,077 | \$ 17 |

Note: The Group plans to transfer assets to the defined contribution retirement plan over four years. The outstanding assets to be transferred to the defined contribution plan amount to ¥6,581 million (\$54 million) and are included in other liabilities as of March 31, 2015.

(e) The components of remeasurements of defined benefit plans for the fiscal years ended March 31, 2015 and 2014

| | Millions of yen | | Millions of U.S. dollars |
|------------------------|-----------------|------|--------------------------|
| | 2015 | 2014 | 2015 |
| Actuarial losses | ¥15,399 | — | \$128 |

(f) Accumulated other comprehensive income (before tax effect) on defined retirement benefit plans as of March 31, 2015 and 2014

| | Millions of yen | | Millions of U.S. dollars |
|------------------------------------|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Unrecognized actuarial losses..... | ¥68,817 | ¥53,417 | \$572 |

(g) Plan assets as of March 31, 2015 and 2014

(i) Components of plan assets

| | 2015 | 2014 |
|-----------------------------------|------|------|
| Bonds | 55% | 52% |
| Stocks..... | 11% | 8% |
| Cash and Deposits and other | 34% | 40% |
| Total | 100% | 100% |

Note: Total plan assets include 33% and 37% for the fiscal years ended March 31, 2015 and 2014, respectively, 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.

(h) Assumptions used for the fiscal years ended March 31, 2015 and 2014

| | 2015 | 2014 |
|---|-------|-------|
| Discount rate..... | 1.01% | 1.40% |
| Expected rate of return on plan assets..... | 2.00% | 2.00% |

Note: Expected salary increase rate is determined by the age-specific salary increase index calculated with a reference date of March 31, 2014.

(3) Defined contribution retirement plan

Contribution paid to the defined contribution plan of certain consolidated domestic subsidiaries was ¥638 million (\$5 million) for the fiscal year ended March 31, 2015.

31. Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income for the fiscal years ended March 31, 2015 and 2014 were as follows:

| | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|----------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Net unrealized gains on available-for-sale securities | | | |
| Amount incurred during the fiscal year | ¥306,568 | ¥94,709 | \$2,548 |
| Reclassification adjustment | (65,926) | (19,521) | (548) |
| Prior to deducting tax effect | 240,641 | 75,187 | 2,000 |
| Tax effect | (61,721) | (17,605) | (513) |
| Net unrealized gains on available-for-sale securities | ¥178,920 | ¥57,582 | \$1,487 |
| Net deferred gains on hedges | | | |
| Amount incurred during the fiscal year | ¥ 28,254 | ¥ 7,633 | \$ 234 |
| Reclassification adjustment | (22,964) | (20,369) | (190) |
| Prior to deducting tax effect | 5,290 | (12,736) | 43 |
| Tax effect | (242) | 4,527 | (2) |
| Net deferred gains (losses) on hedges | ¥ 5,047 | ¥(8,208) | \$ 41 |
| Revaluation reserve for land | | | |
| Amount incurred during the fiscal year | ¥ — | ¥ — | \$ — |
| Reclassification adjustment | — | — | — |
| Prior to deducting tax effect | — | — | — |
| Tax effect | 2,231 | (6) | 18 |
| Revaluation reserve for land | ¥ 2,231 | ¥ (6) | \$ 18 |
| Foreign currency translation adjustments | | | |
| Amount incurred during the fiscal year | ¥ 26,385 | ¥9,808 | \$ 219 |
| Reclassification adjustment | — | ¥ — | — |
| Prior to deducting tax effect | 26,385 | 9,808 | 219 |
| Tax effect | — | — | — |
| Foreign currency translation adjustments | ¥ 26,385 | ¥9,808 | \$ 219 |
| Remeasurements of defined benefit plans | | | |
| Amount incurred during the fiscal year | ¥ (16,619) | ¥ — | \$ (138) |
| Reclassification adjustment | 1,220 | — | 10 |
| Prior to deducting tax effect | (15,399) | — | (128) |
| Tax effect | 2,242 | — | 18 |
| Remeasurements of defined benefit plans | ¥ (13,157) | ¥ — | \$ (109) |
| Share of other comprehensive income of affiliates accounted for using equity method | | | |
| Amount incurred during the fiscal year | ¥ 8 | ¥ 4 | \$ 0 |
| Reclassification adjustment | 5 | — | 0 |
| Share of other comprehensive income of affiliates accounted for using equity method | 13 | 4 | 0 |
| Total other comprehensive income | ¥199,441 | ¥59,180 | \$1,658 |

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, 2015 and 2014 was as follows:

| | Net income (Millions of yen) | Weighted average shares (Thousands of shares) | EPS (Yen) | EPS (U.S. dollars) |
|--|---------------------------------|--|---------------|-----------------------|
| March 31, 2015 | | | | |
| Basic EPS: | | | | |
| Net income attributable to common stock | ¥199,752 | 2,193,242 | ¥91.07 | \$ 0.75 |
| Adjustments for the potential effect of dilutive securities: | | | | |
| Convertible preferred stock | 1,836 | 198,513 | | |
| Diluted EPS: | | | | |
| Net income for computation..... | ¥201,589 | 2,391,756 | ¥84.28 | \$ 0.70 |
| March 31, 2014 | | | | |
| Basic EPS: | | | | |
| Net income attributable to common stock | ¥206,594 | 2,302,727 | ¥89.71 | |
| 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 | |

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 (5,637 thousands shares and 6,924 thousands shares as of March 31, 2015 and 2014, respectively).

(2) Net assets per share of common stock

Net assets per share of common stock as of March 31, 2015 and 2014 were as follows:

| | Yen | | U.S. dollars |
|--|----------------|---------|---------------|
| | 2015 | 2014 | 2015 |
| Net assets per share of common stock | ¥690.66 | ¥552.89 | \$5.74 |

Net assets per share of common stock as of March 31, 2015 and 2014 were calculated based on the following:

| | Millions of yen | | Millions of U.S. dollars |
|--|-------------------|------------|--------------------------|
| | 2015 | 2014 | 2015 |
| Total net assets | ¥2,143,379 | ¥1,956,412 | \$17,819 |
| Deductions from total net assets: | | | |
| Minority interests | 164,600 | 139,231 | 1,368 |
| Preferred stock | 366,000 | 594,000 | 3,042 |
| Preferred dividends | 11,725 | 14,048 | 97 |
| Net assets attributable to common stock at the end of the fiscal year | ¥1,601,053 | ¥1,209,132 | \$13,311 |
| 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 thousand) | 2,318,118 | 2,186,913 | |

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 (¥128.0 billion (\$1.0 billion) and ¥160.0 billion for the fiscal years ended March 31, 2015 and 2014, respectively) from "Total net assets" (specifically, included in "Preferred stock" of "Deductions from total net assets"). The special preferred dividends of ¥32.0 billion for the fiscal years ended March 31, 2015 and 2014, 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 (5,057 thousands shares and 6,273 thousands shares as of March 31, 2015 and 2014, respectively).

Accounting change for the fiscal year ended March 31, 2015 ~ Retirement benefit

The Group applied ASBJ Statement No. 26 “Accounting Standard for Retirement Benefits” on May 17, 2012 and ASBJ Guidance No. 25 “Guidance on Accounting Standard for Retirement Benefits” on March 26, 2015 for the main clause of Article 35 of the accounting standard and the main clause of Article 67 of the guidance, since the beginning of the fiscal year 2014. The transitional treatment stated in Article 37 of the accounting standard was applied at the adoption. As a result, net assets per share of common stock was increased by ¥0.67 (\$0.00) at the beginning of the fiscal year ended March 31, 2015. The effect to net income per share and diluted net income per share of common stock are immaterial.

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, 2015 and 2014 were as follows:

| | Millions of yen | | | | | |
|--|---------------------------------|----------------------------------|-------------------------------|-----------|----------------------|----------------------|
| | Consumer banking ⁽²⁾ | Corporate banking ⁽³⁾ | Market trading ⁽⁴⁾ | Sub total | Other ⁽⁵⁾ | Total ⁽¹⁾ |
| March 31, 2015 | | | | | | |
| Gross operating profit | ¥259,197 | ¥282,067 | ¥79,329 | ¥620,594 | ¥(3,846) | ¥616,747 |
| General and administrative expenses ⁽⁶⁾ | (172,477) | (155,594) | (10,339) | (338,411) | — | (338,411) |
| Actual net operating profit..... | 86,720 | 126,426 | 68,989 | 282,135 | (3,846) | 278,289 |
| Credit cost..... | 158 | 24,564 | — | 24,722 | — | 24,722 |
| Net operating profit less credit cost | ¥86,878 | ¥150,991 | ¥68,989 | ¥306,858 | ¥(3,846) | ¥303,012 |
| 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 |
| | Millions of U.S. dollars | | | | | |
| | Consumer banking ⁽²⁾ | Corporate banking ⁽³⁾ | Market trading ⁽⁴⁾ | Sub total | Other ⁽⁵⁾ | Total ⁽¹⁾ |
| March 31, 2015 | | | | | | |
| Gross operating profit | \$2,154 | \$2,345 | \$659 | \$5,159 | \$(31) | \$5,127 |
| General and administrative expenses ⁽⁶⁾ | (1,433) | (1,293) | (85) | (2,813) | — | (2,813) |
| Actual net operating profit..... | 720 | 1,051 | 573 | 2,345 | (31) | 2,313 |
| Credit cost..... | 1 | 204 | — | 205 | — | 205 |
| Net operating profit less credit cost | \$722 | \$1,255 | \$573 | \$2,551 | \$(31) | \$2,519 |

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 ¥47 million (\$0 million) and ¥13 million of gain for the fiscal years ended March 31, 2015 and 2014, 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, 2015 and 2014 was as follows:

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Total amount of segments | ¥306,858 | ¥287,744 | \$2,551 |
| Net losses of "Other" | (3,846) | (2,437) | (31) |
| Net non-recurring gains (losses) other than credit cost ^(*) | 21,907 | 17,615 | 182 |
| Net extraordinary losses ⁽²⁾ | (7,045) | (2,816) | (58) |
| Net other reconciliation items | 8,377 | 11,978 | 69 |
| Income before income taxes and minority interests | ¥326,251 | ¥312,085 | \$2,712 |

Notes: (*) Non-recurring gains (losses) other than credit cost include some portion of gains/losses on securities and retirement benefit expenses.

(*) Net extraordinary losses other than credit cost include impairment loss.

(5) Additional information**(a) Information on services for the fiscal years ended March 31, 2015 and 2014**

Information on services has been omitted because the Group classifies operating segments by service.

(b) Geographic information for the fiscal years ended March 31, 2015 and 2014

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, 2015 and 2014

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 year ended and as of March 31, 2014 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 | Account name | Millions of yen |
| The Group's Directors and Officers and their close relatives | Loans ^(*) | ¥21 | Loans and bills discounted | ¥20 |

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 ended March 31, 2014, 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.

There were no major transactions and major balances with related parties for the fiscal year ended and as of March 31, 2015:

35. Subsequent Events

(1) Appropriation of retained earnings

On May 12, 2015, the Board of Directors approved payment of cash dividends to stockholders of record on March 31, 2015 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 (\$8.31) per share..... | ¥12,000 | \$ 99.76 |
| Class F No. 1 preferred stock, ¥2,500.00 (\$ 20.78) per share | 20,000 | 166.27 |
| Year-end cash dividends of which dividends source were retained earnings: | | |
| Common stock, ¥ 17.00 (\$ 0.14) per share (*)..... | 39,493 | 328.35 |
| Class C No. 1 preferred stock, ¥54.40 (\$ 0.45) per share..... | 652 | 5.42 |
| Class F No. 1 preferred stock, ¥148.00 (\$ 1.23) per share | 1,184 | 9.84 |
| Class Four preferred stock, ¥992.50 (\$ 8.25) per share..... | 2,501 | 20.79 |
| Class Five preferred stock, ¥918.75 (\$ 7.63) per share..... | 3,675 | 30.55 |
| Class Six preferred stock, ¥1,237.50 (\$ 10.28) per share..... | 3,712 | 30.86 |
| Total | ¥83,219 | \$691.88 |

Note: (*) Year-end cash dividends for the fiscal year ended March 31, 2015 included ¥85 million (\$0 million) of dividends paid to ESOP-type Stock Benefit Trust for the Employee Shareholding Association.

(2) Establishment of the threshold for acquisition of own shares, execution of the acquisition and cancellation of own shares

At the annual shareholders' meeting held on June 19, 2015, the agenda for a lump sum prepayment of public fund relating to Class C No. 1 preferred stocks and Class F No. 1 preferred stocks ("Early Strengthening Act Preferred Shares") by acquiring the Early Strengthening Act Preferred Shares ("Acquisition of own shares") was approved. In addition, the Company and relevant authorities could confirm that conditions are met to execute the Acquisition of own shares and prepayment without incurring any national burden.

Following the approval and confirmation, the Company executed the Acquisition of own shares on June 25, 2015, which threshold was established at the Board of Directors' meeting held on May 12, 2015, and all of the acquired own shares were cancelled on the same date.

The entire amount of the public fund was repaid through the Acquisition of own shares, which was increased to 3,128.0 billion yen at the maximum since the public fund injection under the Deposit Insurance Act had been executed in June 2003.

(a) Detail of the threshold for the Acquisition of own shares (approved by the Board of Directors' meeting held on May 12, 2015)

| | |
|---|---|
| (1) Class of shares subject to acquisition | Class C No. 1 preferred stocks and Class F No. 1 preferred stocks |
| (2) Total number of shares to be acquired | Class C No. 1 preferred stocks: 12,000,000 shares Class F No. 1 preferred stocks: 8,000,000 shares (These are equal to the numbers of issued shares.) |
| (3) Acquisition price per share | Class C No. 1 preferred stocks: ¥3,000.00 (\$24.94) per share Class F No. 1 preferred stocks: ¥7,500.00 (\$62.35) per share |
| (4) Total amount of acquisition of the shares | Total ¥96.0 billion (\$0.7 billion) Class C No. 1 preferred stocks: ¥36.0 billion (\$0.2 billion) Class F No. 1 preferred stocks: ¥60.0 billion (\$0.4 billion) |
| (5) Period of acquisition | One year from June 19, 2015 |

The Acquisition of own shares aims to achieve the early repayment of the public fund under the Early Strengthening Act, and is subject to (i) approval of agenda for the lump sum prepayment of Early Strengthening Act Preferred Shares at the annual shareholders' meeting held on June 19, 2015, and (ii) confirmation with relevant authorities that conditions are met to execute the acquisition and repayment without incurring any national burden.

(b) Detail of acquisition and cancellation for Class C No. 1 preferred stocks

| | |
|-------------------------------------|---------------------------------------|
| (1) Total number of shares acquired | 12,000,000 shares |
| (2) Acquisition price per share | ¥3,000.00 (\$24.94) |
| (3) Total amount of acquisition | ¥36.0 billion (\$0.2 billion) |
| (4) Counter party of acquisition | Resolution and Collection Corporation |
| (5) Date of acquisition | June 25, 2015 |
| (6) Date of cancellation | June 25, 2015 |

(c) Detail of acquisition and cancellation for Class F No. 1 preferred stocks

| | |
|-------------------------------------|---------------------------------------|
| (1) Total number of shares acquired | 8,000,000 shares |
| (2) Acquisition price per share | ¥7,500.00 (\$62.35) |
| (3) Total amount of acquisition | ¥60.0 billion (\$0.4 billion) |
| (4) Counter party of acquisition | Resolution and Collection Corporation |
| (5) Date of acquisition | June 25, 2015 |
| (6) Date of cancellation | June 25, 2015 |

(3) Execution of acquisition and cancellation of own shares

The Company acquired all shares of the Class Four preferred stocks based on Article 19, Paragraph 1 of the articles of incorporation and cancelled those based on Article 178 of the Companies Act, as stated below.

Detail of acquisition and cancellation for Class Four preferred stocks

| | |
|-------------------------------------|---|
| (1) Total number of shares acquired | 2,520,000 shares |
| (2) Acquisition price per share | ¥25,331.74 (\$210.60) per share ^{(*)1} ^{(*)2} |
| (3) Total amount of acquisition | ¥63.8 billion (\$0.5 billion) |
| (4) Counter party of acquisition | Shinkin Trust Bank, Ltd. |
| (5) Date of acquisition | July 31, 2015 |
| (6) Date of cancellation | July 31, 2015 |

Note: ^{(*)1} The amount equals to 25,000 yen plus 331.74 yen of the amount equivalent to the accrued dividends of surplus.

^{(*)2} A fraction of less than 0.01 yen was rounded up.

(4) Establishment of subsidiary

The Company resolved establishment of a subsidiary at the Board of Directors' meeting held on July 31, 2015. Outlines are as follows:

(a) Objective of the establishment of a subsidiary

Resona Group regards growth in investment trust market as a promising business opportunity. In response to this change, Resona Group intends to strengthen its asset management business for individual customers, by providing its retail customers with the expertise it has developed through the offering of asset management capability to institutions via the Group's well-established distribution channel.

The new subsidiary aims at structuring investment products suited for fund wrap, defined contribution type pension scheme and mutual funds to be distributed over the counter. The new subsidiary aims to provide the Group's retail customers with these investment products.

(b) Information of the subsidiary

| | |
|-----------------------------|--|
| (1) Name | Resona Asset Management Co., Ltd. |
| (2) Location | Fukagawa Gatharia W2 Bldg., 5-65, Kiba 1-chome, Koto-ku, Tokyo |
| (3) Description of business | Investment management (investment trust management) |
| (4) Date of establishment | August 3, 2015 |
| (5) Capital stock | ¥490 million (\$4 million) |
| (6) Ownership | Resona Holdings, Inc. 100% |

SUPPLEMENTARY FINANCIAL INFORMATION OF THE GROUP

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FINANCIAL INFORMATION OF RESONA HOLDINGS, INC.

Non-consolidated Balance Sheet

Resona Holdings, Inc.

| March 31, 2015 | Millions of yen | | Millions of U.S. dollars |
|--|-------------------|-------------------|--------------------------|
| | 2015 | 2014 | 2015 |
| Assets | | | |
| Current assets | ¥ 294,896 | ¥ 368,495 | \$ 2,451 |
| Cash and due from banks | 730 | 365 | 6 |
| Money held in trust | 186 | 193 | 1 |
| Securities | 266,000 | 275,300 | 2,211 |
| Prepaid expenses | 5 | 6 | 0 |
| Deferred tax assets | 149 | 118 | 1 |
| Accrued income | 4 | 3 | 0 |
| Other receivable | 27,818 | 22,595 | 231 |
| Accrued income tax refund | 1 | 69,912 | 0 |
| Non-current assets | 1,163,219 | 1,193,053 | 9,670 |
| Tangible fixed assets | 5 | 8 | 0 |
| Tools, furnitures and fixtures, net | 3 | 4 | 0 |
| Leased assets, net | 2 | 3 | 0 |
| Intangible fixed assets | 2 | 5 | 0 |
| Trademarks | — | 0 | — |
| Software | 2 | 5 | 0 |
| Investments and other assets | 1,163,211 | 1,193,038 | 9,670 |
| Investments in subsidiaries and affiliates | 1,116,174 | 1,116,174 | 9,279 |
| Long-term loans to subsidiaries and affiliates | 49,500 | 79,500 | 411 |
| Other | 30 | 2 | 0 |
| Reserve for possible losses on investments | (2,494) | (2,638) | (20) |
| Total Assets | ¥1,458,116 | ¥1,561,549 | \$12,122 |
| Liabilities | | | |
| Current liabilities | ¥ 4,879 | ¥ 2,289 | \$ 40 |
| Bonds scheduled for repayment within one year | — | — | — |
| Lease obligations | 1 | 1 | 0 |
| Other payable | 1,250 | 354 | 10 |
| Accrued expenses | 641 | 684 | 5 |
| Income taxes payable | 1,824 | 192 | 15 |
| Consumption taxes payable | 139 | 22 | 1 |
| Reserve for employees' bonuses | 580 | 465 | 4 |
| Other | 441 | 569 | 3 |
| Non-current liabilities | 381,281 | 382,074 | 3,169 |
| Bonds | 80,000 | 80,000 | 665 |
| Long-term debts to subsidiaries and affiliates | 301,279 | 302,071 | 2,504 |
| Lease obligations | 1 | 2 | 0 |
| Total Liabilities | ¥ 386,160 | ¥ 384,364 | \$ 3,210 |
| Net assets | | | |
| Stockholders' equity | ¥1,071,955 | ¥1,177,184 | \$ 8,912 |
| Capital stock | 50,472 | 50,472 | 419 |
| Capital surplus | 249,306 | 512,683 | 2,072 |
| Capital reserve | 50,472 | 50,472 | 419 |
| Other capital surplus | 198,834 | 462,210 | 1,653 |
| Retained earnings | 774,659 | 699,883 | 6,440 |
| Treasury stock | (2,483) | (85,855) | (20) |
| Total Net Assets | ¥1,071,955 | ¥1,177,184 | \$ 8,912 |
| Total Liabilities and Net Assets | ¥1,458,116 | ¥1,561,549 | \$12,122 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

Non-consolidated Statement of Income

Resona Holdings, Inc.

| Year ended March 31, 2015 | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Operating income | ¥128,333 | ¥453,476 | \$1,066 |
| Dividends from subsidiaries and affiliates..... | 122,672 | 447,381 | 1,019 |
| Fees from subsidiaries and affiliates | 4,334 | 4,325 | 36 |
| Interest on loans to subsidiaries and affiliates | 1,327 | 1,770 | 11 |
| Operating expenses | 7,226 | 6,852 | 60 |
| Interest on debts..... | 2,411 | 2,313 | 20 |
| Interest on bonds..... | 393 | 506 | 3 |
| General and administrative expenses | 4,421 | 4,032 | 36 |
| Operating profits..... | 121,106 | 446,623 | 1,006 |
| Non-operating income..... | 426 | 512 | 3 |
| Interest income on securities..... | 39 | 82 | 0 |
| Fees and commissions | 102 | 108 | 0 |
| Reversal of reserve for possible losses on investments..... | 144 | 307 | 1 |
| Gain on forfeiture of unclaimed dividends..... | 129 | — | 1 |
| Interest on tax refunds | 0 | 10 | 0 |
| Other | 10 | 3 | 0 |
| Non-operating expenses | 158 | 2,513 | 1 |
| Net income before income taxes | 121,374 | 444,623 | 1,009 |
| Income taxes—current | (316) | (835) | (2) |
| Income taxes—deferred | (30) | 1 | (0) |
| Net income..... | ¥121,722 | ¥445,456 | \$1,011 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, 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 |
|--|-----------------|-------------|--------------------------|
| | 2015 | 2014 | 2015 |
| March 31, 2015 | | | |
| Assets | | | |
| Loans and bills discounted | ¥ 36,695 | ¥ 43,862 | \$ 305 |
| Securities | 179 | 120 | 1 |
| Beneficiary rights | 23,152,807 | 22,563,199 | 192,490 |
| Securities held in custody account..... | 11,339 | 7,895 | 94 |
| Monetary claims | 251,995 | 297,118 | 2,095 |
| Tangible fixed assets..... | 430,024 | 444,689 | 3,575 |
| Intangible fixed assets | 1,554 | 2,004 | 12 |
| Other claims | 10,443 | 7,371 | 86 |
| Due from banking account | 617,622 | 533,844 | 5,134 |
| Cash and due from banks | 13,956 | 15,701 | 116 |
| Total assets..... | ¥24,526,618 | ¥23,915,807 | \$203,912 |
| Liabilities | | | |
| Money trusts | ¥ 6,747,262 | ¥ 7,022,390 | \$ 56,096 |
| Pension trusts | 3,465,103 | 3,696,076 | 28,808 |
| Property formation benefit trusts..... | 943 | 1,109 | 7 |
| Securities investment trusts | 12,979,070 | 11,786,070 | 107,907 |
| Money entrusted other than money trusts..... | 362,087 | 347,706 | 3,010 |
| Securities trusts..... | 11,380 | 33,736 | 94 |
| Monetary claims trusts..... | 270,907 | 317,816 | 2,252 |
| Land and fixtures trusts | 112,221 | 119,752 | 932 |
| Land and fixtures lease trusts | — | 2,810 | — |
| Composite trusts..... | 577,641 | 588,337 | 4,802 |
| Total liabilities..... | ¥24,526,618 | ¥23,915,807 | \$203,912 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

3. Co-managed trust funds under other trust banks' administration amounted to ¥448,713 million (\$3,730 million) and ¥580,919 million on March 31, 2015 and 2014, respectively.

Jointly Operated Designated Money Trusts (JOMTs)

| Resona Holdings, Inc. | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| March 31, 2015 | | | |
| Assets | | | |
| Loans and bills discounted | ¥ 36,695 | ¥ 43,862 | \$ 305 |
| Other | 600,769 | 514,693 | 4,994 |
| Total assets..... | ¥637,464 | ¥558,555 | \$5,299 |
| Liabilities | | | |
| Principal | ¥637,296 | ¥558,345 | \$5,298 |
| Reserve for write-off of loans in the trust account | 110 | 134 | 0 |
| Other | 58 | 76 | 0 |
| Total liabilities..... | ¥637,464 | ¥558,555 | \$5,299 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

3. Risk management loans (Trust account)

| | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| March 31, 2015 | | | |
| Loans to borrowers in legal bankruptcy | ¥ 16 | ¥ — | \$ 0 |
| Past due loans..... | 690 | 1,016 | 5 |
| Loans past due three months or more..... | 19 | — | 0 |
| Restructured loans | 6 | 7 | 0 |
| Total..... | 733 | 1,024 | 6 |
| Total loans and bills discounted..... | ¥36,695 | ¥43,862 | \$305 |

FINANCIAL INFORMATION OF RESONA BANK, LIMITED

Non-consolidated Balance Sheet

| Resona Bank, Limited | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|-------------|--------------------------|
| | 2015 | 2014 | 2015 |
| March 31, 2015 | | | |
| Assets | | | |
| Cash and due from banks | ¥ 6,018,332 | ¥ 3,777,886 | \$ 50,036 |
| Call loans..... | 17,019 | 62,082 | 141 |
| Monetary claims bought | 170,971 | 50,053 | 1,421 |
| Trading assets | 564,360 | 590,366 | 4,692 |
| Securities | 3,919,927 | 5,040,457 | 32,590 |
| Loans and bills discounted | 18,376,213 | 17,693,968 | 152,778 |
| Foreign exchange assets | 82,361 | 58,026 | 684 |
| Other assets | 713,711 | 829,390 | 5,933 |
| Tangible fixed assets..... | 215,709 | 216,626 | 1,793 |
| Intangible fixed assets | 33,639 | 36,624 | 279 |
| Prepaid pension cost..... | 65,378 | 57,707 | 543 |
| Deferred tax assets..... | — | 72,942 | — |
| Customers' liabilities for acceptances and guarantees | 295,513 | 292,716 | 2,456 |
| Reserve for possible loan losses | (98,961) | (126,457) | (822) |
| Total Assets..... | ¥30,374,177 | ¥28,652,391 | \$252,528 |
| Liabilities | | | |
| Deposits | ¥21,874,950 | ¥21,186,600 | \$181,866 |
| Negotiable certificates of deposit | 2,479,810 | 2,210,370 | 20,616 |
| Call money | 1,442,632 | 730,514 | 11,993 |
| Payables under repurchase agreements | 50,993 | 38,994 | 423 |
| Payables under securities lending transactions | 24,122 | 49,891 | 200 |
| Trading liabilities..... | 304,771 | 306,763 | 2,533 |
| Borrowed money..... | 481,058 | 905,370 | 3,999 |
| Foreign exchange liabilities | 6,363 | 4,774 | 52 |
| Bonds | 639,080 | 637,469 | 5,313 |
| Due to trust account..... | 617,622 | 533,844 | 5,134 |
| Other liabilities | 721,737 | 548,942 | 6,000 |
| Reserve for employees' bonuses | 11,688 | 10,660 | 97 |
| Other reserves | 18,467 | 27,022 | 153 |
| Deferred tax liabilities | 24,149 | — | 200 |
| Deferred tax liabilities for land revaluation..... | 21,465 | 23,696 | 178 |
| Acceptances and guarantees | 295,513 | 292,716 | 2,456 |
| Total Liabilities | ¥29,014,426 | ¥27,507,634 | \$241,224 |
| Net assets | | | |
| Capital stock | ¥ 279,928 | ¥ 279,928 | \$ 2,327 |
| Capital surplus..... | 377,178 | 377,178 | 3,135 |
| Capital reserve..... | 279,928 | 279,928 | 2,327 |
| Other capital surplus | 97,250 | 97,250 | 808 |
| Retained earnings..... | 297,965 | 227,151 | 2,477 |
| Total stockholders' equity | ¥ 955,072 | ¥ 884,258 | \$ 7,940 |
| Net unrealized gains on available-for-sale securities | 328,117 | 190,897 | 2,727 |
| Net deferred gains on hedges..... | 33,116 | 28,388 | 275 |
| Revaluation reserve for land | 43,444 | 41,213 | 361 |
| Total valuation and translation differences | ¥ 404,678 | ¥ 260,498 | \$ 3,364 |
| Total Net Assets..... | ¥ 1,359,751 | ¥ 1,144,757 | \$ 11,304 |
| Total Liabilities and Net Assets | ¥30,374,177 | ¥28,652,391 | \$252,528 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

3. The distributable amount available for dividends which is defined under the Companies Act was ¥395,215 million as of the end of March 2015. Of this amount, the Bank distributed ¥74,981 million as term-end dividends for its common and preferred stock shares.

Non-consolidated Statement of Income**Resona Bank, Limited**

| | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|----------|--------------------------|
| Year ended March 31, 2015 | 2015 | 2014 | 2015 |
| Income | | | |
| Interest income | ¥298,367 | ¥297,983 | \$2,480 |
| Interest on loans and bills discounted..... | 232,457 | 244,928 | 1,932 |
| Interest and dividends on securities..... | 40,482 | 33,384 | 336 |
| Other interest income..... | 25,427 | 19,670 | 211 |
| Trust fees..... | 22,780 | 23,752 | 189 |
| Fees and commissions..... | 126,271 | 118,066 | 1,049 |
| Trading income..... | 5,103 | 860 | 42 |
| Other operating income..... | 32,653 | 25,118 | 271 |
| Other income..... | 101,480 | 84,187 | 843 |
| Total Income | 586,657 | 549,969 | 4,877 |
| Expenses | | | |
| Interest expenses | 32,642 | 33,796 | 271 |
| Interest on deposits | 8,058 | 10,603 | 67 |
| Other interest expenses | 24,584 | 23,192 | 204 |
| Fees and commissions | 50,907 | 50,727 | 423 |
| Trading expenses | 752 | 2,171 | 6 |
| Other operating expenses | 9,828 | 11,045 | 81 |
| General and administrative expenses..... | 219,396 | 214,916 | 1,824 |
| Other expenses | 48,736 | 30,922 | 405 |
| Total Expenses | 362,264 | 343,579 | 3,011 |
| Net income before income taxes | 224,393 | 206,389 | 1,865 |
| Income taxes — current | 24,320 | 8,426 | 202 |
| Income taxes — deferred | 50,089 | 44,489 | 416 |
| Net income..... | ¥149,983 | ¥153,473 | \$1,246 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

Statement of Trust Assets and Liabilities

Statement of Trust Assets and Liabilities of Resona Bank, Limited is omitted since its information is the same with that of Resona Holdings, Inc.

Please refer to page 133.

Deposits and Negotiable Certificates of Deposit (Non-consolidated)

| Resona Bank, Limited | | Billions of yen | |
|---------------------------------|-----------|-----------------|------|
| March 31 | | 2015 | 2014 |
| Liquid deposits (Domestic)..... | ¥14,982.2 | ¥14,013.1 | |
| Time deposits (Domestic) | 6,020.2 | 6,422.6 | |
| Other deposits..... | 3,352.3 | 2,961.1 | |
| Total | ¥24,354.7 | ¥23,396.9 | |

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Loans to SMEs and Consumers (Non-consolidated)

| Resona Bank, Limited | | Billions of yen | | Ratio to total loans | |
|---------------------------------|-----------|-----------------|-------|----------------------|------|
| March 31 | | 2015 | 2014 | 2015 | 2014 |
| Banking account | ¥15,051.9 | ¥14,587.4 | 81.9% | 82.4% | |
| Banking and trust accounts..... | 15,085.8 | 14,628.1 | 81.9% | 82.4% | |

Loans to Consumers (Non-consolidated, Banking and Trust Accounts)

| Resona Bank, Limited | | Billions of yen | |
|---------------------------|----------|-----------------|------|
| March 31 | | 2015 | 2014 |
| Consumer loans total..... | ¥8,001.0 | ¥7,892.9 | |
| Housing loans..... | 7,845.8 | 7,739.0 | |

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry (Non-consolidated, Banking Account)

| Resona Bank, Limited | | Billions of yen | |
|---|-----------|-----------------|------|
| March 31 | | 2015 | 2014 |
| Manufacturing..... | ¥ 2,061.0 | ¥ 1,950.8 | |
| | 11.22% | 11.02% | |
| Agriculture, forestry | 5.0 | 6.0 | |
| | 0.03% | 0.03% | |
| Fishery | 1.0 | 1.1 | |
| | 0.00% | 0.01% | |
| Mining, quarrying of stone, gravel extraction | 9.3 | 9.9 | |
| | 0.05% | 0.06% | |
| Construction | 378.5 | 376.0 | |
| | 2.06% | 2.12% | |
| Electricity, gas, heating, water | 156.8 | 117.2 | |
| | 0.85% | 0.66% | |
| Information and communication | 218.3 | 199.4 | |
| | 1.19% | 1.13% | |
| Transportation, postal service..... | 370.6 | 335.7 | |
| | 2.02% | 1.90% | |
| Wholesale and retail trade | 1,866.9 | 1,843.7 | |
| | 10.16% | 10.42% | |
| Finance and insurance | 986.1 | 967.1 | |
| | 5.37% | 5.47% | |
| Real estate..... | 2,289.7 | 2,038.1 | |
| | 12.46% | 11.52% | |
| Goods rental and leasing | 293.3 | 256.0 | |
| | 1.60% | 1.45% | |
| Services..... | 1,082.9 | 1,059.3 | |
| | 5.89% | 5.99% | |
| Government, local government | 269.3 | 274.3 | |
| | 1.47% | 1.55% | |
| Others..... | 8,386.8 | 8,258.6 | |
| | 45.63% | 46.67% | |
| Total | ¥18,376.2 | ¥17,693.9 | |
| | 100.0% | 100.0% | |

Risk-managed Loans (Banking and Trust Accounts)

| Resona Bank, Limited Non-consolidated Basis March 31 | Billions of yen | | |
|---|-----------------|----------|-----------|
| | 2015 | Change | 2014 |
| Loans to borrowers in legal bankruptcy..... | ¥ 2.7 | ¥ 0.0 | ¥ 2.6 |
| Past due loans..... | 172.9 | (32.3) | 205.2 |
| Loans past due three months or more | 0.9 | (1.3) | 2.2 |
| Restructured loans..... | 75.7 | 8.6 | 67.1 |
| Total* | ¥ 252.4 | ¥ (24.9) | ¥ 277.3 |
| Total loans and bills discounted | ¥18,412.9 | ¥675.0 | ¥17,737.8 |
| Ratio of risk-managed loans to total loans and bills discounted (%) | 1.37 | (0.19) | 1.56 |

* 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 | | |
|---|-----------------|---------|-----------|
| | 2015 | Change | 2014 |
| Unrecoverable or valueless claims..... | ¥ 34.3 | ¥ (4.4) | ¥ 38.8 |
| Risk claims..... | 144.1 | (33.2) | 177.3 |
| Special attention loans | 76.7 | 7.3 | 69.4 |
| Financial Reconstruction Act subtotal | 255.2 | (30.3) | 285.6 |
| Normal claims..... | 18,830.0 | 719.1 | 18,110.8 |
| Financial Reconstruction Act total* | ¥19,085.3 | ¥688.8 | ¥18,396.4 |
| Coverage ratio (%)..... | 80.73 | (2.79) | 83.52 |

* 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 | | |
|---|-----------------|---------|--------|
| | 2015 | Change | 2014 |
| Reserves for possible loan losses | ¥98.9 | ¥(27.4) | ¥126.4 |
| General reserve for possible loan losses..... | 55.5 | (16.8) | 72.3 |
| Specific reserve for possible loan losses..... | 43.4 | (10.6) | 54.1 |
| 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 | |
|---|-----------------|----------|
| | 2015 | 2014 |
| Japanese national and local government bonds | ¥2,545.8 | ¥3,871.9 |
| Japanese corporate bonds | 408.4 | 394.5 |
| Japanese corporate stocks | 732.3 | 569.9 |
| Other securities | 233.2 | 203.9 |
| Total book value | ¥3,919.9 | ¥5,040.4 |

Capital Adequacy Ratio

(1) Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Resona Bank, Limited

| Items | Billions of yen | | | |
|---|---|--|---|--|
| | March 31, 2015 (Basel 3 A-IRB) | Amounts excluded under transitional arrangements | 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 | ¥ 936.4 | / | ¥ 737.9 | / |
| of which: capital and capital surplus..... | 709.3 | / | 513.3 | / |
| of which: retained earnings | 302.0 | / | 227.4 | / |
| of which: treasury stock (-) | — | / | — | / |
| of which: planned distribution of income (-)..... | 74.9 | / | 2.8 | / |
| of which: other than the above..... | — | / | — | / |
| Accumulated other comprehensive income included in Core Capital | (7.4) | / | (4.0) | / |
| of which: foreign currency translation adjustments | (1.5) | / | (4.0) | / |
| of which: defined-benefit pension fund net assets (prepaid pension costs)..... | (5.9) | / | — | / |
| 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)..... | 2.3 | / | 1.6 | / |
| Reserves included in Core Capital: instruments and reserves..... | 34.2 | / | 49.4 | / |
| of which: general reserve for possible loan losses | 1.4 | / | 1.7 | / |
| of which: eligible provisions | 32.7 | / | 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 .. | 483.0 | / | 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 | 26.2 | / | 29.2 | / |
| Minority interests included in Core Capital subject to transitional arrangements | 10.6 | / | 8.3 | / |
| Core Capital: instruments and reserves (A)..... | ¥ 1,485.5 | / | ¥ 1,555.3 | / |
| Core Capital: regulatory adjustments | | | | |
| Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)..... | ¥ 5.5 | ¥22.1 | ¥ — | ¥28.0 |
| of which: goodwill (including those equivalent)..... | — | — | — | — |
| of which: other intangible fixed assets other than goodwill and mortgage servicing rights..... | 5.5 | 22.1 | — | 28.0 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 0.1 | 0.4 | — | 2.2 |
| Shortfall of eligible provisions to expected losses | — | — | — | — |
| Capital increase due to securitization transactions | 2.3 | — | 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) | 3.6 | 14.7 | — | 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 | 4.7 | 18.8 | — | 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) | 4.7 | 18.8 | — | 87.8 |
| Amount exceeding the 15% threshold on specified items | 4.1 | 6.6 | 4.7 | 11.8 |
| of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions | 3.0 | 2.4 | 4.7 | 4.7 |
| of which: mortgage servicing rights | — | — | — | — |
| of which: deferred tax assets arising from temporary differences (net of related tax liability) | 1.0 | 4.1 | — | 7.1 |
| Core Capital: regulatory adjustments (B)..... | ¥ 20.5 | / | ¥ 7.7 | / |
| Total capital | | | | |
| Total capital ((A)-(B)) (C)..... | ¥ 1,465.0 | / | ¥ 1,547.5 | / |
| Risk weighted assets | | | | |
| Credit risk weighted assets..... | ¥ 9,857.5 | / | ¥ 9,442.5 | / |
| Total of items included in risk weighted assets subject to transitional arrangements | 34.2 | / | 67.4 | / |
| of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability) | 22.1 | / | 28.0 | / |
| of which: deferred tax assets (net of related tax liability) | 23.4 | / | 97.2 | / |
| of which: defined-benefit pension fund net assets (prepaid pension costs) | 14.7 | / | 15.8 | / |
| of which: Other Financial Institutions Exposures | (91.0) | / | (138.5) | / |
| of which: other than the above | 64.9 | / | 64.9 | / |
| Amount equivalent to market risk x 12.5..... | 119.2 | / | 172.9 | / |
| Amount equivalent to operational risk x 12.5..... | 709.5 | / | 707.6 | / |
| Credit risk weighted assets adjustments..... | 99.7 | / | 1,249.2 | / |
| Amount equivalent to operational risk adjustments | — | / | — | / |
| Total amount of risk weighted assets (D)..... | ¥10,786.1 | / | ¥11,572.4 | / |
| Capital adequacy ratio (consolidated) | | | | |
| Capital adequacy ratio (consolidated) ((C)/(D))..... | 13.58% | / | 13.37% | / |

(2) Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Resona Bank, Limited

| Items | Billions of yen | | | |
|---|---|--|---|---|
| | March 31, 2015 (Basel 3 A-IRB) | Amounts excluded under transitional arrangements | 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 | ¥ 879.9 | / | ¥ 686.5 | / |
| of which: capital and capital surplus | 657.1 | / | 461.1 | / |
| of which: retained earnings | 297.8 | / | 228.3 | / |
| of which: treasury stock (-) | — | / | — | / |
| of which: planned distribution of income (-) | 74.9 | / | 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 | 31.4 | / | 47.4 | / |
| of which: general reserve for possible loan losses | 0.5 | / | 0.6 | / |
| of which: eligible provisions | 30.9 | / | 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 .. | 475.7 | / | 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 | 26.2 | / | 29.2 | / |
| Core Capital: instruments and reserves (A) | ¥ 1,413.5 | / | ¥ 1,487.8 | / |
| Core Capital: regulatory adjustments | | | | |
| Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights) | ¥ 4.5 | ¥18.2 | ¥ — | ¥23.5 |
| of which: goodwill | — | — | — | — |
| of which: other intangible fixed assets other than goodwill and mortgage servicing rights | 4.5 | 18.2 | — | 23.5 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 0.1 | 0.4 | — | 2.1 |
| Shortfall of eligible provisions to expected losses | — | — | — | — |
| Capital increase due to securitization transactions | 2.3 | — | 3.0 | — |
| Gains and losses due to changes in own credit risk on fair valued liabilities | — | — | — | — |
| Prepaid pension cost | 8.8 | 35.4 | — | 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 | 4.9 | 19.6 | — | 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) | 4.9 | 19.6 | — | 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) | ¥ 20.8 | / | ¥ 3.0 | / |
| Total capital | | | | |
| Total capital ((A)-(B)) (C) | ¥ 1,392.6 | / | ¥ 1,484.7 | / |
| Risk weighted assets | | | | |
| Credit risk weighted assets | ¥ 9,654.3 | / | ¥ 9,341.2 | / |
| Total of items included in risk weighted assets subject to transitional arrangements | 47.5 | / | 79.2 | / |
| of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability) | 18.2 | / | 23.5 | / |
| of which: deferred tax assets (net of related tax liability) | 20.0 | / | 92.1 | / |
| of which: prepaid pension cost | 35.4 | / | 37.1 | / |
| of which: Other Financial Institutions Exposures | (91.0) | / | (138.5) | / |
| of which: other than the above | 64.9 | / | 64.9 | / |
| Amount equivalent to market risk x 12.5 | 118.0 | / | 172.1 | / |
| Amount equivalent to operational risk x 12.5 | 678.1 | / | 677.1 | / |
| Credit risk weighted assets adjustments | 118.3 | / | 1,269.3 | / |
| Amount equivalent to operational risk adjustments | — | / | — | / |
| Total amount of risk weighted assets (D) | ¥10,568.9 | / | ¥11,459.9 | / |
| Capital adequacy ratio | | | | |
| Capital adequacy ratio ((C)/(D)) | 13.17% | / | 12.95% | / |

FINANCIAL INFORMATION OF SAITAMA RESONA BANK, LIMITED

Non-consolidated Balance Sheet

Saitama Resona Bank, Limited

| March 31, 2015 | Millions of yen | | Millions of U.S. dollars |
|---|--------------------|--------------------|--------------------------|
| | 2015 | 2014 | 2015 |
| Assets | | | |
| Cash and due from banks | ¥ 3,389,596 | ¥ 2,476,598 | \$ 28,180 |
| Call loans..... | 23,498 | 88,094 | 195 |
| Monetary claims bought | 3,916 | 16,856 | 32 |
| Trading securities..... | 27,386 | 27,807 | 227 |
| Securities | 2,169,952 | 2,870,438 | 18,040 |
| Loans and bills discounted | 6,868,540 | 6,692,453 | 57,104 |
| Foreign exchange assets | 8,685 | 7,191 | 72 |
| Other assets..... | 40,844 | 42,358 | 339 |
| Tangible fixed assets..... | 56,635 | 57,242 | 470 |
| Intangible fixed assets | 2,704 | 2,727 | 22 |
| Prepaid pension cost..... | 7,612 | 4,197 | 63 |
| Deferred tax assets..... | — | 11,701 | — |
| Customers' liabilities for acceptances and guarantees..... | 15,235 | 11,904 | 126 |
| Reserve for possible loan losses..... | (31,234) | (38,127) | (259) |
| Total Assets | ¥12,583,374 | ¥12,271,444 | \$104,617 |
| Liabilities | | | |
| Deposits..... | ¥11,601,963 | ¥11,321,153 | \$ 96,457 |
| Negotiable certificates of deposit..... | 116,130 | 123,790 | 965 |
| Call money | 100,000 | 130,000 | 831 |
| Borrowed money..... | 188,980 | 161,260 | 1,571 |
| Foreign exchange liabilities | 192 | 213 | 1 |
| Bonds | 85,000 | 95,500 | 706 |
| Other liabilities | 57,098 | 52,340 | 474 |
| Reserve for employees' bonuses..... | 3,758 | 3,326 | 31 |
| Reserve for employees' retirement benefits..... | 3,330 | 6,044 | 27 |
| Other reserves..... | 11,007 | 9,701 | 91 |
| Deferred tax liabilities..... | 8,238 | — | 68 |
| Acceptances and guarantees | 15,235 | 11,904 | 126 |
| Total Liabilities | ¥12,190,934 | ¥11,915,234 | \$101,354 |
| Net assets | | | |
| Capital stock | ¥ 70,000 | ¥ 70,000 | \$ 581 |
| Capital surplus..... | 100,000 | 100,000 | 831 |
| Capital reserve..... | 100,000 | 100,000 | 831 |
| Retained earnings..... | 139,535 | 140,865 | 1,160 |
| Total stockholders' equity | ¥ 309,535 | ¥ 310,865 | \$ 2,573 |
| Net unrealized gains on available-for-sale securities | 82,991 | 45,514 | 689 |
| Net deferred losses on hedges | (86) | (170) | (0) |
| Total valuation and translation differences | ¥ 82,904 | ¥ 45,344 | \$ 689 |
| Total Net Assets..... | ¥ 392,440 | ¥ 356,209 | \$ 3,262 |
| Total Liabilities and Net Assets..... | ¥12,583,374 | ¥12,271,444 | \$104,617 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

Non-consolidated Statement of Income**Saitama Resona Bank, Limited**

| Year ended March 31, 2015 | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Income | | | |
| Interest income..... | ¥119,274 | ¥124,532 | \$ 991 |
| Interest on loans and bills discounted..... | 98,992 | 104,488 | 823 |
| Interest and dividends on securities..... | 16,100 | 17,355 | 133 |
| Other interest income..... | 4,181 | 2,688 | 34 |
| Fees and commissions..... | 38,333 | 35,919 | 318 |
| Other operating income..... | 7,906 | 3,658 | 65 |
| Other income..... | 7,903 | 10,474 | 65 |
| Total Income..... | 173,418 | 174,586 | 1,441 |
| Expenses | | | |
| Interest expenses..... | 7,145 | 7,517 | 59 |
| Interest on deposits..... | 3,332 | 3,786 | 27 |
| Other interest expenses..... | 3,812 | 3,731 | 31 |
| Fees and commissions..... | 19,002 | 18,749 | 157 |
| Other operating expenses..... | 2,977 | 2,325 | 24 |
| General and administrative expenses..... | 79,062 | 76,676 | 657 |
| Other expenses..... | 9,013 | 11,242 | 74 |
| Total Expenses..... | 117,200 | 116,511 | 974 |
| Net income before income taxes..... | 56,218 | 58,075 | 467 |
| Income taxes—current..... | 15,061 | 17,250 | 125 |
| Income taxes—deferred..... | 5,928 | 3,400 | 49 |
| Net income..... | ¥ 35,228 | ¥ 37,424 | \$ 292 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

Deposits and Negotiable Certificates of Deposit

| Saitama Resona Bank, Limited | | Billions of yen | |
|-------------------------------------|-----------|-----------------|------|
| March 31 | | 2015 | 2014 |
| Liquid deposits (Domestic)..... | ¥ 7,880.2 | ¥ 7,518.7 | |
| Time deposits (Domestic) | 3,570.4 | 3,661.5 | |
| Other deposits..... | 267.3 | 264.6 | |
| Total | ¥11,718.0 | ¥11,444.9 | |

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Loans to SMEs and Consumers

| Saitama Resona Bank, Limited | | Billions of yen | | Ratio to total loans | |
|-------------------------------------|----------|-----------------|-------|----------------------|------|
| March 31 | | 2015 | 2014 | 2015 | 2014 |
| Loans to SMEs and individuals | ¥6,092.5 | ¥6,002.0 | 88.7% | 89.6% | |

Loans to Consumers

| Saitama Resona Bank, Limited | | Billions of yen | |
|-------------------------------------|----------|-----------------|------|
| March 31 | | 2015 | 2014 |
| Consumer loans total..... | ¥4,161.6 | ¥4,085.2 | |
| Housing loans..... | 4,042.2 | 3,970.9 | |

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry

| Saitama Resona Bank, Limited | | Billions of yen | |
|---|----------|-----------------|------|
| March 31 | | 2015 | 2014 |
| Manufacturing..... | ¥ 459.2 | ¥ 455.8 | |
| | 6.69% | 6.81% | |
| Agriculture, forestry | 5.8 | 5.2 | |
| | 0.08% | 0.08% | |
| Fishery | 0.0 | 0.0 | |
| | 0.00% | 0.00% | |
| Mining, quarrying of stone, gravel extraction | 2.0 | 1.9 | |
| | 0.03% | 0.03% | |
| Construction | 182.7 | 181.9 | |
| | 2.66% | 2.72% | |
| Electricity, gas, heating, water | 14.4 | 14.6 | |
| | 0.21% | 0.22% | |
| Information and communication | 18.6 | 23.8 | |
| | 0.27% | 0.36% | |
| Transportation, postal service..... | 123.6 | 135.2 | |
| | 1.80% | 2.02% | |
| Wholesale and retail trade | 381.3 | 379.7 | |
| | 5.55% | 5.67% | |
| Finance and insurance | 38.4 | 33.4 | |
| | 0.56% | 0.50% | |
| Real estate..... | 584.7 | 565.4 | |
| | 8.51% | 8.45% | |
| Goods rental and leasing | 38.3 | 36.1 | |
| | 0.56% | 0.54% | |
| Services..... | 356.1 | 347.6 | |
| | 5.19% | 5.19% | |
| Government, local government | 413.2 | 343.4 | |
| | 6.02% | 5.13% | |
| Others..... | 4,249.6 | 4,167.7 | |
| | 61.87% | 62.28% | |
| Total | ¥6,868.5 | ¥6,692.4 | |
| | 100.0% | 100.0% | |

Risk-managed Loans**Saitama Resona Bank, Limited**

| | Billions of yen | | |
|---|-----------------|---------|----------|
| | 2015 | Change | 2014 |
| March 31 | | | |
| Loans to borrowers in legal bankruptcy | ¥ 1.5 | ¥ (1.3) | ¥ 2.9 |
| Past due loans | 82.4 | (0.3) | 82.8 |
| Loans past due three months or more | 0.1 | (0.8) | 1.0 |
| Restructured loans | 18.3 | (4.9) | 23.2 |
| Total* | ¥ 102.5 | ¥ (7.6) | ¥ 110.1 |
| Total loans and bills discounted | ¥6,868.5 | ¥176.0 | ¥6,692.4 |
| Ratio of risk-managed loans to total loans and bills discounted (%) | 1.49 | (0.15) | 1.64 |

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Act**Saitama Resona Bank, Limited**

| | Billions of yen | | |
|---|-----------------|--------|----------|
| | 2015 | Change | 2014 |
| March 31 | | | |
| Unrecoverable or valueless claims | ¥ 17.5 | ¥ 6.3 | ¥ 11.1 |
| Risk claims | 66.8 | (8.0) | 74.8 |
| Special attention loans | 18.5 | (5.8) | 24.3 |
| Financial Reconstruction Act subtotal | 102.8 | (7.4) | 110.3 |
| Normal claims | 6,811.5 | 187.7 | 6,623.7 |
| Financial Reconstruction Act total* | ¥6,914.4 | ¥180.2 | ¥6,734.1 |
| Coverage ratio (%) | 90.18 | 2.01 | 88.16 |

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses**Saitama Resona Bank, Limited**

| | Billions of yen | | |
|---|-----------------|--------|-------|
| | 2015 | Change | 2014 |
| March 31 | | | |
| Reserves for possible loan losses | ¥31.2 | ¥(6.8) | ¥38.1 |
| General reserve for possible loan losses | 16.3 | (2.4) | 18.7 |
| Specific reserve for possible loan losses | 14.8 | (4.4) | 19.3 |

Securities**Saitama Resona Bank, Limited**

| | Billions of yen | |
|--|-----------------|----------|
| | 2015 | 2014 |
| March 31 | | |
| Japanese national and local government bonds | ¥1,858.2 | ¥2,600.2 |
| Japanese corporate bonds | 101.9 | 113.4 |
| Japanese corporate stocks | 177.9 | 128.6 |
| Other securities | 31.9 | 27.9 |
| Total book value | ¥2,169.9 | ¥2,870.4 |

Capital Adequacy Ratio

Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Saitama Resona Bank, Limited

| Items | Billions of yen | | | |
|---|---|--|---|---|
| | March 31, 2015 (Basel 3 A-IRB) | Amounts excluded under transitional arrangements | 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 | ¥ 292.0 | / | ¥ 292.2 | / |
| of which: capital and capital surplus | 170.0 | / | 170.0 | / |
| of which: retained earnings | 139.5 | / | 140.8 | / |
| of which: treasury stock (-) | — | / | — | / |
| of which: planned distribution of income (-) | 17.4 | / | 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 | / | 0.1 | / |
| of which: general reserve for possible loan losses | 0.1 | / | 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 .. | 135.5 | / | 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) | ¥ 427.6 | / | ¥ 449.3 | / |
| Core Capital: regulatory adjustments | | | | |
| Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights) | ¥ 0.3 | ¥1.4 | ¥ — | ¥1.7 |
| of which: goodwill | — | — | — | — |
| of which: other intangible fixed assets other than goodwill and mortgage servicing rights | 0.3 | 1.4 | — | 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 | 8.2 | — | 9.6 | — |
| Capital increase due to securitization transactions | 3.9 | — | 4.2 | — |
| Gains and losses due to changes in own credit risk on fair valued liabilities | — | — | — | — |
| Prepaid pension cost | 1.0 | 4.1 | — | 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) | ¥ 13.5 | / | ¥ 13.8 | / |
| Total capital | | | | |
| Total capital ((A)-(B)) (C) | ¥ 414.0 | / | ¥ 435.5 | / |
| Risk weighted assets | | | | |
| Credit risk weighted assets | ¥2,572.0 | / | ¥2,541.9 | / |
| Total of items included in risk weighted assets subject to transitional arrangements | 5.6 | / | 7.7 | / |
| of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability) | 1.4 | / | 1.7 | / |
| of which: deferred tax assets (net of related tax liability) | — | / | 3.2 | / |
| of which: prepaid pension cost | 4.1 | / | 2.7 | / |
| of which: Other Financial Institutions Exposures | — | / | — | / |
| of which: other than the above | — | / | — | / |
| Amount equivalent to market risk x 12.5 | 10.3 | / | 4.7 | / |
| Amount equivalent to operational risk x 12.5 | 240.1 | / | 244.8 | / |
| Credit risk weighted assets adjustments | 79.8 | / | 456.8 | / |
| Amount equivalent to operational risk adjustments | — | / | — | / |
| Total amount of risk weighted assets (D) | ¥2,902.4 | / | ¥3,248.4 | / |
| Capital adequacy ratio | | | | |
| Capital adequacy ratio ((C)/(D)) | 14.26% | / | 13.40% | / |

FINANCIAL INFORMATION OF THE KINKI OSAKA BANK, LTD.

Non-consolidated Balance Sheet

The Kinki Osaka Bank, Ltd.

| March 31, 2015 | Millions of yen | | Millions of U.S. dollars |
|---|-------------------|-------------------|--------------------------|
| | 2015 | 2014 | 2015 |
| Assets | | | |
| Cash and due from banks | ¥ 246,165 | ¥ 210,509 | \$ 2,046 |
| Call loans..... | — | 1,000 | — |
| Monetary claims bought | 21,098 | 29,963 | 175 |
| Trading securities..... | — | 2 | — |
| Securities | 779,921 | 793,362 | 6,484 |
| Loans and bills discounted | 2,474,100 | 2,555,791 | 20,569 |
| Foreign exchange assets | 4,341 | 3,796 | 36 |
| Other assets | 8,891 | 8,683 | 73 |
| Tangible fixed assets..... | 30,328 | 31,341 | 252 |
| Intangible fixed assets | 341 | 370 | 2 |
| Prepaid pension cost..... | 3,713 | 2,034 | 30 |
| Deferred tax assets..... | — | 294 | — |
| Customers' liabilities for acceptances and guarantees | 10,475 | 9,650 | 87 |
| Reserve for possible loan losses | (22,159) | (27,028) | (184) |
| Total Assets..... | ¥3,557,218 | ¥3,619,772 | \$29,574 |
| Liabilities | | | |
| Deposits | ¥3,257,652 | ¥3,285,969 | \$27,083 |
| Negotiable certificates of deposit | 49,300 | 106,000 | 409 |
| Borrowed money | 82,600 | 72,920 | 686 |
| Foreign exchange liabilities | 177 | 170 | 1 |
| Other liabilities | 16,161 | 16,662 | 134 |
| Reserve for employees' bonuses | 2,643 | 2,438 | 21 |
| Reserve for employees' retirement benefits..... | 4,683 | 5,364 | 38 |
| Other reserves..... | 4,147 | 3,585 | 34 |
| Deferred tax liabilities | 2,415 | — | 20 |
| Acceptances and guarantees | 10,475 | 9,650 | 87 |
| Total Liabilities | ¥3,430,256 | ¥3,502,761 | \$28,518 |
| Net assets | | | |
| Capital stock | ¥ 38,971 | ¥ 38,971 | \$ 324 |
| Capital surplus..... | 55,439 | 55,439 | 460 |
| Capital reserve | 38,971 | 38,971 | 324 |
| Other capital surplus | 16,467 | 16,467 | 136 |
| Retained earnings..... | 20,868 | 15,083 | 173 |
| Total stockholders' equity | ¥ 115,278 | ¥ 109,493 | \$ 958 |
| Net unrealized gains on available-for-sale securities | 11,683 | 7,516 | 97 |
| Total valuation and translation differences..... | ¥ 11,683 | ¥ 7,516 | \$ 97 |
| Total Net Assets..... | ¥ 126,962 | ¥ 117,010 | \$ 1,055 |
| Total Liabilities and Net Assets..... | ¥3,557,218 | ¥3,619,772 | \$29,574 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

Non-consolidated Statement of Income

The Kinki Osaka Bank, Ltd.

| Year ended March 31, 2015 | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Income | | | |
| Interest income..... | ¥41,674 | ¥43,734 | \$346 |
| Interest on loans and bills discounted..... | 36,362 | 38,894 | 302 |
| Interest and dividends on securities..... | 4,854 | 4,247 | 40 |
| Other interest income..... | 457 | 592 | 3 |
| Fees and commissions..... | 17,149 | 15,015 | 142 |
| Other operating income..... | 4,074 | 4,765 | 33 |
| Other income..... | 5,910 | 3,557 | 49 |
| Total Income..... | 68,809 | 67,073 | 572 |
| Expenses | | | |
| Interest expenses..... | 2,969 | 4,020 | 24 |
| Interest on deposits..... | 2,168 | 2,801 | 18 |
| Other interest expenses..... | 800 | 1,218 | 6 |
| Fees and commissions..... | 6,842 | 7,335 | 56 |
| Other operating expenses..... | 2 | 423 | 0 |
| General and administrative expenses..... | 40,364 | 39,227 | 335 |
| Other expenses..... | 5,979 | 6,529 | 49 |
| Total Expenses..... | 56,158 | 57,535 | 466 |
| Net income before income taxes..... | 12,651 | 9,537 | 105 |
| Income taxes—current..... | (164) | 1,063 | (1) |
| Income taxes—deferred..... | 1,569 | 2,547 | 13 |
| Net income..... | ¥11,245 | ¥ 5,927 | \$ 93 |

Notes: 1. Amounts of less than one million yen have been rounded down.

2. The rate of ¥120.28=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015, has been used.

Deposits and Negotiable Certificates of Deposit**The Kinki Osaka Bank, Ltd.**

| March 31 | Billions of yen | |
|---------------------------------|-----------------|----------|
| | 2015 | 2014 |
| Liquid deposits (Domestic)..... | ¥1,825.0 | ¥1,762.7 |
| Time deposits (Domestic) | 1,397.9 | 1,486.5 |
| Other deposits..... | 83.9 | 142.6 |
| Total | ¥3,306.9 | ¥3,391.9 |

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Loans to SMEs and Consumers (Non-consolidated)**The Kinki Osaka Bank, Ltd.**

| March 31 | Billions of yen | | Ratio to total loans | |
|-------------------------------------|-----------------|----------|----------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Loans to SMEs and individuals | ¥2,276.5 | ¥2,282.4 | 92.0% | 89.3% |

Loans to Consumers (Non-consolidated)**The Kinki Osaka Bank, Ltd.**

| March 31 | Billions of yen | |
|---------------------------|-----------------|----------|
| | 2015 | 2014 |
| Consumer loans total..... | ¥1,266.6 | ¥1,240.5 |
| Housing loans | 1,236.9 | 1,208.3 |

Loans and Bills Discounted by Industry**The Kinki Osaka Bank, Ltd.**

| March 31 | Billions of yen | |
|---|-----------------|----------|
| | 2015 | 2014 |
| Manufacturing | ¥ 232.9 | ¥ 250.5 |
| | 9.42% | 9.80% |
| Agriculture, forestry | 0.7 | 0.7 |
| | 0.03% | 0.03% |
| Fishery | 0.5 | 0.2 |
| | 0.02% | 0.01% |
| Mining, quarrying of stone, gravel extraction | 0.1 | 0.0 |
| | 0.01% | 0.00% |
| Construction | 104.1 | 108.4 |
| | 4.21% | 4.24% |
| Electricity, gas, heating, water | 3.3 | 2.0 |
| | 0.13% | 0.08% |
| Information and communication | 11.9 | 13.0 |
| | 0.48% | 0.51% |
| Transportation, postal service..... | 31.8 | 32.3 |
| | 1.29% | 1.26% |
| Wholesale and retail trade | 243.3 | 273.3 |
| | 9.84% | 10.70% |
| Finance and insurance | 19.2 | 19.8 |
| | 0.78% | 0.78% |
| Real estate..... | 247.1 | 228.5 |
| | 9.99% | 8.94% |
| Goods rental and leasing | 20.6 | 21.1 |
| | 0.84% | 0.83% |
| Services | 129.3 | 123.1 |
| | 5.23% | 4.82% |
| Government, local government | 147.0 | 228.4 |
| | 5.94% | 8.94% |
| Others..... | 1,281.4 | 1,253.9 |
| | 51.79% | 49.06% |
| Total | ¥2,474.1 | ¥2,555.7 |
| | 100.0% | 100.0% |

Risk-managed Loans**The Kinki Osaka Bank, Ltd.**Non-consolidated Basis
March 31

| | Billions of yen | | |
|---|-----------------|----------|----------|
| | 2015 | Change | 2014 |
| Loans to borrowers in legal bankruptcy..... | ¥ 0.8 | ¥ 0.4 | ¥ 0.3 |
| Past due loans..... | 62.2 | (4.5) | 66.7 |
| Loans past due three months or more | 0.2 | (0.1) | 0.3 |
| Restructured loans..... | 10.5 | (9.7) | 20.2 |
| Total* | ¥ 73.7 | (14.0) | ¥ 87.8 |
| Total loans and bills discounted | ¥2,474.1 | ¥ (81.6) | ¥2,555.7 |
| Ratio of risk-managed loans to total loans and bills discounted (%) | 2.98 | (0.45) | 3.43 |

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Act**The Kinki Osaka Bank, Ltd.**Non-consolidated Basis
March 31

| | Billions of yen | | |
|---|-----------------|----------|----------|
| | 2015 | Change | 2014 |
| Unrecoverable or valueless claims..... | ¥ 8.7 | ¥ (0.4) | ¥ 9.1 |
| Risk claims..... | 54.7 | (3.8) | 58.5 |
| Special attention loans | 10.7 | (9.9) | 20.6 |
| Financial Reconstruction Act subtotal | 74.1 | (14.1) | 88.3 |
| Normal claims..... | 2,428.8 | (59.1) | 2,487.9 |
| Financial Reconstruction Act total*..... | ¥2,503.0 | ¥ (73.2) | ¥2,576.3 |
| Coverage ratio (%)..... | 88.94 | 1.89 | 87.05 |

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses**The Kinki Osaka Bank, Ltd.**Non-consolidated Basis
March 31

| | Billions of yen | | |
|--|-----------------|---------|-------|
| | 2015 | Change | 2014 |
| Reserves for possible loan losses | ¥22.1 | ¥ (4.8) | ¥27.0 |
| General reserve for possible loan losses..... | 7.7 | (4.3) | 12.0 |
| Specific reserve for possible loan losses..... | 14.4 | (0.5) | 14.9 |

Securities**The Kinki Osaka Bank, Ltd.**Non-consolidated Basis
March 31

| | Billions of yen | |
|--|-----------------|--------|
| | 2015 | 2014 |
| Japanese national and local government bonds | ¥329.3 | ¥330.0 |
| Japanese corporate bonds..... | 391.9 | 405.7 |
| Japanese corporate stocks | 16.4 | 14.3 |
| Other securities | 42.1 | 43.1 |
| Total book value | ¥779.9 | ¥793.3 |

Capital Adequacy Ratio

(1) Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

The Kinki Osaka Bank, Ltd.

| Items | Billions of yen | | | |
|---|---|--|---|---|
| | March 31, 2015 (Basel 3 F-IRB) | Amounts excluded under transitional arrangements | 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 | ¥ 119.3 | / | ¥ 115.0 | / |
| of which: capital and capital surplus | 94.4 | / | 94.4 | / |
| of which: retained earnings | 30.5 | / | 23.5 | / |
| of which: treasury stock (-) | — | / | — | / |
| of which: planned distribution of income (-) | 5.5 | / | 2.9 | / |
| of which: other than the above | — | / | — | / |
| Accumulated other comprehensive income included in Core Capital | (1.8) | / | — | / |
| of which: foreign currency translation adjustments | — | / | — | / |
| of which: defined-benefit pension fund net assets (prepaid pension costs) | (1.8) | / | — | / |
| 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 | 5.8 | / | 6.7 | / |
| of which: general reserve for possible loan losses | 0.1 | / | 0.1 | / |
| of which: eligible provisions | 5.6 | / | 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 .. | 25.0 | / | 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) | ¥ 148.2 | / | ¥ 176.8 | / |
| Core Capital: regulatory adjustments | | | | |
| Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights) | ¥ 0.0 | ¥0.2 | ¥ — | ¥0.3 |
| of which: goodwill (including those equivalent) | — | — | — | — |
| of which: other intangible fixed assets other than goodwill and mortgage servicing rights | 0.0 | 0.2 | — | 0.3 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 0.0 | 0.3 | — | 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) | ¥ 0.1 | / | ¥ — | / |
| Total capital | | | | |
| Total capital ((A)-(B)) (C) | ¥ 148.0 | / | ¥ 176.8 | / |
| Risk weighted assets | | | | |
| Credit risk weighted assets | ¥1,262.9 | / | ¥1,246.4 | / |
| Total of items included in risk weighted assets subject to transitional arrangements | 0.6 | / | 1.0 | / |
| of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability) | 0.2 | / | 0.3 | / |
| of which: deferred tax assets (net of related tax liability) | 0.3 | / | 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 | 0.2 | / | 0.5 | / |
| Amount equivalent to operational risk x 12.5 | 90.9 | / | 91.5 | / |
| Credit risk weighted assets adjustments | — | / | — | / |
| Amount equivalent to operational risk adjustments | — | / | — | / |
| Total amount of risk weighted assets (D) | ¥1,354.1 | / | ¥1,338.5 | / |
| Capital adequacy ratio (consolidated) | | | | |
| Capital adequacy ratio (consolidated) ((C)/(D)) | 10.93% | / | 13.20% | / |

(2) Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

The Kinki Osaka Bank, Ltd.

| Items | Billions of yen | | | |
|---|---|--|---|---|
| | March 31, 2015 (Basel 3 F-IRB) | Amounts excluded under transitional arrangements | 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 | ¥ 109.6 | / | ¥ 106.5 | / |
| of which: capital and capital surplus | 94.4 | / | 94.4 | / |
| of which: retained earnings | 20.8 | / | 15.0 | / |
| of which: treasury stock (-) | — | / | — | / |
| of which: planned distribution of income (-) | 5.5 | / | 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 | 0.6 | / | 1.7 | / |
| of which: general reserve for possible loan losses | 0.0 | / | 0.0 | / |
| of which: eligible provisions | 0.5 | / | 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 .. | 25.0 | / | 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) | ¥ 135.3 | / | ¥ 163.3 | / |
| Core Capital: regulatory adjustments | | | | |
| Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights) | ¥ 0.0 | ¥0.1 | ¥ — | ¥0.2 |
| of which: goodwill | — | — | — | — |
| of which: other intangible fixed assets other than goodwill and mortgage servicing rights | 0.0 | 0.1 | — | 0.2 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 0.0 | 0.3 | — | 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 | 0.5 | 2.0 | — | 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) | ¥ 0.6 | / | ¥ — | / |
| Total capital | | | | |
| Total capital ((A)-(B)) (C) | ¥ 134.6 | / | ¥ 163.3 | / |
| Risk weighted assets | | | | |
| Credit risk weighted assets | ¥1,264.5 | / | ¥1,241.7 | / |
| Total of items included in risk weighted assets subject to transitional arrangements | 2.5 | / | 1.8 | / |
| of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability) | 0.1 | / | 0.2 | / |
| of which: deferred tax assets (net of related tax liability) | 0.3 | / | 0.5 | / |
| of which: prepaid pension cost | 2.0 | / | 1.0 | / |
| of which: Other Financial Institutions Exposures | — | / | — | / |
| of which: other than the above | — | / | — | / |
| Amount equivalent to market risk x 12.5 | 0.2 | / | 0.5 | / |
| Amount equivalent to operational risk x 12.5 | 85.6 | / | 86.3 | / |
| Credit risk weighted assets adjustments | — | / | — | / |
| Amount equivalent to operational risk adjustments | — | / | — | / |
| Total amount of risk weighted assets (D) | ¥1,350.4 | / | ¥1,328.6 | / |
| Capital adequacy ratio | | | | |
| Capital adequacy ratio ((C)/(D)) | 9.97% | / | 12.29% | / |

STATUS OF CAPITAL ADEQUACY/ BASEL DATA SECTION

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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, 2015)

| 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. | 2,468.8 | 58.7 | 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.

Companies that belong to the Holding Company Group but are not included within the Scope of Consolidation

(Billions of yen)

| Company Name | Total Assets | Net Assets | Principal Business Activities |
|---------------------------------------|--------------|------------|------------------------------------|
| Asahi Servicos e Representacoes Ltda. | 0.0 | 0.0 | Research, provision of information |

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

CAPITAL

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 Advanced Internal Ratings-Based (hereinafter, A-IRB) approach.

■ Capital Structure Information (Japanese Domestic Standard)

(Millions of yen, %)

| Items | As of March 31, 2015 | Amounts excluded under transitional arrangements | 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 | 1,112,488 | / | 1,030,751 | / |
| of which: capital and capital surplus | 21,389 | / | 25,766 | / |
| of which: retained earnings | 1,335,802 | / | 1,169,787 | / |
| of which: treasury stock (-) | 2,483 | / | 85,855 | / |
| of which: planned distribution of income (-) | 242,219 | / | 78,946 | / |
| of which: other than the above | — | / | — | / |
| Accumulated other comprehensive income included in Core Capital | (11,366) | / | (4,081) | / |
| of which: foreign currency translation adjustments | (1,542) | / | (4,081) | / |
| of which: defined-benefit pension fund net assets (prepaid pension costs) | (9,824) | / | — | / |
| 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) | 2,381 | / | 1,694 | / |
| Reserves included in Core Capital: instruments and reserves | 76,504 | / | 81,777 | / |
| of which: general reserve for possible loan losses | 5,724 | / | 6,813 | / |
| of which: eligible provisions | 70,780 | / | 74,963 | / |
| Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves | 175,000 | / | 238,000 | / |
| Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves | 628,389 | / | 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 | 26,305 | / | 29,227 | / |
| Minority interests included in Core Capital subject to transitional arrangements | 16,277 | / | 14,210 | / |
| Core Capital: instruments and reserves (A) | 2,025,980 | / | 2,285,790 | / |
| Core Capital: regulatory adjustments | | | | |
| Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights) | 6,044 | 24,179 | — | 30,507 |
| of which: goodwill (including those equivalent) | — | — | — | — |
| of which: other intangible fixed assets other than goodwill and mortgage servicing rights | 6,044 | 24,179 | — | 30,507 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 571 | 2,287 | — | 4,304 |
| Shortfall of eligible provisions to expected losses | — | — | — | — |
| Capital increase due to securitization transactions | 6,307 | — | 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) | 3,687 | 14,751 | — | 15,809 |
| Investments in own shares (excluding those reported in the Net Assets) | 23 | 93 | — | 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 | 10,938 | 43,754 | — | 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) | 10,938 | 43,754 | — | 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) | 27,573 | / | 7,241 | / |
| Total capital | | | | |
| Total capital ((A)-(B)) (C) | 1,998,406 | / | 2,278,549 | / |
| Risk weighted assets | | | | |
| Credit risk weighted assets | 13,636,787 | / | 13,268,824 | / |
| Total of items included in risk weighted assets subject to transitional arrangements | 59,133 | / | 98,530 | / |
| of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability) | 24,179 | / | 30,507 | / |
| of which: deferred tax assets (net of related tax liability) | 46,042 | / | 125,654 | / |
| of which: defined-benefit pension fund net assets (prepaid pension costs) | 14,751 | / | 15,809 | / |
| of which: Other Financial Institutions Exposures | (91,038) | / | (138,544) | / |
| of which: other than the above | 65,198 | / | 65,103 | / |
| Amount equivalent to market risk x 12.5 | 129,939 | / | 178,409 | / |
| Amount equivalent to operational risk x 12.5 | 1,075,378 | / | 1,080,820 | / |
| Credit risk weighted assets adjustments | — | / | 1,368,747 | / |
| Amount equivalent to operational risk adjustments | — | / | — | / |
| Total amount of risk weighted assets (D) | 14,842,105 | / | 15,896,800 | / |
| Capital adequacy ratio (consolidated) | | | | |
| Capital adequacy ratio (consolidated) ((C)/(D)) | 13.46 | / | 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, 2015. 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.

■ Capital Requirements for Credit Risk

(Millions of yen)

| As of March 31 | 2015 | 2014 |
|---|------------------|-----------|
| Capital requirements for credit risk (excluding equity exposures in the Internal Ratings-based (IRB) Approach, exposures relating to investment funds) | 1,344,868 | 1,377,022 |
| Standardized Approach (Note 1) | 45,047 | 43,604 |
| IRB Approach (Note 2) | 1,293,662 | 1,326,350 |
| Corporate exposures (Note 3) | 783,225 | 839,472 |
| Sovereign exposures | 6,652 | 6,308 |
| Bank exposures | 24,924 | 25,464 |
| Residential mortgage exposures | 277,412 | 275,598 |
| Qualified revolving retail exposures | 11,185 | 11,889 |
| Other retail exposures | 87,681 | 89,064 |
| Other IRB exposures (Note 4) | 102,581 | 78,552 |
| Securitization exposures | 6,158 | 7,067 |
| Capital requirements for credit risk of equity exposures in the IRB Approach | 73,706 | 57,578 |
| Market-Based Approach (Simple Risk Weight Method) | 19,889 | 19,464 |
| Market-Based Approach (Internal Models Approach) (Note 5) | — | — |
| PD/LGD Approach | 48,064 | 5,593 |
| Exposures subject to transitional grandfathering provisions (Article 13 of the Supplementary Provisions of Notification on Consolidated Capital Adequacy) | / | 28,693 |
| Exposure related to the fund-raising methods of other financial institutions other than equity exposure | 5,725 | 3,816 |
| Exposure related to portions of specified items that cannot be included in regulatory adjustment | 27 | 10 |
| Other | 0 | 0 |
| Capital requirements for exposures relating to investment funds | 29,013 | 13,611 |
| Capital requirements for CVA risk | 6,516 | 8,977 |
| Capital requirements for exposure to the Central Counterparty | 1,115 | 1,523 |
| Total | 1,455,221 | 1,458,712 |

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 | 2015 | 2014 |
| Standardized approach | 10,395 | 14,272 |
| Interest rate risk | 4,460 | 4,270 |
| Equity risk | — | — |
| Foreign exchange risk | 396 | 892 |
| Commodity risk | — | — |
| Option transactions | 5,538 | 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.

■ Capital Requirements for Operational Risk

(Millions of yen)

| | | |
|---------------------------|--------|--------|
| As of March 31 | 2015 | 2014 |
| The Standardized Approach | 86,030 | 86,465 |

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 | 2015 | 2014 |
| Total consolidated capital requirement | 1,187,368 | 1,271,744 |

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 | 1,112,488 | — | — |
| P.T. Bank Resona Perdania, others | Minority Interests | 18,658 | — | — |
| Resona Holdings | Class C No. 1 Preferred Stock (Note 5) | 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 (Note 5) | 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 Four Preferred Stock (Note 5) | 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, 2016 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.
5. The whole amounts are dealt with in our calculation of the capital adequacy ratio as "the planned distribution of income".

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 | 138,322 (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 | 156,352 (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. 2 Unsecured Subordinated Bonds | 2,869 | Fixed 2.02% | December 18, 2015 | — | — |
| Resona Bank | No. 4 Unsecured Subordinated Bonds | 42,223 | Fixed 2.766% | June 20, 2019 | — | — |
| Resona Bank | No. 6 Unsecured Subordinated Bonds | 49,261 | 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 | 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 | 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/>

RISK MANAGEMENT

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, 2015, 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 | Rating and Investment Information, Inc. (R&I), |
| Local governments in Japan | Japan Credit Rating Agency, Ltd. (JCR), |
| Foreign non-central government public-sector entities | Moody's Investors Service, Inc. (Moody's), |
| Multilateral Development Banks | Standard & Poor's Rating Services (S&P), |
| Japan Finance Organization for Municipalities | Fitch Ratings Limited (Fitch) |
| Government-affiliated organizations in Japan | |
| Local public corporations | |
| Banks | |
| Securities companies | |
| 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, 2015 | | | | | |
|--|----------------------|---|------------|--------------------------------------|-----------------------------|--|
| | 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 | 49,969,569 | 37,414,725 | 6,135,823 | 4,676,800 | 902,968 | 574,681 |
| Overseas | — | — | — | — | — | — |
| Exposure to which the Standardized Approach is applied | 1,447,850 | 1,168,973 | 51,470 | 73,900 | 310 | 24,251 |
| Total | 51,417,420 | 38,583,699 | 6,187,294 | 4,750,701 | 903,278 | 598,933 |
| By Industry | | | | | | |
| Manufacturing | 3,342,959 | 2,670,480 | 309,955 | 337,430 | 22,210 | 123,819 |
| Agriculture and forestry | 35,769 | 35,104 | 304 | 358 | 1 | 326 |
| Fishery | 1,887 | 1,845 | 40 | 0 | 1 | 12 |
| Mining, quarrying of stone, gravel extraction | 13,264 | 11,108 | 1,648 | 474 | 33 | 5 |
| Construction | 660,194 | 540,796 | 37,076 | 81,079 | 1,068 | 19,840 |
| Electricity, gas, heating, water | 215,853 | 174,570 | 20,782 | 16,990 | 3,509 | — |
| Information and communication | 263,767 | 221,557 | 20,151 | 20,905 | 778 | 12,943 |
| Transportation, postal services | 596,294 | 523,501 | 29,212 | 40,189 | 3,303 | 31,824 |
| Wholesale and retail trade | 2,615,549 | 2,316,788 | 139,908 | 128,026 | 21,901 | 131,185 |
| Finance and insurance | 2,482,065 | 826,591 | 288,890 | 228,362 | 828,321 | 1,983 |
| Real estate | 5,240,956 | 5,130,763 | 37,748 | 59,496 | 11,986 | 94,796 |
| Goods rental and leasing | 371,229 | 348,415 | 5,488 | 15,716 | 1,542 | 2,077 |
| Services | 1,668,106 | 1,512,956 | 51,900 | 94,908 | 7,955 | 59,301 |
| Individuals | 10,828,865 | 10,742,403 | — | 86,214 | — | 96,097 |
| Japanese central and local governments, government-affiliated organizations, and local public corporations, etc. | 20,424,514 | 11,833,394 | 5,056,527 | 3,514,174 | 353 | 456 |
| Foreign central governments and central banks, etc. | 118,569 | 3,670 | 114,899 | — | — | 7 |
| Others | 1,089,719 | 520,776 | 21,290 | 52,473 | — | 2 |
| Exposure to which the Standardized Approach is applied | 1,447,850 | 1,168,973 | 51,470 | 73,900 | 310 | 24,251 |
| Total | 51,417,420 | 38,583,699 | 6,187,294 | 4,750,701 | 903,278 | 598,933 |
| By Residual Contractual Maturity | | | | | | |
| One year or less | 4,133,266 | 2,167,014 | 984,865 | 783,792 | 154,906 | / |
| One year to less than three years | 3,859,051 | 2,102,653 | 1,248,316 | 174,014 | 295,003 | / |
| Three years to less than five years | 4,358,841 | 2,724,798 | 1,412,771 | 32,481 | 152,298 | / |
| Five years to less than seven years | 2,915,440 | 1,487,212 | 1,068,969 | 18,175 | 256,104 | / |
| Over seven years | 17,779,757 | 16,455,210 | 1,036,975 | 103,079 | 44,655 | / |
| Exposures with no maturity dates | 16,923,212 | 12,477,837 | 383,925 | 3,565,257 | — | / |
| Exposure to which the Standardized Approach is applied | 1,447,850 | 1,168,973 | 51,470 | 73,900 | 310 | / |
| Total | 51,417,420 | 38,583,699 | 6,187,294 | 4,750,701 | 903,278 | / |

Notes: 1. Figures presented refer to the credit risk exposure calculated by applying the Internal Ratings-Based (IRB) approach (Exposures relating investment funds and securitization exposures are not included). However, assets of 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 weighted assets (For stocks held by the subsidiaries, the IRB approach is applied and such stocks are not included among the Exempt Assets.).

2. Exposures to which the A-IRB approach is applied, the balance is presented before the subtraction of reserves, etc., and partial direct write-offs. Exposures to which the F-IRB approach is applied, the balance is 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 the balance is 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 exchange, etc." includes transactions such as cash and due from banks, call loans, monetary claims bought, trading assets, loans and bills discounted, and foreign exchange assets.

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, 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 (Exposures relating investment funds and securitization exposures are not included). However, assets of 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 weighted assets (For stocks held by the subsidiaries, the IRB approach is applied and such stocks are not included among the Exempt Assets.).
2. Exposures to which the A-IRB approach is applied, the balance is presented before the subtraction of reserves, etc., and partial direct write-offs. Exposures to which the F-IRB approach is applied, the balance is 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 the balance is 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 exchange, etc." includes transactions such as cash and due from banks, call loans, monetary claims bought, trading assets, loans and bills discounted, and foreign exchange assets.
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.

General Reserve for Possible Loan Losses and Special Reserve for Certain Overseas Loans

(Millions of yen)

| Years ended March 31, | 2015 | | | 2014 | | |
|--|-------------------------------------|--|-------------------------------|-------------------------------------|--|-------------------------------|
| | 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 | 161,681 | (30,005) | 131,676 | 199,828 | (38,146) | 161,681 |
| Special reserve for certain overseas loans | 1 | (1) | 0 | 1 | 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, | 2015 | | |
|--|-------------------------------------|--|-------------------------------|
| | Balance at beginning of fiscal year | Increase/(decrease) during the fiscal year | Balance at end of fiscal year |
| By Region | | | |
| Japan | 92,300 | (16,584) | 75,715 |
| Overseas | — | — | — |
| Total | 92,300 | (16,584) | 75,715 |
| By Industry | | | |
| Manufacturing | 18,401 | (1,375) | 17,025 |
| Agriculture and forestry | 345 | (279) | 65 |
| Fishery | — | — | — |
| Mining, quarrying of stone, gravel extraction | 3 | (0) | 3 |
| Construction | 3,107 | 909 | 4,016 |
| Electricity, gas, heating, water | — | — | — |
| Information and communication | 2,144 | 659 | 2,804 |
| Transportation, postal services | 4,205 | 78 | 4,283 |
| Wholesale and retail trade | 25,893 | (4,669) | 21,224 |
| Finance and insurance | 3,551 | (2,656) | 895 |
| Real estate | 12,890 | (6,267) | 6,623 |
| Goods rental and leasing | 85 | 30 | 115 |
| Services | 9,990 | (1,097) | 8,892 |
| Individuals | 3,853 | (1,239) | 2,614 |
| Japanese central and local governments, government-affiliated organizations, and local public corporations, etc. | — | — | — |
| Foreign central governments and central banks, etc. | — | — | — |
| Others | 7,826 | (677) | 7,148 |
| Total | 92,300 | (16,584) | 75,715 |

| 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 |

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, | 2015 | 2014 |
|--|--------|--------|
| Manufacturing | 1,657 | 8,767 |
| Agriculture and forestry | 4 | 7 |
| Fishery | — | — |
| Mining, quarrying of stone, gravel extraction | — | — |
| Construction | 721 | 310 |
| Electricity, gas, heating, water | — | — |
| Information and communication | 450 | 894 |
| Transportation, postal services | 927 | 110 |
| Wholesale and retail trade | 6,479 | 4,830 |
| Finance and insurance | (0) | 1 |
| Real estate | 1,436 | 906 |
| Goods rental and leasing | — | 128 |
| Services | 2,202 | 2,812 |
| Individuals | 399 | 1,067 |
| Japanese central and local governments, government-affiliated organizations, and local public corporations, etc. | — | — |
| Foreign central governments and central banks, etc. | — | — |
| Others | 3,515 | 4,143 |
| Total | 17,795 | 23,979 |

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, | 2015 | | 2014 | |
|-----------------|----------------------|-------------------------|----------------------|-------------------------|
| | With external rating | Without external rating | With external rating | Without external rating |
| 0% | 578 | 735,971 | 259 | 553,777 |
| 10% | — | 24,788 | — | 25,932 |
| 20% | 142,509 | 1 | 121,892 | 0 |
| 35% | — | — | — | — |
| 50% | 46,982 | — | 48,635 | 72 |
| 75% | — | 0 | — | 0 |
| 100% | 7,687 | 466,150 | 3,521 | 450,781 |
| 150% | 6 | 23,163 | 1 | 26,264 |
| 250% | — | 11 | — | 11 |
| 350% | — | — | — | — |
| 1,250% | — | — | — | — |
| Others | — | — | — | — |
| Total | 197,763 | 1,250,086 | 174,311 | 1,056,840 |

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.

[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, 2015 | As of March 31, 2014 |
|-------------------|-------------------------------|--------------|----------------------|----------------------|
| Strong | Under 2 and half years | 50% | 6,780 | 29 |
| | Over 2 and half years | 70% | 36,253 | 26,262 |
| Good | Under 2 and half years | 70% | 44,759 | 30,000 |
| | Over 2 and half years | 90% | 39,217 | 76,728 |
| Satisfactory | No term | 115% | 84,746 | 76,890 |
| Weak | No term | 250% | 2,019 | 4,670 |
| Default | No term | 0% | 4,217 | 1,911 |
| Total | | | 217,992 | 216,492 |

(2) High Volatility Commercial Real Estate Lending (Millions of yen)

| Slotting criteria | Residual contractual maturity | Risk weights | As of March 31, 2015 | As of March 31, 2014 |
|-------------------|-------------------------------|--------------|----------------------|----------------------|
| Strong | Under 2 and half years | 70% | — | 2,000 |
| | Over 2 and half years | 95% | — | 5,000 |
| Good | Under 2 and half years | 95% | — | — |
| | Over 2 and half years | 120% | — | — |
| Satisfactory | No term | 140% | 7,950 | 4,550 |
| Weak | No term | 250% | — | — |
| Default | No term | 0% | — | — |
| Total | | | 7,950 | 11,550 |

■ Equity Exposure under Simple Risk Weight Method by Risk Weight Category (Millions of yen)

| As of March 31, | 2015 | 2014 |
|-----------------|--------|--------|
| Risk weights | | |
| 300% | 61,032 | 59,290 |
| 400% | 12,861 | 12,914 |
| Total | 73,893 | 72,205 |

■ Corporate Exposures (Millions of yen)

| As of March 31, 2015 | | | | | | | | |
|----------------------|----------------------------|-----------------------------|------------------------------------|------------------------|-------------------------|--------------------------|--------------------------------------|--|
| 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 | 0.15% | 32.06% | / | 25.11% | 3,393,866 | 439,533 | 373,040 | 75.00% |
| B-E | 1.12% | 26.66% | / | 48.82% | 8,395,220 | 535,769 | 403,181 | 75.00% |
| F, G | 11.23% | 24.02% | / | 95.95% | 843,398 | 43,520 | 14,408 | 75.00% |
| Default | 100.00% | 31.95% | 43.23% | 16.02% | 423,181 | 5,297 | 500 | 75.00% |
| Total | / | / | / | / | 13,055,666 | 1,024,121 | 791,130 | 75.00% |

| 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% |

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)

| As of March 31, 2015 | | | | | | | | |
|----------------------|-----------------|------------------|-------------------------|---------------------|----------------------|-----------------------|--------------------------------|---|
| 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 |
| SA, A | 0.00% | 35.98% | / | 0.35% | 17,027,361 | 3,513,628 | — | — |
| B–E | 1.11% | 29.44% | / | 66.42% | 1,834 | 833 | — | — |
| F, G | 16.27% | 10.43% | / | 58.40% | 3,703 | 64 | — | — |
| Default | 100.00% | 17.86% | 17.45% | 8.10% | 464 | — | — | — |
| Total | / | / | / | / | 17,033,364 | 3,514,527 | — | — |

| As of March 31, 2014 | | | | | | | | |
|----------------------|-----------------|------------------|-------------------------|---------------------|----------------------|-----------------------|--------------------------------|---|
| 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 |
| 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 | — | — |

Note: Weighted average figures based on EAD

■ Bank Exposures

(Millions of yen)

| As of March 31, 2015 | | | | | | | | |
|----------------------|-----------------|------------------|-------------------------|---------------------|----------------------|-----------------------|--------------------------------|---|
| 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 |
| SA, A | 0.11% | 34.87% | / | 28.74% | 612,271 | 289,075 | — | — |
| B–E | 0.75% | 33.25% | / | 43.34% | 54,530 | 12,276 | 13,700 | 75.00% |
| F, G | 10.98% | 7.23% | / | 29.34% | 105 | — | — | — |
| Default | — | — | — | — | — | — | — | — |
| Total | / | / | / | / | 666,907 | 301,351 | 13,700 | 75.00% |

| As of March 31, 2014 | | | | | | | | |
|----------------------|-----------------|------------------|-------------------------|---------------------|----------------------|-----------------------|--------------------------------|---|
| 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 |
| 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% |

Note: Weighted average figures based on EAD

■ Equity Exposures subject to PD/LGD Approach

(Millions of yen)

| Credit rating | As of March 31, 2015 | | | As of March 31, 2014 | | |
|---------------|----------------------|---------------------|---------|----------------------|---------------------|---------|
| | PD* (Estimated) | Weighted average RW | Balance | PD* (Estimated) | Weighted average RW | Balance |
| SA, A | 0.11% | 116.47% | 261,989 | 0.16% | 153.45% | 33,385 |
| B–E | 0.65% | 216.46% | 96,758 | 0.76% | 226.10% | 5,643 |
| F, G | 10.98% | 584.09% | 4,431 | 11.85% | 599.33% | 328 |
| Default | 100.00% | 1,125.00% | 2,341 | 100.00% | 1,125.00% | 0 |
| Total | / | / | 365,521 | / | / | 39,357 |

Note: Weighted average figures based on Balance

■ Retail Exposures

(Millions of yen)

| As of March 31, 2015 | | | | | | | |
|---------------------------------------|--------------------|---------------------|------------------------|-------------------------|--------------------------|--------------------------------------|--|
| | 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 | / | / | / | 9,231,567 | 18,250 | — | — |
| Non-default | 1.02% | 33.21% | 28.86% | 9,160,424 | 17,926 | — | — |
| Default | 100.00% | 33.91% | / | 71,142 | 323 | — | — |
| Qualifying revolving retail exposures | / | / | / | 117,087 | 47,388 | 459,194 | 10.32% |
| Non-default | 3.35% | 64.43% | 52.25% | 116,610 | 47,345 | 458,930 | 10.32% |
| Default | 100.00% | 66.57% | / | 477 | 43 | 263 | 16.51% |
| Other retail exposures | / | / | / | 2,267,960 | 29,764 | 51,939 | 30.76% |
| Non-default | 1.38% | 36.70% | 31.80% | 2,201,315 | 29,171 | 51,748 | 30.74% |
| Default | 100.00% | 40.57% | / | 66,645 | 593 | 191 | 34.95% |
| 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% |

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, | 2015 | 2014 |
|---|----------|----------|
| Resona Holdings, Inc. (Consolidated) (Note 4) | (22,381) | (26,488) |
| Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 4) | (24,330) | (27,112) |
| Corporate exposures | (7,931) | (11,603) |
| Sovereign exposures | (1) | 0 |
| Bank exposures | — | — |
| Residential mortgage exposures | (483) | (551) |
| Qualified revolving retail exposures | (0) | (0) |
| Other retail exposures | 3,894 | 4,145 |
| Resona Bank, Ltd. (Consolidated) (Note 4) | (23,248) | (30,706) |
| Resona Bank, Ltd. (Non-Consolidated) (Note 4) | (24,887) | (31,544) |
| Corporate exposures | (6,089) | (18,986) |
| Sovereign exposures | (1) | 0 |
| Bank exposures | — | — |
| Residential mortgage exposures | (151) | (384) |
| Qualified revolving retail exposures (Note 3) | — | — |
| Other retail exposures | 2,010 | 2,722 |
| Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 4) | 2,296 | 1,157 |
| Corporate exposures | (832) | 3,601 |
| Sovereign exposures | — | — |
| Bank exposures | — | — |
| Residential mortgage exposures | 14 | (101) |
| Qualified revolving retail exposures (Note 3) | — | — |
| Other retail exposures | 1,569 | 854 |
| The Kinki Osaka Bank, Ltd. (Consolidated) (Note 4) | (877) | 3,503 |
| The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 4) | (1,738) | 3,275 |
| Corporate exposures | (1,009) | 3,781 |
| Sovereign risk exposures | — | — |
| Bank exposures | — | — |
| Residential mortgage exposures | (346) | (64) |
| Qualified revolving retail exposures | (0) | (0) |
| Other retail exposures | 314 | 568 |

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, 2015, amounted to ¥22.3 billion, ¥4.1 billion higher than in the previous fiscal year.

The principal reason for this was that the net provision to the general reserve for loan loss for the Resona Bank was negative of ¥16.8 billion, which was ¥6.0 billion higher than in the previous fiscal year.

By exposure category, loan write-offs increased in the wholesale segment, 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, 2014 (Note 4) | | Year ended March 31, 2015 |
|---|----------------------------------|---|------------------------------|
| | Estimated losses | Estimated losses after deduction of reserves (Note 5) | Actual losses (Note 6) |
| Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7) | / | / | (22,381) |
| Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7) | 330,902 | (23,731) | (24,330) |
| Corporate exposures | 284,846 | (27,665) | (7,931) |
| Sovereign exposures | 231 | 226 | (1) |
| Bank exposures | 1,066 | 1,066 | — |
| Residential mortgage exposures | 5,585 | 417 | (483) |
| Qualified revolving retail exposures | 394 | 388 | (0) |
| Other retail exposures | 35,544 | (1,377) | 3,894 |
| Resona Bank, Ltd. (Consolidated) (Note 7) | / | / | (23,248) |
| Resona Bank, Ltd. (Non-Consolidated) (Note 7) | 247,301 | (20,066) | (24,887) |
| Corporate exposures | 218,936 | (23,543) | (6,089) |
| Sovereign exposures | 131 | 126 | (1) |
| Bank exposures | 897 | 897 | — |
| Residential mortgage exposures | 3,648 | 1,426 | (151) |
| Qualified revolving retail exposures (Note 3) | — | — | — |
| Other retail exposures | 20,475 | (2,179) | 2,010 |
| Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7) | 44,458 | (551) | 2,296 |
| Corporate exposures | 36,301 | (2,481) | (832) |
| Sovereign exposures | 23 | 23 | — |
| Bank exposures | 53 | 53 | — |
| Residential mortgage exposures | 1,321 | 471 | 14 |
| Qualified revolving retail exposures (Note 3) | — | — | — |
| Other retail exposures | 6,735 | 1,374 | 1,569 |
| The Kinki Osaka Bank, Ltd. (Consolidated) (Note 7) | / | / | (877) |
| The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7) | 39,142 | (3,112) | (1,738) |
| Corporate exposures | 29,608 | (1,640) | (1,009) |
| Sovereign exposures | 77 | 77 | — |
| Bank exposures | 114 | 114 | — |
| Residential mortgage exposures | 614 | (1,480) | (346) |
| Qualified revolving retail exposures | 394 | 388 | (0) |
| Other retail exposures | 8,333 | (572) | 314 |

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, 2014.

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, 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.

| | 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.

| | 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.

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.

■ Exposure to which Credit Risk Mitigation Techniques Method Is Applied

(Millions of yen)

| As of March 31, 2015 | | | |
|---|-------------------------------|-------------------------------|---------|
| | 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 | 28,171 | 237,907 | 266,079 |
| Corporate exposures | 28,046 | 237,735 | 265,782 |
| Sovereign exposures | 52 | 172 | 224 |
| Bank exposures | 72 | — | 72 |
| Standardized Approach | 2,057 | / | 2,057 |
| Total | 30,229 | 237,907 | 268,136 |

| As of March 31, 2015 | | | |
|---------------------------------------|------------|--------------------|-----------|
| | Guarantees | Credit derivatives | Total |
| Internal Ratings-based Approach | 2,050,818 | — | 2,050,818 |
| Corporate exposures | 653,851 | — | 653,851 |
| Sovereign exposures | 82,929 | — | 82,929 |
| Bank exposures | — | — | — |
| Residential mortgage exposures | 680,459 | — | 680,459 |
| Qualifying revolving retail exposures | — | — | — |
| Other retail exposures | 633,577 | — | 633,577 |
| Standardized Approach | 0 | — | 0 |
| Total | 2,050,819 | — | 2,050,819 |

Note: Credit risk mitigation techniques applied to assets which compose the investment funds are not included.

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.

| | 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.

Derivative Transactions

■ Status of Derivative Transactions and Long-Settlement Transactions

(Millions of yen)

| | As of March 31, 2015 | | | | |
|--|-----------------------------|------------|------------------------|---------------|--------------------------|
| | Notional or contract amount | Fair value | Gross replacement cost | Gross add-ons | Credit equivalent amount |
| Long-settlement transactions | 9,445 | (217) | 3 | 566 | 570 |
| Interest rate related | | | | | |
| Interest rate swaps | 32,305,155 | 35,736 | 349,343 | 195,131 | 544,474 |
| Interest rate options | 389,256 | 1,832 | 1,832 | 1,582 | 3,415 |
| Subtotal | 32,694,411 | 37,568 | 351,175 | 196,713 | 547,889 |
| Currency-related | | | | | |
| Currency swaps | 1,187,952 | 2,939 | 93,343 | 57,184 | 150,528 |
| Currency options | 678,441 | 36,173 | 36,173 | 15,359 | 51,533 |
| Forward contracts | 1,418,502 | 79,861 | 129,502 | 23,824 | 153,327 |
| Subtotal | 3,284,897 | 118,974 | 259,020 | 96,369 | 355,389 |
| Subtotal | 35,979,308 | 156,543 | 610,196 | 293,082 | 903,278 |
| Credit risk mitigation under close-out netting contracts | | | | | 475,647 |
| Credit risk mitigation by pledged collateral (Note 3) | | | | | 107,687 |
| Total (after netting / adjusting collateral) | | | | | 319,943 |

(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 | 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 / adjusting collateral) | | | | | 401,582 |

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, 2015.

3. The effect of credit risk mitigation of collateralized derivative transactions as of March 31, 2015, is as follows.

Collateral is composed of cash.

(1) Collateral placed: 9,728

(2) Collateral held: 117,416

(2)-(1): 107,687

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, 2015.

- 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, 2015 | | | | | | | | | | | Total | |
|---|----------------------|---------------------|-----------------------------------|--------------------|-------------------|----------------------|------------------|-------|----------------------------|--------------|--|--------|------------------|
| | 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 | | Amount | Required capital |
| | | | | | | | | | | | | | |
| Retained securitization exposures | — | 15,813 | — | — | — | — | — | — | — | — | | 15,813 | 3,066 |
| Risk weight: | | | | | | | | | | | | | |
| To 20% | — | — | — | — | — | — | — | — | — | — | | — | — |
| Over 20% to 100% | — | 4,731 | — | — | — | — | — | — | — | — | | 4,731 | 306 |
| Over 100% to 1,250% | — | 11,081 | — | — | — | — | — | — | — | — | | 11,081 | 2,760 |
| 1,250% (Note 1) | — | — | — | — | — | — | — | — | — | — | | — | — |
| Capital increase due to securitization transactions | — | 3,924 | 2,382 | — | — | — | — | — | — | — | | 6,307 | 6,307 |

Notes: 1. Figures presented are the securitization exposures to which the 1,250% weight is applied pursuant to Article 225, Paragraph 1 of the Notification on Consolidated Capital Adequacy.

2. All securitization exposures retained are from on-balance-sheet transactions.

| | As of March 31, 2014 | | | | | | | | | | | Total | |
|---|----------------------|---------------------|-----------------------------------|--------------------|-------------------|----------------------|------------------|-------|----------------------------|--------------|--|--------|------------------|
| | 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 | | Amount | 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, Paragraph 1 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

(2) Re-securitization exposure

None

2. Underlying Assets

(Millions of yen)

| As of March 31, 2015 | | | | | | | | | | | |
|--|---------------------------|---------------------------|--|--------------------------|----------------------|----------------------------|------------------------|-------|-------------------------------------|-----------------|--------|
| | 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 | — | 55,859 | — | — | — | — | — | — | — | — | 55,859 |
| Asset transfer-type securitizations | — | 55,859 | — | — | — | — | — | — | — | — | 55,859 |
| Past due three months or more, or default | — | 2,735 | — | — | — | — | — | — | — | — | 2,735 |
| 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, 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 | — | — | — | — | — | — | — | — | — | — | — |

■ 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, 2015 | | | | | | | | | | Total | |
|---|----------------------|---------------------|-----------------------------------|--------------------|-------------------|----------------------|------------------|--------|----------------------------|--------------|--------|------------------|
| | 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 | Amount | Required capital |
| Retained securitization exposures | — | — | — | — | 1,095 | — | — | 42,334 | — | 5,017 | 48,447 | 1,366 |
| Risk weight: | | | | | | | | | | | | |
| To 20% | — | — | — | — | 1,095 | — | — | 16,185 | — | 2,674 | 19,954 | 118 |
| Over 20% to 100% | — | — | — | — | — | — | — | 26,069 | — | 2,343 | 28,412 | 1,239 |
| Over 100% to 1,250% | — | — | — | — | — | — | — | 79 | — | — | 79 | 8 |
| 1,250% (Note 1) | — | — | — | — | — | — | — | — | — | — | — | — |
| 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, Paragraph 1 of the Notification on Consolidated Capital Adequacy.

2. All securitization exposures retained are from on-balance-sheet transactions.

(Millions of yen)

| | As of March 31, 2014 | | | | | | | | | | Total | |
|---|----------------------|---------------------|-----------------------------------|--------------------|-------------------|----------------------|------------------|--------|----------------------------|--------------|--------|------------------|
| | 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 | 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, Paragraph 1 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

(2) Re-securitization exposure

None

2. Underlying Assets

(Millions of yen)

| As of March 31, 2015 | | | | | | | | | | | |
|---|---------------------------|---------------------------|--|--------------------------|----------------------|----------------------------|------------------------|--------|-------------------------------------|-----------------|--------|
| | 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 | — | — | — | — | 2,205 | — | — | 55,601 | — | 5,758 | 63,565 |
| Asset transfer-type securitizations | — | — | — | — | 2,205 | — | — | 55,601 | — | 5,758 | 63,565 |
| Past due three months or more, or default | — | — | — | — | — | — | — | — | — | 12 | 12 |
| Losses during the year | — | — | — | — | 153 | — | — | 37 | — | 98 | 290 |
| Synthetic securitizations | — | — | — | — | — | — | — | — | — | — | — |
| Past due three months or more, or default | — | — | — | — | — | — | — | — | — | — | — |
| Losses during the year | — | — | — | — | — | — | — | — | — | — | — |
| Amount of exposures securitized during the year* | — | — | — | — | — | — | — | 91,069 | — | 3,710 | 94,780 |
| Amount of gain (loss) recognized for the period in connection with securitiza- tion 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, 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 securitiza- tion 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, 2015 | | | | | | | | | | | |
|-----------------------------------|----------------------|---------------------|-----------------------------------|--------------------|-------------------|----------------------|------------------|-------|----------------------------|--------------|--------|------------------|
| | 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 | — | 15,285 | 6,147 | — | — | — | — | 579 | — | 1,390 | 23,403 | 147 |
| Risk weight: | | | | | | | | | | | | |
| To 20% | — | 15,285 | 6,147 | — | — | — | — | 579 | — | 1,390 | 23,403 | 147 |
| Over 20% to 100% | — | — | — | — | — | — | — | — | — | — | — | — |
| 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, Paragraph 1 of the Notification on Consolidated Capital Adequacy.

2. All securitization exposures retained are from on-balance-sheet transactions.

(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 | 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, Paragraph 1 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

(2) Re-securitization exposure

(Millions of yen)

| | As of March 31, 2015 | | | | | | | | | | | Total | |
|-----------------------------------|----------------------|---------------------|-----------------------------------|--------------------|-------------------|----------------------|------------------|-------|----------------------------|--------------|--|--------|------------------|
| | 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 | | Amount | Required capital |
| | | | | | | | | | | | | | |
| Retained securitization exposures | — | 4,304 | — | — | — | — | — | — | — | — | | 4,304 | 84 |
| Risk weight: | | | | | | | | | | | | | |
| To 20% | — | 4,130 | — | — | — | — | — | — | — | — | | 4,130 | 70 |
| Over 20% to 100% | — | 173 | — | — | — | — | — | — | — | — | | 173 | 14 |
| 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, Paragraph 1 of the Notification on Consolidated Capital Adequacy.

2. All securitization exposures retained are from on-balance-sheet transactions.

Credit risk mitigation technique has not been applied for holdings of re-securitization exposure.

(Millions of yen)

| | As of March 31, 2014 | | | | | | | | | | | Total | |
|-----------------------------------|----------------------|---------------------|-----------------------------------|--------------------|-------------------|----------------------|------------------|-------|----------------------------|--------------|--|--------|------------------|
| | 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 | | Amount | 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, Paragraph 1 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 mitigation technique 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, | 2015 | | 2014 | |
|--|-----------------------------------|--------------|-----------------------------------|--------------|
| | Consolidated balance sheet amount | Market value | Consolidated balance sheet amount | Market value |
| Listed stocks and other similar investment/equity exposure | 886,274 | 886,274 | 715,373 | 715,373 |
| Investment/equity exposure other than the above | 109,912 | 109,912 | 120,710 | 120,710 |
| Total | 996,186 | 996,186 | 836,084 | 836,084 |

■ Gain (Loss) on Sale or Write-off of Equity Exposure

(Millions of yen)

| Years ended March 31, | 2015 | 2014 |
|-----------------------|---------|---------|
| Gain on sale | 47,407 | 31,846 |
| Loss on sale | (2,179) | (8,875) |
| Write-off | (665) | (324) |
| Net gains/(losses) | 44,562 | 22,645 |

■ Unrealized Gain Recognized on the Consolidated Balance Sheet but Not on the Consolidated Statement of Income

(Millions of yen)

| As of March 31, | 2015 | 2014 |
|-----------------|---------|---------|
| Unrealized gain | 536,738 | 313,559 |

■ 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, | 2015 | 2014 |
|--|---------|---------|
| Market-based approach (Simple Risk Weight Method) | 73,893 | 72,205 |
| Market-based approach (Internal Models Approach) | — | — |
| PD/LGD Approach | 365,521 | 39,357 |
| Grandfathering provision applied | / | 338,364 |
| Exposure related to capital fund-raising of other financial institutions, etc., excluding common stock | 45,010 | 45,010 |
| Exposure related to the portion, among specified items, that cannot be included in regulatory adjustment | 20 | — |
| Other | 1 | 1 |
| Total | 484,446 | 494,939 |

Exposures Relating to Investment Funds

■ Exposures Relating to Investment Funds (Millions of yen)

| As of March 31, | 2015 | 2014 |
|--|---------|--------|
| Exposures relating to investment funds | 158,939 | 54,134 |

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, | 2015 | | 2014 | |
|----------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | Decline in economic value | Percentage of capital | Decline in economic value | Percentage of capital |
| Resona Bank | 20.2 | 1.5% | 36.9 | 2.5% |
| Saitama Resona Bank | 20.1 | 4.9% | 23.4 | 5.4% |
| The Kinki Osaka Bank | 4.4 | 3.4% | 4.9 | 3.1% |

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.

[Disclosure on Remuneration]

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■ 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 2014 to March 2015) |
|--|--|
| Compensation Committee (Resona Holdings, Inc.) | 3 |
| 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 Medium-term Management 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 Medium-term Management 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, 2014 to March 31, 2015)

| 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) | 13 | 353 | 198 | 198 | — | 154 | 133 | — | 21 |
| Relevant Employees | 21 | 506 | 279 | 279 | — | 227 | 198 | — | 28 |

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

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DIRECTORS AND EXECUTIVE OFFICERS

As of July 1, 2015

■ 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 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 Chairperson 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 Yokogawa Electric Corporation Outside Director of HOYA CORPORATION Outside Director of Hitachi Transport System, Ltd. |
| Outside Director Member of Nominating Committee Member of Compensation Committee | Tadamitsu Matsui | Representative Director and President of MATSUI office corporation Outside Director of Adastria Holdings Co., Ltd. Outside Director of OOTOYA Holdings Co., Ltd. Outside Director of NEXTAGE Co., Ltd. |
| Outside Director Member of Audit Committee | Hidehiko Sato | Lawyer (Hibiki Law Office) Outside Director of LIXIL Group Corporation Outside Director of Sumitomo Dainippon Pharma CO., Ltd. |

Notes: 1. The six outside directors-Emi Osono, Toshio Arima, Yoko Sanuki, Mitsudo Urano, Tadamitsu Matsui and Hidehiko Sato-meet the conditions for outside directors set forth in Article 2-15 of the Companies Act of Japan.

2. Ms. Yoko Sanuki's name on her family register is Yoko Itasawa.

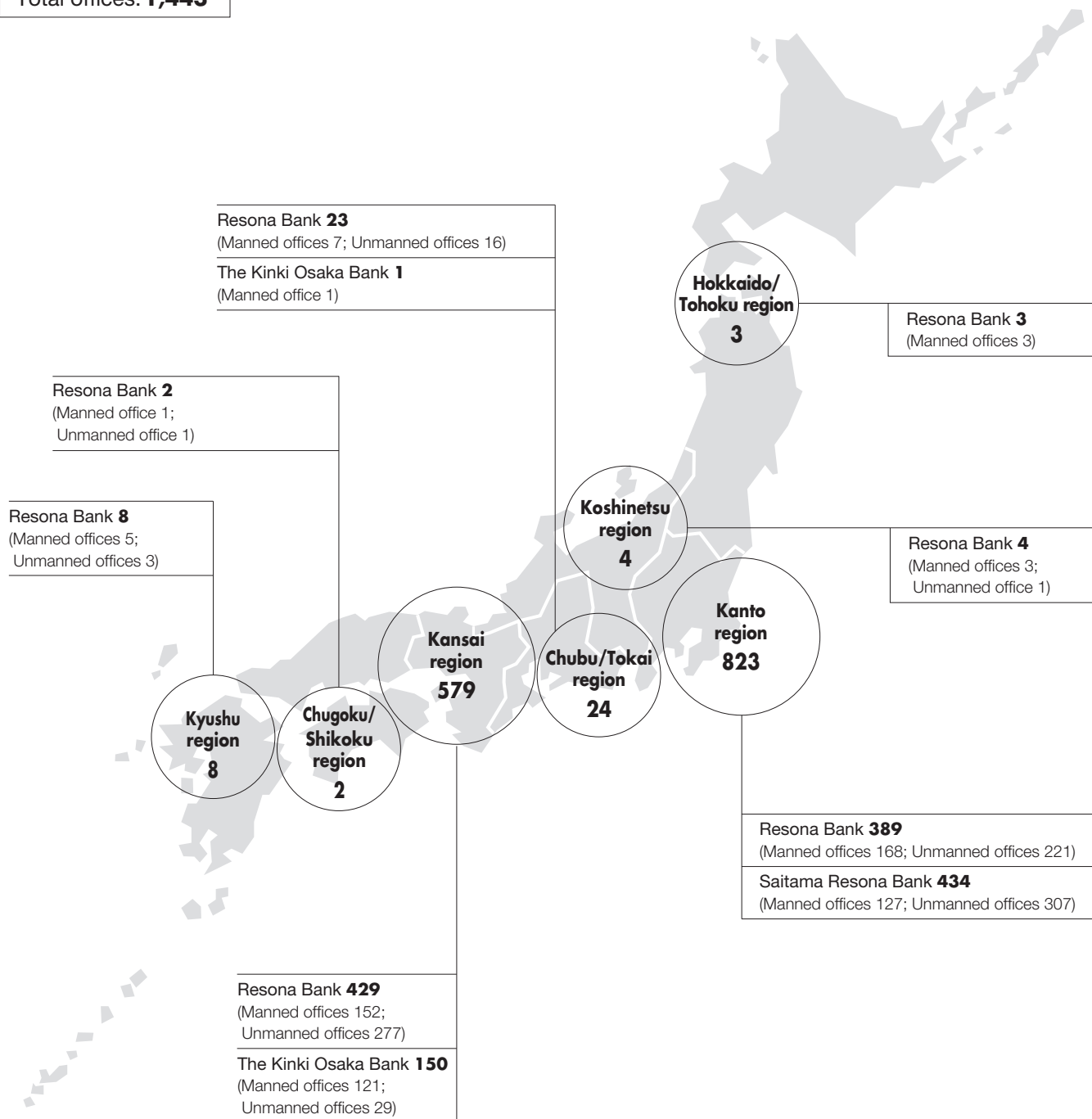
■ Executive Officers

| 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, Ltd. |
| Executive Officer | Makoto Nomura | Director of Saitama Resona Bank, Limited |
| Executive Officer | Takashi Yoshimoto | Executive Officer of Resona Bank, Limited |
| Executive Officer | Tetsuya Shiratori | Managing Executive Officer of Resona Bank, Limited Executive Officer of Saitama Resona Bank, Limited |
| Executive Officer | Yasunori Uno | Executive Officer of Resona Bank, Limited |
| Executive Officer | Kenichiro Masuda | Executive Officer of Resona Bank, Limited Director of The Kinki Osaka Bank, Ltd. |
| Executive Officer | Takahiro Kawashima | Executive Officer of Resona Bank, Limited |
| Executive Officer | Takayuki Torii | Executive Officer of Resona Bank, Limited |
| Executive Officer | Kazuyo Shinya | Executive Officer of Resona Bank, Limited |
| Executive Officer | Mikiko Ariake | |

DOMESTIC NETWORK

As of March 31, 2015

Total offices: **1,443**



Domestic Branches

(As of March 31, 2015)

| | Resona Bank | Saitama Resona Bank | The Kinki Osaka Bank | Total of the three banks | Including | |
|-----------------------|-------------|---------------------|----------------------|--------------------------|--------------|---------------|
| | | | | | Kanto region | Kansai region |
| Manned offices..... | 339 | 127 | 122 | 588 | 295 | 273 |
| Unmanned offices..... | 519 | 307 | 29 | 855 | 528 | 306 |
| Total offices | 858 | 434 | 151 | 1,443 | 823 | 579 |

INTERNATIONAL NETWORK

As of July 1, 2015

Resona Bank, Limited

■ ASIA

Hong Kong Representative Office

Unit 01, 6/F.,
Tower1, Lippo Centre
89 Queensway Admiralty,
Hong Kong, S.A.R.,
The People's Republic of China
Phone: 852-2532-0500
Fax: 852-2522-5378

Singapore Representative Office

50 Collyer Quay
#04-01 OUE Bayfront
Singapore 049321
Republic of Singapore
Phone: 65-6333-0378
Fax: 65-6333-0797

Shanghai Representative Office

Room No. 2709,
Shanghai International
Trade Centre,
2201 Yan An Xi Lu, Shanghai,
The People's Republic of China
Phone: 86-21-6275-5198
Fax: 86-21-6275-5229

Bangkok Representative Office

31st Floor, Abdulrahim Place,
990 Rama 4 Road,
Silom, Bangrak,
Bangkok 10500,
Thailand
Phone: 66-2-636-2311
Fax: 66-2-636-2316

Ho Chi Minh City Representative Office

Unit 4, Level 11, Bitexco
Financial Tower, No.2 Hai Trieu,
Ben Nghe Ward, District 1,
Ho Chi Minh City, Vietnam
Phone: 84-8-3915-1620
Fax: 84-8-3915-2097

P.T. Bank Resona Perdania Head Office

5th & 6th Floor, Menara Mulia,
Jl. Jenderal Gatot Subroto,
Kav. 9-11, South Jakarta, 12930,
Jakarta, Indonesia
Phone: 62-21-570-1958
Fax: 62-21-570-1936
SWIFT: BPIAIDJA

Cikarang Sub-Branch

2nd Floor,
EJIP Center Building,
EJIP Industrial Park Plot 3A,
Cikarang Selatan,
Bekasi, West Java, Indonesia
Phone: 62-21-8974940
Fax: 62-21-8974941

Karawang Sub-Branch

1st Floor, Graha KIIC,
Jl. Permata Raya Lot C-1B,
Kawasan Industri KIIC,
Karawang,
West Java, Indonesia
Phone: 62-21-89115020
Fax: 62-267-647347

MM 2100 Sub-Branch

Ruko Mal Bekasi Fajar Blok D
No. 8, MM2100 Industrial Town,
Cikarang Barat, Bekasi,
West Java, Indonesia
Phone: 62-21-89982151
Fax: 62-21-89982943

Deltamas Sub-Branch

Kompleks Ruko Palais de Paris
Blok D No. 10, Perumahan Kota
Deltamas, Cikarang Pusat
Kubupaten Bekasi, Indonesia
Phone: 62-21-28517930
Fax: 62-21-28517928

Suryacipta Sub-Branch

1st Floor C, The Manor Office
Park Suryacipta Square,
Jl. Surya Utama, Kav. C-1,
Suryacipta Industrial Estate,
Karawang 41363, Indonesia
Phone: 62-21-22190048
Fax: 62-67-8638059

Surabaya Branch

3rd Floor Plaza BRI, Suite 305,
Jl. Jend. Basuki Rachmat
No. 122,
Surabaya 60271,
East Java, Indonesia
Phone: 62-31-5355858
Fax: 62-31-5352007

Bandung Branch

Suite 204 & 205, 2nd Floor,
Graha Bumiputera,
Jl. Asia Afrika No. 141-149,
Bandung, West Java, Indonesia
Phone: 62-22-4241742
Fax: 62-22-4241207

P.T. Resona Indonesia Finance

7th Floor, Menara Mulia,
Jl. Jenderal Gatot Subroto,
Kav. 9-11, South Jakarta, 12930,
Jakarta, Indonesia
Phone: 62-21-570-1956
Fax: 62-21-570-1961

■ JAPAN

Tokyo Head Office

Fukagawa Gatharia W2 Bldg.,
5-65, Kiba 1-chome,
Koto-ku, Tokyo 135-8581, Japan
Phone: 81-3-6704-2111
SWIFT: DIWAJPJT

Osaka Head Office

2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8610,
Japan
Phone: 81-6-6271-1221
SWIFT: DIWAJPJT

URL

[http://www.resona-gr.co.jp/
resonabank/](http://www.resona-gr.co.jp/resonabank/)

The Kinki Osaka Bank, Ltd.

■ 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

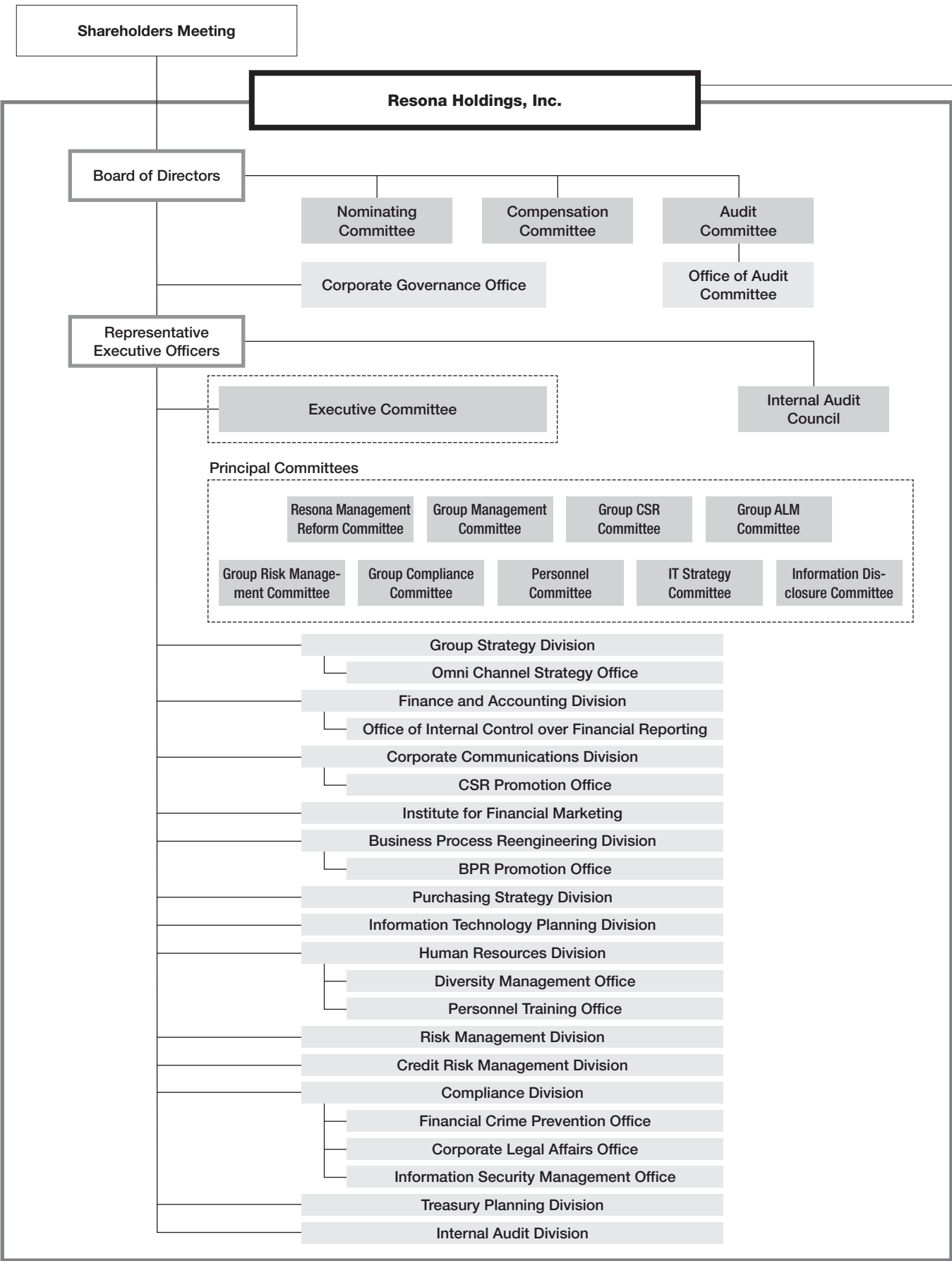
4-1, Tokiwa 7-chome,
Urawa-ku, Saitama 330-9088, Japan
Phone: 81-48-824-2411
SWIFT: SAIBJPJT

Internet Address

<http://www.resona-gr.co.jp/saitamaresona/>

ORGANIZATION CHART AND OUTLINE OF THE GROUP

As of July 1, 2015



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, Ltd.**

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 405,000 | 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, 2015

Tokyo Head Office

Fukagawa Gatharia W2 Bldg.,
5-65, Kiba 1-chome,
Koto-ku, Tokyo 135-8582, Japan
Tel: 81-3-6704-3111

Osaka Head Office

2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8608, Japan
Tel: 81-6-6268-7400

Paid-in Capital

¥50,472 million
(As of March 31, 2015, Non-consolidated)

Number of Shareholders

(Common stock)
274,024

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

16,436 (Consolidated)
643 (Non-consolidated)

Common Stock/Preferred Stock

(Number of shares)

| | Issued (End of March 2015) |
|-------------------------------|-------------------------------|
| 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 Four Preferred Stock | 2,520,000 |
| Class Five Preferred Stock | 4,000,000 |
| Class Six Preferred Stock | 3,000,000 |
| | 2,353,638,091 |

Stock Price Range on the Tokyo Stock Exchange

(First Section)

(Yen)

| | 2014 | | | | | | 2015 | | | | | |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| High | 617.0 | 576.0 | 630.0 | 630.7 | 682.3 | 650.0 | 625.8 | 679.5 | 685.9 | 664.8 | 719.6 | 726.7 |
| Low | 570.1 | 537.0 | 562.6 | 550.7 | 628.4 | 592.7 | 565.1 | 576.0 | 596.3 | 586.0 | 621.1 | 657.7 |

Major Shareholders (Common Stock)

| | Number of shares held (Thousands) | Percentage of total shares issued |
|--|--------------------------------------|--------------------------------------|
| The Dai-ichi Mutual Life Insurance Company | 125,241 | 5.39 |
| Japan Trustee Services Bank, Ltd (Trust Account) | 80,303 | 3.45 |
| The Master Trust Bank of Japan (Trust Account) | 66,999 | 2.88 |
| Nippon Life Insurance Company | 65,488 | 2.81 |
| GOLDMAN, SACHS & CO. REG | 42,238 | 1.81 |
| STATE STREET BANK AND TRUST COMPANY 505225 | 41,858 | 1.80 |
| THE BANK OF NEW YORK MELLON SA/NV 10 | 40,408 | 1.73 |
| AMUNDI GROUP | 39,883 | 1.71 |
| Japan Trustee Services Bank, Ltd (Trust Account 4) | 33,974 | 1.46 |
| STATE STREET BANK WEST CLIENT-TREATY 505234 | 28,889 | 1.24 |

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