STATUS OF CAPITAL ADEQUACY/ BASEL DATA SECTION

CONTENTS

SCOPE OF CONSOLIDATION

■ Differences and reasons for such differences between those companies belonging to the Corporate Group (hereinafter, Holding Company Group) that calculate their capital adequacy ratio according to Article 15 of Notification 20, 2006, issued by the Financial Services Agency (hereinafter, Notification on Consolidated Capital Adequacy), which is based on the method stipulated in "Standards for Bank Holding Companies to Examine the Adequacy of its Capital Based on Assets, Etc. held by it and its Subsidiaries" pursuant to Article 52-25 of the Banking Act and those companies included within the scope of consolidation (hereinafter, Scope of Consolidation) based on Article 5 of the Regulations for Preparation of Consolidated Financial Statements.

Asahi Servicos e Representacoes Ltda. is not included in the scope of consolidation under the provisions of Article 5-2 of the Regulations for Preparation of Consolidated Financial Statements, but, based on Article 15 of the Notification on Consolidated Capital Adequacy, this company is included in the Holding Company Group for calculation of the consolidated capital adequacy ratio.

■ Number, names, and principal business activities of the major consolidated subsidiaries in the Holding Company Group

Number of consolidated subsidiaries: 14
Names and principal business activities of consolidated subsidiaries: As shown below

(As of March 31, 2017)

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.	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, Employment agency
Resona Asset Management Co., Ltd.	Investment trust management business
P.T. Bank Resona Perdania	Banking business
P.T. Resona Indonesia Finance	Finance leasing

■ 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.	13,201.8	59.1	Trust 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

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, 2017**	Amounts excluded under transitional arrangements	As of March 31, 2016	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		**1,361,536**	/	1,249,708	/
of which: capital and capital surplus		**(49,527)**	/	(124,527)	/
of which: retained earnings		**1,436,152**	/	1,399,578	/
of which: treasury stock (–)		**1,181**	/	1,902	/
of which: earnings to be distributed (–)		**23,907**	/	23,440	/
of which: other than the above		**—**	/	—	/
Accumulated other comprehensive income included in Core Capital		**(34,694)**	/	(31,078)	/
of which: foreign currency translation adjustments		**(3,143)**	/	(3,012)	/
of which: remeasurements of defined benefit plans		**(31,551)**	/	(28,066)	/
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock		**—**	/	—	/
Adjusted non-controlling interests (amount allowed to be included in Core Capital)		**1,679**	/	1,918	/
Reserves included in Core Capital: instruments and reserves		**31,455**	/	54,114	/
of which: general reserve for possible loan losses		**4,516**	/	5,555	/
of which: eligible provisions		**26,939**	/	48,559	/
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves		**100,000**	/	175,000	/
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves		**281,965**	/	510,892	/
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		**20,206**	/	23,092	/
Non-controlling interests included in Core Capital subject to transitional arrangements		**13,803**	/	14,023	/
Core Capital: instruments and reserves	(A)	**1,775,952**	/	1,997,672	/
Core Capital: regulatory adjustments					
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)		**16,203**	10,802	11,043	16,565
of which: goodwill (including those equivalent)		**—**	—	—	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights		**16,203**	10,802	11,043	16,565
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		**889**	592	699	1,049
Shortfall of eligible provisions to expected losses		**—**	—	—	—
Gain on sale related to securitization transactions		**4,460**	—	5,380	—
Gains and losses due to changes in own credit risk on fair valued liabilities		**—**	—	—	—
Net defined benefit asset		**7,048**	4,699	1,198	1,797
Investments in own shares (excluding those reported in the Net Assets)		**510**	340	65	97
Reciprocal cross-holdings in relevant capital instruments issued by Other Financial Institutions		**—**	—	—	—
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 (amount above the 10% threshold)		**—**	—	—	—
Amount exceeding the 10% threshold on specified items		**—**	—	10,042	15,063
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)		**—**	—	10,042	15,063
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)	**29,113**	/	28,430	/
Total capital					
Total capital	((A)-(B)) (C)	**1,746,838**	/	1,969,242	/
Risk weighted assets					
Credit risk weighted assets		**13,342,747**	/	12,954,971	/
Total of items included in risk weighted assets subject to transitional arrangements		**62,588**	/	29,971	/
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)		**10,802**	/	16,565	/
of which: deferred tax assets (net of related tax liability)		**592**	/	16,113	/
of which: net defined benefit asset		**4,699**	/	1,797	/
of which: Other Financial Institutions Exposures		**(18,555)**	/	(68,910)	/
of which: other than the above		**65,049**	/	64,405	/
Amount equivalent to market risk x 12.5		**83,192**	/	155,342	/
Amount equivalent to operational risk x 12.5		**1,049,767**	/	1,061,650	/
Credit risk weighted assets adjustments		**455,143**	/	380,613	/
Amount equivalent to operational risk adjustments		**—**	/	—	/
Total amount of risk weighted assets	(D)	**14,930,851**	/	14,552,578	/
Capital adequacy ratio (consolidated)					
Capital adequacy ratio (consolidated)	((C)/(D))	**11.69**	/	13.53	/

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, 2016. 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	2017	2016
Capital requirements for credit risk (excluding equity exposures in the Internal Ratings-based (IRB) Approach, exposures relating to investment funds)	**1,197,282**	1,248,184
Standardized Approach (Note 1)	**41,217**	43,392
IRB Approach (Note 2)	**1,151,708**	1,199,940
Corporate exposures (Note 3)	**739,958**	767,680
Sovereign exposures	**7,072**	6,526
Bank exposures	**14,953**	23,284
Residential mortgage exposures	**196,344**	205,530
Qualifying revolving retail exposures	**10,320**	10,682
Other retail exposures	**84,952**	84,622
Other IRB exposures (Note 4)	**98,107**	101,614
Securitization exposures	**4,356**	4,851
Capital requirements for credit risk of equity exposures in the IRB Approach	**73,730**	66,761
Market-Based Approach (Simple Risk Weight Method)	**15,546**	7,677
Market-Based Approach (Internal Models Approach) (Note 5)	**—**	—
PD/LGD Approach	**47,986**	50,321
Exposure related to the fund-raising methods of other financial institutions other than equity exposure	**10,177**	8,693
Exposure related to portions of specified items that cannot be included in regulatory adjustment	**20**	69
Other	**0**	0
Capital requirements for exposures relating to investment funds	**84,970**	35,194
Capital requirements for CVA risk	**4,387**	9,265
Capital requirements for exposure to the Central Counterparty	**747**	812
Total	**1,361,118**	1,360,219

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	**2017**	2016
Standardized approach	**6,655**	12,427
Interest rate risk	**2,313**	6,085
Equity risk	**—**	—
Foreign exchange risk	**310**	438
Commodity risk	**—**	—
Option transactions	**4,031**	5,904

Notes: 1. Capital requirement for market risk is calculated in accordance with the following formula; Amount equivalent to market 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	**2017**	2016
The Standardized Approach	**83,981**	84,932

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 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	**2017**	2016
Total consolidated capital requirement	**1,194,468**	1,164,206

Notes: 1. Total consolidated capital requirement is calculated by multiplying the Total amount of risk weighted assets 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	1,361,536	—	—
P.T. Bank Resona Perdania, others	Non-controlling Interests	15,482	—	—
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

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 Stocks, dividend stopper clauses exist, and dividends are non-cumulative.

For further details, please access the Resona Holdings website: **http://www.resona-gr.co.jp/holdings/english/investors/financial/basel3/**

■ 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	No. 4 Unsecured Subordinated Bonds	22,207	Fixed 2.766%	June 20, 2019	—	—
Resona Bank	No. 6 Unsecured Subordinated Bonds	29,255	Fixed 2.084%	March 4, 2020	—	—
Resona Bank	No. 7 Unsecured Subordinated Bonds	27,958	Fixed 1.606%	September 28, 2020	—	—
Resona Bank	No. 8 Unsecured Subordinated Bonds	20,851	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 Fixed 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	34,693	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 Redeemable Unsecured Subordinated Bonds	20,000	Fixed to Fixed 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	—
Saitama Resona Bank	No. 4 Redeemable Unsecured Subordinated Bonds	25,000	Fixed to Fixed 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	—

Note: The amounts shown are before considering deduction or caps under Transitional Rules subject to Article 3 of the Supplementary Provisions to the Notification on Consolidated Capital Adequacy (2013 Notification No. 6 issued by the Financial Services Agency).

For further details please access the Resona Holdings website: **http://www.resona-gr.co.jp/holdings/english/investors/financial/basel3/**

Credit Risk

■ Ratings Applied to Portfolio Subject to Standardized Approach

1. Qualified Rating Agencies Used in Making Judgments on Risk Weights

In determining the risk weights for portfolios to which the Standardized Approach is applied, the Holding Company Group makes use of ratings issued by the following five qualified rating agencies (Eligible External Credit Assessment Institutions (ECAI)): Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings Limited (Fitch). These rating agencies are those designated by the Financial Services Agency, as of March 31, 2017, and are "qualified rating agencies" for the purposes of Basel 3.

2. Types of Exposure and Qualified Rating Agencies Used

The Holding Company Group has specified the use of the following rating agencies for certain obligors and types of exposure as shown below. In all cases, when there are two or more ratings available from qualified rating agencies and these ratings differ, the second smallest risk weight counting from the smallest risk weight is adopted. (When one smallest risk weight is corresponding to two or more ratings, the smallest risk weight is adopted.)

Types of Obligor and Exposure	Rating Agency Used
Central governments and central banks Local governments in Japan Foreign non-central government public-sector entities Multilateral Development Banks Japan Finance Organization for Municipalities Government-affiliated organizations in Japan Local public corporations Banks Securities companies	Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), Fitch Ratings Limited (Fitch)
Investment funds (assets backed up with underlying investments in multiple assets)	Same as the above
Securitized products Structured finance	Same as the above
Other than the above	Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (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, 2017					
	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	50,292,961	41,091,530	4,360,753	3,592,948	377,256	472,897
Overseas	—	—	—	—	—	—
Exposure to which the Standardized Approach is applied	4,956,183	4,734,731	19,578	54,105	255	19,221
Total	55,249,145	45,826,262	4,380,332	3,647,054	377,511	492,118
By Industry						
Manufacturing	3,152,791	2,500,703	297,976	335,979	17,272	104,450
Agriculture and forestry	31,766	30,766	340	611	49	482
Fishery	2,197	2,189	—	0	7	8
Mining, quarrying of stone, gravel extraction	12,027	10,209	1,308	495	13	4
Construction	672,724	525,519	39,688	105,815	1,676	15,913
Electricity, gas, heating, water	268,491	223,905	20,419	21,565	2,600	—
Information and communication	303,013	252,295	26,128	22,553	2,031	7,695
Transportation, postal services	656,133	561,099	51,671	40,521	2,792	52,977
Wholesale and retail trade	2,501,863	2,183,077	152,974	152,149	12,144	114,780
Finance and insurance	2,325,014	870,794	178,969	557,028	308,341	963
Real estate	6,024,816	5,890,926	44,088	70,666	18,105	40,329
Goods rental and leasing	348,314	326,434	4,579	16,390	910	866
Services	1,821,884	1,624,647	56,841	128,799	11,097	52,010
Individuals	11,059,140	10,969,172	—	89,748	—	82,020
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	19,924,091	14,628,937	3,268,970	2,010,364	212	380
Foreign central governments and central banks, etc.	203,771	2,879	200,891	—	—	10
Others	984,919	487,973	15,904	40,259	—	1
Exposure to which the Standardized Approach is applied	4,956,183	4,734,731	19,578	54,105	255	19,221
Total	55,249,145	45,826,262	4,380,332	3,647,054	377,511	492,118
By Residual Contractual Maturity						
One year or less	4,114,228	2,282,264	549,317	1,170,634	67,722	/
One year to less than three years	3,276,565	2,112,442	827,024	191,159	99,549	/
Three years to less than five years	3,918,095	2,579,794	1,071,762	41,898	142,962	/
Five years to less than seven years	1,958,971	1,502,826	299,410	23,980	19,830	/
Over seven years	19,196,676	17,631,748	1,220,392	156,021	47,190	/
Exposures with no maturity dates	17,828,423	14,982,454	392,844	2,009,254	—	/
Exposure to which the Standardized Approach is applied	4,956,183	4,734,731	19,578	54,105	255	/
Total	55,249,145	45,826,262	4,380,332	3,647,054	377,511	/

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, 2016					
	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	51,385,574	41,496,099	4,704,612	3,627,070	607,161	532,845
Overseas	—	—	—	—	—	—
Exposure to which the Standardized Approach is applied	2,864,019	2,614,903	34,094	65,600	115	20,491
Total	54,249,593	44,111,002	4,738,706	3,692,671	607,276	553,337
By Industry						
Manufacturing	3,233,482	2,586,354	313,087	311,374	20,121	117,765
Agriculture and forestry	33,801	33,056	180	524	40	424
Fishery	1,987	1,956	20	0	10	10
Mining, quarrying of stone, gravel extraction	13,004	10,640	1,511	825	26	120
Construction	663,654	536,940	37,413	87,157	2,098	16,369
Electricity, gas, heating, water	238,688	195,140	20,419	18,662	4,465	—
Information and communication	285,182	235,672	24,133	22,970	2,400	10,347
Transportation, postal services	643,366	553,727	49,723	36,730	3,135	62,198
Wholesale and retail trade	2,546,136	2,242,719	147,597	132,723	21,048	122,094
Finance and insurance	2,424,389	881,431	250,690	302,124	521,798	1,720
Real estate	5,578,078	5,446,660	45,308	66,443	18,781	52,302
Goods rental and leasing	348,354	325,666	4,949	16,107	1,573	1,116
Services	1,722,819	1,543,622	52,354	115,196	11,318	59,913
Individuals	10,893,935	10,802,788	—	90,802	15	88,022
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	21,555,814	15,599,571	3,514,252	2,423,829	325	424
Foreign central governments and central banks, etc.	222,392	3,280	219,112	—	—	13
Others	980,485	496,869	23,858	1,597	—	1
Exposure to which the Standardized Approach is applied	2,864,019	2,614,903	34,094	65,600	115	20,491
Total	54,249,593	44,111,002	4,738,706	3,692,671	607,276	553,337
By Residual Contractual Maturity						
One year or less	3,890,002	2,431,984	480,129	848,753	95,277	/
One year to less than three years	3,497,483	2,072,300	1,021,806	182,907	160,495	/
Three years to less than five years	4,436,621	2,717,706	1,404,610	34,144	216,102	/
Five years to less than seven years	2,086,865	1,468,591	370,260	20,300	86,788	/
Over seven years	18,338,439	16,957,127	1,022,559	118,395	48,496	/
Exposures with no maturity dates	19,136,161	15,848,389	405,245	2,422,568	—	/
Exposure to which the Standardized Approach is applied	2,864,019	2,614,903	34,094	65,600	115	/
Total	54,249,593	44,111,002	4,738,706	3,692,671	607,276	/

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,	2017			2016		
	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	**126,189**	**(14,609)**	**111,580**	131,676	(5,486)	126,189
Special reserve for certain overseas loans	**0**	**(0)**	**0**	0	0	0

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,	2017		
	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year
By Region			
Japan	**73,779**	**(18,971)**	**54,808**
Overseas	**—**	**—**	**—**
Total	**73,779**	**(18,971)**	**54,808**
By Industry			
Manufacturing	**14,756**	**(2,253)**	**12,502**
Agriculture and forestry	**135**	**(66)**	**68**
Fishery	**—**	**—**	**—**
Mining, quarrying of stone, gravel extraction	**3**	**(0)**	**2**
Construction	**3,935**	**(1,983)**	**1,952**
Electricity, gas, heating, water	**—**	**—**	**—**
Information and communication	**2,705**	**(292)**	**2,413**
Transportation, postal services	**13,790**	**(8,787)**	**5,003**
Wholesale and retail trade	**16,979**	**(4,878)**	**12,100**
Finance and insurance	**741**	**(200)**	**540**
Real estate	**4,163**	**(1,102)**	**3,060**
Goods rental and leasing	**56**	**22**	**78**
Services	**7,966**	**1,332**	**9,298**
Individuals	**2,313**	**(291)**	**2,021**
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	**—**	**—**	**—**
Foreign central governments and central banks, etc.	**—**	**—**	**—**
Others	**6,233**	**(469)**	**5,763**
Total	**73,779**	**(18,971)**	**54,808**

Year ended March 31,	2016		
	Balance at beginning of fiscal year	Increase/(decrease) during the fiscal year	Balance at end of fiscal year
By Region			
Japan	75,708	(1,928)	73,779
Overseas	—	—	—
Total	75,708	(1,928)	73,779
By Industry			
Manufacturing	17,025	(2,269)	14,756
Agriculture and forestry	65	69	135
Fishery	—	—	—
Mining, quarrying of stone, gravel extraction	3	(0)	3
Construction	4,016	(81)	3,935
Electricity, gas, heating, water	—	—	—
Information and communication	2,804	(98)	2,705
Transportation, postal services	4,283	9,506	13,790
Wholesale and retail trade	21,224	(4,245)	16,979
Finance and insurance	895	(154)	741
Real estate	6,623	(2,460)	4,163
Goods rental and leasing	115	(59)	56
Services	8,892	(926)	7,966
Individuals	2,614	(301)	2,313
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	—	—	—
Foreign central governments and central banks, etc.	—	—	—
Others	7,141	(907)	6,233
Total	75,708	(1,928)	73,779

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,	2017	2016
Manufacturing	**1,290**	1,839
Agriculture and forestry	**89**	24
Fishery	**—**	—
Mining, quarrying of stone, gravel extraction	**—**	—
Construction	**450**	593
Electricity, gas, heating, water	**—**	—
Information and communication	**56**	226
Transportation, postal services	**2,059**	17,095
Wholesale and retail trade	**1,963**	5,386
Finance and insurance	**(0)**	2
Real estate	**1,196**	440
Goods rental and leasing	**6**	282
Services	**2,250**	1,639
Individuals	**530**	341
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	**—**	—
Foreign central governments and central banks, etc.	**—**	—
Others	**3,781**	3,975
Total	**13,674**	31,847

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,	2017		2016	
	With external rating	**Without external rating**	With external rating	Without external rating
0%	**60**	**4,272,373**	137	2,141,239
10%	**—**	**30,726**	—	33,784
20%	**140,579**	**—**	138,641	—
35%	**—**	**—**	—	—
50%	**76,269**	**—**	98,365	—
75%	**—**	**—**	—	—
100%	**2,921**	**413,836**	7,448	423,885
150%	**—**	**19,406**	—	20,505
250%	**—**	**11**	—	11
350%	**—**	**—**	—	—
1,250%	**—**	**—**	—	—
Others	**—**	**—**	—	—
Total	**219,830**	**4,736,353**	244,593	2,619,425

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, 2017**	As of March 31, 2016
Strong	Under 2 and half years	50%	**7,165**	2,267
	Over 2 and half years	70%	**25,968**	33,742
Good	Under 2 and half years	70%	**1,070**	26,606
	Over 2 and half years	90%	**85,522**	45,711
Satisfactory	No term	115%	**75,758**	82,053
Weak	No term	250%	**4,272**	7,616
Default	No term	0%	**770**	1,606
Total			**200,528**	199,604

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

Slotting criteria	Residual contractual maturity	Risk weights	**As of March 31, 2017**	As of March 31, 2016
Strong	Under 2 and half years	70%	**—**	—
	Over 2 and half years	95%	**—**	—
Good	Under 2 and half years	95%	**4,112**	—
	Over 2 and half years	120%	**9,758**	—
Satisfactory	No term	140%	**1,602**	10,758
Weak	No term	250%	**—**	—
Default	No term	0%	**—**	—
Total			**15,472**	10,758

■ Equity Exposure under Simple Risk Weight Method by Risk Weight Category

(Millions of yen)

As of March 31,	**2017**	2016
Risk weights		
300%	**41,742**	11,796
400%	**14,525**	13,786
Total	**56,267**	25,583

■ Corporate Exposures

(Millions of yen)

	As of March 31, 2017							
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%**	**29.62%**	**/**	**24.39%**	**3,751,699**	**664,865**	**433,433**	**75.00%**
B–E	**1.14%**	**25.63%**	**/**	**48.53%**	**8,734,810**	**550,819**	**441,305**	**75.00%**
F, G	**9.56%**	**24.85%**	**/**	**93.51%**	**773,367**	**40,340**	**18,741**	**75.00%**
Default	**100.00%**	**30.67%**	**39.21%**	**25.26%**	**346,376**	**4,545**	**180**	**75.00%**
Total	**/**	**/**	**/**	**/**	**13,606,253**	**1,260,570**	**893,659**	**75.00%**

	As of March 31, 2016							
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%	31.24%	/	25.25%	3,478,364	394,167	359,054	75.00%
B–E	1.17%	26.21%	/	49.82%	8,579,159	562,204	445,403	75.00%
F, G	9.68%	24.65%	/	93.47%	797,377	44,730	18,851	75.00%
Default	100.00%	30.98%	40.34%	23.06%	396,537	5,014	550	75.00%
Total	/	/	/	/	13,251,438	1,006,116	823,859	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)

Credit rating	As of March 31, 2017							
	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%	35.06%	/	0.34%	18,112,882	2,010,034	—	—
B–E	1.12%	33.68%	/	67.18%	15,941	480	—	—
F, G	15.12%	10.60%	/	58.23%	3,407	61	—	—
Default	100.00%	16.41%	15.72%	8.59%	391	—	—	—
Total	/	/	/	/	18,132,621	2,010,576	—	—

Credit rating	As of March 31, 2016							
	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%	35.27%	/	0.33%	19,356,175	2,423,393	—	—
B–E	0.99%	29.01%	/	60.74%	1,875	672	—	—
F, G	15.30%	10.73%	/	59.44%	3,555	88	—	—
Default	100.00%	17.66%	16.94%	9.01%	438	—	—	—
Total	/	/	/	/	19,362,045	2,424,154	—	—

Note: Weighted average figures based on EAD

■ Bank Exposures

(Millions of yen)

Credit rating	As of March 31, 2017							
	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	0.13%	26.37%	/	16.85%	553,967	286,196	—	—
B–E	0.58%	32.99%	/	42.50%	48,432	13,828	14,300	75.00%
F, G	15.12%	34.31%	/	156.81%	11	—	—	—
Default	—	—	—	—	—	—	—	—
Total	/	/	/	/	602,412	300,024	14,300	75.00%

Credit rating	As of March 31, 2016							
	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	0.14%	31.07%	/	25.64%	638,882	229,516	—	—
B–E	0.64%	33.62%	/	58.02%	42,712	30,065	24,200	75.00%
F, G	13.68%	27.50%	/	124.60%	19	—	—	—
Default	—	—	—	—	—	—	—	—
Total	/	/	/	/	681,614	259,582	24,200	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, 2017			As of March 31, 2016		
	PD* (Estimated)	Weighted average RW	Balance	PD* (Estimated)	Weighted average RW	Balance
SA, A	0.11%	116.92%	294,814	0.12%	119.90%	285,029
B–E	0.72%	224.54%	80,539	0.73%	224.92%	94,294
F, G	8.84%	529.29%	5,199	9.12%	536.92%	4,908
Default	100.00%	1,125.00%	1,138	100.00%	1,125.00%	1,174
Total	/	/	381,691	/	/	385,405

Note: Weighted average figures based on Balance

■ Retail Exposures

(Millions of yen)

	As of March 31, 2017						
	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	/	/	/	**9,644,513**	**19,425**	**—**	**—**
Non-default	**0.80%**	**27.40%**	**19.47%**	**9,580,566**	**19,105**	**—**	**—**
Default	**100.00%**	**28.40%**	/	**63,947**	**320**	**—**	**—**
Qualifying revolving retail exposures	/	/	/	**115,356**	**48,011**	**476,330**	**10.08%**
Non-default	**3.09%**	**63.93%**	**49.16%**	**114,938**	**47,975**	**476,099**	**10.08%**
Default	**100.00%**	**65.68%**	/	**417**	**35**	**230**	**15.57%**
Other retail exposures	/	/	/	**2,227,437**	**31,652**	**60,525**	**35.26%**
Non-default	**1.35%**	**34.48%**	**30.16%**	**2,172,336**	**31,335**	**60,413**	**35.26%**
Default	**100.00%**	**41.78%**	/	**55,101**	**316**	**111**	**33.18%**

	As of March 31, 2016						
	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	/	/	/	9,385,729	22,643	—	—
Non-default	0.88%	27.52%	20.90%	9,319,641	22,150	—	—
Default	100.00%	28.79%	/	66,088	492	—	—
Qualifying revolving retail exposures	/	/	/	115,810	46,894	466,242	10.06%
Non-default	3.24%	64.06%	50.85%	115,406	46,855	465,995	10.05%
Default	100.00%	66.52%	/	404	39	246	15.97%
Other retail exposures	/	/	/	2,235,966	31,131	56,320	32.96%
Non-default	1.35%	34.12%	30.19%	2,175,455	30,577	56,172	32.95%
Default	100.00%	41.14%	/	60,511	553	147	33.61%

Note: Weighted average figures based on EAD

■ Actual Losses by Types of Exposures and Comparison to the Result of the Year Before (Notes 1 and 2)

(Millions of yen)

Years ended March 31,	2017	2016
Resona Holdings, Inc. (Consolidated) (Note 4)	**(17,452)**	25,854
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 4)	**(18,239)**	23,488
Corporate exposures	**(14,214)**	24,072
Sovereign exposures	**(1)**	(2)
Bank exposures	**—**	—
Residential mortgage exposures	**(122)**	(46)
Qualifying revolving retail exposures	**(0)**	(3)
Other retail exposures	**1,373**	3,611
Resona Bank, Ltd. (Consolidated) (Note 4)	**(12,924)**	28,369
Resona Bank, Ltd. (Non-Consolidated) (Note 4)	**(14,728)**	24,842
Corporate exposures	**(10,394)**	21,707
Sovereign exposures	**(1)**	(2)
Bank exposures	**—**	—
Residential mortgage exposures	**(121)**	(57)
Qualifying revolving retail exposures (Note 3)	**—**	—
Other retail exposures	**359**	1,207
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 4)	**(896)**	1,614
Corporate exposures	**(1,287)**	4,867
Sovereign exposures	**—**	—
Bank exposures	**—**	—
Residential mortgage exposures	**121**	168
Qualifying revolving retail exposures (Note 3)	**—**	—
Other retail exposures	**655**	1,521
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 4)	**(1,948)**	(2,784)
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 4)	**(2,615)**	(2,968)
Corporate exposures	**(2,532)**	(2,502)
Sovereign risk exposures	**—**	—
Bank exposures	**—**	—
Residential mortgage exposures	**(122)**	(157)
Qualifying revolving retail exposures	**(0)**	(3)
Other retail exposures	**357**	883

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 IRB calculation are included in actual losses.

Analysis

The credit-related expenses of Resona Holdings for the year ended March 31, 2017, amounted to ¥17.4 billion reversal, ¥43.3 billion lower than in the previous fiscal year.

Principal reasons include conservative increase of the specific reserve for possible loan losses in relation to the downgrading of a major customer which occurred in the previous fiscal year at Resona Bank (non-consolidated), while having low levels of newly occurring credit-related expenses and ¥17.2 billion year-on-year decrease in write-off of loans.

■ Comparison of Estimated and Actual Losses by Types of Exposures

(Millions of yen)

	As of March 31, 2016 (Note 4)		**Year ended March 31, 2017**
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	**/**	**/**	**(17,452)**
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	**254,495**	**1,178**	**(18,239)**
Corporate exposures	**211,436**	**(8,230)**	**(14,214)**
Sovereign exposures	**195**	**194**	**(1)**
Bank exposures	**719**	**719**	**—**
Residential mortgage exposures	**4,323**	**480**	**(122)**
Qualifying revolving retail exposures	**298**	**296**	**(0)**
Other retail exposures	**32,768**	**2,982**	**1,373**
Resona Bank, Ltd. (Consolidated) (Note 7)	**/**	**/**	**(12,924)**
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	**182,626**	**(1,041)**	**(14,728)**
Corporate exposures	**156,286**	**(8,047)**	**(10,394)**
Sovereign exposures	**114**	**112**	**(1)**
Bank exposures	**586**	**586**	**—**
Residential mortgage exposures	**3,011**	**1,181**	**(121)**
Qualifying revolving retail exposures (Note 3)	**—**	**—**	**—**
Other retail exposures	**17,898**	**398**	**359**
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	**41,979**	**16**	**(896)**
Corporate exposures	**34,080**	**(1,141)**	**(1,287)**
Sovereign exposures	**15**	**15**	**—**
Bank exposures	**10**	**10**	**—**
Residential mortgage exposures	**943**	**155**	**121**
Qualifying revolving retail exposures (Note 3)	**—**	**—**	**—**
Other retail exposures	**6,903**	**968**	**655**
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 7)	**/**	**/**	**(1,948)**
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	**29,889**	**2,203**	**(2,615)**
Corporate exposures	**21,068**	**958**	**(2,532)**
Sovereign exposures	**65**	**65**	**—**
Bank exposures	**122**	**122**	**—**
Residential mortgage exposures	**367**	**(855)**	**(122)**
Qualifying revolving retail exposures	**298**	**296**	**(0)**
Other retail exposures	**7,966**	**1,614**	**357**

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, 2016.
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 IRB calculation are included in actual losses.

(Millions of yen)

	As of March 31, 2015 (Note 4)		Year ended March 31, 2016
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	25,854
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	283,722	(23,378)	23,488
Corporate exposures	237,580	(31,324)	24,072
Sovereign exposures	215	210	(2)
Bank exposures	739	739	—
Residential mortgage exposures	5,936	1,599	(46)
Qualifying revolving retail exposures	415	409	(3)
Other retail exposures	33,622	(192)	3,611
Resona Bank, Ltd. (Consolidated) (Note 7)	/	/	28,369
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	209,168	(22,518)	24,842
Corporate exposures	180,286	(28,234)	21,707
Sovereign exposures	120	115	(2)
Bank exposures	597	597	—
Residential mortgage exposures	3,363	1,342	(57)
Qualifying revolving retail exposures (Note 3)	—	—	—
Other retail exposures	19,609	(1,526)	1,207
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	40,825	900	1,614
Corporate exposures	32,829	(1,017)	4,867
Sovereign exposures	23	23	—
Bank exposures	34	34	—
Residential mortgage exposures	1,211	414	168
Qualifying revolving retail exposures (Note 3)	—	—	—
Other retail exposures	6,705	1,455	1,521
The Kinki Osaka Bank, Ltd. (Consolidated) (Note 7)	/	/	(2,784)
The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	33,728	(1,760)	(2,968)
Corporate exposures	24,464	(2,072)	(2,502)
Sovereign exposures	71	71	—
Bank exposures	108	108	—
Residential mortgage exposures	1,361	(157)	(157)
Qualifying revolving retail exposures	415	409	(3)
Other retail exposures	7,307	(121)	883

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, 2015.
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 IRB calculation are included in actual losses.

(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)
Qualifying 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)
Qualifying 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
Qualifying 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)
Qualifying 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 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)
Qualifying 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)
Qualifying 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)
Qualifying 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)
Qualifying 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 IRB calculation are included in actual losses.

(Millions of yen)

	As of March 31, 2012 (Note 4)		Year ended March 31, 2013
	Estimated losses	Estimated losses after deduction of reserves (Note 5)	Actual losses (Note 6)
Resona Holdings, Inc. (Consolidated) (Notes 1, 2 and 7)	/	/	(13,075)
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) + The Kinki Osaka Bank, Ltd. (Non-Consolidated) (Note 7)	489,457	(31,127)	(21,438)
Corporate exposures	433,611	(29,395)	4,924
Sovereign exposures	440	436	0
Bank exposures	1,371	1,371	—
Residential mortgage exposures	8,817	1,885	927
Qualifying 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
Qualifying 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
Qualifying 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
Qualifying 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 IRB calculation are included in actual losses.

Credit Risk Mitigation Techniques

In calculating the Capital Adequacy Ratio, the Holding Company Group adopts the "Comprehensive Approach" as credit risks mitigation techniques which is stipulated in the Notification on Consolidated Capital Adequacy. Credit risk mitigation techniques are approaches to reduce the level of credit risk borne by the Holding Company Group such as the pledging of Eligible Financial Collateral, offsetting loans with deposits held with the Holding Company Group (On-Balance Sheet Netting), other eligible IRB collateral, guarantees, and the use of credit derivatives.

Please note that for Group banks adopting the Advanced Internal Ratings-Based Approach, the LGD estimates take account of on-balance sheet netting and credit risk mitigation through collateral.

■ Principal Types of Collateral

The principal type of collateral is as follows.
1. Cash and deposits
2. Listed stocks
3. Real estate
4. Discounted bills
5. Bonds

■ Outline of Procedure on Evaluation and Administration of Collateral

The pledged collateral is properly retained by acquiring the lien on the mortgage and administered under the retention policy so that timely execution of collateral rights is possible. In order to properly acknowledge the coverage status of loans to collateral held, collateral which their value fluctuates according to the financial market are re-evaluated periodically.

■ Outline of Policy and Procedure for On-Balance Sheet Netting of Loans and Deposits

For Group banks adopting the Advanced Internal Ratings-Based Approach, since the LGD estimates take account of on-balance sheet netting, the above-mentioned procedures have not been implemented.

Regarding the adoption of the Foundation Internal Ratings-based Approach, based on contracts governing bank transactions in which the netting of loans and deposits is permitted, we offset the loan balance with the deposits held with us that are not pledged as collateral and define that amount as credit exposure after credit risk mitigation techniques. When there is a maturity and/or currency mismatch, we will adjust the offset amount according to the practices stipulated in the Notification on Consolidated Capital Adequacy.

■ Outline of Policy and Procedure on Legally Binding Netting Contracts for Derivative and Repo-Style Transactions

In applying bilateral netting contracts for derivatives and repo-style transactions, the Bank reviews its legality prior to engagement of the contract. In the case of International SWAP and Derivative Association (ISDA) Master Agreements, we review and confirm that the article on Close-out Netting is legally binding under the laws of each country.

For transactions that are entered individually, we obtain comments from the legal counsel and conduct compliance checks in order to maintain its legality.

The transaction subject to credit risk mitigation techniques in the Trading and Banking Book is as follows.

Transactions: Derivative Transactions (Interest rate swaps, Currency swaps, Interest rate options, FRA, Forward contracts, Currency options, etc.), Repo-style Transactions

■ Information on Credit and Market Risk Concentration Arising from Credit Risk Mitigation Techniques

There is no credit and market risk concentration as a result of the use of credit risk mitigation techniques.

■ Types of Guarantors and Principal Counterparties in Credit Derivative Transactions and Explanation of Their Credit Standings

Major guarantors are central and local governments, government affiliated institutions, multilateral development banks, and banks and securities companies with lower risk weight compared to the borrower and/or the claims subject to the guarantee.

There is no outstanding balance of credit derivatives.

■ Exposure to which Credit Risk Mitigation Techniques Method Is Applied

(Millions of yen)

	As of March 31, 2017		
	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	**28,061**	**260,825**	**288,887**
Corporate exposures	**27,995**	**260,704**	**288,699**
Sovereign exposures	**51**	**121**	**172**
Bank exposures	**14**	**—**	**14**
Standardized Approach	**7,162**	**/**	**7,162**
Total	**35,224**	**260,825**	**296,049**

	As of March 31, 2017		
	Guarantees	Credit derivatives	Total
Internal Ratings-based Approach	**1,679,136**	**—**	**1,679,136**
Corporate exposures	**505,395**	**—**	**505,395**
Sovereign exposures	**63,293**	**—**	**63,293**
Bank exposures	**—**	**—**	**—**
Residential mortgage exposures	**574,434**	**—**	**574,434**
Qualifying revolving retail exposures	**—**	**—**	**—**
Other retail exposures	**536,013**	**—**	**536,013**
Standardized Approach	**42**	**—**	**42**
Total	**1,679,179**	**—**	**1,679,179**

Note: Exposure to which credit risk mitigation techniques concerning the components of funds (exposures relating to investment funds) are applied is not included.

	As of March 31, 2016		
	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	27,097	249,138	276,235
Corporate exposures	26,972	248,985	275,957
Sovereign exposures	51	153	204
Bank exposures	73	—	73
Standardized Approach	30,049	/	30,049
Total	57,147	249,138	306,285

	As of March 31, 2016		
	Guarantees	Credit derivatives	Total
Internal Ratings-based Approach	1,854,142	—	1,854,142
Corporate exposures	572,649	—	572,649
Sovereign exposures	75,996	—	75,996
Bank exposures	—	—	—
Residential mortgage exposures	625,966	—	625,966
Qualifying revolving retail exposures	—	—	—
Other retail exposures	579,530	—	579,530
Standardized Approach	50	—	50
Total	1,854,192	—	1,854,192

Note: Exposure to which credit risk mitigation techniques concerning the components of funds (exposures relating to investment funds) are applied is not included.

Derivative Transactions

■ Status of Derivative Transactions and Long-Settlement Transactions

(Millions of yen)

	As of March 31, 2017				
	Notional or contract amount	Fair value	Gross replacement cost	Gross add-ons	Credit equivalent amount
Long-settlement transactions	**—**	**—**	**—**	**—**	**—**
Interest rate related					
Interest rate swaps	**14,182,816**	**44,756**	**181,603**	**66,962**	**248,565**
Interest rate options	**80,555**	**383**	**959**	**244**	**1,203**
Subtotal	**14,263,372**	**45,139**	**182,562**	**67,207**	**249,769**
Currency-related					
Currency swaps	**701,285**	**(13,386)**	**42,186**	**21,752**	**63,939**
Currency options	**262,117**	**(8,284)**	**3,505**	**2,778**	**6,283**
Forward contracts	**1,540,668**	**17,475**	**37,976**	**19,541**	**57,518**
Subtotal	**2,504,071**	**(4,196)**	**83,669**	**44,072**	**127,742**
Subtotal	**16,767,443**	**40,942**	**266,231**	**111,280**	**377,511**
Credit risk mitigation under close-out netting contracts					**177,692**
Credit risk mitigation by pledged collateral (Note 3)					**67,404**
Total (after netting / adjusting collateral)					**132,415**

	As of March 31, 2016				
	Notional or contract amount	Fair value	Gross replacement cost	Gross add-ons	Credit equivalent amount
Long-settlement transactions	—	—	—	—	—
Interest rate related					
Interest rate swaps	21,980,005	39,301	315,372	107,961	423,333
Interest rate options	330,308	1,616	2,387	346	2,734
Subtotal	22,310,314	40,917	317,759	108,308	426,067
Currency-related					
Currency swaps	984,942	(8,922)	57,469	33,303	90,773
Currency options	488,586	(17,122)	9,538	5,582	15,121
Forward contracts	1,309,264	32,949	56,678	18,635	75,313
Subtotal	2,782,793	6,904	123,686	57,521	181,208
Subtotal	25,093,107	47,821	441,446	165,830	607,276
Credit risk mitigation under close-out netting contracts					354,299
Credit risk mitigation by pledged collateral (Note 3)					77,109
Total (after netting / adjusting collateral)					175,866

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, 2017.
3. The effect of credit risk mitigation of collateralized derivative transactions as of March 31, 2017, is as follows.
Collateral is composed of cash.
(1) Collateral placed: 5,446
(2) Collateral held: 72,851
(2)-(1): 67,404

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

There were no securitization exposures subject to calculation of market risk equivalent amount.

■ 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, 2017.

- Rating and Investment Information, Inc. (R&I)
- Japan Credit Rating Agency, Ltd. (JCR)
- Moody's Investors Service, Inc. (Moody's)
- S&P Global Ratings (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, 2017											
	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	**—**	**11,079**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**11,079**	**1,737**
Risk weight:												
To 20%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over 20% to 100%	**—**	**3,210**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,210**	**179**
Over 100% to 1,250%	**—**	**7,868**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**7,868**	**1,557**
1,250% (Note 1)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Capital increase due to securitization transactions	**—**	**3,388**	**1,072**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,460**	**4,460**

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, 2016											
	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	—	11,080	—	—	—	—	—	—	—	—	11,080	1,888
Risk weight:												
To 20%	—	—	—	—	—	—	—	—	—	—	—	—
Over 20% to 100%	—	3,211	—	—	—	—	—	—	—	—	3,211	219
Over 100% to 1,250%	—	7,868	—	—	—	—	—	—	—	—	7,868	1,668
1,250% (Note 1)	—	—	—	—	—	—	—	—	—	—	—	—
Capital increase due to securitization transactions	—	3,653	1,727	—	—	—	—	—	—	—	5,380	5,380

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.

(2) Re-securitization exposure

None

2. Underlying Assets

(Millions of yen)

	As of March 31, 2017										
	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	—	**34,760**	—	—	—	—	—	—	—	—	**34,760**
Asset transfer-type securitizations	—	**34,760**	—	—	—	—	—	—	—	—	**34,760**
Past due three months or more, or default	—	**2,455**	—	—	—	—	—	—	—	—	**2,455**
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 securitiza-tion transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—
Amount of assets held for the purpose of securitization transactions	—	—	—	—	—	—	—	—	—	—	—

	As of March 31, 2016										
	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	—	40,856	—	—	—	—	—	—	—	—	40,856
Asset transfer-type securitizations	—	40,856	—	—	—	—	—	—	—	—	40,856
Past due three months or more, or default	—	2,528	—	—	—	—	—	—	—	—	2,528
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 securitiza-tion 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, 2017											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	—	—	—	—	—	—	—	34,218	—	9,940	44,159	1,006
Risk weight:												
To 20%	—	—	—	—	—	—	—	18,208	—	6,622	24,830	169
Over 20% to 100%	—	—	—	—	—	—	—	16,010	—	3,318	19,328	837
Over 100% to 1,250%	—	—	—	—	—	—	—	—	—	—	—	—
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.

	As of March 31, 2016											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	—	—	—	—	—	—	—	38,662	—	4,744	43,407	1,254
Risk weight:												
To 20%	—	—	—	—	—	—	—	16,374	—	1,355	17,729	105
Over 20% to 100%	—	—	—	—	—	—	—	22,234	—	3,389	25,624	1,143
Over 100% to 1,250%	—	—	—	—	—	—	—	53	—	—	53	5
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.

(2) Re-securitization exposure

None

2. Underlying Assets

(Millions of yen)

	As of March 31, 2017										
	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	—	—	—	—	—	—	—	48,684	—	11,692	60,376
Asset transfer-type securitizations	—	—	—	—	—	—	—	48,684	—	11,692	60,376
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	3	3
Losses during the year	—	—	—	—	—	—	—	32	—	42	74
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year*	—	—	—	—	—	—	—	187,526	—	17,235	204,761
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—
Amount of assets held for the purpose of securitization transactions	—	—	—	—	—	—	—	—	—	—	—

Note: Includes purchase of claims, such as bills, lease receivables, and accounts receivables, etc., originally held by our customers and trust beneficiary rights composed of above-mentioned underlying assets through issuance of CP (ABCP) and/or offering loans (ABL) to special-purpose companies.

	As of March 31, 2016										
	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	—	—	—	—	—	—	—	56,427	—	5,202	61,630
Asset transfer-type securitizations	—	—	—	—	—	—	—	56,427	—	5,202	61,630
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	2	2
Losses during the year	—	—	—	—	—	—	—	24	—	72	97
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year*	—	—	—	—	—	—	—	84,211	—	5,558	89,770
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—
Amount of assets held for the purpose of securitization transactions	—	—	—	—	—	—	—	—	—	—	—

Note: Includes purchase of claims, such as bills, lease receivables, and accounts receivables, etc., originally held by our customers and trust beneficiary rights composed of above-mentioned underlying assets through issuance of CP (ABCP) and/or offering loans (ABL) to special-purpose companies.

■ Securitization Exposure that Is Subject to Calculation of Market Risk When the Holding Company Group Is the Sponsor of Securitization Programs (ABCP, etc.).

None

■ Securitization Exposure that Is Subject to the Calculation of Credit Risk Assets When the Holding Company Group Is an Investor.

(1) Securitization exposure (excluding re-securitization exposure)

(Millions of yen)

	As of March 31, 2017											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	**—**	**7,770**	**3,031**	**—**	**—**	**—**	**—**	**1,995**	**—**	**—**	**12,797**	**119**
Risk weight:												
To 20%	**—**	**7,770**	**3,031**	**—**	**—**	**—**	**—**	**628**	**—**	**—**	**11,430**	**70**
Over 20% to 100%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**341**	**—**	**—**	**341**	**12**
Over 100% to 1,250%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,025**	**—**	**—**	**1,025**	**37**
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.

	As of March 31, 2016											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	—	10,870	4,368	—	—	—	—	2,664	—	—	17,902	166
Risk weight:												
To 20%	—	10,870	4,368	—	—	—	—	683	—	—	15,921	96
Over 20% to 100%	—	—	—	—	—	—	—	290	—	—	290	10
Over 100% to 1,250%	—	—	—	—	—	—	—	1,690	—	—	1,690	59
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.

(2) Re-securitization exposure

(Millions of yen)

	As of March 31, 2017											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**0**
Risk weight:												
To 20%	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**0**
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.

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

	As of March 31, 2016											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	—	2,293	—	—	—	—	—	—	—	—	2,293	45
Risk weight:												
To 20%	—	2,124	—	—	—	—	—	—	—	—	2,124	36
Over 20% to 100%	—	168	—	—	—	—	—	—	—	—	168	9
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.

■ 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,	2017		2016	
	Consolidated balance sheet amount	Market value	Consolidated balance sheet amount	Market value
Listed stocks and other similar investment/equity exposure	**918,913**	**918,913**	814,911	814,911
Investment/equity exposure other than the above	**120,811**	**120,811**	120,250	120,250
Total	**1,039,725**	**1,039,725**	935,162	935,162

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

(Millions of yen)

Years ended March 31,	2017	2016
Gain on sale	**31,144**	35,101
Loss on sale	**(5,928)**	(39,268)
Write-off	**(13)**	(2,437)
Net gains/(losses)	**25,202**	(6,605)

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

(Millions of yen)

As of March 31,	2017	2016
Unrealized gain	**559,716**	443,436

■ 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,	2017	2016
Market-based approach (Simple Risk Weight Method)	**56,267**	25,583
Market-based approach (Internal Models Approach)	**—**	—
PD/LGD Approach	**381,691**	385,405
Exposure related to capital fund-raising of other financial institutions, etc., excluding common stock	**55,010**	55,010
Exposure related to the portion, among specified items, that cannot be included in regulatory adjustment	**22**	22
Other	**1**	1
Total	**492,993**	466,023

Exposures Relating to Investment Funds

■ Exposures Relating to Investment Funds

(Millions of yen)

As of March 31,	2017	2016
Exposures relating to investment funds	**479,835**	204,716

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,	2017		2016	
	Decline in economic value	Percentage of capital	Decline in economic value	Percentage of capital
Resona Bank	**19.9**	**1.8%**	32.3	2.6%
Saitama Resona Bank	**7.5**	**2.3%**	11.6	3.1%
The Kinki Osaka Bank	**4.8**	**3.6%**	0.6	0.5%

Notes: 1. The parameters for estimating the decline in economic value are: Interest rate scenarios assume interest rate shocks in the 99th percentile over an observation period of five years and a holding period of one year.
2. An internal model has been adopted to estimate the interest rate risk of liquid deposits with no maturities.

[Disclosure on Remuneration]

■ **Table of Contents**

■ Full Text of Disclosure on Remuneration

1. Status of Organizational Systems Related to Remuneration of Resona Group Relevant Officers and Employees

(1) Scope of “Relevant Officers and Employees”

The scope of “Relevant Officers” and “Relevant Employees” (referred to collectively as “Relevant Officers and Employees”) are specified in the “Notification on Remuneration*” and have the following meanings as applied by the Resona Group.

*Notification on Remuneration: Based on the Ordinance for Enforcement of the Banking Act Article 19-2 Paragraph 1 Item 6, this notification covers matters related to remuneration, and specifies persons who may have a material impact on banking operations and the state of bank assets as the head of the Financial Services Agency has issued a separate notice (Financial Services Agency Notification No. 21) specifying such persons.

1) Scope of “Relevant Officers”

“Relevant Officers” are the Company’s Directors and Executive Officers. Outside directors are excluded.

2) Scope of “Relevant Employees”

“Relevant Employees” are staff of the Company and officers and employees of principal consolidated subsidiaries who “receive a high level of remuneration” and may have a material impact on the banking operations and/or the assets of the Resona Group.

(a) Scope of “Principal Consolidated Subsidiaries”

“Principal consolidated subsidiaries” are those subsidiaries whose total assets exceed 2% of the consolidated total assets of the bank holding company and are consolidated subsidiaries that have a material impact on Resona Group management. Specifically, these subsidiaries are Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd.

(b) Scope of “Persons Receiving High Level of Remuneration”

“Persons receiving a high level of remuneration” are those persons receiving the base amount of remuneration or higher from the Company and its principal consolidated subsidiaries. (Here and hereinafter, “Resona Group refers to the Company (Resona Holdings, Inc.), which is the holding company for the Resona Group, and its principal consolidated subsidiaries.) In the Resona Group, the criterion for compensation is ¥21 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 form of company with a nominating committee, etc. as a corporate governance system 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 is, in principle, composed exclusively 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. Matters including the total amount of monthly compensation and methods to calculate performance share unit plans 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 2016 to March 2017)
Compensation Committee (Resona Holdings, Inc.)	10
Executive Committee (Resona Bank, Ltd.)	3
Executive Committee (Saitama Resona Bank, Ltd.)	3
Executive Committee (The Kinki Osaka Bank, Ltd.)	3

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.

[Basic Approach]

(1) Remuneration for directors and executive officers is determined by the Compensation Committee following objective and transparent procedures.

(2) Compensation systems for directors are focused on rewarding their performance of their primary duty of providing the sound supervision of executive officers.

(3) Compensation systems for executive officers are designed to maintain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation.

In addition, with the aim of promoting the Group's sustainable growth and strengthening incentive systems for executive officers on a medium- to long-term basis to enhance its corporate value, Resona Holdings has adopted performance share units.

a. Compensation System for Directors

Compensation systems for directors consist of cash-based compensation in the form of a position-based fixed portion and a duty-based additional fixed portion. In addition, to ensure further soundness of supervision toward executive officers, performance-based compensation was abolished in June 2017.

(i) Position-based fixed portion

The position-based fixed portion is determined by the nature and scope of responsibilities held by each individual.

(ii) 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 Nominating Committee, Compensation Committee and Audit Committee.

b. Compensation System for Executive Officers

Compensation systems for executive officers consist of a position-based fixed portion and a performance-based variable portion. The latter portion comprises cash-based compensation determined on the basis of the Company's annual operating results as well as performance share units that reflect results over the medium- to long-term. In order to maintain and enhance its incentive systems for executive officers, a significant ratio of compensation is accounted for by the performance-based variable portion (details below). Furthermore, the composition of compensation paid to executive officers who take senior positions has a greater emphasis on the performance-based variable portion.

Position-based fixed portion	Performance-based variable portion (standard amount)		Total
Cash compensation	Cash compensation (annual incentive)	Performance share units (medium- to long-term incentive)	
50-60%	20-25%	20-25%	100%

Note: The percentage figures for the performance-based variable portion stated above are standard amounts presented as ratios to total compensation. The cash-based component of the performance-based variable portion is paid in standard amount when the Company's annual performance targets for the previous fiscal year and individual executive officer's annual performance targets for said year are by and large met. The annual performance share units of said portion are paid in standard amount when ROE in the final fiscal year of the medium-term management plan significantly exceeds the target (by about 15%).

(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 consists of cash-based compensation (annual incentive) and performance share units (medium- to long-term incentives).

1) Cash-based compensation (annual incentive): This component is determined based on the annual operating results and individual achievements. The amount allocated to this portion may decrease to zero or increase as much as 1.5 times. Specifically, the Compensation Committee determines the amount by examining total consolidated income before income taxes and minority interests; the profitability, soundness and efficiency of operations; and the Company's annual growth rate vis-à-vis annual performance targets for these factors. The achievements of each executive officer are also taken into account by the Compensation Committee in the process of determining amounts paid to individuals.

2) Performance share units (medium- to long-term incentives): Share-based compensation was abolished in June 2017; and with the intent of providing greater incentives for executive officers to achieve the Company's medium-term management plan and to link the compensation system more closely to shareholder value, performance share units were adopted from July 2017.

The applicable period for performance share units corresponds to the period of the medium-term management plan, and the Company's shares will be granted in lump sums, subsequent to determining the provision ratio.

Based on the ROE for the final year of the medium-term management plan, the provision ratio will be within a range of 0% to 100%. Shares will account for 60% of the overall value of performance share units and cash compensation will account for the remaining 40% of the value of performance share units, considering the income taxes borne by the recipients.

(b) Remuneration Policy of Officers of Resona Bank, Ltd., Saitama Resona Bank, Ltd., and The Kinki Osaka Bank, Ltd.

Taking account of the matters decided by the Compensation Committee of the bank holding company, 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.).

[Basic Approach]

(1) The respective shareholders meetings decide on the total amount of monthly compensation of their Directors, and their respective Boards of Directors authorize their Representative Directors and Presidents to set the compensation of individual Directors within the limits of the total monthly compensation. With respect to the compensation for Executive Officers, their respective Boards of Directors authorize their Representative Directors and Presidents to make decisions on the contents of individual compensation, etc. of Executive Officers.

(2) Compensation systems for Directors (non-executive) are focused on rewarding their performance of their primary duty of providing the sound supervision of executive officers.

(3) Compensation systems for Representative Directors, etc., are designed to maintain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation. In addition, with the aim of promoting the Group's sustainable growth and strengthening incentive systems for Representative Directors, etc., on a medium- to long-term basis to enhance its corporate value, Resona Holdings has adopted performance share units.

a. Compensation System for Directors (non-executive)

Compensation systems for directors (non-executive) consist solely of a position-based fixed portion, which is determined by the nature and scope of responsibilities held by each individual. In addition, to ensure further soundness of supervision toward representative directors, performance-based compensation was abolished in June 2017.

b. Compensation System for Representative Directors, Etc.

Compensation systems for representative directors, etc., consist of a position-based fixed portion and a performance-based variable portion. The latter portion comprises cash-based compensation determined on the basis of the Company's annual operating results as well as performance share units that reflect results over the medium- to long-term. In order to maintain and enhance its incentive systems for representative directors, a significant ratio of compensation is accounted for by the performance-based variable portion (details below). Furthermore, the composition of compensation paid to representative directors who take senior positions has a greater emphasis on the performance-based variable portion.

Position-based fixed portion	Performance-based variable portion (standard amount)		Total
Cash compensation	Cash compensation (annual incentive)	Performance share units (medium- to long-term incentive)	
50-60%	20-25%	20-25%	100%

Note: The percentage figures for the performance-based variable portion stated above are standard amounts presented as ratios to total compensation. The cash-based component of the performance-based variable portion is paid in standard amount when the Company's annual performance targets for the previous fiscal year and individual representative director's annual performance targets for said year are by and large met. The annual performance share units of said portion are paid in standard amount when ROE in the final fiscal year of the medium-term management plan significantly exceeds the target (by about 15%).

(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 consists of cash-based compensation (annual incentive) and performance share units (medium- to long-term incentives).

1) Cash-based compensation (annual incentive): This component is determined based on the annual operating results and individual achievements. The amount allocated to this portion may decrease to zero or increase as much as 1.5 times. Specifically, the amount are determined based on income before income taxes; the profitability, soundness and efficiency of operations; and the Company's annual growth rate vis-à-vis annual performance targets for these factors as well as taking into account the evaluation by the Compensation Committee of Resona Holdings with respect to the financial results of the Group. The amount paid to representative directors are determined based on the evaluation by the Compensation Committee of Resona Holdings with respect to the results of individuals.

2) Performance share units (medium- to long-term incentives): Share-based compensation was abolished in June 2017; and with the intent of providing greater incentives for representative directors, etc., to achieve the Company's medium-term management plan and to link the compensation system more closely to Resona Holdings' shareholder value, performance share units were adopted from July 2017.

The applicable period for performance share units corresponds to the period of the medium-term management plan, and Resona Holdings' shares will be granted in lump sums, subsequent to determining the provision ratio.

Based on the ROE for the final year of the medium-term management plan, the provision ratio will be within a range of 0% to 100%. Resona Holdings' shares will account for 60% of the overall value of performance share units and cash compensation will account for the remaining 40% of the value of performance share units, considering the income taxes borne by the recipients.

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.

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 Company as well as the Company's performance, the portion of compensation that varies with the performance of individuals, etc., 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 (the portion of cash compensation) 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), compensation consists solely of position-based fixed compensation.

(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, 2016 to March 31, 2017)

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)	15	489	332	332	—	157	109	—	48
Relevant Employees	21	569	399	399	—	169	118	—	51

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 is the Share-based variable portion, which was abolished in June 2017.

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.