

# Resona Group's Value Creation Model

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

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

## Strengths of the Resona Group

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

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

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

**Omni-channel strategy**

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

▶ Please refer to pages 31 to 33 for details.

**Financial services**

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

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

**Inputs**

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

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

Diversity in human resources

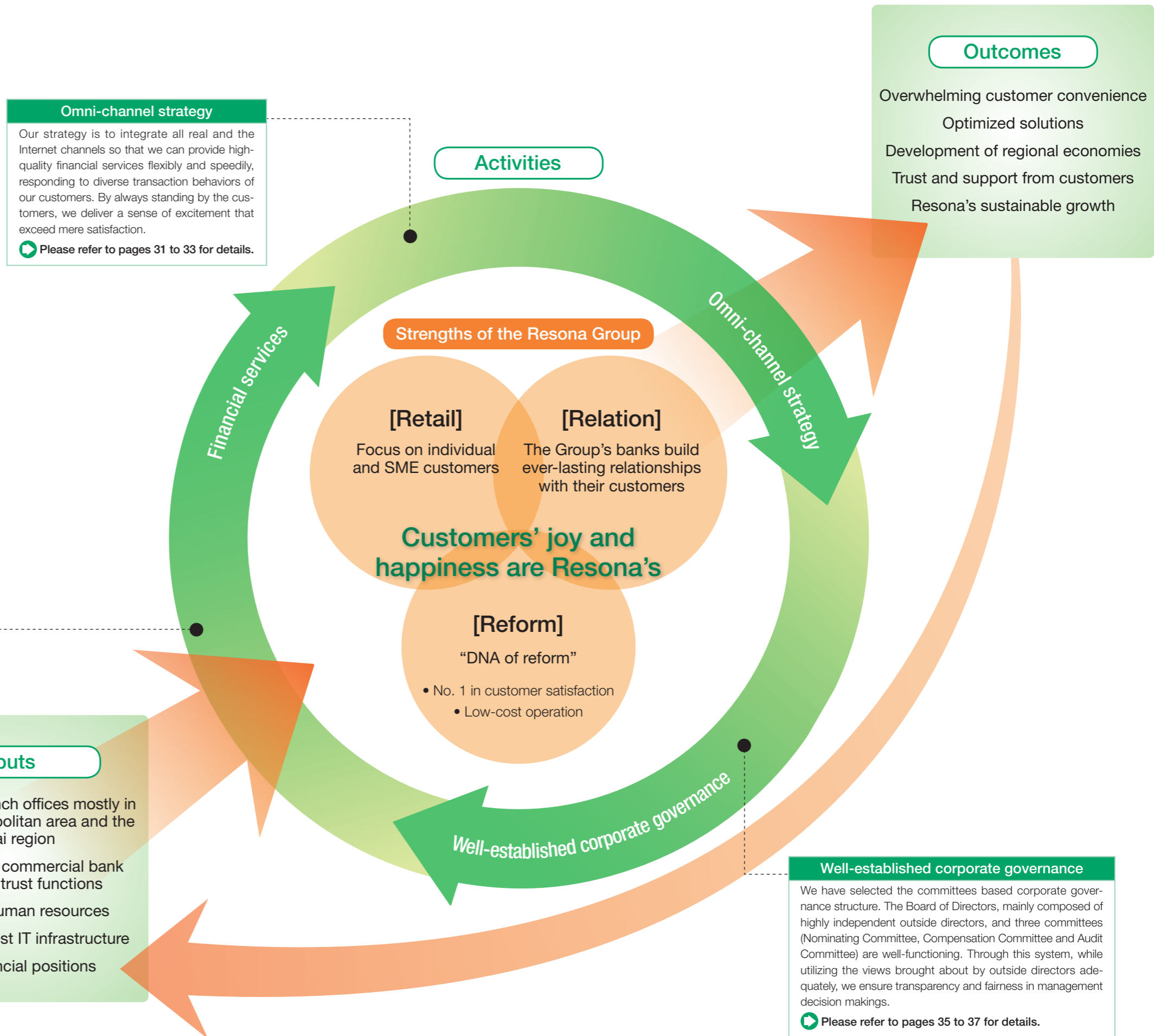
Flexible and latest IT infrastructure

Sound financial positions

**Well-established corporate governance**

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

▶ Please refer to pages 35 to 37 for details.



# History of Resona's Reform

## Evolving into a financial service business

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

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



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

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

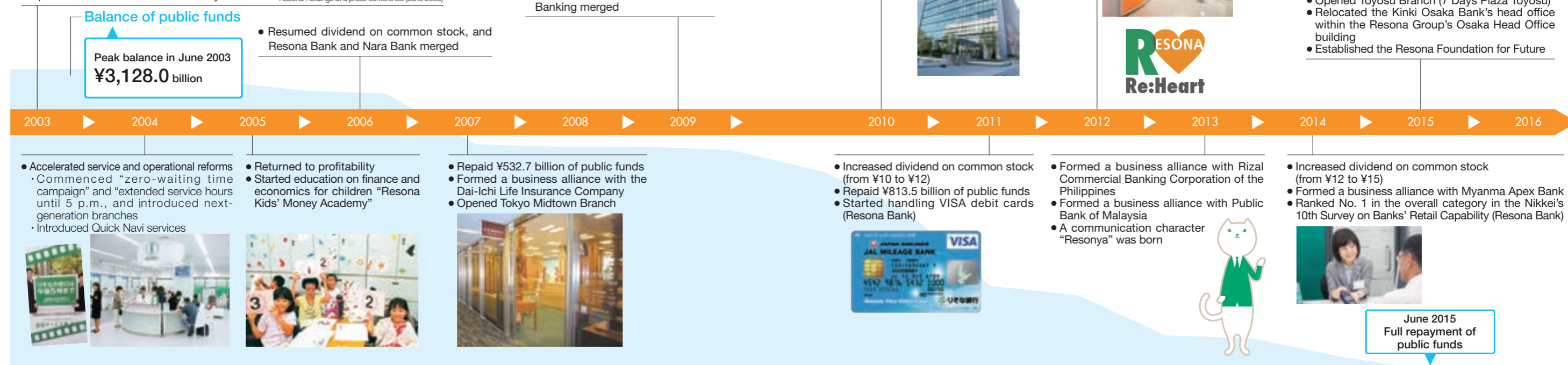
- Repaid ¥400.0 billion of public funds
- Relocated Tokyo Head Office from Otemachi to Kiba in Koto-ku



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



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



### Financial Reforms Established sound financial base

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

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

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

### Governance Reforms Robust corporate governance structure

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

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

Fully utilize external views in business management

6 outside directors	4 internal directors
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#### Received the Corporate Governance of the Year Prize 2015

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



### Service Reforms Realized overwhelming customer convenience

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

#### "24 hours / 365 days bank transfer services"

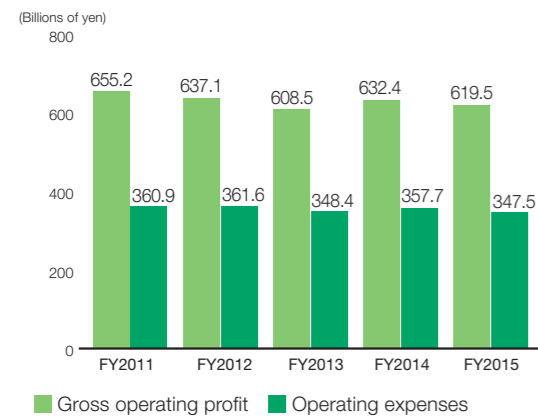
2015 Nikkei Superior Products and Services Awards, Nikkei Veritas Award for Superiority



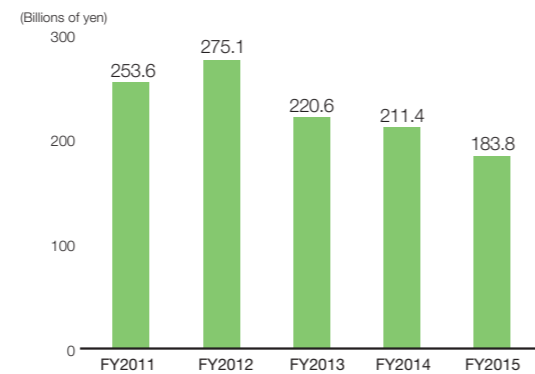
# Financial and Non-Financial Highlights

## Financial Highlights

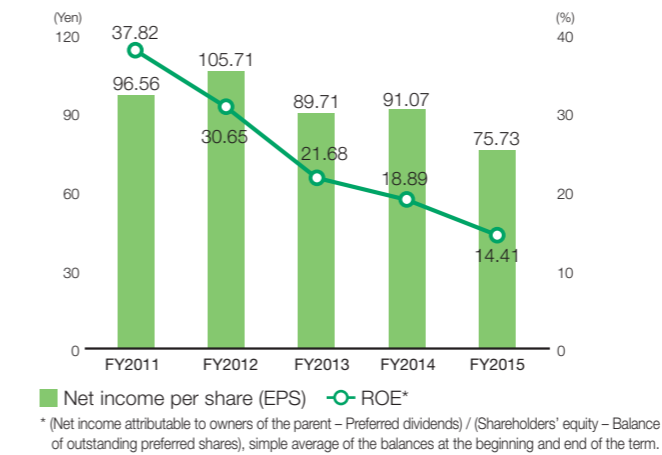
### Gross operating profit, operating expenses (consolidated)



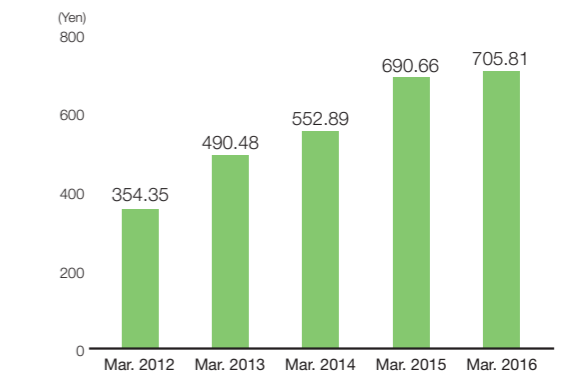
### Net income attributable to owners of the parent



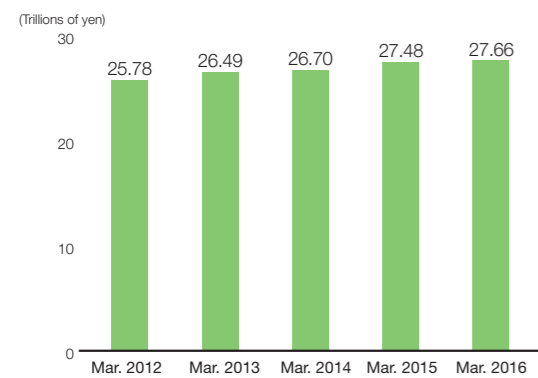
### Net income per share (EPS) (left scale), ROE (right scale)



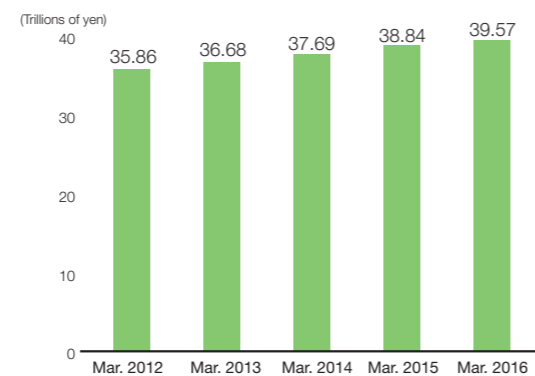
### Net assets per share (BPS)



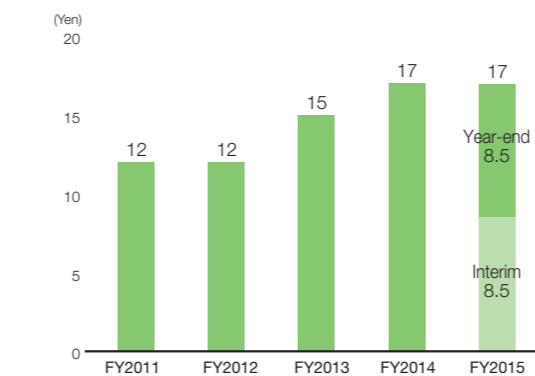
### Loans and bills discounted (consolidated)



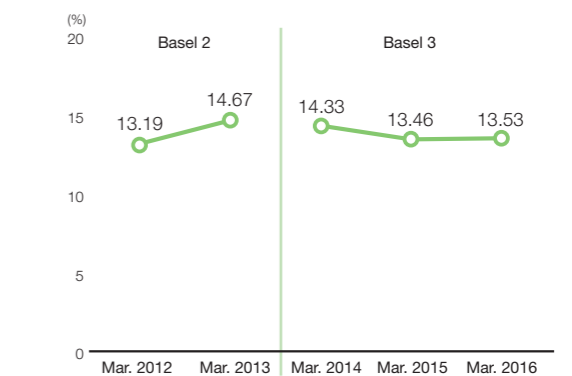
### Deposits (consolidated) (Deposits + NCDs)



### Dividends per share

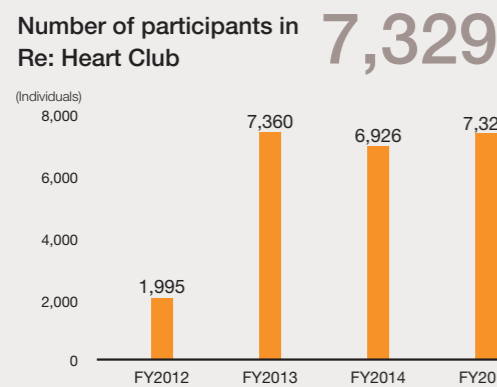


### Capital adequacy ratio (Consolidated, Japanese Domestic Standard)



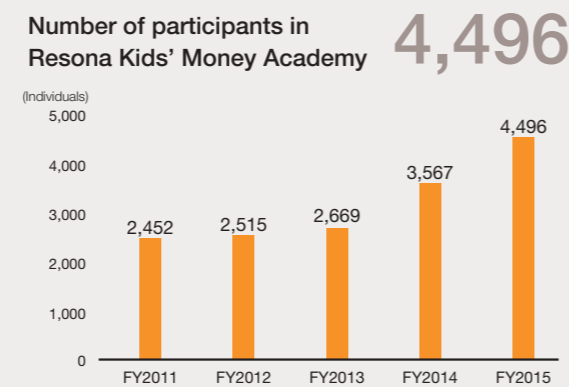
## Non-Financial Highlights

### Community



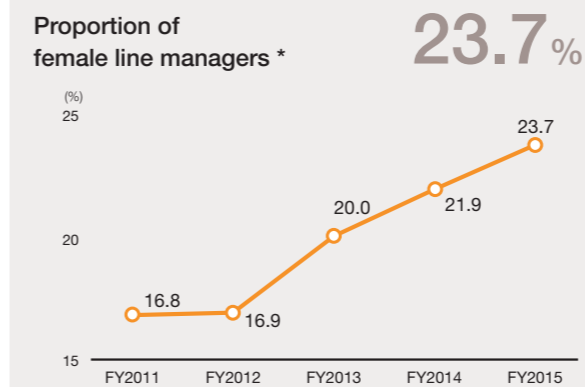
Re: Heart Club, an employee volunteer group, engages in a range of activities such as local and environmental volunteer activities in an effort to resolve social issues in regional communities.

### Next Generation



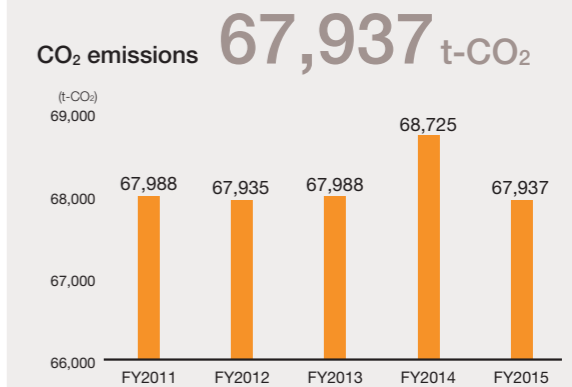
Through original quizzes and games devised by our employees, we explain to children the role of banks and the flow of money in society. To expand this initiative, we have arranged many collaborative programs with local enterprises and associations.

### Diversity



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

### Environment



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