Resona Group

Integrated Report 2017

Resona Holdings　Resona Bank　Saitama Resona Bank　Kinki Osaka Bank

Becoming the **"Retail No.1"** financial services group

Resona Group always considers how it can contribute to society through its financial services as it continues to evolve. We try to understand, define and solve customers' latent concerns and management issues. Our fundamental stance is that "Customers' happiness is our pleasure." We want customers to need us and have high expectations for us. Our goal is to become the "Retail No.1" financial services group.

Resona Group's communication character

"Resonya"

CONTENTS

Editorial policy (on issuing this Integrated Report)

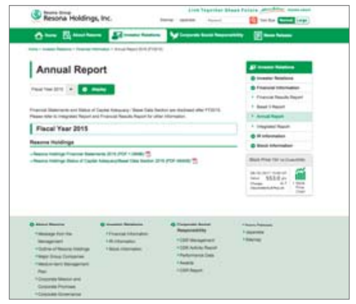
This publication is an Integrated Report that aims to explain in a simple manner to all stakeholders the Resona Group's strengths and measures undertaken to create sustainable corporate value. Our hope is that, through this Report, readers will understand the reasoning behind the Resona Group's goal of becoming the "Retail No.1" financial services group.

Further information about corporate social responsibility and financial data are available on our website.

Resona Holdings Website
http://www.resona-gr.co.jp/holdings/english/

CSR Website
http://www.resona-gr.co.jp/holdings/english/csr/

Annual Report
http://www.resona-gr.co.jp/holdings/english/investors/financial/annual/



We continue to evolve into a financial services company from a banking company with the DNA of reform that we have engendered through Resona reforms.

2002 | **Resona Group established**

2003 | **Public funds received under the Deposit Insurance Act**

Peak balance of public funds ¥3,128.0 billion

Formulation of Corporate Mission and Resona Way

Resona reforms

- Financial reforms: Established sound financial base
- Governance reforms: First Japanese banking group with a nominating committee
- Service reforms: Realize overwhelming customer convenience

Initiatives to improve convenience

- Almost all branches open until 5 PM
- 16 Seven Days Plazas open every day of the year
- 24/7 transfer service among Resona Group banks
- Resona Smart Store Internet branch

Corporate culture that cherishes our corporate credo of "Always Together with Society"

- "Resona Kids' Money Academy" has provided financial and economic education for children since 2005
- "Re: Heart Club," the Group volunteer organization run by employees
- "Resona Next Generation Support Project" implemented by the "Resona Foundation for the Future"

2015 | **Full repayment of public funds**

New Brand Declaration formulated

2017 | **New medium-term management plan launched in 2017**

Create a "Next-generation Retail Financial Services Model"

Corporate Mission

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

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

Resona Way

(Resona Group Corporate Promises)

Customers and "Resona"
Resona cherishes relationships with customers.

Shareholders and "Resona"
Resona cherishes relationships with shareholders.

Society and "Resona"
Resona places importance on its ties with society.

Employees and "Resona"
Resona highly regards employees' dignity and personality.

Resona Brand Declaration

In July 2015, the Resona Group formulated the "Resona Brand Declaration" as new guiding principles of the Group for the next decade following its full repayment of public funds.

Every employee of the Resona Group shares the commitment and resolution to implement the "Resona Brand Declaration," and we will strive to become a financial services group that is most supported by regional customers by maintaining the fundamental stance that "Customers' happiness is our pleasure."

Link Together
Shape Future
Next Action
RESONA GROUP

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

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

Link Together, Shape Future

The Resona Group is the largest commercial banking group in Japan with full-line trust capabilities that can offer a single source of solutions for diverse customer needs.

We have established a solid business foundation in the Tokyo metropolitan area and the Kansai area.

The Resona Group, with Resona Holdings as the holding company, is a financial services group comprising three banks with consolidated assets of approximately ¥48.4 trillion and trust assets of about ¥26.6 trillion. Resona Bank, which has full-line trust capabilities, is the Group's core bank. Saitama Resona Bank has a large market share in Saitama Prefecture. Kinki Osaka Bank has 118 manned branches primarily in the Kinki area. These banks cooperate to provide the best products and services to customers with the best timing.

Resona Group at a Glance

(As of March 31, 2017)

Resona Holdings
Consolidated total assets: ¥48.4 trillion
Trust assets: ¥26.6 trillion

Kinki Osaka Bank
Total assets: ¥3.5 trillion

Resona Bank
Total assets: ¥30.9 trillion
Trust assets: ¥26.6 trillion

Saitama Resona Bank
Total assets: ¥13.9 trillion

The largest commercial banking group in Japan with full-line trust capabilities

Customer Base

Active individual customer accounts: About 13 million

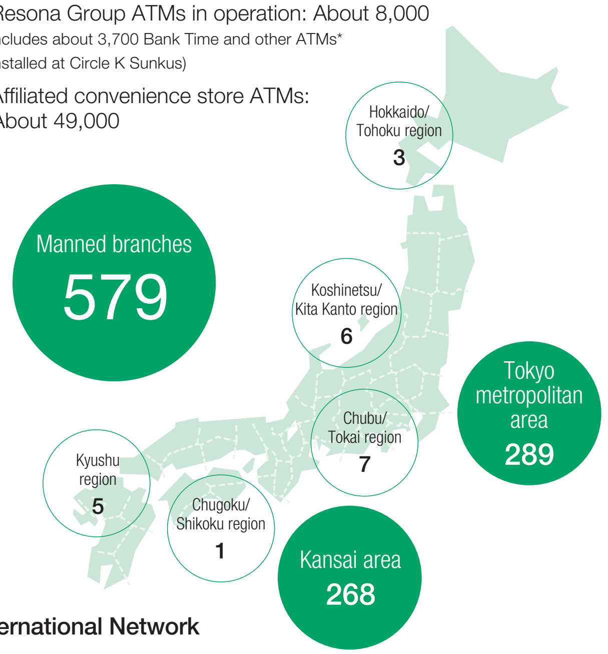
Corporate customers: About 400 thousand companies

Network

(As of March 31, 2017)

Domestic Network

- Resona Group ATMs in operation: About 8,000
  (Includes about 3,700 Bank Time and other ATMs* installed at Circle K Sunkus)
- Affiliated convenience store ATMs: About 49,000



International Network

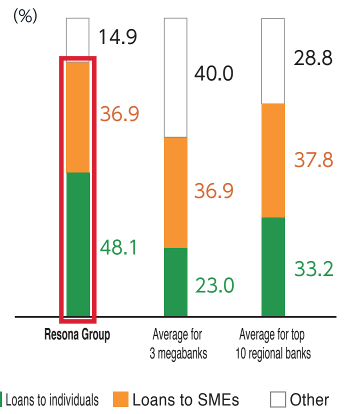
- Overseas representative offices: Shanghai, Hong Kong, Bangkok, Ho Chi Minh City, and Singapore
- P.T. Bank Resona Perdania (joint venture in Indonesia)
  Head Office: 1; Branches: 2; and Sub-branches: 5
- P.T. Resona Indonesia Finance
- Alliance with foreign banks: 17 banks

* Same fee system as the ATMs at Resona branches

Resona's Position

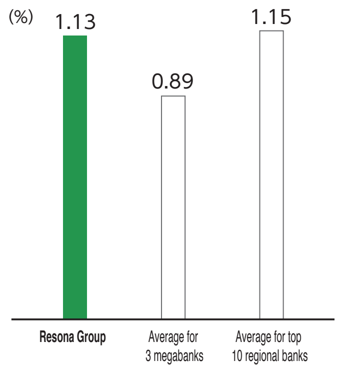
Loan portfolio[1]
(As of March 31, 2017)

The Resona Group focuses on retail loans. Loans to individuals and SMEs account for about 85% of its loan portfolio.



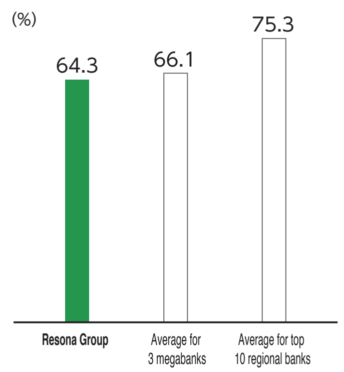
Interest margin comparison[1]
(FY2016)

Few generally low-yield loans to large corporations enables the Resona Group to capture relatively higher yields and appropriately control credit risk by dispersing loans with a portfolio of small loans.



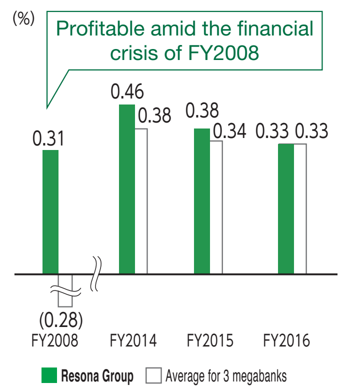
Consolidated cost to income ratio comparsion[2]
(FY2016)

Although the Resona Group specializes in retail banking businesses, it has a superior cost to income ratio compared to the megabank groups and top-tier regional banks.



Consolidated ROA[1]

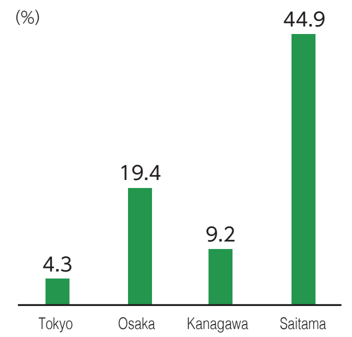
The Resona Group is steadily profitable because it specializes in retail businesses and also because it implemented financial reforms such as the reduction of policy-oriented stocks ahead of other banks.



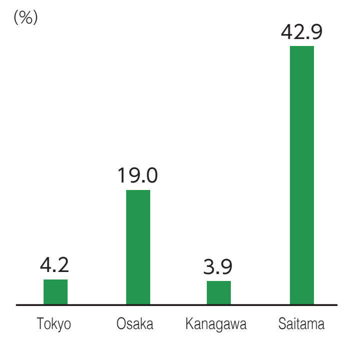
Loan and deposit market share
(As of March 31, 2017)

The Resona Group has a strong customer base in the Tokyo metropolitan area and the Kansai area, where economic activity and population are concentrated. Loan and deposit market share is particularly strong in Saitama Prefecture, where it exceeds 40%, and in Osaka Prefecture, where it is nearly 20%.

Loans[3]



Deposits[3]



Notes: 1. Resona: Group banks; Megabanks: The Bank of Tokyo-Mitsubishi UFJ + Mitsubishi UFJ Trust and Banking; Mizuho Bank + Mizuho Trust & Banking; Sumitomo Mitsui Banking Corporation;
Top 10 regional banks based on consolidated assets: Concordia FG, Fukuoka FG, Mebuki FG, Chiba Bank, Hokuhoku FG, Shizuoka Bank, Yamaguchi FG, Kyushu FG, Nishi-Nippon FH, North Pacific Bank.
Figures are based on financial statements from each company.
2. Consolidated cost to income ratio = Operating expenses / Gross operating profit
3. Total of Group banks. Market share based on deposits, loans and bills discounted by prefecture (domestically licensed by BOJ).

We will further evolve our value creation model to be “Retail No.1.”

Value creation model for becoming the “Retail No.1” financial services group

With a fundamental stance that “Customers’ happiness is our pleasure,” the Resona Group contributes to 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.

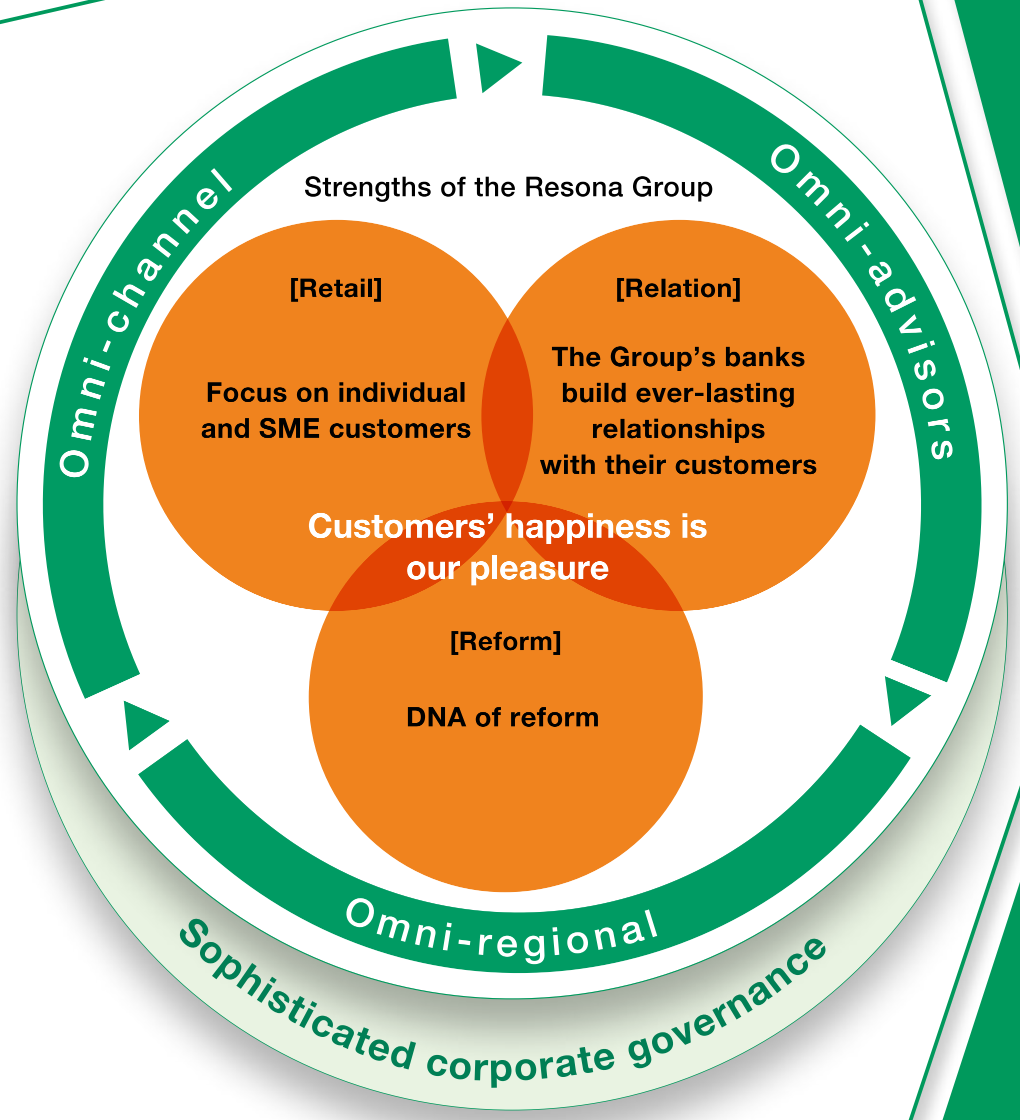
Social changes and issues

- Ongoing aging of society
  Population concentrated in urban areas
- Changing industrial structure
  Globalization is accelerating
- From savings to asset formation
  Diversifying lifestyles
- Evolution and spread of ICT
- Corporate social responsibility is increasing

Inputs

- 579 manned branches mostly in the Tokyo metropolitan area and the Kansai area
- The largest commercial banking group in Japan with full-line trust capabilities
- Diversity in human resources
- The latest, highly flexible IT infrastructure
- Sound financial position

Activities



Outcomes

- Overwhelming convenience
- Optimized solutions
- Development of regional economies
- Trust and support from customers
- Resona’s sustainable growth

We will make progress toward our vision of "Retail No.1" based on the fundamental stance that "Customers' happiness is our pleasure."

The Japanese economy recovered moderately during the fiscal year ended March 2017, with steady improvement in employment and income and through the impact of a strong overseas economy centered on the United States. However, the operating environment for financial institutions was extremely challenging due to factors including the impact of negative interest rates.

Under these circumstances, Resona Holdings' consolidated actual net operating profit decreased by ¥56.8 billion from the previous fiscal year to ¥218.2 billion. Interest income decreased because the spread between deposit rates and loan rates narrowed in the low interest rate environment, and net gains on bonds decreased. An increase in the loan balance, solid income from corporate solutions and our commitment to low-cost operations partially offset these declines. Net income attributable to owners of the parent decreased by ¥22.3 billion to ¥161.4 billion with improvements in credit costs and other positive factors. We have maintained a sound financial condition, with the nonperforming loan ratio at 1.35% and the capital adequacy ratio at 11.69% as of March 31, 2017.

In February 2017, the Resona Group began offering "Resona Fund Wrap" with consulting services in which we provide proposals for optimizing asset allocation, and the total account balance exceeded ¥100 billion in June 2017. We also opened three Seven Days Plazas in the fiscal year ended March 2017 and added two more in May 2017, for a total of 16 Seven Days Plazas nationwide that are open every day. Overseas, in January 2017, we announced that we would acquire the shares of AFC Merchant Bank, a Singapore-based financial institution and make it a subsidiary. We are expanding our domestic and overseas networks in this way. Moreover, in March 2017 we announced a "basic agreement concerning a business integration" between Minato Bank, Kansai Urban Banking Corporation and Kinki Osaka Bank in order to create a new retail financial services model that is in step with the future of the Kansai region.

In April 2017, we launched our new medium-term management plan (Change to the "Next"). We view the maturing society, technological advancement, and change in societal and industrial structures as business opportunities, and we will create a next-generation retail financial services model to provide the best solutions for more customers, whenever and wherever they need us.

The Resona Group will maintain its fundamental stance that "Customers' happiness is our pleasure." We are making the utmost effort to maximize corporate value as the "Retail No.1" financial services group that is most supported by regional customers as it walks with them into the future.

We are counting on your continued support.

July 2017

Kazuhiro Higashi

Director, President and Representative Executive Officer, Resona Holdings, Inc.
Chairman of the Board, President and Representative Director, Resona Bank, Limited

A Message from the President of Saitama Resona Bank

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

In the year ended March 2017, the economy of Saitama Prefecture recovered moderately overall. Corporate production activities and consumer spending were sluggish during the first half, but production activities and employment improved in the second half. While we need to remain alert to the impact of downside risk in the global economy, steady recovery should continue due to the effect of various policies in an environment of ongoing improvement in employment and income.

Saitama Resona Bank is part of the Resona Group, which under these circumstances in April 2017 announced a new medium-term management plan for the period ending March 2020. We will implement the three components of the Group's "Omni Strategy," which are integral to evolving the business model we have used since the Group was established to create a next-generation retail financial services model to provide the best solutions for more customers, anytime and anywhere.

During the new medium-term management plan, we will improve customer convenience and provide high-quality financial services by enhancing branches in Saitama Prefecture and improving the services we provide. Specifically, we renovated the Tsuruse branch in June 2017, and in November 2017 we plan to open our first branch in the Urawa-Misono area. We also plan to enter the Koshigaya Lake Town area in August 2018, and to successively renovate existing branches.

Moreover, the Saitama economic area is expanding rapidly because of the Metropolitan Inter-City Expressway and other transportation upgrades and improvements. Therefore, in April 2017 we opened offices for corporate customers in Gunma Prefecture, the Ota Business Office and the Takasaki Business Office to address a broad range of customer needs.

At the same time, branches are using tablets for paperless product and service explanations and expanding seal-less transactions, which has significantly reduced time required for procedures and made our services more convenient for customers to use. We will continue to take on the challenge of introducing various initiatives to further evolve into a new financial services company that is more creative than ever.

We will continue to work together to realize our founding vision of becoming a bank that the residents of Saitama Prefecture trust and that grows with the prefecture.

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

July 2017

Kazuyoshi Ikeda

Representative Director and President
Saitama Resona Bank, Limited

A Message from the President of Kinki Osaka Bank

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

During the year ended March 2017, the Kansai economy continued to recover moderately, largely because of production activities backed by the solid overseas economy. The future also looks bright due to factors such as strong inbound demand from the increased number of foreign visitors to the Kansai area and momentum from the World Expo 2025 bid.

At the same time, the corporate sector remained cautious because the recovery in personal consumption is not particularly robust and because of the manifest effects of the labor shortage.

In addition, the environment for financial institutions has been extremely challenging due to factors including the prolonged low interest rate environment and intense competition that goes beyond industry boundaries.

We are a regional financial institution that is part of the Resona Group, so given these circumstances, we are emphasizing relationships with customers in actively promoting finance that is closely aligned with communities, improving customer convenience, and revitalizing the regional economy by accelerating support for customer growth.

The goal of the Resona Group is to realize its vision of "Retail No. 1," and in April 2017 we announced a new medium-term management plan for the period ending March 2020.

We will draw on Group initiatives to become "Retail No.1" with the goal of being the main bank that our customers truly trust and a bank that develops with the region. We will take approaches unique to Kinki Osaka Bank to help promote communities and fulfill our commitment to communities as a key component of the regional economy. We will also synergistically demonstrate Resona Group strengths including its sophisticated financial products and services, real estate and trust capabilities, and its network to solve customer issues.

In March 2017, Kinki Osaka Bank, Minato Bank and Kansai Urban Banking Corporation agreed to proceed with discussion and consideration for the purpose of business integration. The objectives of this business integration are to empower the integrated Group companies to deepen the relationships with customers and regional communities that each has established over the years, and to establish one of the leading regional financial groups in Japan and the largest regional financial group in the Kansai region. It will be a group where employees work with great motivation and pride in structuring a new retail financial services model that is in step with the future of the Kansai region.

I would like to thank all our stakeholders for their continued support and encouragement. We want to be the main bank for customers and grow with the community.

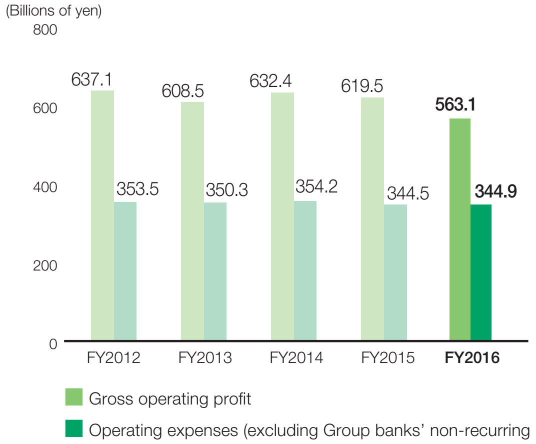
July 2017

Koji Nakamae

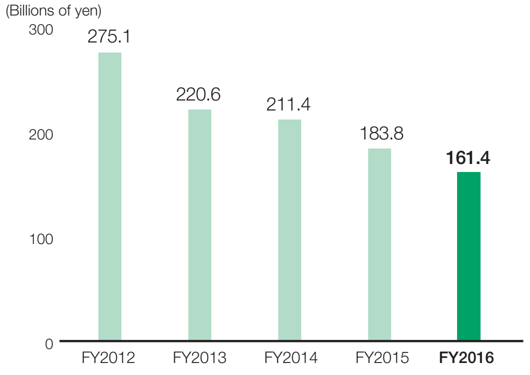
Representative Director and President
The Kinki Osaka Bank, Ltd.

Financial Highlights

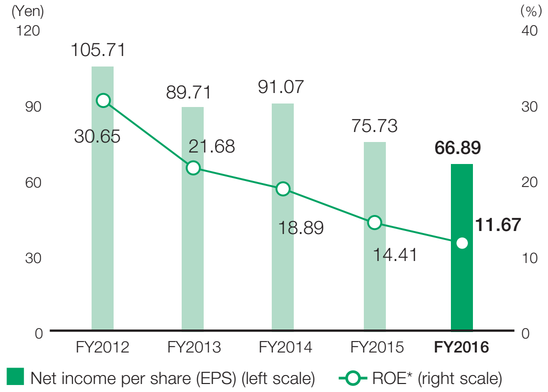
Gross operating profit / Operating expenses (consolidated)



Net income attributable to owners of the parent

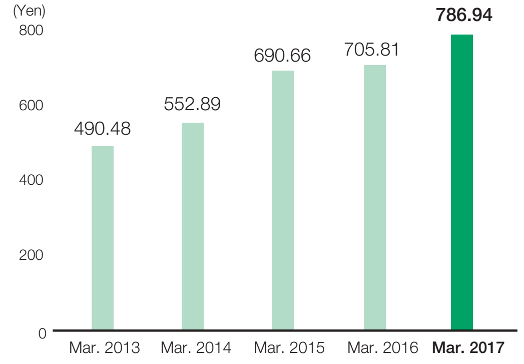


Net income per share (EPS) / ROE

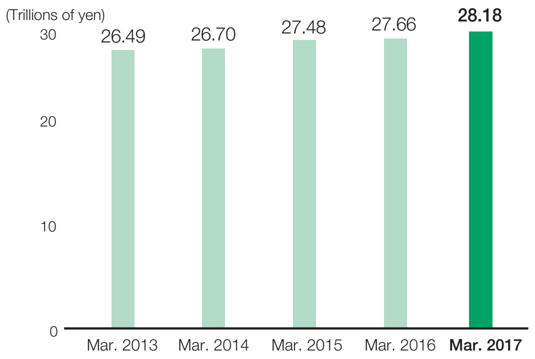


* (Net income attributable to owners of the parent – Preferred dividends) / (Shareholders' equity – Balance of outstanding preferred shares), simple average of the balances at the beginning and end of the term

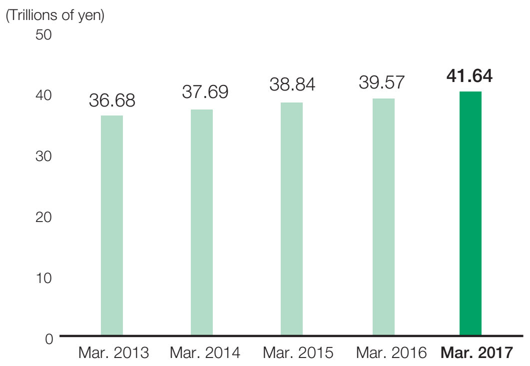
Net assets per share (BPS)



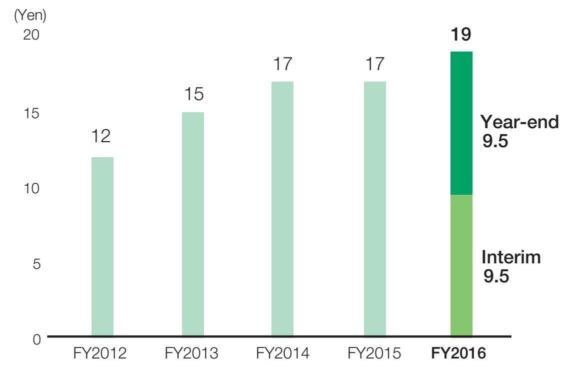
Loans and bills discounted (consolidated)



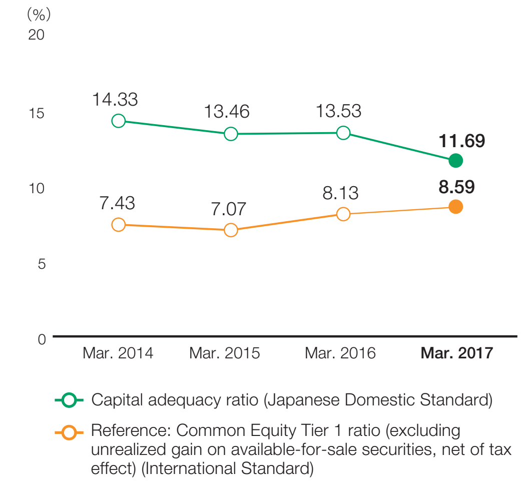
Deposits (consolidated) (Deposits + NCDs)



Dividends per share



Capital adequacy ratio
(Consolidated, Japanese domestic standard)

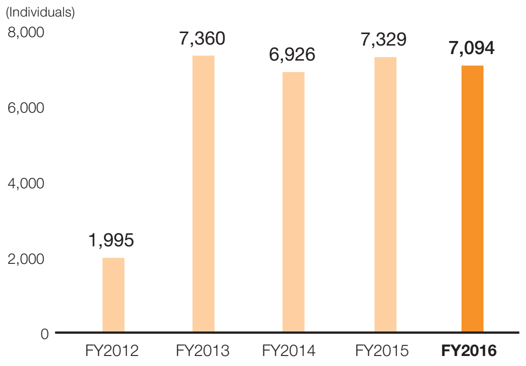


Non-Financial Highlights

Community

Number of participants in "Re: Heart Club" **7,094**

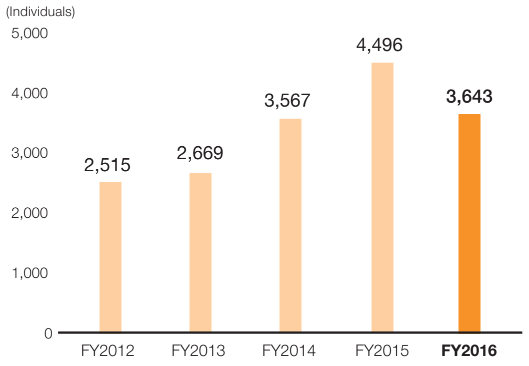
"Re: Heart Club," the Group volunteer organization run by employees, engages in a range of activities such as local and environmental volunteer activities in an effort to resolve social issues in regional communities.



Next generation

Number of participants in Resona Kids' Money Academy **3,643**

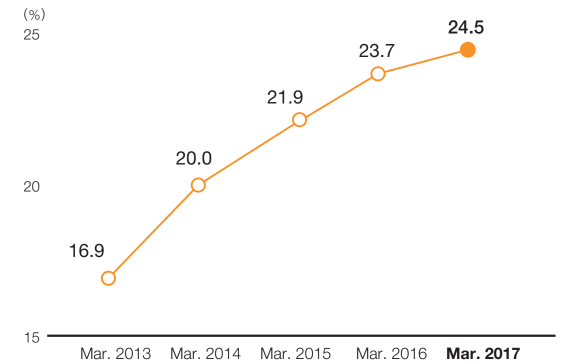
Through original quizzes and games devised by our employees, we explain to children the role of banks and the flow of money in society. To expand this initiative, we have arranged many collaborative programs with local enterprises and associations.



Diversity

Proportion of female line managers* **24.5%**

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 Group banks by 2020 as part of diversity management.

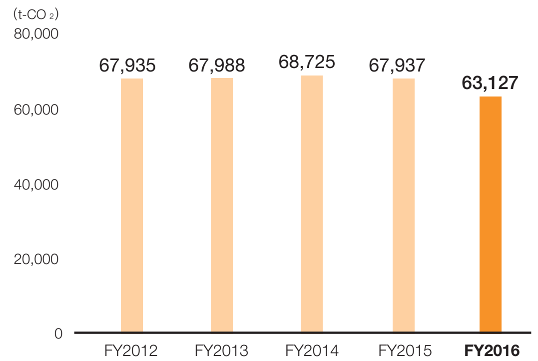


* Proportion of women at or above line manager level, who have subordinates

Environment

CO_2 emissions **63,127t-CO_2**

In 2008, we established the Resona Group Environmental Policies. By 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.



Overview of the New Medium-term Management Plan

Vision **Retail No. 1**

A financial services group that is most supported by regional customers as it walks with them into the future

Creation of "Next-generation Retail Financial Services Model"
Accomplishment of Medium- to Long-term Income Structure Reforms

(Period of Plan: FY2017 – FY2019)

Basic Strategies

1 Evolve "Omni-channel" strategy Best solutions for more customers, anytime and anywhere	Expansion of customer base Expansion of customer contacts / Sophistication of marketing
2 Develop 26,000 "Omni-advisors"	All Resona staff provide solutions (Consultants who can understand the true latent needs of customers) Diverse solutions menu
3 Establish "Omni-regional" platform "Community-based relationship banking" and "efficient open platform"	Expansion of Resona's open platform Full-scale introduction of "Smart Store"

1. Approach customers Resona has not had effective contacts with
2. Address customers' needs Resona has not been able to grasp
3. Find profit opportunities Resona has not been able to reach

Business Strategies

Solutions for business growth, turnaround and succession ⇄ Total life solutions

Retail × Trust × Asset Management × Real Estate

- Asset formation support business
- Settlement business
- Succession business
- SME business
- Loan business

Four Foundation Reforms ～ More sales staff and higher productivity ～

HR management reform	Network reform
Organizational reform	Business process reform

Our goal is to realize our vision of “Retail No.1” by creating a next-generation retail financial services model.

Kazuhiro Higashi
Director, President and Representative Executive Officer
Resona Holdings, Inc.
Chairman of the Board, President and Representative Director
Resona Bank, Limited

In April 2017, we launched our new medium-term management plan for the next three years called Change to the “Next.”

In Japan, structural changes that have a tremendous impact on financial businesses are accelerating, including a changing demographic structure, further maturation of society, changes in the financial sector accompanying technological advancement, and the advent of a new era of competition across industry boundaries.

We see these structural changes as a significant opportunity, and we will generate sustainable growth by quickly creating a next-generation retail financial services model that is aligned with the changing financial behavior of our customers.

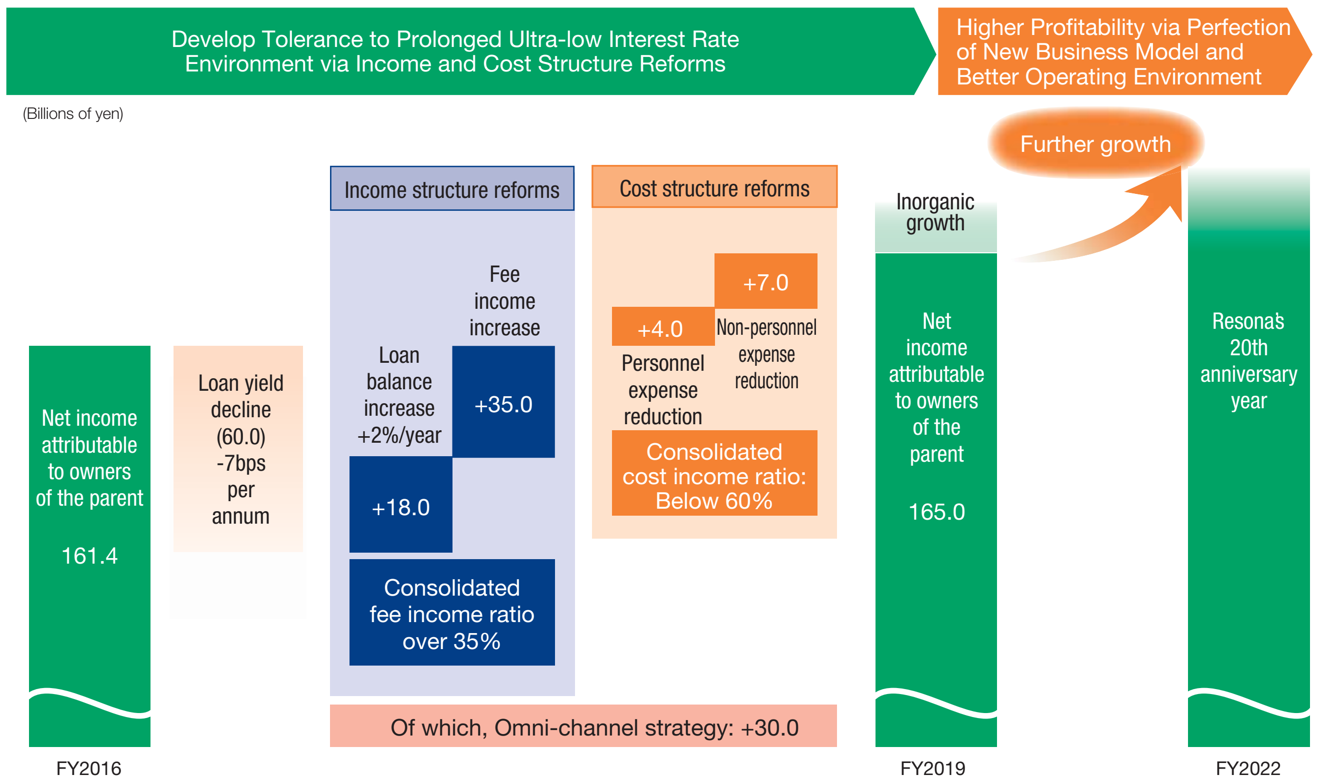
The basic strategies of our medium-term management plan are 1) evolve “Omni-channel” strategy, 2) develop 26,000 “Omni-advisors”, and 3) establish “Omni-regional” platform. These strategies lay out a roadmap for the future of retail financial services that the Resona Group envisions beyond changes and chart a path toward sustainable growth (please refer to pages 18-20 for details about our basic strategies).

Our business strategy involves a commitment to growth, turnaround, and business succession solutions and total life solutions that are closely aligned with the growth stage or life stage of our customers. Resona will undertake expansion of the SME business and the loan business by raising the capability to assess clients’ business (feasibility assessment capability), diversification of solutions, and the provision of high-value-added products. We will substantially increase recurring fee income by reinforcing initiatives such as asset formation support (assets under management) and succession solutions that leverage the strength of our affiliation with Japan’s largest commercial bank with full-line trust capabilities and asset management companies. We will also utilize our advanced, highly convenient settlement services that respond to rapid technological innovation (please refer to pages 22-29 for details about our business strategy). Our medium-term management plan is based on the fundamental stance that “Customers’ happiness is our pleasure,” so we will continue to enhance the comprehensive strengths of the Resona Group to realize our vision of “Retail No.1.”

Income and cost structure reforms and key performance indicators

We designed our medium-term management plan to compensate for reduced loan income due to low interest rates by implementing income structure reforms. We will expand the balance of loans, substantially increase recurring fee income and reduce expenses through cost structure reforms. In the challenging environment with ultra-low interest rates, our goal is net income attributable to owners of the parent of ¥165.0 billion for the year ending March 31, 2020, which would be an increase of approximately ¥3.5 billion compared with the year ended March 31, 2017. The three years of our medium-term management plan will be a period to develop tolerance to the ultra-low interest rate environment and build the foundation for further growth as we approach the 20th anniversary of Resona’s establishment in the year ending March 2023.

Income and Cost Structure Reforms



Key Performance Indicators (FY2019)

Net income attributable to owners of the parent	¥165.0 billion	ROE[1,2]	Over 10%
Consolidated fee income ratio	Over 35%	CET1 ratio[1,3]	9% level
Consolidated cost income ratio	Below 60%		

[FY2019 assumed conditions: Overnight call rate: (0.05)%, Yield on 10Y JGB: +0.05%, Nikkei 225: ¥18,000 to ¥21,000 level]

Notes: 1. Reflects the impact of integrating regional banks in the Kansai region on which related parties reached basic agreement on March 3, 2017
2. (Net income attributable to owners of the parent – Preferred dividends) / (Total shareholders’ equity – Balance of outstanding preferred shares), simple average of the balances at the beginning and end of the term
3. Excludes unrealized gain on available-for-sale securities, net of tax effect

Strategies:

Our Omni Strategy consists of three basic strategies

Our three basic strategies are 1) evolve "Omni-channel" strategy; 2) develop 26,000 "Omni-advisors"; and 3) establish "Omni-regional" platform. These strategies will enable the Resona Group to create a next-generation retail financial services model in which it can approach customers it has not had effective contacts with, address customer needs it has not been able to grasp, and find profit opportunities it has not been able to reach.

Basic Strategy 1: Evolve "Omni-Channel" Strategy

We will evolve the Omni-channel strategy we have been implementing to create a system that can provide the best solution for more customers, anytime and anywhere. We will continue to strengthen face-to-face and non-face-to-face channels and enhance the linkage between them.

In face-to-face channels, we are expanding contact points with formerly underserved working people at Seven Days Plazas that are open year-round, and plan to increase these retail outlets that are open on holidays by around 30. At the same time, we will fully deploy our expertise in pilot outlets operated by a small number of people to restructure our retail outlet network.

In non-face-to-face channels, we will expand exclusive website/smartphone-based services. We will also seamlessly integrate our channels with a framework that can make use of face-to-face channels as needed.

Thus we will approach customers we have not had effective contacts with, address customer needs we have not been able to grasp, and find profit opportunities we have not been able to reach.

This approach is based on marketing reform. We will create a system that compiles and analyzes information gathered from our marketing channels and automatically generates personalized proposals.

Basic Strategy 2: Develop 26,000 "Omni-Advisors"

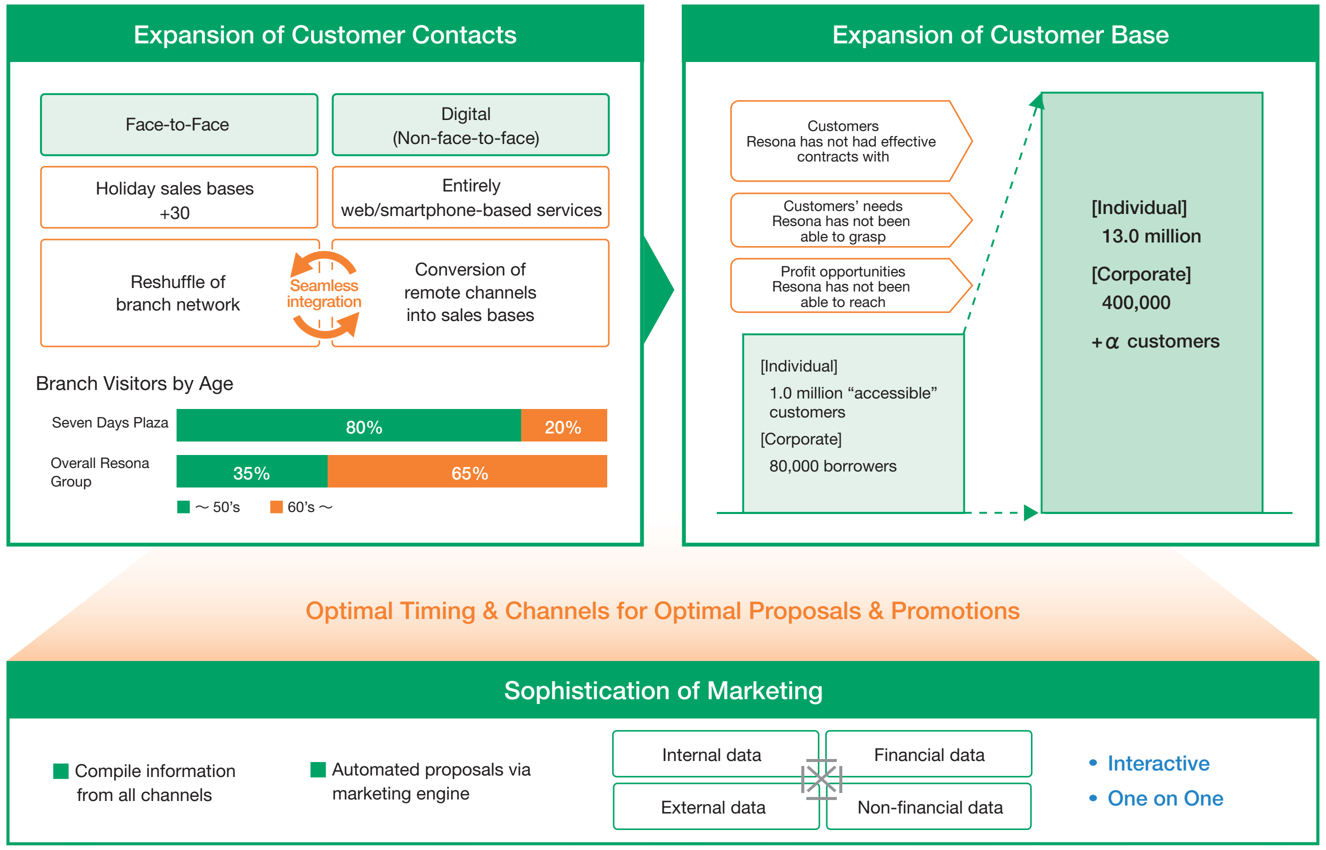
Omni-advisors are people who can delight customers by providing value-added, customer-oriented solutions. We are best able to differentiate the Resona Group if all of our staff are able to truly take the perspectives of customers to understand customer concerns and issues and then deliver information that provides options and starting points for solutions.

We will also improve productivity through digitalization. We started using tablets for insurance applications in 2016, which reduced application time by about one-third. This created significantly more time for consultation, so in 2018 we plan to begin using tablets for our investment trust business. These initiatives will build an organization in which all Resona staff provide solutions.

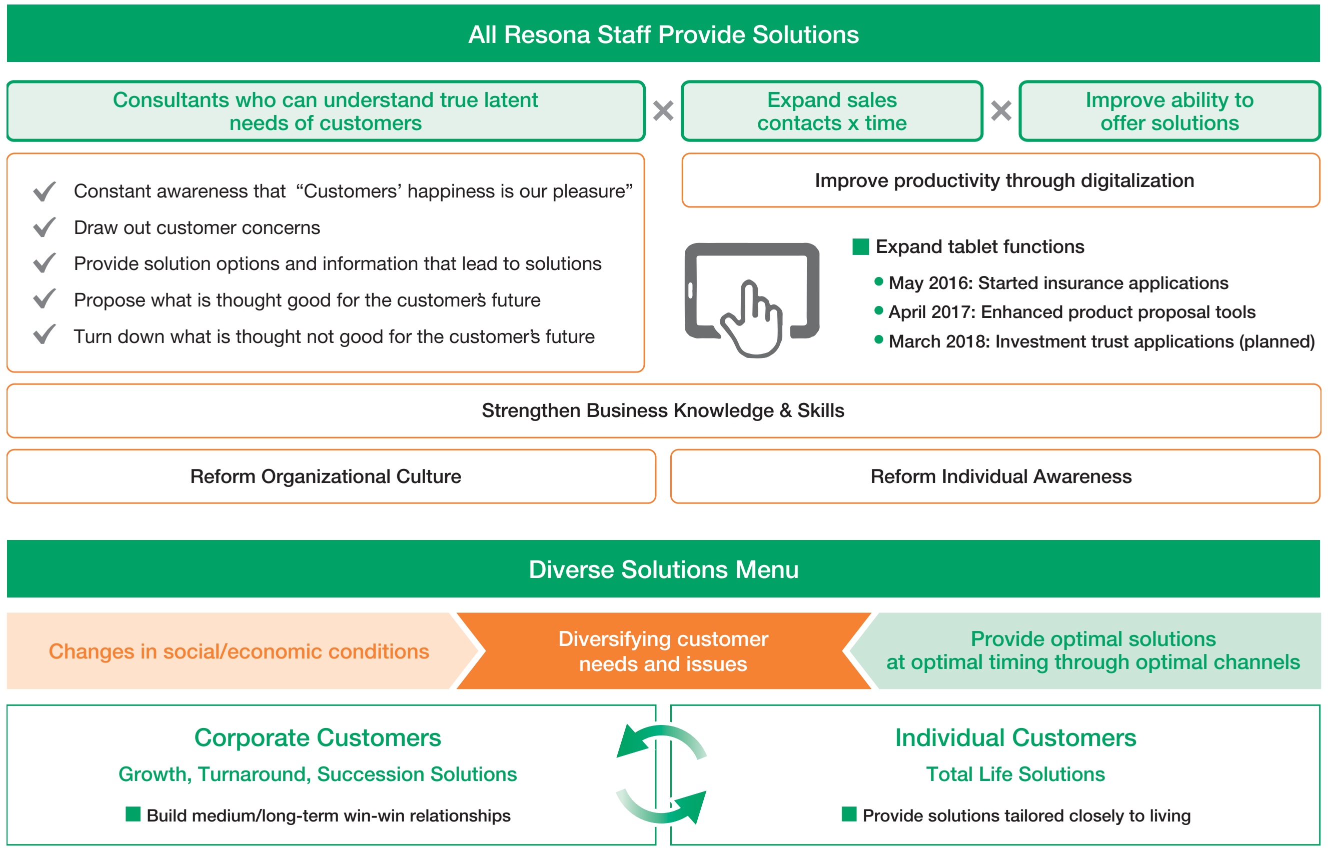
Basic Strategy 3: Establish "Omni-Regional" Platform

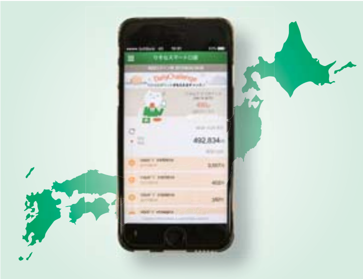
Our goal is to establish an Omni-regional platform with a regional strategy that has two main fronts: full-scale introduction of the Smart Store and expansion of our open platform. About 30% of the accounts at the Resona Smart Store we launched in 2016 belong to customers outside our operating area. This has made areas we could not previously reach into sales areas. We will use smartphone applications

Basic Strategy 1: Evolve "Omni-Channel" Strategy



Basic Strategy 2: Develop 26,000 "Omni-Advisors"





as a platform to deliver even more valuable, convenient services that are aligned with customer interests and preferences.

Open platform expansion will involve adding a diverse array of relationships with regional financial institutions. We will develop new business areas to build win-win relationships with regional financial institutions, whether or not these are based on capital alliances. In addition, we intend to further strengthen our highly efficient operating system and expand functions that are highly compatible with the banking business. We will also take on the challenge of new areas such as fintech and artificial intelligence.

Capital Management Policy:

Seek optimal balance among higher capital adequacy, investment for future growth and increase in shareholder returns

Our capital management policy will entail the optimal balance among higher capital adequacy, investment for future growth and increase in shareholder returns.

We will secure sufficient capital under the currently applicable Japanese standard and aim for a common equity Tier 1 (CET1) ratio (excluding net unrealized gains on available-for-sale securities) of approximately 9.0% under the international standard. Our target level for our capital adequacy ratio in the final year of the medium-term management plan involves the following three points.

1. **Further contribute to regional communities and economic development in ways such as steadily supplying funds and providing services**
2. **Secure capital as a financial institution that is trusted worldwide and generate sustainable growth**
3. **Ensure strategic flexibility for responding to investment opportunities and financial regulations**

In addition, we will emphasize capital efficiency, risk, cost and return in managing capital with the consistent target of ROE above 10%.

For shareholder returns, we have been increasing returns to common shareholders by acquiring and canceling preferred shares and then reallocating the preferred dividends on those preferred shares to common shareholders.

During the year ending March 31, 2018, we intend to acquire and cancel ¥100 billion of Class 5 preferred shares, subject to the approval of regulatory authorities. Regardless of the timing of the acquisition and cancellation of the preferred shares, we plan to increase the annual dividend per share of common stock by ¥1.00 yen to ¥20.00 yen for the year ending March 2018.

Moreover, we will maintain stable dividends following this dividend increase, and we will consider further expansion of shareholder returns while considering the balance between financial soundness, profitability and opportunities to invest in growth.

Basic Strategy 3: Establish "Omni-Regional" Platform

Full-scale Introduction of "Smart Store" (Internet Branch): Providing New Value to More Customers

■ Nationwide sales area

[Domicile of Customers Opening Smart Accounts]

30% | 70%

■ Outside area ■ Area with Resona Group branches

■ Expand Smart Account function ⇒ Platform for daily life

- Entirely app-based services ⇒ Simple transactions/procedures
- Timely proposals/helpful information
- Easy use of preferred channel

Families · · · · · · · Students · Young members of society · Seniors

Expansion of Resona's Open Platform: Create Relationships Where All Come Out Winners

Tie-ups with regional banks with different commitment levels

High ← Level of capital alliance → Low

(Broadly) Resona Group: Resona HD, Resona, Saitama Resona, Kinki Osaka, :, Regional bank, Regional bank, :

Shared Open Platform:
- Community-based and advanced functions: Trust / Real estate / Pensions; Overseas business support; M&A; Various solutions
- Breaking through high cost structure and introduction of advanced technology: Efficient back-office administration; Advanced systems infrastructure; Branch/ATM network expanding nationwide

Alliance, etc.: Regional bank, Regional bank, Regional bank, :, Other financial company, Other financial company

Take on the challenge of new business fields: New functions having high affinity with banking businesses; Innovative technologies and ideas: AI, Fintech, etc.

Mutual "Win-Win" relationships

Benefits for customers
- Sophisticated functions and detailed services
- Strengthen financial institutions' management capability
  ⇒ Build long-term stable relationships

Benefits for participating banks
- Unchanged regional brand
- Expand solution functions
- Sophistication of business process and IT system
  ⇒ Cost reduction
- Integration of HQ functions
  ⇒ Reallocate management resources
- Utilize nationwide network

Benefits for Resona Group
- Expand regional coverage and customer base
- Improve productivity

Direction of Capital Management

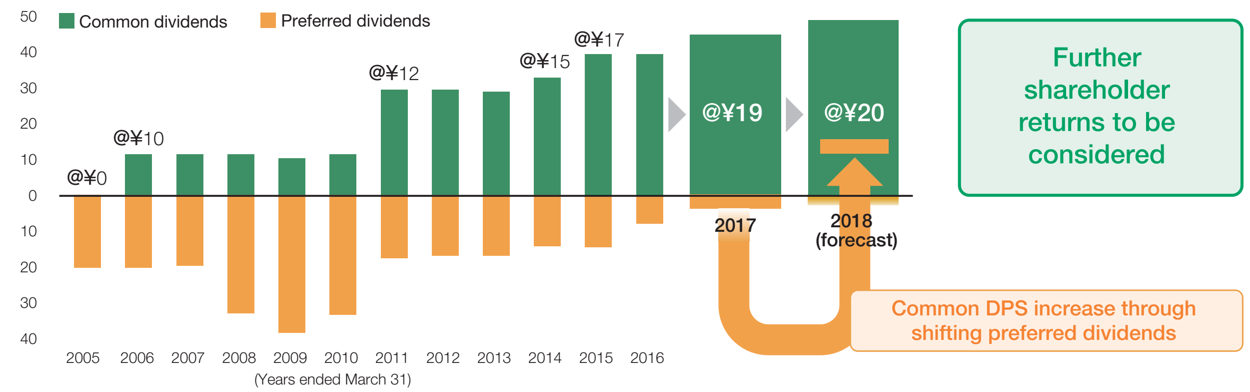
Seek Optimal Balance among 1) Higher Capital Adequacy, 2) Investment for Future Growth and 3) Increase in Shareholder Returns

CAR target
- ■ Secure sufficient capital adequacy under the Japanese Domestic Standard
- ■ Aim to achieve around 9% CET1 ratio[1,2] under the International Standard
  March 31, 2017: 8.59%

ROE target
- ■ Maintain ROE[1,3] above 10%: FY2016 11.67%

Shareholder return policy
- ■ Common DPS planned for FY2017: ¥20 per year, +¥1 YoY (of which, interim ¥10, +¥0.5 YoY)
  - Intend to repurchase and cancel Class 5 PS (total issue amount ¥100 billion) in FY2017, subject to regulatory approval
- ■ Consider further increase in shareholder returns while maintaining stable dividends at the level of common DPS after the above increase

Dividends



1. Reflects the impact of integrating regional banks in the Kansai area on which related parties reached basic agreement on March 3, 2017; 2. Excludes unrealized gain on available-for-sale securities, net of tax effect; 3. (Net income attributable to owners of the parent – Preferred dividends) / (Total shareholders' equity – balance of outstanding preferred shares), simple average of the balances at the beginning and end of the term

Asset Formation Support Business

External Environment

- A prolonged ultra-low interest rate environment, super-aged society and other factors have created a need for medium-to-long-term asset formation
- The legal system and preferential tax treatment, such as the amended Defined Contribution Pension Act and the expansion of the Nippon Individual Savings Account (NISA) system, and other factors have encouraged individual asset formation

Main Initiatives

- Provide solutions with a total customer orientation and a medium-to-long-term perspective (including fund wrap accounts, NISA and individual defined contribution pension plans (iDeCo))
- Introduce easy-to-understand products and procedures that support asset formation for more customers

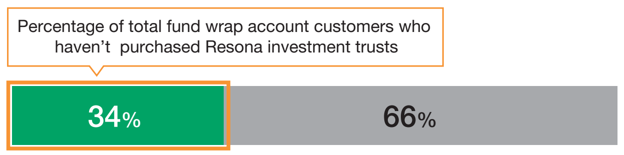
Institutional preparations such as NISA expansion and the amendment of the Defined Contribution Pension Act are moving forward backed by growing asset formation needs in an ultra-low interest rate environment and a super-aged society. Under these circumstances, the Resona Group will focus on the individual asset formation support business that provides solutions with a customer-oriented approach and a medium- and long-term perspective.

In February 2017, the Resona Group began offering fund wrap accounts,[1] which leverage its strength as a commercial bank with full-line trust capabilities. About 30% of fund wrap account customers have not purchased our investment trusts before, which shows this product is attractive to a broad range of customers because its objective is stable management of a long-term, diversified investment portfolio. The objective of our fund wrap initiative is to increase individual asset formation support products under management to ¥6 trillion by March 31, 2020, an increase of 40% compared with the year ended March 31, 2017.

In addition, the amended Defined Contribution Pension Act was enacted in January 2017. This significantly expanded the scope of applicants eligible for iDeCo.[2] The Resona Group's response has included energetically meeting with corporate customers and public employees to promote understanding of this system while significantly improving Internet capabilities. As a result, we are an industry leader in the number of new defined contribution pension plan accounts opened. We will continue these initiatives with the objective of increasing the number of iDeCo customers to 500,000 in the year ending March 31, 2020 to expand our customer base.

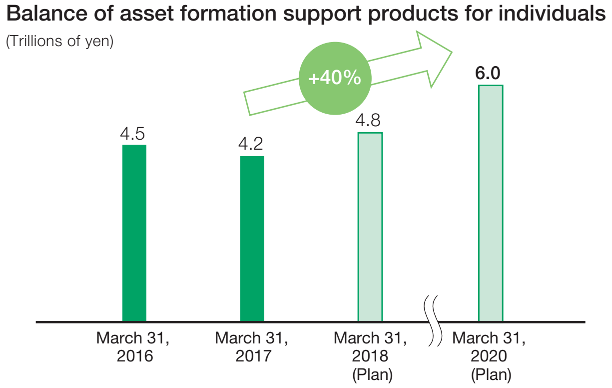
Notes: 1. A fund wrap account is a comprehensive investment management services product for which financial institutions confirm the purpose and policies of different investments for each customer, allocate assets and invest in funds as per a discretionary investment contract, and report on investment performance.
2. iDeCo is a tax-advantaged pension plan that individuals fund with contributions. Investment management performance determines payouts from the plan. Eligibility was expanded to include housewives and civil servants in January 2017 so further expansion of iDeCo accounts is expected.

Fund Wrap Customers



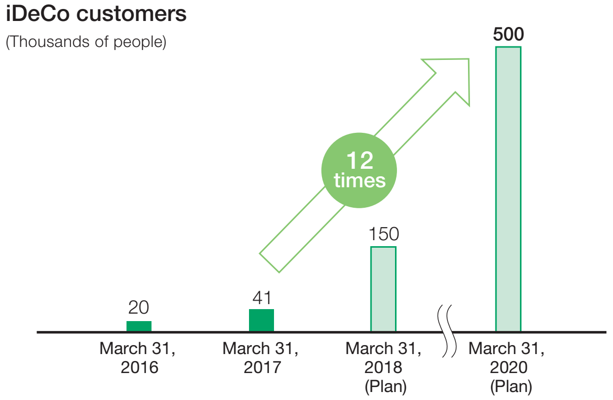
Balance of asset formation support products for individuals

(Trillions of yen)



iDeCo customers

(Thousands of people)



Settlement Business

External Environment

- Change from cash settlement to cashless settlement structure due to expansion of Internet sales and other factors
- New financial technology advances including fintech, AI and API

Main Initiatives

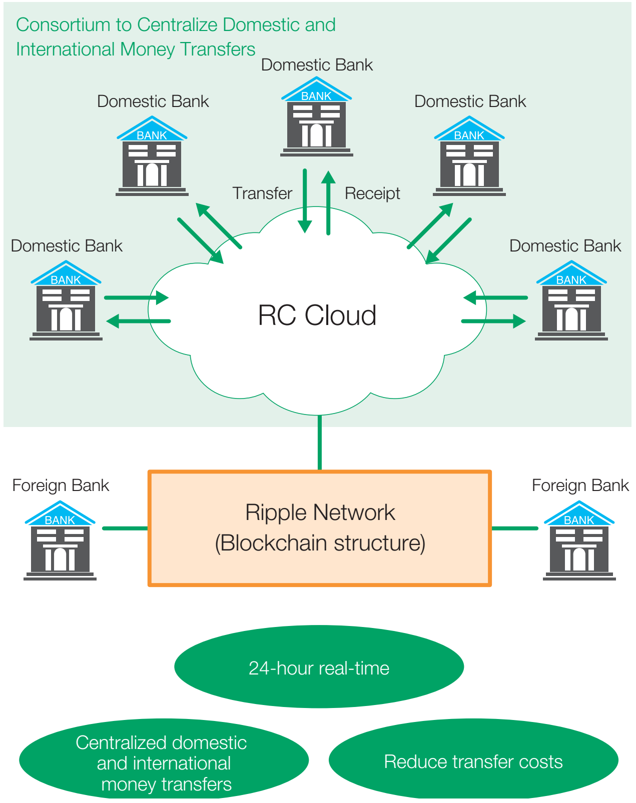
- Promote the settlement business as a unified Group and form alliances with fintech and other companies
- Support for start-up companies with a comprehensive package of solutions
- Expand the customer base by fully introducing the Smart Store (including smartphone-exclusive services)

Japan's cashless settlement ratio, which is the ratio of payments using means such as credit cards, electronic money and debit cards, is only about 20%. Meanwhile, countries including the United States and South Korea have a ratio of over 50%. Given the expansion of Internet sales, technological innovation including fintech and government measures to promote this area in light of the Tokyo Olympic and Paralympic Games in 2020, significant growth in cashless settlement is likely. The Resona Group was among the first financial institutions to start handling debit cards, and we now have a settlement amount with a growth rate of more than 30% annually.

Under these circumstances, the Resona Group will provide advanced, convenient services through original products and services aligned with customer needs and through more sophisticated marketing. We are also intensifying fintech initiatives. For example, in 2016 Resona Bank chaired a consortium to build a 24-hour real-time remittance infrastructure in Japan and overseas using blockchain technology provided by U.S. company Ripple. In April 2017, Resona Holdings also established a settlement division and created a system that enables the Group to rapidly expand the valuable settlement services it provides.

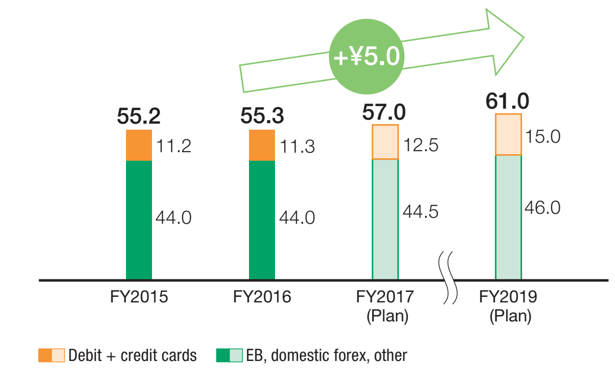
For individual customers, in addition to the full introduction of the Smart Store, we are enabling easy, convenient and affordable services for a broader array of customers by making debit cards standard as cash cards for new accounts from October 2017. For corporate customers, we partnered with an e-commerce site developer to offer the multi-settlement Resona Pay Resort site, and are also concentrating on supporting start-ups with comprehensive packages of solutions.

The objective of these initiatives is to increase income from settlement services to ¥61.0 billion in the year ending March 31, 2020, an increase of ¥5.0 billion compared with the year ended March 31, 2017.



Settlement-related income

(Billions of yen)



Succession Business

External Environment

- An aging society, the inheritance tax amendment and other factors have led to greater needs for succession solutions
- Inflow of inherited assets into the Tokyo metropolitan area and the Kansai area
- The presidents of SMEs are aging, making business succession a management issue

Main Initiatives

- Increase the number of staff who are solutions specialists and assign them to branches
- Diversify solutions, including succession-related trusts, M&A, business withdrawal and transformation, MBO and LBO
- Make trust and real estate capabilities standard Group offerings

While the inheritance market is expanding due to the aging of Japanese society and because inheritance tax amendments have doubled the number of people subject to taxation, inherited assets continue to flow into major metropolitan areas, which are the foundation of the Resona Group's operations. In addition, the presidents of many SMEs are aging, which makes business succession a key management issue.

Under these circumstances, the Resona Group will provide solutions capabilities as Japan's largest commercial bank with full-line trust capabilities and a full lineup of trust services to resolve customer concerns about succession and make the Group Japan's number one brand for succession solutions.

Approach 800,000 Potential Premier Customers

Major Increase in Trust Offices

March 31, 2017: 8 offices → March 31, 2019: 150 offices

Increase in Solutions Specialists

FP1 qualification: March 31, 2017: Approx. 1,000 → March 31, 2020: Approx. 1,600

- **FP2 Qualification** (March 31, 2017): Approx. 10,000
- **Real-Estate Notary** (March 31, 2017): Approx. 5,000

Access the Customer Base of Regional Banks and Other Partners

Full-fledged Operation of M&A Platform

400,000 Resona corporate customers → Expand to clients of approx. 20 participant banks or more

Strengthen Partnerships with Trust Agents

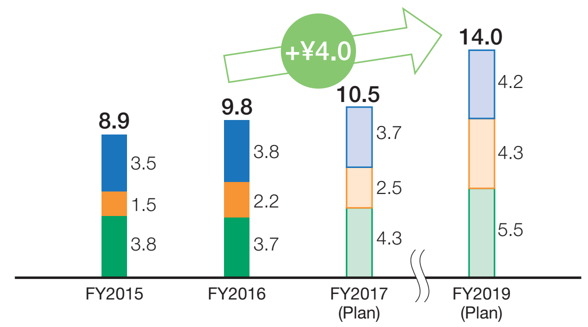
Resona's individual and corporate customer base → Expand to clients of approx. 30 partners or more

The large customer base unique to commercial banks includes a considerable number of potential premier segment customers that the Resona Group has not been effective in creating relationships with to date. We will approach these customers more aggressively. Specifically, Resona Bank will increase the number of Trust Offices staffed with solutions specialists to 150 from the current 8. In addition, the number of staff with the highest financial planning certification will increase to 1,600 from 1,000 as we quantitatively and qualitatively enhance our sales capabilities.

Expanding our customer base will also include approaching the customer base of our partner companies more aggressively. Specifically, in November 2016 we initiated full availability of an M&A platform managed by Resona Bank with the participation of about 20 regional banks, and we are enhancing our alliances with about 30 trust agencies.

The objective of these initiatives is to increase succession-related income to ¥14.0 billion in the year ending March 31, 2020, an increase of ¥4.0 billion compared with the year ended March 31, 2017.

Succession-related income
(Billions of yen)



Real estate brokerage for individuals / M&A / Succession trust capabilities

SME Business

External Environment

- Corporations: From being short in funds to having redundant funds
- Changing industrial structure and accelerating globalization
- Government growth strategy

Main Initiatives

- Improve assessment capabilities (ability to evaluate client businesses)
- Serve growing sectors (healthcare, environment, energy, etc.)
- Diversify solutions (syndicated loans, commitment lines, etc.)
- Enhance productivity through administrative work reform (maximize time spent serving customers)
- Enhance use of overseas bases and alliances with local partners and strengthen FX Web Service functions

Corporations in Japan have shifted from being short in funds to having redundant funds by consistently suppressing asset growth and reducing debt since the 1990s. Moreover, the operating environment of corporate customers is changing significantly due to factors including the changing industrial structure and accelerating globalization. At the same time, the government's current growth strategy is backed by increasing demand for funds, primarily for capital investment.

Under these circumstances, the Resona Group will transform its business model centered on loans. We have 400,000 corporate customers, of which 80,000 have obtained loans from us. We will offer all of our corporate customers optimal, perfectly timed solutions for their growth stage in order to make Resona the No.1 brand for SMEs.

We will also introduce sales force automation, a sales support system that uses IT, and we will distribute tablets to all staff serving corporate customers to simultaneously improve our sales capabilities and productivity.

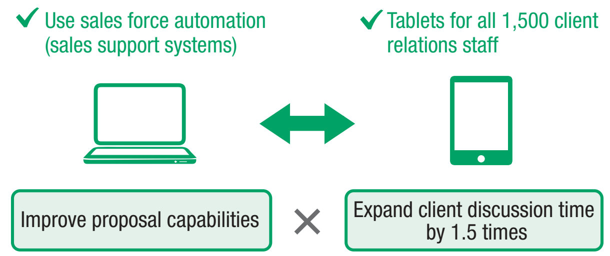
One objective of these initiatives is to increase loans to SMEs to ¥11 trillion yen by March 31, 2020, an increase of about 10% compared with March 31, 2017. Another objective is to increase income from solutions and international businesses by ¥10.0 billion to ¥35.0 billion in the year ending March 31, 2020.

Deliver the Capabilities and Expertise of a Commercial Bank with Full-line Trust Capabilities

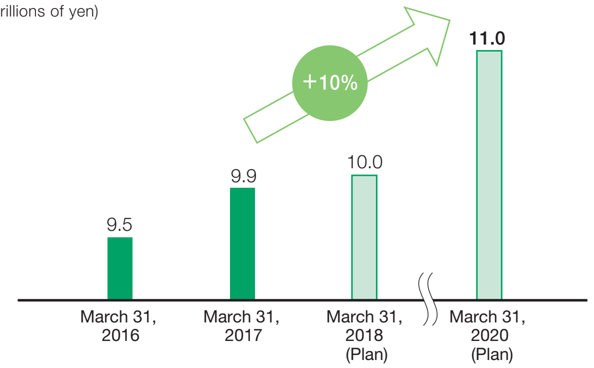
Start-up Phase → Growth and Maturity Phase → Transformation Phase

- Establishment support
- Succession support
- Business loans
- Business rehabilitation and mezzanine financing
- Various financing and solutions products
- M&A, real estate brokerage, corporate pensions, and support for companies advancing overseas
- Business matching and consulting

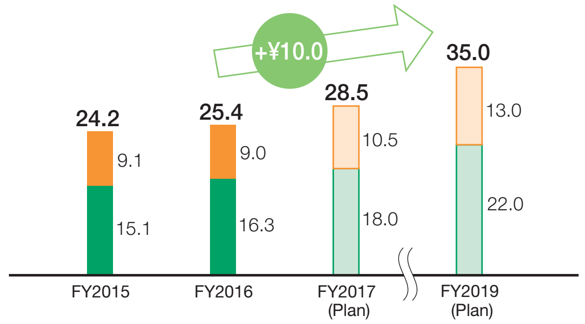
Enhance Sales Capabilities While Increasing Productivity



Loans to SMEs
(Trillions of yen)



Solutions / International business income
(Billions of yen)



Income from solutions / Income from international business

SME Business

Support for Companies Advancing Overseas

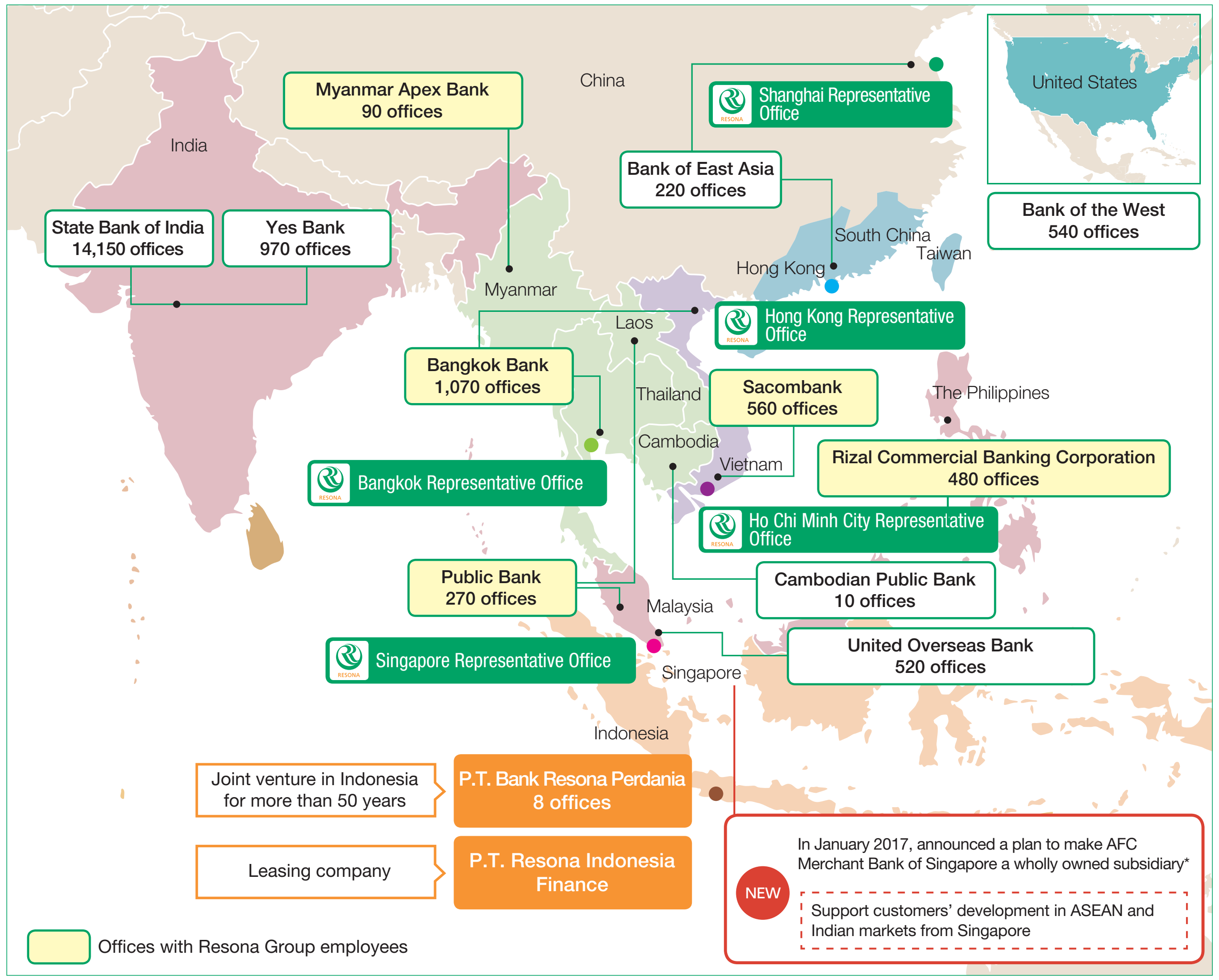
The Resona Group is strengthening its system to support companies advancing overseas. We are expanding our overseas network, which is focused on Asia but also includes the United States. We provide in-market information and business matching services through Resona staff stationed at partner banks.

In January 2017, we announced that we would make AFC Merchant Bank of Singapore a subsidiary. AFC is a Singapore-based financial company founded in 1981 to develop infrastructure in the ASEAN region, and it has an established customer base and deep knowledge of the region.

We will expand our services overseas by providing loans, M&A services and consulting to customers advancing into ASEAN and India through AFC in Singapore, which is a financial hub.

Support for SME Customers Advancing Overseas, Mainly in Asia

- Services offered by domestic branches, JV banks, overseas representative offices and overseas partner banks
- Overseas alliance network has expanded to 17 partner banks covering 14 countries and regions



*Plan to acquire shares during the first half of the fiscal year ending March 2018, subject to the approval of relevant authorities

The Resona Group's Overseas Representative Offices

- **Shanghai Representative Office** — Shanghai, China (excl. South China)
- **Hong Kong Representative Office** — Hong Kong, China (South China area) and Taiwan
- **Bangkok Representative Office** — Thailand, Myanmar, Cambodia and Laos
- **Ho Chi Minh City Representative Office** — Vietnam
- **Singapore Representative Office** — Singapore, Malaysia, India and the Philippines

Management Support Initiatives for Our SME Customers

The Resona Group provides management support to customers. The branches of Group banks, Group headquarters and Group companies cooperate and collaborate as needed with other financial institutions and external professionals to precisely address various needs aligned with the growth stage of customers, from the start-up phase and growth phase to the maturity phase and transition phase.

Support during Start-up and Growth Phases

We look at both financial results and potential growth capability in providing support for funding and operations for customers in the start-up phase.

We also provide a diverse array of loan products and various solutions including business matching, support for advancing overseas and other services for customers in the growth phase.

Support during Maturity and Transition Phases

We address customer business succession needs by learning about the owner's vision for the company and thoughts about succession. We then identify optimal solutions and measures to provide comprehensive support for smooth business and asset succession.

Turnaround Support

We provide the support and expertise that customers require to turn around their company. It ranges from flexibly restructuring repayment terms to improving finances, revitalizing businesses and restructuring operations.

Topics

Support for Healthcare and Welfare Businesses Growth

Corporations in healthcare and welfare businesses generally have more capital and human resource constraints than corporations in other industries. We are enhancing our ability to help them by addressing their management support, business succession and funding needs. We offer various types of support in collaboration with external corporations with strengths in healthcare and welfare markets.

Topics

Packages of Solutions for Start-Ups

We have begun offering packages of solutions for start-ups to enable customers that have been in business for less than a year to access various functions they require in their start-up phase on favorable terms. We support start-ups by fully leveraging Resona Group capabilities to provide support during the start-up phase, and by providing the capabilities of our alliance partners on favorable terms to help build the business foundation of start-ups.

Initiatives to Revitalize Communities

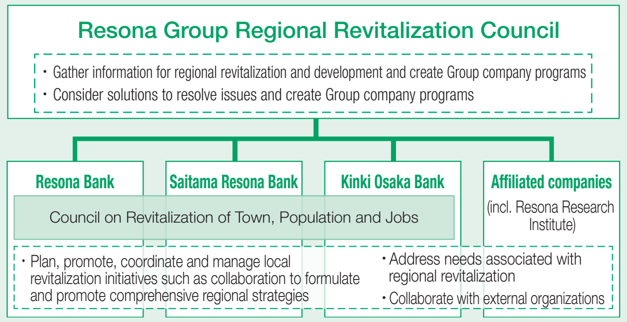
The Resona Group is committed to developing together with communities, and we energetically support the management of SME customers and the revitalization of regional economies.

Moreover, the Resona Group has established the Regional Revitalization Council to contribute to regional revitalization. Also each Group bank has established a Council on Revitalization of Town, Population and Jobs.

Furthermore, in September 2016 Resona Bank and Kinki Osaka Bank established Business Plaza Osaka as a base for developing new businesses to solve community problems together with public organizations, universities, research institutes, corporations and regional communities.

Saitama Resona Bank reorganized the Public Facilities Management Support Office into the Project Development Office in April 2017 to further support public-private partnerships in ways such as providing solutions and information for community revitalization.

Resona Group Organization for Cooperation in Regional Revitalization



Loan Business

External Environment

- Prolonged ultra-low interest rate environment
- Diversification of personal lifestyles
- Evolution and popularization of ICT

Main Initiatives

- Differentiate the Resona Group with holiday operation including application screening and execution, and high-value-added products
- Provide added value to housing loan customers
- Marketing-based promotions, exclusive website/smartphone-based services

The pace of change in the individual loan business environment is accelerating because of the prolonged ultra-low interest rate environment, the diversification of personal lifestyles and digitalization driven by ICT in general and smartphones in particular.

Under these circumstances, the Resona Group will focus on enhancing the competitive advantages of its products and services while strengthening cost controls to be the No.1 individual loan provider.

We are strengthening sales by further enhancing convenience through means including industry leadership in holiday operation, credit screening and loans; completely handling application, response and contract closing via websites and smartphones for consumer loans; and fully embracing the Smart Store. We have high-value-added products such as the Danshin Kakumei (housing loan) and the Resona Premium Card Loan (consumer loan), and we are enhancing our lineup additional products.

In addition, we are promoting digitalization to effectively cut costs and reduce the time needed for administrative procedures. For example, we propose an insurance review when closing housing loan contracts to ensure that we suggest solutions at the most appropriate time.

The objective of these initiatives is to increase the housing loan balance to the ¥11 trillion level by March 31, 2020, an 8.8% increase compared with March 31, 2017, and the consumer loan balance to the ¥360 billion level, an increase of 12%.

Maintain and Increase Market Share

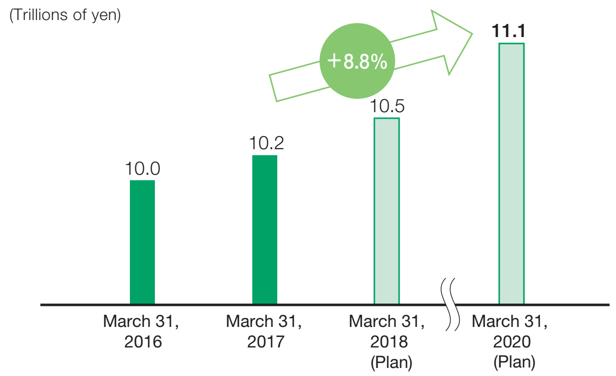
- Penetration of screening and execution on holidays
- More advanced promotion activities
- Enter new markets
- ● Fully introduce Smart Store

Maintain and Improve Profitability

- Products differentiated by high added value
  - ● Danshin Kakumei (housing loan)
  - ● Resona Premium Card Loan (consumer loan)
- Reform loan administration (promote digitalization)
  - ● Reduce administrative workload ⇒ Ensure time for sales
  - ● Rigorous screening
- Good-quality loan assets due to a large number of small loans
- Provide solutions aligned with life stage

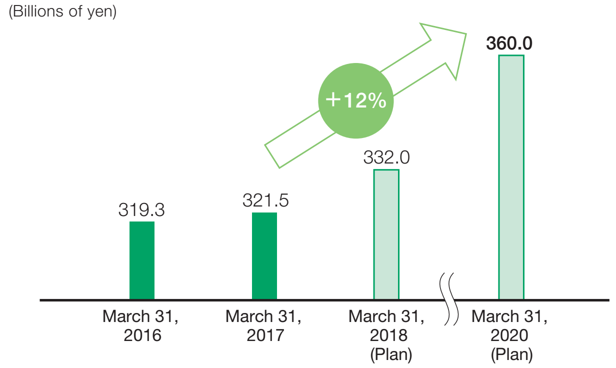
Balance of residential housing loans

(Trillions of yen)



Balance of consumer loans

(Billions of yen)



Transactional Transformation

Total Digitalization

Transactional Transformation Using ICT

Improve Customer Convenience

- Reduce time for procedures
- Exclusive website/smartphone-based services
- Enable consultation whenever and wherever customers need it

Improve Resona's Productivity

- Further reduce administrative work
- Shift administrative personnel to sales
- Increase time available for providing solutions

The spread of ICT has increased expectations that transactions will be easy and add exceptional value. In addition, we need to assume that the contraction of Japan's workforce will make hiring sufficient numbers of employees difficult.

Under these circumstances, the Resona Group will use digitalization to implement cost structure reforms that both increase customer convenience and raise productivity. We will create a next-generation retail financial services model.

We have already achieved good results by changing transactions in ways such as introducing tablets for insurance applications and sales support systems. We have also halved the amount of administrative work through operational reforms.

We will use the expertise we have acquired and employ digital technology to further reduce administrative work and reinforce initiatives to enhance our solutions capabilities.

Specifically, we will add sales staff by transferring administrative personnel with the objective of creating an organization of 26,000 Omni-advisors that serve customers.

We will optimize branch networks by expanding branches specializing in consultation that can be managed by a small number of staff.

Shift Personnel to Sales and Enhance Solutions Capabilities

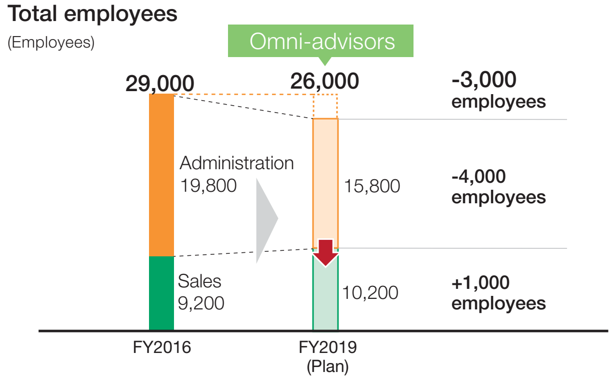
- Add 1,000 sales staff
- All staff provide solutions

Downsize or Replace Branches

- Optimize branches for community characteristics
- Seven Days Plazas operated by a small number of staff

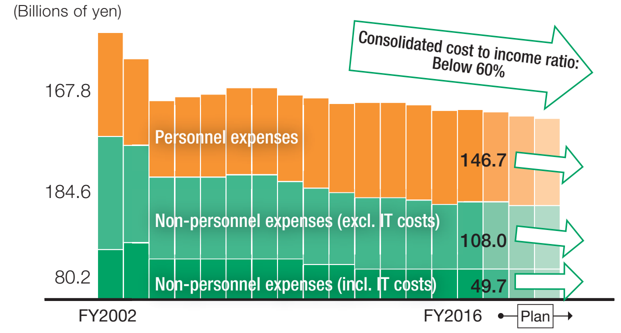
Total employees

(Employees)



Personnel / Non-personnel expenses (Group bank total)

(Billions of yen)



Resona Holdings Directors

Inside Directors (4 Members)

Outside Directors (6 Members)

Director, President and Representative Executive Officer

Kazuhiro Higashi

Assumed the office of Executive Officer and General Manager of Financial Accounting Division of the Company in 2003, and then Director, Deputy President and Executive Officer in 2009, before assuming the current position of Director, President and Representative Executive Officer in 2013. (Concurrently serves as Chairman of the Board, President and Representative Director of Resona Bank, Limited)

Director and Representative Executive Officer

Tetsuya Kan

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

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

Toshio Arima

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

Outside Director and Chairperson of Audit Committee

Yoko Sanuki

Registered as attorney-at-law in 1981. Assumed the office of Representative of NS Law Office (incumbent) in 2001, and then assumed the current position of Outside Director in 2012.

Outside Director and Chairperson of Compensation Committee

Mitsudo Urano

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

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

Tadamitsu Matsui

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

Director and Representative Executive Officer

Toshiki Hara

Assumed the office of Executive Officer, in charge of Osaka area (out-of-city south block) of Resona Bank, Limited in 2008, and then assumed current position of Director and Representative Executive Officer of the Company in 2017. (Concurrently serves as Director and Executive Officer of Resona Bank, Limited)

Director and Member of Audit Committee

Kaoru Isono

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

Outside Director,
Member of Nominating Committee and
Member of Audit Committee

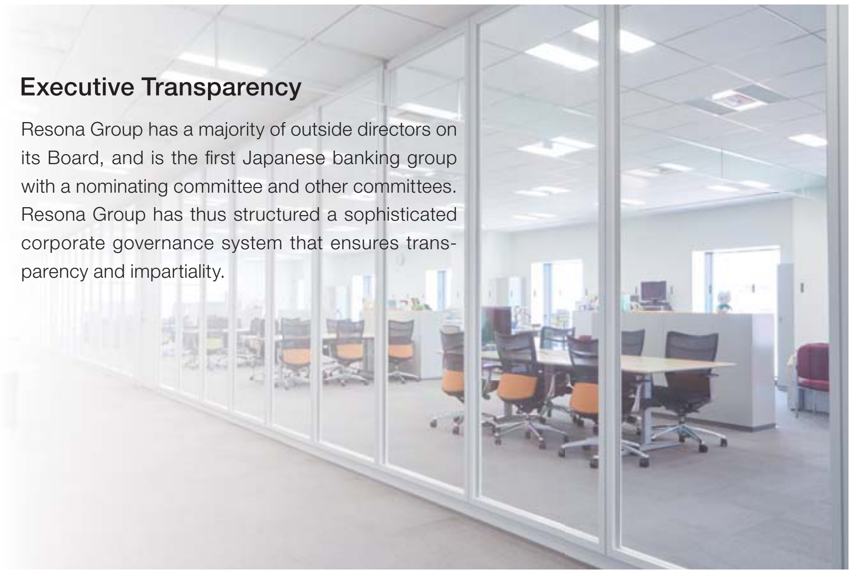
Hidehiko Sato

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

Outside Director and Member of Audit Committee

Chiharu Baba

Joined The Industrial Bank of Japan, Limited in 1973. Assumed office of Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. in 2005. Assumed the office of Outside Audit & Supervisory Board Member of Tohoku Electric Power Co., Inc. in 2015 (incumbent), and then assumed current position of Outside Director in 2017.



Executive Transparency

Resona Group has a majority of outside directors on its Board, and is the first Japanese banking group with a nominating committee and other committees. Resona Group has thus structured a sophisticated corporate governance system that ensures transparency and impartiality.

Yoko Sanuki

Outside Director and Chairperson of Audit Committee

As Chairperson of the Audit Committee, I will create the environment for achieving the vision of becoming "Retail No.1."

The exceptionally challenging operating environment of financial institutions calls for a new approach that can effectively anticipate change and create new business models.

The Resona Group's new medium-term management plan embraces the goal of becoming "Retail No.1" and revolves around marketing reform and digitalization. It has the objective of making the Resona Group an Omni bank through consulting based on the integration of face-to-face and non-face-to-face approaches. The new medium-term management plan adequately identifies changes in the operating environment, and we absolutely believe that management and employees must truly understand and commit themselves to the plan.

Customer reactions to the plan vary regardless of age. Some may respond quickly to the ideals and changes expressed in the plan, while others who are basically only interested in traditional banking services may have little interest. Customers may require a considerable amount of time to understand and buy into the new management plan, which in turn may mean that the plan takes longer than expected to contribute to earnings.

During the implementation of this plan, the Audit Committee will pay particular attention to whether employees are under too much pressure to produce earnings, whether employees are fulfilling their fiduciary duty to customers, and whether the Group is preventing cyberattacks in the promotion of digitalization.

Tadamitsu Matsui

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

I am committed to developing people who can lead the Resona Group and optimizing their deployment.

My name is Tadamitsu Matsui and I have been appointed Chairperson of the Nominating Committee. I am resolute in my responsibility for developing and deploying the human resources that are directly related to our growth.

Achieving the goals of the new medium-term management plan is important to becoming "Retail No.1." Developing 26,000 Omni-advisors is a particularly important factor of the plan, an initiative that will be the first in the industry. Customer needs become more personalized and sophisticated every year. The Resona Group needs to identify these needs, breakdown the needs into targets, and empower all employees to meet these targets through their day-to-day work. The steady accomplishment of that result will help the Resona Group achieve its targeted outcomes. I intend to put my experience in corporate management and as an outside director at other companies to work in the Resona Group initiatives. I want the Resona Group to stay abreast of social change while nurturing talented people who can execute without being constrained by changes in the operating environment. This will require perspectives from outside the banking industry, which I will be aggressive and focused in nurturing.

I am committed to achievement with the cooperation of everyone in the Resona Group.

I would also be delighted if shareholders and investors look forward to growth for the Resona Group.

Mitsudo Urano

Outside Director and Chairperson of Compensation Committee

I will work to enable returns for shareholders and other stakeholders with a medium-to-long-term perspective.

My name is Mitsudo Urano, and I am Chairperson of the Compensation Committee. The process of creating the new medium-term management plan involved incorporating a variety of opinions and was created with a sense of urgency. I find this to be remarkable. It involved open discussion of ideas, which was particularly laudable for the first management plan following the full repayment of public funds. I participated in the discussion to help us break with the traditional banking business framework to create new fundamental value for the Resona Group. The key ideal of the plan is the goal of becoming "Retail No.1." The Resona Group needs to be even more perceptive in understanding the lives of individual customers, and to commit itself to helping corporate customers grow their business, both in Japan and overseas. I will leverage my experience as an outside director at other companies to help executive officers take appropriate risks. I will also collaborate on alliances and M&A with fintech companies.

As the Chairperson of the Compensation Committee, I will structure a compensation system that is linked to medium- and long-term business goals, and work to enable shareholder returns.

Basic Approach to Corporate Governance

Resona Holdings, Inc. (hereinafter the "Company") has established the "Basic Corporate Governance Policy" to facilitate the sustained growth and improvement of the corporate value of the Resona Group (hereinafter the "Group") over the medium and long term.

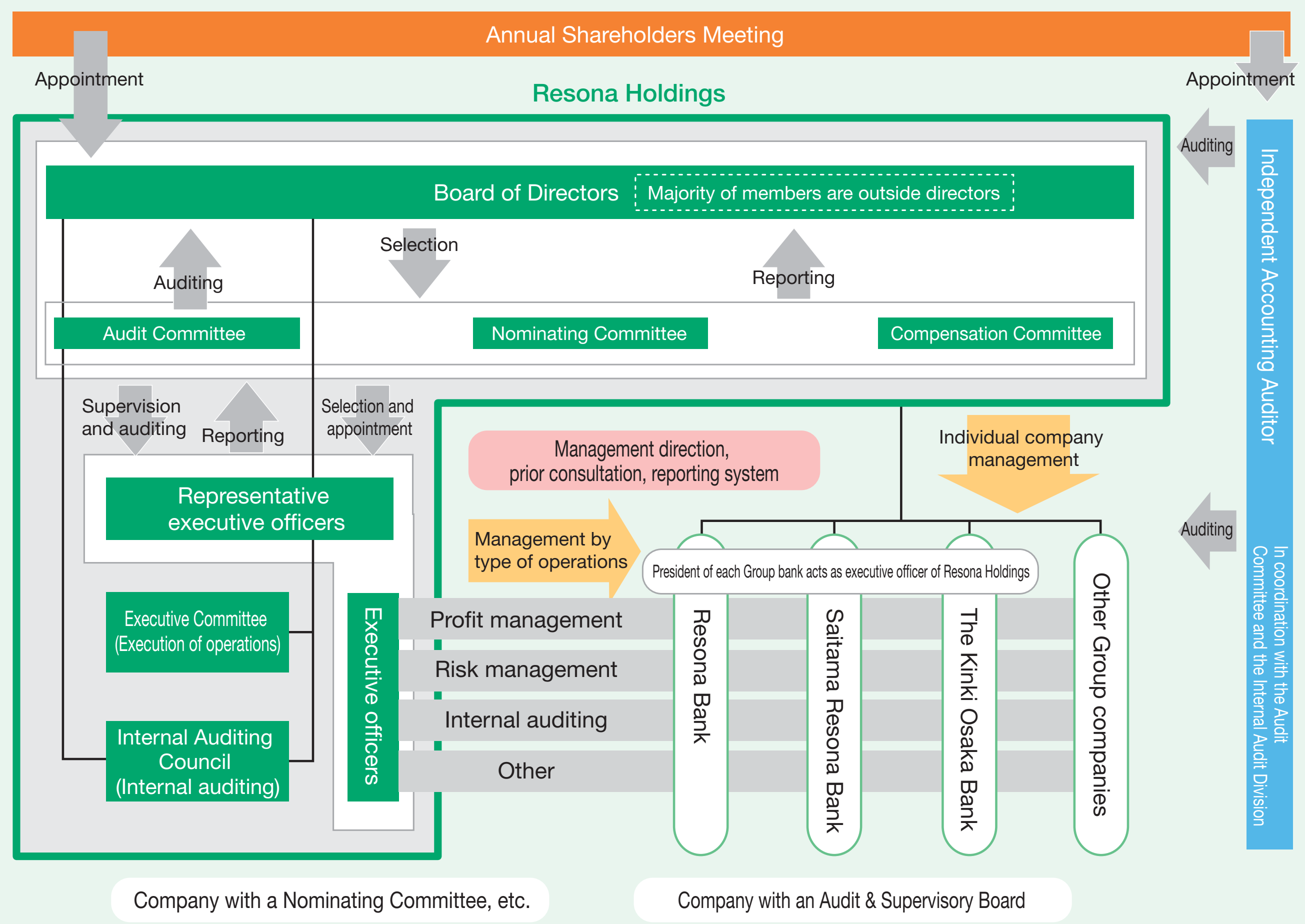
- The Company, as the holding company of the financial services group, including Resona Bank, Limited, Saitama Resona Bank, Limited and The Kinki Osaka Bank, Ltd. (hereinafter the "Group Banks"), shall maximize the corporate value of the Group.
- The Company shall respect all stakeholders, including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

The Company's Corporate Governance System

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

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

Group Corporate Governance Framework



Other Matters Related to Corporate Governance

Self-Evaluation of the Board of Directors

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

The evaluation of fiscal 2016 concluded that the operations of the Board were appropriate on the whole and the overall effectiveness of the Board of Directors was confirmed.

The selection of meeting agendas and the preparation of meeting materials were identified as issues requiring improvement in the self-evaluation. The self-evaluation identified year-on-year improvement in both areas, but concluded that preparation of meeting materials requires further improvement. In addition, the Board identified that it needs to focus on initiatives to improve the selection of meeting agendas for enhancing discussion of strategy implementation and to make even better use of the knowledge of outside directors. The Board of Directors will enhance the content of discussions by improving its operations based on input such as the opinions of each director.

Resona Succession Plan

Aiming for sustained improvements in corporate value, the Group introduced a succession plan in June 2007 that serves as a mechanism to ensure the successions of the top management roles and responsibilities at the Company and each Group bank and secure the transparency of the process of selecting and nurturing directors.

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

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

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

Activities at Resona Holdings

Management body	Overview	Composition	Number of meetings held in the year ended March 2017
Board of Directors	The Board of Directors fully ensures that management engages in substantial discussion in fulfilling its responsibilities for decision-making on important Group management issues and supervises the execution of business activities by executive officers and directors.	10 Directors (including 6 Outside Directors) Male: 9 Female: 1	18
Nominating Committee	The Nominating Committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the annual general meeting of shareholders, based on the specific qualities that the Group should seek in its directors as well as the "Standards for Electing Director Candidates," both of which have been discussed and decided at the committee's meetings.	3 Directors (All of the members are Outside Directors) The committee chairman is an Outside Director	8
Audit Committee	The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors that are submitted to the annual general meeting of shareholders in addition to auditing the execution of business by executive officers and directors.	4 Directors (3 members are Outside Directors) The committee chairman is an Outside Director	13
Compensation Committee	The Compensation Committee makes decisions regarding policies for compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals.	3 Directors (All of the members are Outside Directors) The committee chairman is an Outside Director	10
Executive Committee	Resona Holdings has set up the Executive Committee as a body to deliberate and report on generally important management items and important matters in the execution of operations to support the decision-making process in the execution of operations.	Representative executive officers and executive officers	40
Internal Audit Council	As a body to deliberate and report on important matters related to internal audits, the Company has established the Internal Audit Council. This council is independent from the Executive Committee, which serves as a body for the execution of operations.	All representative executive officers, full-time Audit Committee member, executive officer in charge of the Internal Audit Division and general manager of the Internal Audit Division	15

Overview of Compensation Policy for Directors and Executive Officers

The Company's compensation policy is as follows.

Basic Approach

- Remuneration for directors and executive officers is determined by the Compensation Committee following objective and transparent procedures
- Compensation systems for directors are focused on rewarding the performance of their primary duty of providing sound supervision of executive officers
- 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, the Company has adopted Performance Share Units.

1. Compensation System for Directors

   Compensation for directors consists of position-based compensation and a duty-based additional portion in cash. In order to further ensure sound supervision of executive officers, performance-based compensation was abolished as of June 2017.

2. Compensation System for Executive Officers

   Compensation for executive officers consists of position-based compensation and performance-based compensation. Performance-based compensation comprises cash compensation determined on the basis of the Company's annual operating results as well as Performance Share Units, which reflect medium-to-long-term results. In order to maintain and increase motivation to fully carry out business, a significant percentage of compensation is accounted for by performance-based compensation (details follow). Furthermore, the composition of compensation paid to executive officers who take senior positions places a greater emphasis on the performance-based variable portion. Any executive officer holding a concurrent position as director is paid only the amount of compensation due an executive officer.

Position-based compensation (fixed compensation)	Performance-based (Standard amount) (variable compensation)		Total
Cash	Cash (Annual incentive)	Performance share units (Medium-to-long-term incentives)	
50～60%	20～25%	20～25%	100%

Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors

The Resona Group has established the Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors to proactively promote constructive dialogue with shareholders and investors from the perspectives of generating sustainable growth and increasing corporate value over the medium-to-long term. The key points of the policy are as follows.

(Purposes)

The Basic Policy for Promoting Constructive Dialogue with Shareholders, Investors, etc. (hereinafter "Shareholders, etc.") (hereinafter the "Basic Policy") determines the policy concerning systems and initiatives of the Company for the following purposes:

(1) Obtain the accurate understanding, confidence and fair evaluation of the Group's management strategy and financial condition, etc. from Shareholders, etc.; and

(2) Facilitate the Group's sustained growth and improve the corporate value over the medium and long term through constructive dialogue with Shareholders, etc.

(Personnel Having Dialogue with Shareholders, etc.)

The President and Representative Executive Officer and the executive officer in charge of the Finance and Accounting Division shall supervise overall dialogue with Shareholders, etc., and make every effort to realize constructive dialogue. In addition to the foregoing persons, persons appointed by the foregoing persons in consideration of the requests, main interests, etc. of Shareholders, etc. shall conduct dialogue with Shareholders, etc.

(Internal Arrangements for Supporting Dialogue)

To make dialogue with Shareholders, etc. constructive, the Finance and Accounting Division shall support the persons having dialogue with Shareholders, etc. in coordination with various departments of each Group company so that such persons can provide Shareholders, etc. with accurate information based on their interests, etc. over the medium and long term.

(Efforts to Diversify Forms of Dialogue)

Constructive dialogue with Shareholders, etc. shall be conducted in various forms, including general shareholders' meetings, individual interviews, financial results briefings, phone conferences concerning financial results briefings, shareholders seminars, etc. Dialogue shall be conducted from diversified viewpoints to make it substantial in consideration of Shareholders, etc.'s interests, etc. over the medium and long term.

(Feedback to the Company)

The executive officer in charge of the Finance and Accounting Division shall regularly and timely submit a report on Shareholders, etc.'s opinions, interests, concerns, etc. to the Board of Directors in an appropriate manner. The Board of Directors may, at any time, ask the executive officer in charge of the Finance and Accounting Division to explain the details of dialogue with Shareholders, etc.

(Management of Insider Information)

On the occasion of dialogue with Shareholders, etc., undisclosed important information shall not be disclosed to any specific persons in accordance with the "Information Disclosure Regulations" to be separately established.

Risk Appetite Framework

Framework for Formulating and Executing Strategies to Support Sustainable Growth

To realize the strategy of becoming the "Retail No.1," the Resona Group organically correlates earnings, risk, capital and other components; maintains an organization and systems that are capable of formulating consistent plans; and structures PDCA frameworks to support the formulation and execution of strategies.

Formulation of Management Strategies and Plans

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

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

More specifically, based on the characteristics and strengths of the Group's businesses and taking into consideration the short-term and medium-to-long-term issues, and ensuring that the operational policies formulated by the Group companies and business divisions are consistent within the Group, the "funding and earnings plan," "risk limit plan," and "capital adequacy ratio plan," etc. are defined.

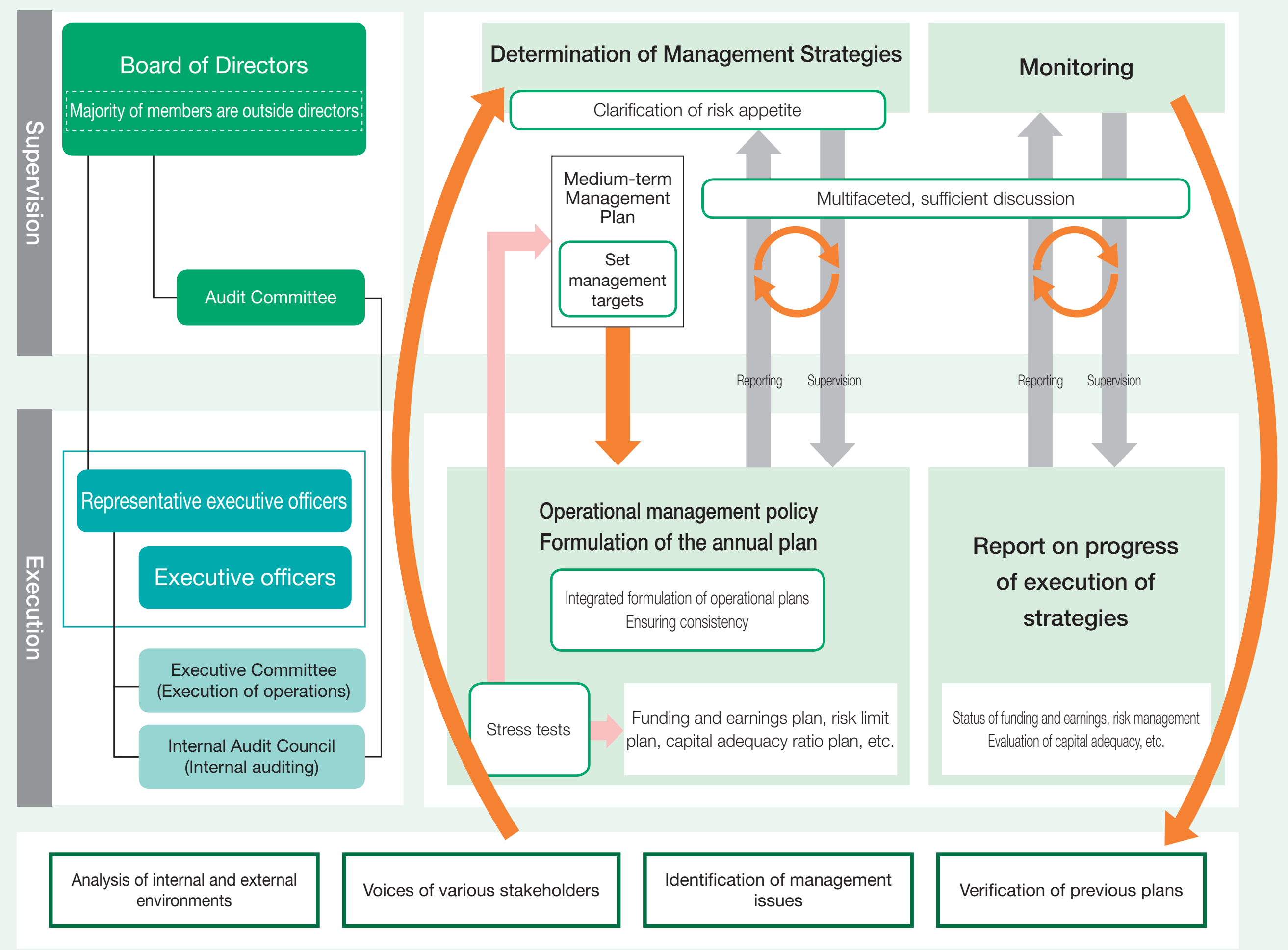
Through the risk management division's stress tests, these plans undergo potential sustainability verification to confirm that risk-taking and risk-control during the plan period are possible.

Operation and Management of Plans

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

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

Risk Appetite Framework



Risk Management System

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the application for an injection of public funds in May 2003 caused the people of Japan, our customers, and other stakeholders. Consequently, we have established the risk management principles below to enhance our risk management systems and methods as well as risk control. The Resona Group conducts its risk management activities with an eye to securing the soundness of operations and enhancing profitability.

1. We will not assume levels of risk in excess of our economic capital.
2. We will deal promptly with losses that we have incurred or expect to incur.
3. We will take risks appropriate for our earnings power.

Risk Management Policies and Systems

The Company has established the Group Risk Management Policy that serves as the Group's basic risk management policy.

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

The risk management policies of the Company and the Group banks create a basic framework for managing risk by defining the types of risk that must be managed and establishing organizations or systems that manage risk.

The Company and the Group banks have established risk management departments for managing different types of risk, along with a Risk Management Division, to integrate the management and control of all types of risk. Principal risk categories are outlined below, and each risk is managed using a method that is tailored to its characteristics.

Principal Group companies, other than the banks, have also established risk management policies that are tailored to their own operations, special characteristics, and risks. In addition to establishing risk management systems and frameworks, these policies establish guidelines for avoiding risks outside their fundamental business areas. These Group companies have also established risk management departments for managing different categories of risk and risk management divisions for comprehensive risk management.

Comprehensive Risk Management

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

Each Group bank measures the volume of credit risk, market risk, and operational risk using the risk management indicator value at risk (VaR*) and establishes risk limits (makes risk capital allocations) on these types of risk. Risk management is conducted to control risk within these established limits.

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

In addition, although the Company is constantly working to improve the quality of risk measurement through various means, including the application of the VaR method, there are risks that cannot be quantified by statistical risk management methods. Based on this fact, the Company and Group banks strive to study and understand the incompleteness and specific weak points of the VaR method, thereby assessing and recognizing the impact of such limitations of their risk measurement. For risks that cannot be identified or quantified by the VaR method, the Company and the Group banks conduct qualitative assessment through various stress testing and the use of risk-assessment mapping. In this way, the Group aims to enhance the quality of its comprehensive risk management.

* VaR, or value at risk, is a risk management indicator that is calculated using statistical methods to measure the maximum loss that may occur with a specified confidence interval (probability) and over a specified period.

Group Management by Resona Holdings

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

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

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

Furthermore, the Company controls risk taking by Group companies by requiring prior discussion of their limits and guidelines.

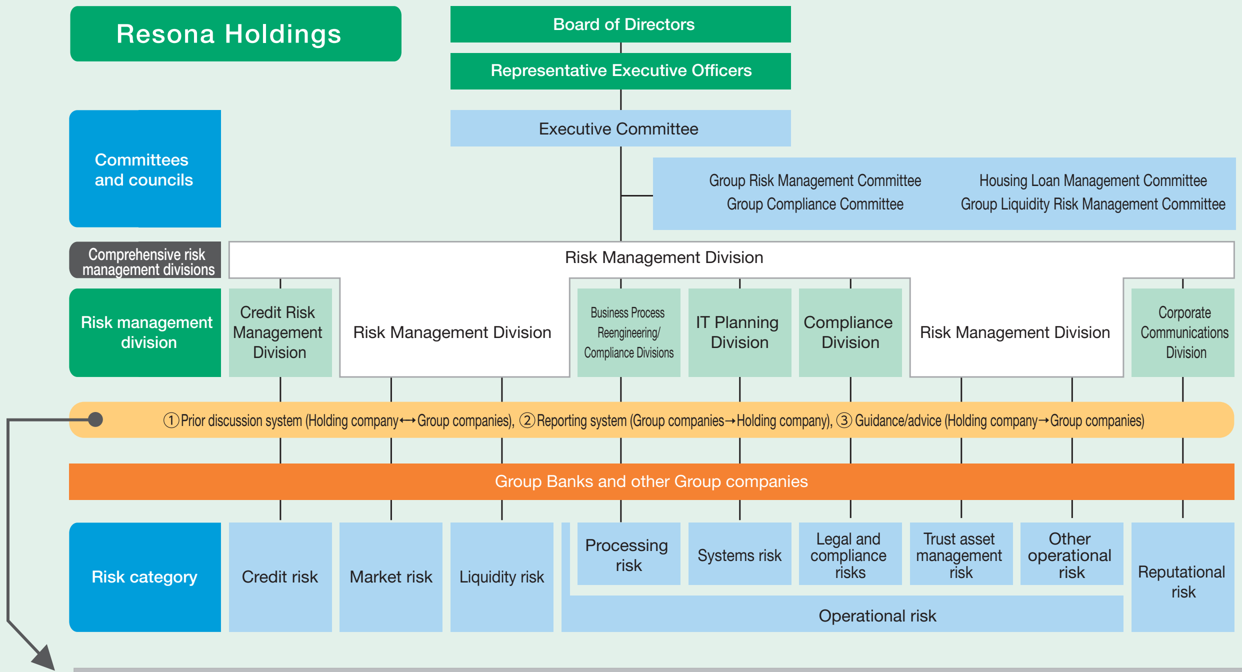
Group companies must make reports to the Company regarding the risk conditions and their management on a regular and as-needed basis so that the holding company can provide guidance and direction as necessary.

As shown by the chart below, we have formed risk management divisions within the Company for managing each type of risk on a Group-wide basis.

Risk Category, Definition and Management Methods

Risk Category	Definition	Risk Management Methods: Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, etc.)
Credit risk	Risk of losses that arises when the value of assets (including off balance sheet assets) declines or is destroyed as a result of the deterioration of the financial position of obligors	Setting risk limits, credit rating system, portfolio management, credit analysis and management, etc.
Market risk	Risk of losses that may occur when the prices of assets and liabilities (including off balance sheet assets and liabilities) change because of fluctuations in market risk factors, including interest rates, foreign currency exchange rates, and stock prices	Setting risk limits, setting loss limits, setting position limits, etc.
Liquidity risk	Risk of losses that may occur when a party has difficulty in raising the necessary funds or is forced to raise such funds at higher than normal rates	Recognition of liquidity emergencies, response system for emergencies, guidelines for liquidity risk management indicators, etc.
Operational risk	Risk of losses that may occur when internal processes, personnel, and/or systems function improperly or fail to function and when external factors result in such losses	Control self-assessments (CSAs), analysis of loss data, risk indicators, etc.
Reputational risk	Risk of losses that may occur when reports in the media, rumors, false information, and unfounded reports have a detrimental effect on a company's reputation	Dissemination of timely and appropriate information, monitoring of media, etc., preparation of crisis management systems

Group Risk Management System



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

Compliance

Basic Activities

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

As the basic activities to put compliance into practice, the Resona Group has established its Corporate Mission, which forms the basis for the judgments of directors and employees; the Resona Way (the Resona Group Corporate Promises), which outlines the basic stance, based on the Corporate Mission, that directors and employees should take toward all Group stakeholders; and the Resona Standards (the Resona Group's Behavior Guidelines), specific guidelines about behavior expected from directors and employees under the Corporate Mission and the Resona Way. The Corporate Mission, the Resona Way, and the Resona Standards are applied uniformly across Group companies, and the related handbook is distributed to all directors and employees, and trainings is regularly arranged at all workplaces.

Group Management System

Group Compliance Management System
The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems groupwide. In addition, the Group has formed a Group Compliance Committee composed of the Company and Group companies as members, which discusses and evaluates all issues related to Group compliance.

System for Protecting Group Customers
The Company and Group banks are proactively working to make improvements in the quality of explanations to customers, responses to customer inquiries and complaints, the management of customer information, the management of conflicting interests in banking transactions, and other areas so that we can provide better responses and more convenience for customers. Specifically, we discuss and deliberate initiatives with responsible divisions and individuals in the Group Compliance Committee, etc.

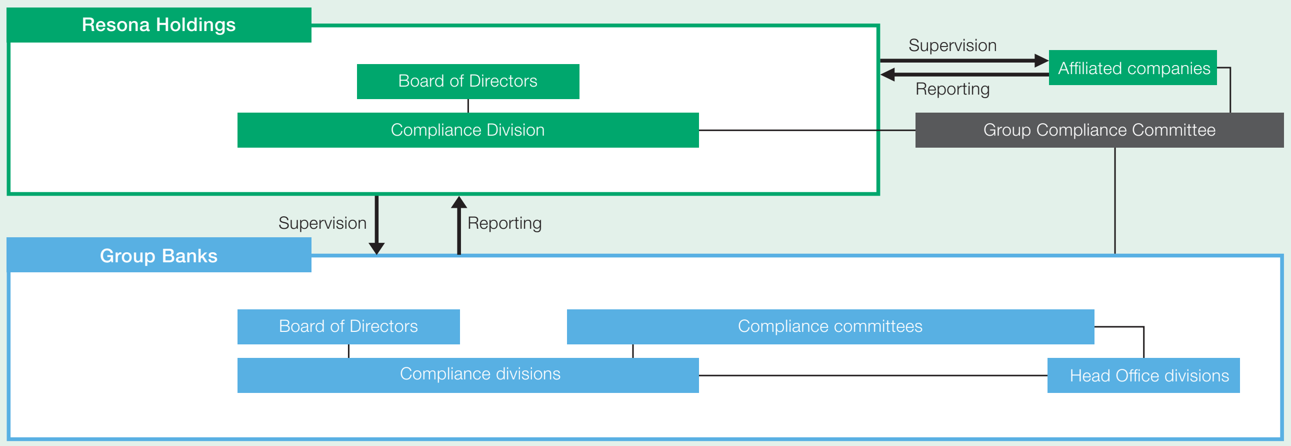
Management of Customer Information

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

Elimination of Anti-Social Forces

The Resona Group believes that preventing and eradicating transactions with anti-social forces are critically important to its public mission and social responsibility as a financial institution. Our basic approach is not to engage in transactions with anti-social forces and to prevent them from intervening in transactions with customers through the corporate activities of Group companies. The Group has set specific internal rules and regulations, as well as providing ongoing training and education on these compliance issues for directors and employees. In addition, we have formed cooperative relationships with law-enforcement agencies such as the police to prevent and nullify transactions with anti-social forces.

Group Compliance Management System



Internal Auditing

Group Internal Auditing

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

In order to ensure sound and appropriate operations and to gain social trust in the business management systems established by the Company and Group companies, the internal audit divisions serve the essential function of facilitating improvements in corporate value by verifying and evaluating the systems from an independent standpoint and promoting improvements as needed in all management activities.

Organization

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

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

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

Functions and Roles

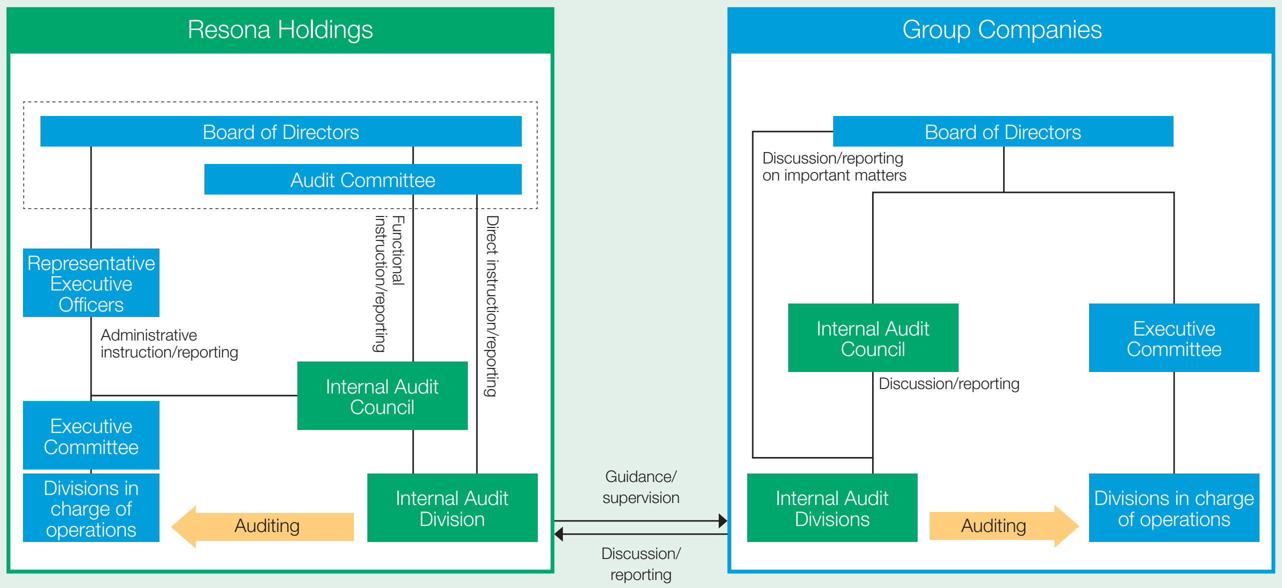
To guide the formulation of plans for internal auditing, the Internal Audit Division of the Company formulates the Annual Internal Audit Basic Plan of the Company and the Group, including the Group's annual policies, the targets of auditing, and key items and secures approval of the Board of Directors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

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

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

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

Internal Auditing System



Basic Approach

The Resona Group has taken the initiative in diversity management and work-style reform. We will manage human resources based on new concepts that represent a revolution in working style rather than simply continuing our existing approaches. Our business model is at a major turning point because of technological innovations such as IT and AI. We are also focusing on nurturing 26,000 Omni-advisors as part of our medium-term management plan, and intend to shift personnel from administration to sales.

Motivated employees drive corporate activity. We will therefore provide more flexible ways of working and more career path options than in the past. Our goal is to be a company with diverse human resources that creates new value through diversity and inclusion.

Human Resource Development

The Resona Group develops human resources using a system that provides opportunities for training regardless of factors such as job category. Employees can access business training, self-development training (business school) and home learning systems.

Digitalization will enable us to both expand points of contact with customers and improve operating efficiency. We need to build a system to support customers, including those customers we could not previously reach. This system will involve all employees, including those in administrative positions.

Throughout the Resona Group, in addition to developing human resources with the sophisticated expertise that empowers them to offer optimal solutions to customers, we will enable our Omni-advisors to understand the true latent needs of customers by truly taking the perspective of customers through high-quality communication.

Human Resource System

The management crisis of 2003, which is called the "Resona Shock," led us to make the concept of diversity management that enables employees to work actively regardless of factors such as gender, age or job category the center of human resource management.

Our human resource system has evolved to naturally reward people who excel and make a strong contribution. We therefore believe in consistent and equal evaluation and treatment regardless of job category under a system that provides the same compensation to everyone doing the same work.

A feature of our human resource system is the adoption of a job classification and personnel evaluation system that is shared by regular employees, smart employees (permanent employees with limits on working hours and scope of work) and partner employees (part-time workers). Assuming full-time work, the same job grade will receive the same compensation (basic compensation) on an hourly basis. We adjust for factors such as relative intensity of responsibilities with mechanisms including bonuses, retirement allowances and welfare programs. We have also introduced a promotion system, a transfer system and other mechanisms that allow employees to change jobs.

Work-Style Reform

Employees are at the center of our work-style reform. Ideally, each employee should be able to choose how to work according to work-life balance and career development choices. We therefore need to broaden our work-style and career path options to enable career growth and development.

We partially revised our human resource system in October 2015 to introduce the smart employee system in which a permanent employee can limit working hours or scope of work. The number of smart employees increased to 275 people (as of April 1, 2017) because some employees have chosen to handle childcare and nursing care while others have been promoted from the position of partner employee.

Society is increasingly focusing on working style. Employees who are conscious of working style support the productivity improvement that raises operating efficiency. We launched a telecommuting system in April 2017, and will continue to examine various work styles.

Human Resource System

	Employees	Smart employees (2 classifications)		Partner employees
Scope of work	Open ended	Open ended	Limited	Limited
Working hours	Open ended	Limited	Open ended	Limited
Equal work Equal compensation	Same basic compensation for the same job grade Full-time hourly wage conversion			
Shared core evaluation	Shared job performance grade (job class) and personnel evaluation reflecting the relative intensity of job difficulty and responsibility			

Strategy for Developing 26,000 Omni-Advisors

Q Developing 26,000 Omni-advisors is one of the basic strategies of the medium-term management plan. What is an Omni-advisor?

Figure 1 shows the five requirements that define an Omni-advisor. Omni-advisors think seriously about customers, providing proposals that benefit customers and deliberately avoid anything that does not benefit customers. This is key to our fiduciary duty.

Kazuyo Shinya
Executive Officer, Head of Human Resource Services, Member of the Council for the Realization of Work Style Reform*

* Established in September 2016 as a venue to discuss ways to achieve equal pay for equal work, the council is chaired by Prime Minister Shinzo Abe. The council comprises relevant cabinet members and 15 experts.

Together, the five requirements define Omni-advisors as people who can understand the true latent needs of customers.

Q What does "understanding the true latent needs of customers" mean?

Many customers have potential issues that they themselves do not yet realize. The ability of our Omni-advisors to understand the true latent needs of customers is the ability to give concrete expression to vague issues; that is, to draw out, correctly understand and clearly enunciate customer concerns and needs. This process requires Omni-advisors to think of the customers' concerns as their own.

Figure 2 highlights the three elements of the ability of our Omni-advisors to understand the true latent needs of customers. The commitment to resolving customer concerns is a particularly important element for all employees.

Q How will Resona Group develop Omni-advisors?

We have repeatedly emphasized to our employees Resona's fundamental stance of "Customers' happiness is our pleasure," which provides a solid foundation for Omni-advisers. Distance between Omni-advisors and customers may vary depending on the type of work they are involved in, but we will inculcate in all employees the practice of consistently thinking about customers and their needs to heighten their commitment to resolving customer concerns.

In addition, we will try to review our human resource development programs. Conventionally, we emphasized the business knowledge and skills necessary for solving customer issues. We are now energetically complementing that with rich experience that many people can sympathize with and sophisticated communication skills. These are necessary in all types of work, and will also support the personal growth of each employee.

We need to complement growth from all types of work and training with personal growth from their fruitful private life. We therefore need to reform work styles to support the work-life balance of employees.

Figure 1.

Ideal Omni-Advisors

- ✓ Constant awareness that "Customers' happiness is our pleasure"
- ✓ Draw out customer concerns
- ✓ Provide solution options and information that lead to solutions
- ✓ Propose what is thought good for the customer's future
- ✓ Turn down what is thought not good for the customer's future

Figure 2.

Understanding the True Latent Needs of Customers

Commitment to resolving customer concerns

Experienced and able to empathize with everyone

Sophisticated communication skills

Basic Approach to CSR Management

Relationship between Corporate Mission, Corporate Promises and CSR Policy

The Resona Group sees CSR management as contributing to the creation of a sustainable society. The Group's Corporate Mission embodies the orientation of all officers and employees and expresses the values we should share. The Resona Way (Resona Group Corporate Promises) shapes our fundamental ideals (please refer to page 3). Our Corporate Mission and Corporate Promises represent our stance toward corporate social responsibility (CSR). The Group defines its CSR Policy in line with the core precepts of the international standard ISO 26000 in seven clearly specified social issues.

Linkage between the Resona Group CSR Policy and the SDGs

We examined the Resona Group CSR Policy from the perspective of the SDGs and reaffirmed the direction the Resona Group should take.

Resona Group Corporate Mission

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

- Live up to customers' expectations
- Renovate its organization
- Implement transparent management
- Develop further with regional societies

Resona Way
(Resona Group Corporate Promises)

Resona cherishes relationships with shareholders

Resona highly regards employees' dignity and personality

Resona cherishes relationships with customers

Resona places importance on its ties with society

Resona Group CSR Policy / Corresponding SDGs

Specified Social Issues	Policies	SDGs
Corporate Governance	We work to strengthen oversight and supervision functions for responsible management systems as well as management and achieve accountability for all the stakeholders.	
Human Rights	We build a corporate culture and working environment that respect fundamental human rights of all the stakeholders we have an impact on, such as customers, shareholders, and employees.	
Diversity	We promote people development and its fair assessment through opportunities for capacity development and firm establishment of the organizational climate of diversity.	
Compliance	We engage in responsible corporate activities for all the stakeholders through compliance with laws, rules, and social norms.	
Consumer Issues/ Customer Services	We protect customers' valuable personal information as well as assets and provide high-quality financial services and opportunities for enlightenment from customers' perspective.	
Community	We position symbiotic relationships with communities as our important mission and work on solving social issues by utilizing our experience and resources.	
Environment	We value the irreplaceable global environment and properly conduct environmentally friendly corporate activities.	

CSR management = Contributing to the creation of a sustainable society

Foster a Corporate Culture Committed to Society

The Resona Group aims to resolve social issues as expressed in sustainable development goals (SDGs) to help create a more sustainable society. We fulfill our social responsibilities through our core businesses and actively contribute to society in a unique way.

What Are the SDGs?

The SDGs are ongoing objectives through 2030 that the United Nations adopted in September 2015. They encompass 17 goals and 169 targets to tackle global problems including global economic crises, natural disasters, environmental deterioration, refugees and poverty to realize a world in which nobody is left behind.

Priority CSR Issues (Materiality)

Priority CSR Issues for the Resona Group

We identified and began implementing initiatives unique to the Resona Group in four priority areas – Community, Next Generation, Diversity and Environment – to meet society's expectations for CSR, helping to create a sustainable society and increasing corporate value.

Community

Bringing communities and people together

Next Generation

Nurturing the next generation for the future

Diversity

Respecting diverse beliefs

Environment

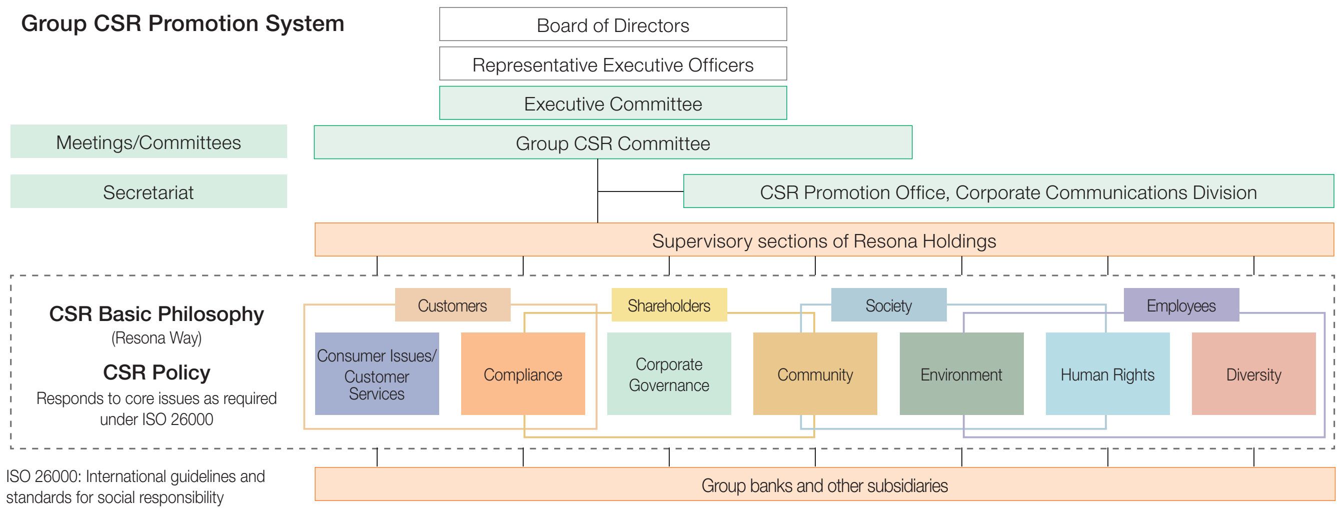
Creating a pleasant environment for people and the planet

Identifying Priority Issues

The Resona Group used the following four steps to identify its priority issues. We also periodically review our priorities and their order of precedence in line with changes in society and our business strategies.

1	Identify relevant social issues	In line with the seven issues stipulated in the Resona Group CSR Policy (Corporate Governance, Human Rights, Diversity, Compliance, Consumer Issues/Customer Services, Community and Environment), we identified 22 social issues with reference to the ISO 26000 framework, the SDGs, the GRI Guidelines (G4), and items for external evaluation.
2	Consider priorities for the Resona Group	We consider our priorities for the social issues identified in Step 1 based on our Corporate Mission, Business Strategy and Resona's unique qualities, such as strengths, distinctiveness and brand enhancement.
3	Consider the degree of importance to stakeholders	We consider the degree of importance to stakeholders, namely customers, employees, regional communities, Resona Group shareholders, investors, government and administrative organizations, business partners and NPOs/NGOs through interviews with external experts.
4	CSR Committee approval	Chaired by the president of Resona Holdings and composed of the presidents of Group banks, the CSR Committee discusses and approves the priority issues.

Group CSR Promotion System



ISO 26000: International guidelines and standards for social responsibility

Priority Issue 1

Community

Bringing communities and people together

We contribute to communities and people by providing funds and financial services through our core businesses and Group network.

Contribution to Revitalizing Regional Economies

The Resona Group follows its Corporate Mission – To Develop Further with Regional Societies – by consistently providing capital and high-quality financial services to regional customers. The Group also uses its network to conduct seminars, fairs and other events that create new business opportunities and employment.

"Meet Up Kansai" helps young people build the future with their ideas
(Resona Bank, Kinki Osaka Bank)

We use the fresh ideas of young people to solve the social problems that local companies and governments face in creating new business in the Kansai area.

"Thailand Economic Seminar"
(Saitama Resona Bank)

We are building connections between Southeast Asian and local businesses to provide more opportunities for overseas growth.

"Fundamentals of Entrepreneurship"
(Kinki Osaka Bank)

We provide solid support for developing the talent who will create new industries through regular and expanded entrepreneurship classes.

Employee Participation in Community Building

Employees voluntarily participate in community events and volunteer activities in line with the issues and circumstances specific to each region. These activities also create organizational solidarity and a greater sense of unity among employees.

"Re: Heart Club," the Group volunteer organization run by employees (Resona Group)

"Re: Heart Club" has conducted a variety of community, environmental and other volunteer activities since its establishment in 2012.

"Buy and Support! Kumamoto Support Project"

"The Buy and Support! Kumamoto Support Project" resulted from the goodwill of employees to support producers affected by the Kumamoto Earthquake. The project helped support reconstruction through purchases of products made in Kumamoto Prefecture, and 805 Group employees participated.

Producers in Kumamoto Prefecture

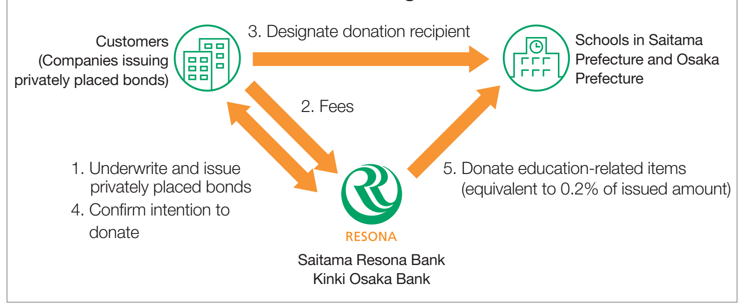
Social Contribution through Our Core Businesses

We use our financial products to help our customers more easily contribute to the community.

- Passport to Tomorrow: Privately placed bonds to nurture the next generation (Saitama Resona Bank)
- MyDo: Privately placed CSR bonds (Kinki Osaka Bank)

We help customers raise money and simultaneously support the community by using a portion of the fees received by Group banks to issue privately placed bonds to purchase school supplies and donate them to local schools.

Product Diagram



Priority Issue 2

Next Generation

Nurturing the next generation for the future

We are taking approaches unique to a financial services company in nurturing the next generation, including passing on assets to the next generation through financial products and services, and the dissemination of financial knowledge.

Contributing to Improving Financial Literacy

Acquiring sound financial knowledge and the ability to make appropriate financial decisions are increasingly important for young people given the growing sophistication and complexity of personal finance options. The Resona Group empowers young people to be more independent, reassured and affluent in their daily lives by leveraging its strengths and resources to provide financial and economic education through programs such as "Resona Kids, Money Academy," "Economics Koshien, Workplace Experience," and "School Visit."

"Resona Kids' Money Academy" is a financial and economic education activity for children.
(Resona Bank, Saitama Resona Bank, Kinki Osaka Bank)

りそなキッズ マネーアカデミー

Over 29,000 students have participated in this program since its launch in 2005.

"Resona Kids' Money Academy" has received external recognition.

This activity, which has been nurturing children in cooperation with communities for twelve years, received several awards in 2016.

- 14th Corporate Philanthropy Award, sponsored by the Japan Philanthropic Association
- Award for Companies Promoting Experience-based Learning Activities for Youth, sponsored by the Ministry of Education, Culture, Sports, Science and Technology

Supporting Children in Making Their Dreams Come True

We help children reach their full potential and achieve their dreams.

"Resona Day Camp"
("Resona Foundation for Future")

We established the "Resona Foundation for Future" so that the children responsible for the next generation will not give up on their dreams due to economic reasons. "Resona Day Camp" encouraged interaction among volunteers and the parents and children of single-parent families.

Award ceremony and exhibition of All Japan Culture Festival for Schools for the Disabled (Resona Group)

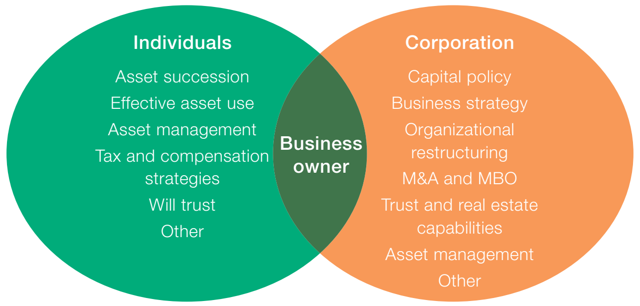
Resona Holdings holds an award ceremony at its Tokyo head office, and exhibits works at the head offices of each Group bank in Tokyo, Osaka and Saitama.

Support for the Succession of Assets and Businesses to the Next Generation

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

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

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



Resona business succession consulting (Resona Bank, Saitama Resona Bank, Kinki Osaka Bank)

We provide trust products such as trust for transfer of own company stock and leverage many years of experience and expertise in real estate brokerage business to give advice so that succession is smooth.

Priority Issue 3

Diversity

Respecting diverse beliefs

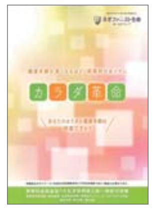
We promote diversity within the Group and also help create a society where diverse people can excel in ways such as supporting human resource deployment for our corporate customers.

Projects Led by Female Employees

Female employees lead projects to help the Resona Group be the financial services company most supported by customers.

Resona's "My Strength Project" (Resona Group)

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



"Body Revolution," a new health insurance product based on Healthy Life Expectancy Guidelines

We embrace the power of women as consumers, creators and economic influencers by providing original financial products and information from a unique Resona perspective.

Resona Women's Council, an advisory body directly reporting to management (Resona Group)

Since it was organized in April 2005, the Resona Women's Council has made suggestions to top management regarding the creation of work environments in which everyone can have a long career and support for career development. This had led to institutional reform.

Helping Corporate Customers Promote Diversity

As lifestyles evolve and the world becomes increasingly borderless, we are tasked with developing talent and creating a working environment that benefits from diverse beliefs and creativity. The Group is implementing various initiatives to push forward with the creation of such an environment.

"Re: Woman's Meeting 2017" (Resona Bank, Saitama Resona Bank, Kinki Osaka Bank, Resona Research Institute)

We held a seminar to support the career development of women and an event to support product development at SMEs incorporating the views of female focus groups at the same time.

Monitoring event for inbound tourists
(Resona Bank, Saitama Resona Bank, Kinki Osaka Bank)

This event provided a valuable opportunity for companies to listen to foreign consumers, and for foreigners to directly experience Japanese corporate culture.

External Recognition of Diversity (Year ended March 2017)

Acquired L Star certification based on the Act of Promotion of Women's Participation and Advancement in the Workplace

Certified companies: Resona Bank, Saitama Resona Bank and Kinki Osaka Bank

Level 3 Level 2

L Star certification is based on the Act of Promotion of Women's Participation and Advancement in the Workplace and certifies that the recipient company has created a work environment that enables women to excel. Resona Bank and Saitama Resona Bank have acquired Level 3 certification, and Osaka Kinki Bank has acquired Level 2 certification.

Selected as a Nadeshiko Brand

(Ministry of Economy, Trade and Industry/Tokyo Stock Exchange)

NADESHIKO BRAND 2017

The Nadeshiko Brand project selects and recognizes leading companies in terms of providing opportunities for women to work in different ways and providing support for realizing work-life balance. The Resona Group has been selected in the Banking category for three consecutive years.

Priority Issue 4

Environment

Creating a pleasant environment for people and the planet

We support environmentally conscious customers by providing environmentally friendly products and services, as well as our employees who actively volunteer for environmental programs.

Initiatives to Use Financial Functions to Reduce Environmental Burden

Our investment and loan decision-making process and mindset take environmental impact into account. We provide environmentally friendly products and cooperate with governments on environmental issues to actively help customers who wish to protect the environment.

Resona's "Eco-Vision Diversity Company" loans (Resona Bank)

We cooperate with Osaka Prefecture to provide loans to support SMEs that are working on environmental and diversity issues.

Saitama "Resilience" residential housing loans (Saitama Resona Bank)

This product helps customers buying a new or existing home with a low environmental burden in the Urawa-Misono area and customers who are also considering the purchase of items such as an electric vehicle (EV), fuel cell vehicle (FCV), and energy-saving household appliances.

"Kinki Osaka Midori no Kaze Michi Building Project" (Kinki Osaka Bank)

Osaka Prefecture makes grants available for specified greenery projects within designated promotion areas, and Kinki Osaka Bank and Osaka Prefecture have concluded agreements covering issues such as providing information to promote this greenery project.

Environmental Management to Reduce Environmental Burden

We have established a Group environmental policy to clarify our approach to the environment and appropriately conduct environmentally friendly corporate activities. We also set annual Group environmental targets and have an environmental management system that uses the PDCA cycle to achieve those targets.

Setting environmental management goals (Resona Group)

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

Saving energy and preventing global warming (Resona Group)

We are reducing power consumption with a summer dress code and leave-the-office-early days. We also reduce gasoline consumption by switching to hybrid vehicles and introducing power-assisted bicycles.

Initiatives to Protect the Local Environment

We fulfill our role as a good corporate citizen that cooperates with society through various social contribution activities related to the conservation of the natural environment and biodiversity.

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

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

"Nagatoro-machi Saitama Resona Flower Bed" flower-planting activities (Saitama Resona Bank)

We contribute to an environment that supports living things and parks where people can have fun.

"Kinki Osaka Bank Forest" tree-planting activities (Kinki Osaka Bank)

We are engaged in afforestation activities that contribute to the conservation of socio-ecological production landscapes (*satoyama*) and biodiversity.

Basic Agreement Concerning a Business Integration between Minato Bank, Kansai Urban Banking Corporation and Kinki Osaka Bank

On March 3, 2017, Resona Holdings, Sumitomo Mitsui Financial Group, Minato Bank, Kansai Urban Banking Corporation and Kinki Osaka Bank agreed to proceed with discussion and consideration for the purpose of a business integration of three banks: Minato, Kansai Urban and Kinki Osaka.

The integrated Group will structure a new retail financial services model that is in step with the future of the Kansai region, based on the following fundamental policies:

Basic Policies of the Integrated Group

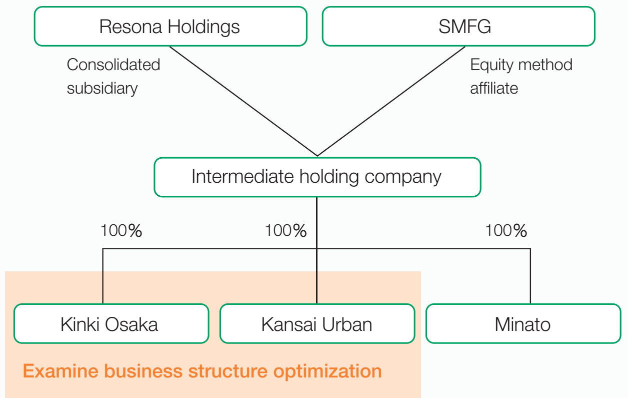
- Create a new retail financial services model that is in step with the future of the Kansai region and beyond the reach of existing regional banks, while trying to further contribute to the Kansai area's customers and regional communities
- Improve productivity and enhance the capital foundation of the integrated Group through the business integration
- Develop a new corporate culture

A summary of and details for the basic agreement are as follows:

Structure of the Business Integration

We are planning to integrate Minato, Kansai Urban and Kinki Osaka through a holding company structure whereby these banks will become wholly owned subsidiaries of the intermediate holding company to be incorporated under the umbrella of Resona Holdings.

Integrated Group Diagram



Summary of the Integrated Group

The Integrated Group will be one of the leading regional financial groups in Japan with a competitive and full-scale branch network (379 branches) that can be a platform for providing services to customers (mainly in Osaka, Hyogo and Shiga prefectures) in a cohesive manner. The total assets of the Integrated Group amount to ¥11.6 trillion, loans and bills discounted amount to ¥8.7 trillion, gross banking profit amounts to ¥148.2 billion and net income amounts to ¥28.1 billion.

Summary of the Integrated Group (Fiscal year ended March 31, 2017) (Billions of yen)

	Minato	Kansai Urban	Kinki Osaka	Total
Total assets (on a consolidated basis)	3,506.6	4,603.7	3,540.8	11,651.2
Loans and bills discounted (on a consolidated basis)	2,497.8	3,850.5	2,441.9	8,790.3
Deposits (on a consolidated basis)	3,140.3	4,032.3	3,229.3	10,402.0
Gross banking profit (on a non-consolidated basis)	44.1	60.7	43.3	148.2
Net income (on a non-consolidated basis)	6.6	14.0	7.5	28.1
Number of branches (including sub-branches)	106	155	118	379

Business Integration Timetable

By around the end of September 2017 (Scheduled)	Execution of the Definitive Agreement
By around the end of November 2017 (Scheduled)	Extraordinary Meeting of Shareholders for the Approval of the Business Integration
Around April 2018 (Scheduled)	• Delisting date from Tokyo Stock Exchange (Minato and Kansai Urban) • Completion date of the Business Integration • Listing date of the Holding Company

(1) Major Financial Data (5 Fiscal Years)

(Billions of yen)

	FY2012	FY2013	FY2014	FY2015		FY2016
Summary of Consolidated Statements of Income						
Gross operating profit	637.1	608.5	632.4	619.5	(A)	**563.1**
(1) Net interest income	443.0	430.0	425.9	401.3	(B)	**377.9**
(2) Trust fees	21.6	23.7	22.7	21.2		**17.9**
(3) Fees and commission income	128.9	135.0	146.4	147.4	(C)	**142.7**
Fee income ratio ((2)+(3)) / Gross operating profit)	23.64%	26.09%	26.75%	27.23%		**28.52%**
(4) Other operating income	43.4	19.7	37.2	49.5	(D)	**24.5**
Net gains on bonds (including futures)	25.5	7.1	19.5	30.6		**5.5**
Operating expenses (excluding Group banks' non-recurring items)	(353.5)	(350.3)	(354.2)	(344.5)	(E)	**(344.9)**
Cost-to-income ratio (OHR)	55.49%	57.56%	56.00%	55.61%		**61.25%**
Actual net operating profit	283.7	258.3	278.3	275.1		**218.2**
Net gains (losses) on stocks (including equity derivatives)	(9.2)	21.3	20.0	(1.6)		**3.2**
Credit expenses	13.0	26.4	22.3	(25.8)	(F)	**17.4**
Other gains (losses), net	5.0	4.2	9.1	5.9		**(10.8)**
Income before income taxes	284.3	312.0	326.2	250.5		**228.2**
Income taxes and other	(9.2)	(91.4)	(114.7)	(66.6)		**(66.7)**
Net income attributable to owners of the parent	275.1	220.6	211.4	183.8	(G)	**161.4**

Note: Negative figures represent items that would reduce net income

	FY2012	FY2013	FY2014	FY2015		FY2016
Summary of Consolidated Balance Sheets						
Total assets	43,110.6	44,719.4	46,586.5	49,126.4		**48,456.1**
Cash and due from banks	3,386.1	6,471.8	9,672.9	13,514.5		**12,641.9**
Loans and bills discounted	26,490.1	26,701.6	27,487.2	27,664.9	(H)	**28,186.7**
Securities	10,181.5	8,698.4	6,864.2	5,346.7	(I)	**5,295.7**
Total liabilities	40,921.3	42,763.0	44,443.1	47,292.9		**46,509.3**
Deposits and NCDs	36,686.2	37,695.7	38,843.4	39,573.3	(J)	**41,640.9**
Total net assets	2,189.3	1,956.4	2,143.3	1,833.4		**1,946.7**
Shareholders' equity	1,803.4	1,543.6	1,529.7	1,448.1	(K)	**1,485.4**
Total accumulated other comprehensive income	259.8	273.4	449.0	367.8		**443.4**
Trust assets under management and custody	23,377.3	23,915.8	24,526.6	29,768.8		**26,608.9**
Major Financial Indicators						
Capital adequacy ratio (Japanese domestic standard)	14.67%	14.33%	13.46%	13.53%	(L)	**11.69%**
(Reference) Common equity Tier 1 (CET1) ratio (International standard)	—	7.73%	8.16%	9.52%		**10.74%**
(excluding net unrealized gains on available-for-sale securities)		(7.43%)	(7.07%)	(8.13%)		**(8.59%)**
Annual cash dividends per share (DPS) (yen)	12	15	17	17		**19**
Net assets per share (BPS) (yen)	490.48	552.89	690.66	705.81		**786.94**
Net income per share (EPS) (yen)	105.71	89.71	91.07	75.73		**66.89**
Return on equity (ROE)[1]	30.65%	21.68%	18.89%	14.41%		**11.67%**
Return on assets (ROA)[2]	0.63%	0.50%	0.46%	0.38%		**0.33%**
NPL ratio (Total of Group Banks, Financial Reconstruction Act basis)	2.06%	1.74%	1.51%	1.51%		**1.35%**
Number of shares of common stock excluding treasury shares (shares in billions)	2.443	2.186	2.318	2.319		**2.321**
Share price at fiscal year-end (yen)	488	499	596.6	401.6		**597.9**
Market capitalization (billions of yen)	1,192.2	1,091.2	1,382.9	931.6		**1,388.1**

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

(2) Financial Review for FY2016

Income Summary

(A) Consolidated gross operating profit decreased by ¥56.4 billion from the previous fiscal year to ¥563.1 billion. Factors included a decrease in net gains on bonds, although an increase in loans and bills discounted partially offset the decrease in net interest income that was primarily due to contraction of the loan to deposit spread.

(B) Interest income decreased by ¥23.4 billion from the previous fiscal year to ¥377.9 billion. Balance of loans and bills discounted increased, but the impact of negative interest rates was one of the factors that caused the loan to deposit spread to narrow.

(C) Fees and commission income decreased by ¥4.7 billion from the previous fiscal year to ¥142.7 billion. Financial product sales were sluggish in an unstable market environment, although income from corporate solutions and loans increased.

(D) Other operating income decreased by ¥24.9 billion from the previous fiscal year to ¥24.5 billion. Net gains on bonds (including futures) decreased due to changes in the interest rate environment.

(E) Operating expenses were essentially unchanged at ¥344.9 billion. Our continued focus on low-cost operations offset factors including an increase in pro forma standard taxation.

(F) Gain on reversal of credit expenses was ¥17.4 billion, compared with credit expenses of ¥25.8 billion in the previous fiscal year. Credit expenses from new bankruptcy and downward migration were at historically low levels, and improvement by type of borrower was evident.

(G) As a result, net income attributable to owners of the parent decreased by ¥22.3 billion from the previous fiscal year to ¥161.4 billion.

Balance Sheet Summary

(H) Loans and bills discounted increased by ¥521.7 billion from the previous fiscal year-end to ¥28,186.7 billion, led by growth of housing loans and loans to SMEs. The NPL ratio for Group banks in aggregate decreased 0.16 percentage points to 1.35%.

(I) Securities decreased by ¥50.9 billion from the previous fiscal year-end to ¥5,295.7 billion, largely because the Group reduced its Japanese government bond portfolio.

(J) Deposits and NCDs increased by ¥2,067.6 billion from the previous fiscal year-end to ¥41,640.9 billion because of an increase in liquidity deposits from corporate and individual customers.

(K) Shareholders' equity increased by ¥37.2 billion from the previous fiscal year-end to ¥1,485.4 billion because net income more than compensated for the reduction in equity from the acquisition and cancellation of Class 6 preferred stock.

Capital Adequacy (Basel 3, Japanese Domestic Standard)

(L) Despite net income for the year of ¥161.4 billion, total capital decreased by ¥222.4 billion mainly due to the acquisition and cancellation of Class 6 preferred stock in December 2016 and the repayment of subordinated bonds, etc. Risk weighted assets, the denominator in the capital adequacy calculation, increased by ¥378.2 billion due largely to the increase in loans and bills discounted. As a result, the capital adequacy ratio decreased by 1.84 percentage points from a year earlier to 11.69%.

Capital Adequacy Ratio (Japanese Domestic Standard)

	As of March 31, 2017	Change
Capital Adequacy Ratio	**11.69%**	**(1.84%)**
Total capital (Billions of yen)	1,746.8	(222.4)
Core Capital: Instruments and reserves	1,775.9	(221.7)
Stockholders' equity	1,361.5	+111.8
Non-cumulative perpetual preferred stock*	100.0	(75.0)
Subordinated loans and bonds*	281.9	(228.9)
Risk weighted assets (Billions of yen)	14,930.8	+378.2
Credit risk weighted assets	13,342.7	+387.7
Amount equivalent to market risk / 8%	83.1	(72.1)
Amount equivalent to operational risk / 8%	1,049.7	(11.8)
Credit risk weighted assets adjustments	455.1	+74.5

*Application of transitional arrangements

Resona Bank

Trends in Loans and Deposits (Non-consolidated)

(Billions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Loans and bills discounted[1]	18,412.9	18,519.5	**18,875.8**
Deposits and negotiable certificates of deposit	24,354.7	24,478.0	**26,068.0**

Trends in Income (Non-consolidated)

(Billions of yen)

	FY2014	FY2015	FY2016
Gross operating profit	391.0	383.5	**352.2**
Operating expenses	(219.8)	(214.0)	**(214.2)**
Actual net operating profit[2]	171.1	169.4	**137.9**
Credit expenses	24.8	(24.8)	**14.7**
Net income	149.9	100.8	**101.3**

Trends in Capital Adequacy Ratio (Consolidated, Domestic Standard)

(Billions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Total capital	1,465.0	1,361.7	**1,201.3**
Risk weighted assets[3]	10,786.1	10,656.6	**10,890.7**
Capital adequacy ratio (%)	13.58	12.77	**11.03**

Gross operating profit of Resona Bank decreased by ¥31.3 billion year on year to ¥352.2 billion due to a decrease in net interest income associated with contraction of the loan to deposit spread and a decrease in net gains on bonds, which was partly offset by increases in loans and bills discounted and fees and commissions. Operating expenses were essentially unchanged year on year at ¥214.2 billion. Actual net operating profit decreased by ¥31.4 billion year on year to ¥137.9 billion. Net income increased by ¥0.4 billion year on year to ¥101.3 billion due to factors including gain on reversal of credit expenses and an increase in net gains on stocks.

Saitama Resona Bank

Trends in Loans and Deposits (Non-consolidated)

(Billions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Loans and bills discounted	6,868.5	6,976.9	**7,095.6**
Deposits and negotiable certificates of deposit	11,718.0	12,319.6	**12,802.8**

Trends in Income (Non-consolidated)

(Billions of yen)

	FY2014	FY2015	FY2016
Gross operating profit	136.3	137.4	**122.1**
Operating expenses	(76.8)	(74.7)	**(74.8)**
Actual net operating profit[2]	59.5	62.6	**47.2**
Credit expenses	(2.2)	(1.6)	**0.8**
Net income	35.2	40.2	**34.7**

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

(Billions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Total capital	414.0	380.2	**333.0**
Risk weighted assets[3]	2,902.4	2,759.3	**2,875.7**
Capital adequacy ratio (%)	14.26	13.78	**11.58**

Gross operating profit of Saitama Resona Bank decreased by ¥15.3 billion year on year to ¥122.1 billion due to a decrease in net interest income associated with contraction of the loan to deposit spread and a decrease in net gains on bonds, which was partly offset by an increase in loans and bills discounted and higher fees and commissions from corporate customers. Operating expenses were essentially unchanged year on year at ¥74.8 billion. Actual net operating profit decreased by ¥15.4 billion year on year to ¥47.2 billion. Net income decreased by ¥5.4 billion year on year to ¥34.7 billion despite positive factors including gain on reversal of credit expenses and an increase in net gains on stocks.

Kinki Osaka Bank

Trends in Loans and Deposits (Non-consolidated)

(Billions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Loans and bills discounted	2,474.1	2,435.6	**2,440.5**
Deposits and negotiable certificates of deposit	3,306.9	3,266.8	**3,294.5**

Trends in Income (Non-consolidated)

(Billions of yen)

	FY2014	FY2015	FY2016
Gross operating profit	53.0	51.0	**43.3**
Operating expenses	(38.6)	(37.5)	**(37.6)**
Actual net operating profit[2]	14.4	13.4	**5.7**
Credit expenses	1.7	2.9	**2.6**
Net income	11.2	22.3	**7.5**

Trends in Capital Adequacy Ratio (Consolidated, Domestic Standard)

(Billions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Total capital	148.0	154.0	**154.6**
Risk weighted assets[4]	1,354.1	1,379.6	**1,342.3**
Capital adequacy ratio (%)	10.93	11.16	**11.51**

Gross operating profit of Kinki Osaka Bank decreased by ¥7.6 billion year on year to ¥43.3 billion due to a decrease in net interest income associated with contraction of the loan to deposit spread and a decrease in net gains on bonds. Operating expenses were essentially unchanged year on year at ¥37.6 billion. Actual net operating profit decreased by ¥7.7 billion year on year to ¥5.7 billion. Net income decreased by ¥14.8 billion year on year to ¥7.5 billion. Gain on reversal of credit expenses as in the previous fiscal year partially offset the absence of income gains associated with tax-effect accounting adjustments in the previous fiscal year.

Notes: 1. Loans and bills discounted is the sum of bank accounts and trust accounts.
2. Actual net operating profit is the amount of gross operating profit (excluding the amount of disposal of problem loans in the trust accounts) less operating expenses such as personnel expenses.

Notes: 3. Of risk weighted assets, the amounts of credit risk assets are calculated by the Advanced Internal Ratings-Based (A-IRB) approach.
4. Of risk weighted assets, the amounts of credit risk assets are calculated by the Fundamental Internal Ratings-Based (F-IRB) approach.

Consolidated Financial Statements

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2016	March 31, 2017
Assets		
Cash and due from banks	13,514.5	**12,641.9**
Call loans and bills bought	191.9	**156.5**
Monetary claims bought	391.8	**355.3**
Trading assets	475.3	**348.5**
Money held in trust	0.1	**1.0**
Securities	5,346.7	**5,295.7**
Loans and bills discounted	27,664.9	**28,186.7**
Foreign exchange assets	68.8	**95.4**
Other assets	872.8	**770.6**
Tangible fixed assets	307.6	**304.0**
Buildings	97.3	**99.5**
Land	185.1	**180.0**
Leased assets	9.6	**11.6**
Construction in progres	4.3	**2.2**
Other tangible fixed assets	11.1	**10.5**
Intangible fixed assets	32.3	**31.3**
Software	7.1	**7.4**
Leased assets	20.0	**18.7**
Other intangible fixed assets	5.1	**5.1**
Net defined benefit asset	4.2	**16.8**
Deferred tax assets	25.6	**1.7**
Customers' liabilities for acceptances and guarantees	431.4	**418.5**
Reserve for possible loan losses	(202.0)	**(168.4)**
Reserve for possible losses on investments	(0.0)	**(0.0)**
Total Assets	49,126.4	**48,456.1**

(Billions of yen)

	March 31, 2016	March 31, 2017
Liabilities		
Deposits	38,228.8	**40,675.3**
Negotiable certificates of deposit	1,344.5	**965.5**
Call money and bills sold	606.9	**709.3**
Payables under repurchase agreements	5.9	**5.0**
Payables under securities lending transactions	145.1	**429.2**
Trading liabilities	291.6	**184.8**
Borrowed money	809.0	**699.2**
Foreign exchange liabilities	1.9	**2.4**
Bonds	624.8	**456.3**
Due to trust account	3,707.6	**1,015.3**
Other liabilities	985.0	**829.7**
Reserve for employees' bonuses	16.9	**16.1**
Net defined benefit liability	32.5	**12.6**
Other reserves	40.2	**44.5**
Deferred tax liabilities	0.1	**24.7**
Deferred tax liabilities for land revaluation	20.1	**20.1**
Acceptances and guarantees	431.4	**418.5**
Total Liabilities	47,292.9	**46,509.3**
Net Assets		
Capital stock	50.4	**50.4**
Retained earnings	1,399.5	**1,436.1**
Treasury stock	(1.9)	**(1.1)**
Total stockholders' equity	1,448.1	**1,485.4**
Net unrealized gains on available-for-sale securities	347.4	**414.7**
Net deferred gains on hedges	49.5	**40.4**
Revaluation reserve for land	44.0	**44.0**
Foreign currency translation adjustments	(3.0)	**(3.1)**
Remeasurements of defined benefit plans	(70.1)	**(52.6)**
Total accumulated other comprehensive income	367.8	**443.4**
Non-controlling interests	17.4	**17.8**
Total Net Assets	1,833.4	**1,946.7**
Total Liabilities and Net Assets	49,126.4	**48,456.1**

Consolidated Statement of Income

(Billions of yen)

	FY2015	FY2016
Ordinary income	817.4	**757.9**
Interest income	443.5	**406.3**
Interest on loans and bills discounted	353.2	**323.1**
Interest and dividends on securities	55.1	**51.3**
Interest on call loans and bills bought	0.7	**1.2**
Interest on receivables under securities borrowing transactions	0.0	**0.0**
Interest on due from banks	9.9	**10.2**
Other interest income	24.4	**20.3**
Trust fees	21.2	**17.9**
Fees and commissions	203.1	**200.5**
Trading income	10.4	**8.8**
Other operating income	61.4	**42.2**
Other ordinary income	77.5	**82.0**
Reversal of reserve for possible loan losses	—	**16.5**
Recoveries of written-off loans	15.3	**14.9**
Other	62.1	**50.5**
Ordinary expenses	565.7	**531.6**
Interest expenses	42.2	**28.4**
Interest on deposits	14.1	**10.6**
Interest on negotiable certificates of deposit	1.5	**0.1**
Interest on call money and bills sold	2.7	**2.9**
Interest on payables under repurchase agreement	0.0	**0.0**
Interest on payables under securities lending transactions	0.8	**0.9**
Interest on borrowed money	3.0	**2.5**
Interest on bonds	17.4	**8.0**
Other interest expenses	2.2	**3.2**
Fees and commissions	55.7	**57.8**
Trading expenses	0.3	**0.1**
Other operating expenses	22.0	**26.3**
General and administrative expenses	347.5	**362.4**
Other ordinary expenses	97.8	**56.4**
Provision to reserve for possible loan losses	8.6	**—**
Other	89.2	**56.4**
Ordinary profits	251.7	**226.2**
Extraordinary gains	1.3	**3.9**
Gains on disposal of fixed assets	1.3	**3.9**
Extraordinary losses	2.5	**1.9**
Losses on disposal of fixed assets	1.0	**1.1**
Impairment losses on fixed assets	1.4	**0.8**
Income before income taxes	250.5	**228.2**
Income taxes – current	43.9	**49.2**
Income taxes – deferred	21.8	**16.6**
Total income taxes	65.7	**65.9**
Net income	184.8	**162.3**
Net income attributable to non-controlling interests	0.9	**0.8**
Net income attributable to owners of the parent	183.8	**161.4**

Consolidated Statement of Comprehensive Income

(Billions of yen)

	FY2015	FY2016
Net income	184.8	**162.3**
Other comprehensive income	(93.1)	**75.4**
Net unrealized gains (losses) on available-for-sale securities	(75.6)	**67.2**
Net deferred gains (losses) on hedges	16.3	**(9.0)**
Revaluation reserve for land	1.0	**0.0**
Foreign currency translation adjustments	(13.9)	**(0.3)**
Remeasurements of defined benefit plans	(21.1)	**17.5**
Share of other comprehensive income of affiliates accounted for using the equity method	(0.0)	**(0.0)**
Total comprehensive income	91.6	**237.7**
Comprehensive income attributable to:		
Owners of the parent	103.1	**237.1**
Non-controlling interests	(11.5)	**0.6**

Consolidated Statement of Changes in Net Assets

(Billions of yen)

FY2015	Stockholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)		
Balance at April 1, 2015	50.4	145.9	1,335.8	(2.4)	1,529.7	423.0	33.1	43.4	(1.5)	(49.1)	449.0	164.6	2,143.3
Changes during the fiscal year													
Dividends paid - other capital surplus		(32.0)			(32.0)								(32.0)
Dividends paid			(74.6)		(74.6)								(74.6)
Net income attributable to owners of the parent			183.8		183.8								183.8
Purchase of treasury stock				(159.8)	(159.8)								(159.8)
Disposal of treasury stock		(0.0)		0.5	0.5								0.5
Cancellation of treasury stock		(159.8)		159.8	—								—
Change in scope of consolidation			(0.0)		(0.0)								(0.0)
Transfer from retained earnings to capital surplus		45.9	(45.9)		—								—
Reversal of evaluation reserve for land			0.5		0.5								0.5
Net changes except for stockholders' equity during the fiscal year						(75.5)	16.3	0.5	(1.4)	(21.0)	(81.2)	(147.1)	(228.3)
Total changes during the fiscal year	—	(145.9)	63.7	0.5	(81.5)	(75.5)	16.3	0.5	(1.4)	(21.0)	(81.2)	(147.1)	(309.9)
Balance at March 31, 2016	50.4	—	1,399.5	(1.9)	1,448.1	347.4	49.5	44.0	(3.0)	(70.1)	367.8	17.4	1,833.4

(Billions of yen)

FY2016	Stockholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2016	50.4	—	1,399.5	(1.9)	1,448.1	347.4	49.5	44.0	(3.0)	(70.1)	367.8	17.4	1,833.4
Changes during the fiscal year													
Dividends paid			(49.2)		(49.2)								(49.2)
Net income attributable to owners of the parent			161.4		161.4								161.4
Purchase of treasury stock				(75.7)	(75.7)								(75.7)
Disposal of treasury stock		(0.0)		0.7	0.7								0.7
Cancellation of treasury stock		(75.7)		75.7	—								—
Transfer from retained earnings to capital surplus		75.7	(75.7)		—								—
Net changes except for stockholders' equity during the fiscal year						67.2	(9.0)	0.0	(0.1)	17.5	75.6	0.3	76.0
Total changes during the fiscal year	—	—	36.5	0.7	37.2	67.2	(9.0)	0.0	(0.1)	17.5	75.6	0.3	113.3
Balance at March 31, 2017	50.4	—	1,436.1	(1.1)	1,485.4	414.7	40.4	44.0	(3.1)	(52.6)	443.4	17.8	1,946.7

Consolidated Statement of Cash Flows

(Billions of yen)

	FY2015	FY2016
Cash flows from operating activities		
Income before income taxes	250.5	**228.2**
Depreciation and amortization	26.2	**25.4**
Impairment losses on fixed assets	1.4	**0.8**
Equity in earnings of investments in affiliates	(0.1)	**(0.1)**
Increase/(decrease) in reserve for possible loan losses	(7.5)	**(33.5)**
Increase/(decrease) in reserve for possible losses on investments	(0.0)	**0.0**
Increase/(decrease) in reserve for employees' bonuses	(3.0)	**(0.8)**
(Increase)/decrease in net defined benefit asset	(15.4)	**(5.5)**
Increase/(decrease) in net defined benefit liability	(11.8)	**(1.5)**
Interest income (accrual basis)	(443.5)	**(406.3)**
Interest expenses (accrual basis)	42.2	**28.4**
Net (gains)/losses on securities	(40.8)	**(21.1)**
Net foreign exchange (gains)/losses	(33.8)	**(16.6)**
Net (gains)/losses on disposal of fixed assets	(0.2)	**(2.7)**
Net (increase)/decrease in trading assets	114.3	**126.7**
Net increase/(decrease) in trading liabilities	(11.2)	**(106.8)**
Net (increase)/decrease in loans and bills discounted	(177.6)	**(521.7)**
Net increase/(decrease) in deposits	1,515.9	**2,446.5**
Net increase/(decrease) in negotiable certificates of deposit	(786.1)	**(378.9)**
Net increase/(decrease) in borrowed money (excluding subordinated borrowed money)	97.9	**(109.8)**
Net (increase)/decrease in due from banks (excluding those deposited at Bank of Japan)	52.8	**10.9**
Net (increase)/decrease in call loans and other	(104.4)	**71.8**
Net increase/(decrease) in call money and other	(969.5)	**101.4**
Net increase/(decrease) in payables under securities lending transactions	120.9	**284.1**
Net (increase)/decrease in foreign exchange assets	29.0	**(26.5)**
Net increase/(decrease) in foreign exchange liabilities	0.5	**0.4**
Net increase/(decrease) in straight bonds	(3.0)	**28.0**
Net increase/(decrease) in due to trust account	3,090.0	**(2,692.3)**
Interest receipts (cash basis)	447.6	**405.9**
Interest payments (cash basis)	(43.5)	**(33.8)**
Other, net	(13.9)	**(125.7)**
Subtotal	3,123.7	**(725.1)**
Income taxes paid or tax refund	(57.9)	**(32.2)**
Net cash provided by/(used in)operating activities	3,065.7	**(757.4)**

(Billions of yen)

	FY2015	FY2016
Cash flows from investing activities		
Purchase of securities	(14,120.6)	**(7,217.0)**
Proceeds from sales of securities	14,632.3	**6,825.9**
Proceeds from redemption of securities	795.7	**609.1**
Increase in money held in trust	–	**(0.8)**
Purchase of tangible fixed assets	(12.1)	**(10.1)**
Proceeds from sales of tangible fixed assets	2.1	**9.1**
Purchase of intangible fixed assets	(3.4)	**(3.3)**
Proceeds from sales of intangible fired assets	–	**0.0**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	0.0	**—**
Other, net	(0.2)	**(0.1)**
Net cash provided by/(used in) investing activities	1,293.6	**212.6**
Cash flows from financing activities		
Repayment of subordinated borrowed money	(26.0)	**—**
Repayment of subordinated bonds	(172.7)	**(192.6)**
Dividends paid	(106.6)	**(49.2)**
Dividends paid to non-controlling interests	(0.2)	**(0.2)**
Purchase of treasury stock	(159.8)	**(75.7)**
Proceeds from sales of treasury stock	0.5	**0.9**
Net cash provided by/(used in) financing activities	(464.9)	**(316.8)**
Effect of exchange rate changes on cash and cash equivalents	(0.0)	**(0.0)**
Net increase/(decrease) in cash and cash equivalents	3,894.3	**(861.6)**
Cash and cash equivalents at the beginning of the fiscal year	9,456.3	**13,350.7**
Cash and cash equivalents at the end of the fiscal year	13,350.7	**12,489.1**

OUTLINE OF THE RESONA GROUP (As of March 31, 2017)

Resona Holdings

Banking assets: ¥48.4 trillion

Trust assets: ¥26.6 trillion

Resona Bank — Banking assets: ¥30.9 trillion — Trust assets: ¥26.6 trillion

President: Kazuhiro Higashi
Head office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
Establishment: May 1918
Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)
Number of manned branches: 334

Number of employees: 9,741 (consolidated), 9,450 (non-consolidated)
Balance of deposits: ¥24,965.2 billion
Balance of loans and bills discounted: ¥18,844.7 billion (banking book)

Saitama Resona Bank — Banking assets: ¥13.9 trillion

President: Kazuyoshi Ikeda
Head Office: 4-1, Tokiwa 7-chome, Urawa-ku, Saitama, Japan
Establishment: August 2002
Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)
Number of manned branches: 127 (of which 126 are in Saitama Prefecture)

Number of employees: 3,239 (non-consolidated)
Balance of deposits: ¥12,525.2 billion
Balance of loans and bills discounted: ¥7,095.6 billion

Kinki Osaka Bank — Banking assets: ¥3.5 trillion

President: Koji Nakamae
Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
Establishment: November 1950
Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)
Number of manned branches: 118

Number of employees: 2,150 (consolidated), 2,124 (non-consolidated)
Balance of deposits: ¥3,235.7 billion
Balance of loans and bills discounted: ¥2,440.5 billion

Principal Subsidiaries and Affiliates

Resona Guarantee Co., Ltd.*
Daiwa Guarantee Co., Ltd.*
Kinki Osaka Shinyo Hosho Co., Ltd.
Resona Research Institute Co., Ltd.
Japan Trustee Services Bank, Ltd.
P.T. Bank Resona Perdania
Resona Card Co., Ltd.
Resona Capital Co., Ltd.
Resona Kessai Service Co., Ltd.
Resona Asset Management Co., Ltd.

*Merged on April 1, 2017 with Resona Guarantee Co., Ltd. as the surviving company

CREDIT RATINGS (As of March 31, 2017)

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

CORPORATE PROFILE (As of March 31, 2017)

Company Name: Resona Holdings, Inc.
President: Kazuhiro Higashi
Head Office: (Tokyo Head Office) 5-65, Kiba 1-chome, Koto-ku, Tokyo 135-8582, Japan
(Osaka Head Office) 2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8608, Japan
Establishment: December 2001
Number of Employees: 16,860 (Consolidated) 997 (Non-consolidated)
Lines of Business: Formulation of Group management and business strategies, allocation of management resources within the Group, and supervision of subsidiaries' operations and other ancillary businesses
URL: http://www.resona-gr.co.jp/holdings/english/index.html


Tokyo Head Office


Osaka Head Office

STOCK INFORMATION (As of March 31, 2017)

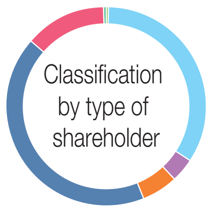
Issued Stock: 2,328,118,091 (Common stock: 2,324,118,091, Preferred stock: 4,000,000)

Number of Shareholders (Common stock): 255,875

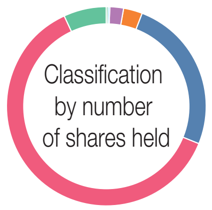
Major Shareholders (Top ten): Common Stock

Name of shareholder	Number of shares held (Thousands)	Percentage of total shares issued (%)
The Dai-ichi Life Insurance Company, Limited	125,241	5.38
The Master Trust Bank of Japan (Trust Account)	102,343	4.40
Japan Trustee Services Bank, Ltd. (Trust Account)	97,170	4.18
Japan Trustee Services Bank, Ltd. (Trust Account 9)	68,312	2.93
Nippon Life Insurance Company	65,488	2.81
AMUNDI GROUP	45,133	1.94
Japan Trustee Services Bank, Ltd. (Trust Account 5)	42,418	1.82
STATE STREET BANK AND TRUST COMPANY 505225	34,068	1.46
STATE STREET BANK WEST CLIENT – TREATY 505234	33,892	1.45
GOLDMAN, SACHS & CO. REG	32,804	1.41

Composition of Stockholders (Common Stock)



Japanese Government and Local Governments	126,723 shares	(0.01%)
Financial Institutions	794,347,650 shares	(34.18%)
Securities Companies	90,423,660 shares	(3.89%)
Other Domestic Companies	134,996,526 shares	(5.81%)
Foreign Institutions	989,108,893 shares	(42.56%)
Individual and Others	314,152,108 shares	(13.51%)
Treasury Stock	962,531 shares	(0.04%)



100,000 shares and above	881 people	(0.34%)
50,000-99,999 shares	621 people	(0.24%)
10,000-49,999 shares	6,058 people	(2.37%)
5,000-9,999 shares	7,538 people	(2.95%)
1,000-4,999 shares	65,073 people	(25.43%)
100-999 shares	158,520 people	(61.95%)
Less than 100 shares	17,184 people	(6.72%)

Resona Group

Resona Holdings, Inc.

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