

## Internal Auditing

### Group Internal Auditing

We believe that the role of internal auditing is extremely important if we are 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 and other bodies 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 functions 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 the Company exerts 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 the business management policies of the Internal Audit Division of the Company and secures the approval of the respective board of directors.

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

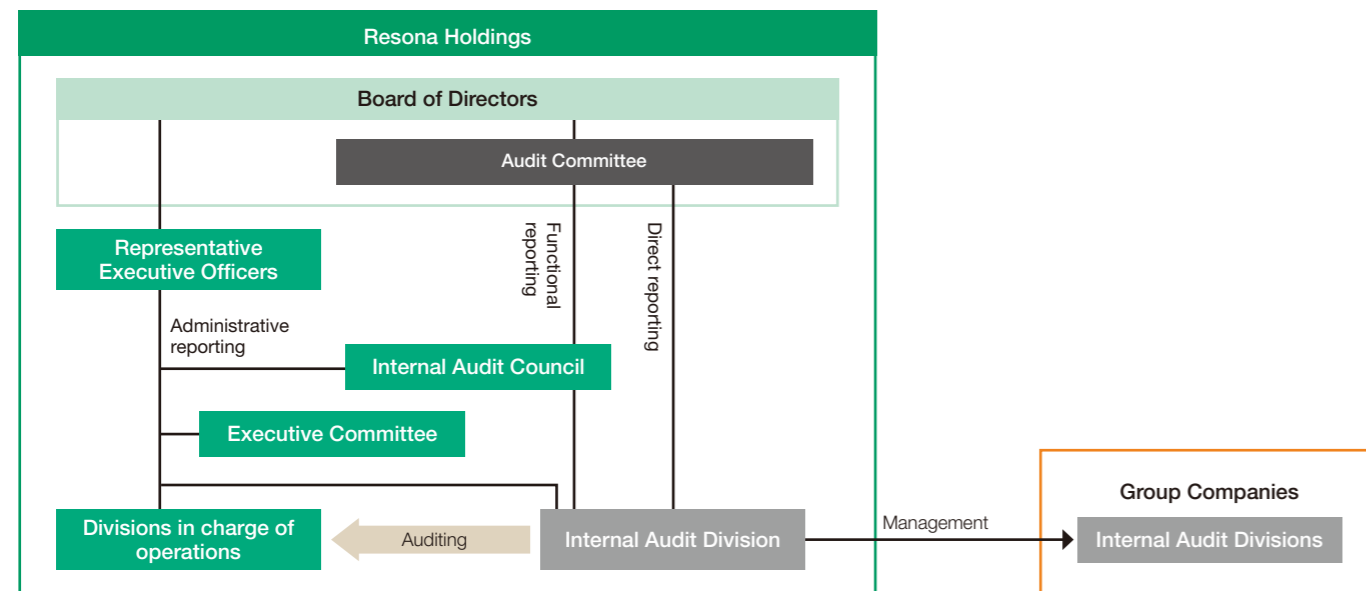
The results of internal audits of the Company are reported to the Board of Directors, the Audit Committee, and representative executive officers. The results of internal audits of Group companies are reported to their respective boards of directors and auditors as well as the Company.

# Financial and Non-Financial Information



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### Resona Holdings’ Internal Auditing Systems



## Performance Data

## Five-Year Summary of Major Financial Data

	FY2014	FY2015	FY2016	FY2017	FY2018
(Billions of yen)					
<b>Summary of Consolidated Statements of Income</b>					
Gross operating profit	632.4	619.5	563.1	552.5	<b>644.1</b>
(1) Net interest income	425.9	401.3	377.9	368.3	<b>435.9</b>
(2) Trust fees	22.7	21.2	17.9	18.6	<b>19.2</b>
(3) Fees and commission income	146.4	147.4	142.7	149.4	<b>174.5</b>
Fee income ratio [(2)+(3) / Gross operating profit]	26.75%	27.23%	28.52%	30.41%	<b>30.08%</b>
(4) Other operating income	37.2	49.5	24.5	16.1	<b>14.4</b>
Net gains (losses) on bonds (including futures)	19.5	30.6	5.5	(5.0)	<b>(7.8)</b>
Operating expenses (excluding Group banks' non-recurring items)	(354.2)	(344.5)	(344.9)	(341.2)	<b>(420.5)</b>
Cost-to-income ratio (OHR)	56.00%	55.61%	61.25%	61.75%	<b>65.29%</b>
Actual net operating profit	278.3	275.1	218.2	211.6	<b>225.6</b>
Net gains (losses) on stocks (including equity derivatives)	20.0	(1.6)	3.2	13.0	<b>7.1</b>
Credit-related expenses, net	22.3	(25.8)	17.4	14.7	<b>(1.3)</b>
Other gains (losses), net	9.1	5.9	(10.8)	(23.6)	<b>7.1</b>
Income before income taxes	326.2	250.5	228.2	215.8	<b>238.6</b>
Income taxes and other	(114.7)	(66.6)	(66.7)	20.4	<b>(63.4)</b>
Net income attributable to owners of parent	211.4	183.8	161.4	236.2	<b>175.1</b>

(Negative figures represent items that would reduce net income)

## Summary of Consolidated Balance Sheets

Total assets	46,586.5	49,126.4	48,456.1	50,243.7	<b>59,110.0</b>
Cash and due from banks	9,672.9	13,514.5	12,641.9	13,419.0	<b>14,848.5</b>
Loans and bills discounted	27,487.2	27,664.9	28,186.7	28,755.1	<b>36,134.4</b>
Securities	6,864.2	5,346.7	5,295.7	5,278.5	<b>5,387.8</b>
Total liabilities	44,443.1	47,292.9	46,509.3	48,140.8	<b>56,753.8</b>
Deposits and NCDs	38,843.4	39,573.3	41,640.9	43,805.1	<b>52,303.9</b>
Total net assets	2,143.3	1,833.4	1,946.7	2,102.9	<b>2,356.1</b>
Shareholders' equity	1,529.7	1,448.1	1,485.4	1,567.2	<b>1,661.1</b>
Total accumulated other comprehensive income	449.0	367.8	443.4	517.8	<b>449.8</b>
Trust assets under management and custody	24,526.6	29,768.8	26,608.9	27,252.5	<b>27,852.9</b>

## Major Financial Indicators

Capital adequacy ratio (Japanese domestic standard)	13.46%	13.53%	11.69%	10.65%	<b>10.10%</b>
(Reference) Common equity Tier 1 (CET1) ratio (International standard) [excluding net unrealized gains on available-for-sale securities]	8.16% [7.07%]	9.52% [8.13%]	10.74% [8.59%]	12.58% [9.50%]	<b>11.47% [9.30%]</b>
Annual cash dividends per share (DPS) (yen)	17	17	19	20	<b>21</b>
Net assets per share (BPS) (yen)	690.66	705.81	786.94	900.72	<b>911.17</b>
Net income per share (EPS) (yen)	91.07	75.73	66.89	100.51	<b>75.63</b>
Return on equity (ROE) <sup>1</sup>	18.89%	14.41%	11.67%	15.76%	<b>10.85%</b>
Return on assets (ROA) <sup>2</sup>	0.46%	0.38%	0.33%	0.47%	<b>0.32%</b>
NPL ratio (Total of Group Banks, Financial Reconstruction Act basis)	1.51%	1.51%	1.35%	1.18%	<b>1.18%</b>
Number of shares of common stock excluding treasury shares (shares in billions)	2.318	2.319	2.321	2.314	<b>2.316</b>
Share price at fiscal year-end (yen)	596.6	401.6	597.9	562.0	<b>479.7</b>
Market capitalization (billions of yen)	1,382.9	931.6	1,388.1	1,301.0	<b>1,111.3</b>

<sup>1</sup> (Net income attributable to owners of parent – Preferred dividends) / (Shareholders' equity – Balance of outstanding preferred shares); simple average of the balances at the beginning and end of the term

<sup>2</sup> Net income attributable to owners of parent / Total assets, simple average of the balances at the beginning and end of the term

## Five-Year Summary of Non-Financial Data

	FY2014	FY2015	FY2016	FY2017	FY2018
<b>Environment</b>					
<b>Status on Environmentally Conscious Loans for Corporate Customers</b>					
Outstanding balance of environmentally conscious loans for corporate customers (Billions of yen)	67.3	121.5	151.5	181.7	<b>210.6</b>
Outstanding balance of socially responsible investments (SRI) (Billions of yen)	2.6	1.9	2.0	1.5	<b>18.9</b>
<b>Environmental Indicators: All facilities</b>					
CO <sub>2</sub> emissions volume (t-CO <sub>2</sub> ) <sup>3</sup>	68,282	70,240	69,130	59,112	<b>72,006</b>
<sup>3</sup> Calculated by aggregating Scope 1 and 2 CO <sub>2</sub> emissions from Group banks based on methods stipulated by Japan's Energy Saving Act for statutory periodic reporting					
<b>Environment-Related Indicators: Head offices, head branches, and systems/administration centers</b>					
Electricity consumption (MWh)	53,660	53,658	42,663	45,344	<b>52,527</b>
City gas consumption (thousand m <sup>3</sup> )	1,010	949	824	766	<b>756</b>
Gasoline consumption (kl)	92	92	86	88	<b>194</b>
Waste: volume of waste recycled (tons)	688	692	578	517	<b>698</b>
Waste: recycling rate (%)	76.2	67.2	65.5	72.1	<b>71.6</b>
Paper waste: volume of waste recycled (tons)	748	780	528	464	<b>651</b>
Paper waste: recycling rate (%)	91.9	90.3	83.4	96.7	<b>93.3</b>
Volume of recycled paper purchased (tons)	380	344	272	250	<b>416</b>
Percentage of recycled paper purchased (%)	100.0	100.0	100.0	100.0	<b>100.0</b>

## Society

## Employment Status of Employees

Total employees (persons)	24,541	24,582	24,388	23,833	<b>29,479</b>
Full-time employees (persons)	14,866	15,053	15,282	15,129	<b>19,209</b>
Average age of full-time employees (years)	40.1	39.9	39.7	40.0	<b>40.4</b>
Average employee tenure (years)	16.5	16.3	16.1	16.2	<b>16.3</b>
Average percentage of annual paid leave utilized (%)	52.0	52.5	62.0	69.5	<b>66.7</b>
Line managers (persons) <sup>4, 5</sup>	3,428	3,294	3,246	3,238	<b>3,191</b>
Female line managers (persons) <sup>4, 5</sup>	763	780	785	860	<b>903</b>
New graduates (persons)	629	927	926	620	<b>993</b>
Percentage of new graduates who are women (%)	52.3	58.0	58.3	61.3	<b>56.8</b>
Experienced hires (persons)	22	23	28	11	<b>23</b>

<sup>4</sup> Resona Bank, Saitama Resona Bank

<sup>5</sup> Employees at or above line manager level, who have subordinates

## Financial and Economic Education

Number of "Resona Kids' Money Academy" events held <sup>6</sup>	165	221	213	230	<b>231</b>
Number of on-site lectures offered	4	1	3	9	<b>32</b>
Number of work experience programs offered	59	96	66	69	<b>73</b>

<sup>6</sup> Held during summer holidays, includes Mirai Kids' Money Academy events.

## Governance

## Board of Directors and Board Member Attendance

Board members (persons)	10	10	10	10	<b>10</b>
Outside directors (persons)	6	6	6	6	<b>6</b>
Independent directors among outside directors (persons)	6	6	6	6	<b>6</b>
Female directors (persons)	2	2	2	1	<b>1</b>
Average board meeting attendance rate (%)	95.5	94.9	95.0	97.2	<b>96.7</b>



Consolidated Statement of Changes in Net Assets

(Billions of yen)

FY2017	Stockholders' equity					Accumulated other comprehensive income							Noncontrolling 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, 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	
Changes during the fiscal year														
Dividends paid			(48.9)		(48.9)								(48.9)	
Net income attributable to owners of parent			236.2		236.2								236.2	
Purchase of treasury stock				(107.1)	(107.1)								(107.1)	
Disposal of treasury stock		(0.0)		1.3	1.3								1.3	
Cancellation of treasury stock		(101.6)		101.6	—								—	
Reversal of revaluation reserve for land			0.3		0.3								0.3	
Transfer from retained earnings to capital surplus		101.6	(101.6)		—								—	
Net changes except for stockholders' equity during the fiscal year						71.9	(6.9)	(0.3)	0.1	9.6	74.3	(0.0)	74.3	
Total changes during the fiscal year	—	—	85.9	(4.0)	81.8	71.9	(6.9)	(0.3)	0.1	9.6	74.3	(0.0)	156.1	
Balance at March 31, 2018	50.4	—	1,522.0	(5.2)	1,567.2	486.6	33.4	43.6	(3.0)	(42.9)	517.8	17.7	2,102.9	

(Billions of yen)

FY2018	Stockholders' equity					Accumulated other comprehensive income							Noncontrolling 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	Stock acquisition rights		
Balance at April 1, 2018	50.4	—	1,522.0	(5.2)	1,567.2	486.6	33.4	43.6	(3.0)	(42.9)	517.8	—	17.7	2,102.9
Changes during the fiscal year														
Dividends paid			(47.6)		(47.6)									(47.6)
Net income attributable to owners of parent			175.1		175.1									175.1
Purchase of treasury stock				(0.0)	(0.0)									(0.0)
Disposal of treasury stock		(0.0)		1.0	1.0									1.0
Reversal of revaluation reserve for land			1.4		1.4									1.4
Change in ownership interest of parent due to transactions with noncontrolling interests		(36.2)			(36.2)									(36.2)
Transfer from retained earnings to capital surplus		36.2	(36.2)		—									—
Net changes except for stockholders' equity during the fiscal year						(62.7)	(6.3)	(1.4)	(1.8)	4.3	(67.9)	0.3	227.0	159.3
Total changes during the fiscal year	—	—	92.8	1.0	93.8	(62.7)	(6.3)	(1.4)	(1.8)	4.3	(67.9)	0.3	227.0	253.2
Balance at March 31, 2019	50.4	—	1,614.9	(4.2)	1,661.1	423.9	27.1	42.2	(4.8)	(38.6)	449.8	0.3	244.8	2,356.1

Consolidated Statement of Cash Flows

(Billions of yen)

	FY2017	FY2018
Cash flows from operating activities		
Income before income taxes	215.8	238.6
Depreciation and amortization	24.8	32.2
Impairment losses on fixed assets	2.3	3.1
Amortization of goodwill	0.6	—
Gain from negative goodwill	—	(29.0)
Equity in earnings of investments in affiliates	(0.2)	(2.1)
Increase (decrease) in reserve for possible loan losses	(29.7)	(22.7)
Increase (decrease) in reserve for possible losses on investments	(0.0)	(0.0)
Increase (decrease) in reserve for employees' bonuses	(0.4)	0.6
(Increase) decrease in net defined benefit asset	11.1	6.3
Increase (decrease) in net defined benefit liability	(1.4)	1.5
Interest income (accrual basis)	(399.7)	(483.8)
Interest expenses (accrual basis)	31.4	47.9
Net (gains) losses on securities	(9.1)	(9.1)
Net foreign exchange (gains) losses	10.8	(40.6)
Net (gains) losses on disposal of fixed assets	(0.4)	1.1
Net (increase) decrease in trading assets	77.9	(57.3)
Net increase (decrease) in trading liabilities	(83.0)	19.2
Net (increase) decrease in loans and bills discounted	(565.6)	(927.6)
Net increase (decrease) in deposits	2,069.1	1,066.9
Net increase (decrease) in negotiable certificates of deposit	95.0	(30.5)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(23.2)	(52.4)
Net (increase) decrease in due from banks (excluding those deposited at Bank of Japan)	(8.9)	28.6
Net (increase) decrease in call loans and other	(134.6)	194.5
Net increase (decrease) in call money and other	(553.4)	(145.3)
Net increase (decrease) in payables under securities lending transactions	195.4	(158.7)
Net (increase) decrease in foreign exchange assets	(64.7)	57.6
Net increase (decrease) in foreign exchange liabilities	1.6	0.1
Net increase (decrease) in straight bonds	39.8	75.0
Net increase (decrease) in due to trust account	40.7	99.7
Interest receipts (cash basis)	395.4	486.5
Interest payments (cash basis)	31.6	48.1
Other, net	339.2	14.6
Subtotal	966.4	337.5
Income taxes paid or tax refund	43.3	13.0
Net cash provided by (used in) operating activities	923.0	324.4

(Billions of yen)

	FY2017	FY2018
Cash flows from investing activities		
Purchase of securities	(9,057.3)	(11,101.3)
Proceeds from sales of securities	7,696.5	10,385.0
Proceeds from redemption of securities	1,492.2	984.4
Proceeds from decrease in money held in trust	1.0	—
Purchase of tangible fixed assets	(10.9)	(13.4)
Proceeds from sales of tangible fixed assets	1.6	1.0
Purchase of intangible fixed assets	(5.0)	(7.7)
Purchase of shares of affiliates accounted for using the equity method	(0.2)	(4.1)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7.0)	—
Other, net	(0.3)	(0.1)
Net cash provided by (used in) investing activities	110.5	243.5
Cash flows from financing activities		
Repayment of subordinated bonds	(111.0)	—
Dividends paid	(48.9)	(47.6)
Dividends paid to non-controlling interests	(0.1)	(6.9)
Purchase of treasury stock	(107.1)	(0.0)
Proceeds from sales of treasury stock	1.4	1.0
Purchases of subsidiaries' shares that do not result in change in scope of consolidation	—	(0.0)
Net cash provided by (used in) financing activities	(265.8)	(53.6)
Effect of exchange rate changes on cash and cash equivalents	(0.0)	0.0
Net increase (decrease) in cash and cash equivalents	767.6	514.3
Cash and cash equivalents at the beginning of the fiscal year	12,489.1	13,256.7
Increase in cash and cash equivalents resulting from share exchanges	—	936.2
Cash and cash equivalents at the end of the fiscal year	13,256.7	14,707.4

## Corporate Data

Outline of the Resona Group (As of March 31, 2019)

**Resona Holdings** Banking assets (consolidated): ¥59.1 trillion / Trust assets: ¥27.8 trillion

**Resona Bank** Banking assets: ¥32.7 trillion / Trust assets: ¥27.8 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: 325  
 Number of employees: 9,001  
 Balance of deposits: ¥26,896.9 billion  
 Balance of loans and bills discounted: ¥19,788.2 billion (banking book)

**Saitama Resona Bank** Banking assets: ¥14.5 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: 133  
 Number of employees: 3,150  
 Balance of deposits: ¥13,601.4 billion  
 Balance of loans and bills discounted: ¥7,315.8 billion

**Kansai Mirai Financial Group** Banking assets (consolidated): ¥11.6 trillion

President: Tetsuya Kan  
 Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan  
 Establishment: November 2017  
 Shareholder (shareholding ratio): Resona Holdings, Inc. (51%)

Number of employees: 7,326 (consolidated)  
 549 (non-consolidated)

**Kansai Mirai Bank\*** Banking assets: ¥8.1 trillion

President: Tetsuya Kan  
 Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan  
 Establishment: November 1950  
 Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%)

Number of manned branches: 273  
 Number of employees: 4,584  
 Balance of deposits: ¥7,401.5 billion  
 Balance of loans and bills discounted: ¥6,471.7 billion

\* Created via the merger of Kansai Urban Banking Corporation and The Kinki Osaka Bank on April 2019. Figures presented above are based on the simple sum of those for Kansai Urban Banking Corporation and The Kinki Osaka Bank as of March 31, 2019.

**MINATO BANK** Banking assets: ¥3.5 trillion

President: Hiroaki Hattori  
 Head Office: 1-1, Sannomiya-cho 2-chome, Chuo-ku, Kobe, Japan  
 Establishment: September 1949  
 Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%)

Number of manned branches: 106  
 Number of employees: 2,090  
 Balance of deposits: ¥3,314.0 billion  
 Balance of loans and bills discounted: ¥2,682.1 billion

Corporate Profile (As of March 31, 2019)

**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** 21,600 (Consolidated)  
 1,002 (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** <https://www.resona-gr.co.jp/holdings/english/>



Tokyo Head Office

Osaka Head Office

Credit Ratings (As of June 30, 2019)

	Moody's		S&P		R&I		JCR	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Resona Holdings	—	—	—	—	A	—	—	—
Resona Bank	A2	P-1	A	A-1	A+	a-1	AA-	—
Saitama Resona Bank	A2	P-1	—	—	A+	a-1	AA-	—
Kansai Mirai Financial Group	—	—	—	—	—	—	A+	—
Kansai Mirai Bank	—	—	—	—	—	—	A+	J-1+
Minato Bank	—	—	—	—	—	—	A+	—

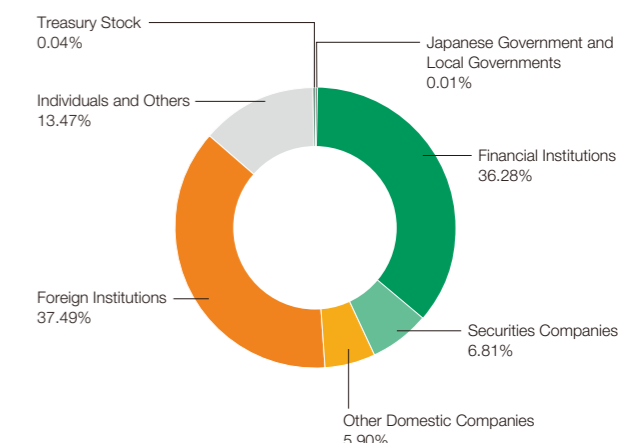
Stock Information (As of March 31, 2019)

**Issued Stock** 2,324,118,091  
**Number of Shareholders** Common stock: 245,544  
**Major Shareholders (Top Ten)** Common stock

Name of shareholder	Percentage of total shares issued (%)*
The Master Trust Bank of Japan (Trust Account)	5.40
The Dai-ichi Life Insurance Company, Limited	5.39
Japan Trustee Services Bank, Ltd. (Trust Account)	4.60
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3.36
Nippon Life Insurance Company	2.81
AMUNDI GROUP	1.94
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.82
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.77
STATE STREET BANK AND TRUST COMPANY 505001	1.68
JP Morgan Securities Japan Co., Ltd.	1.55

\* Shareholding ratio calculated after deduction of treasury shares.

Composition of Stockholders



### Principal Subsidiaries and Affiliates

<p><b>Credit Guarantee Business</b>                  Resona Guarantee                  Kansai Sogo Shinyo*                  Biwako Credit Guarantee                  KOFUKU Card                  Kansai Mirai Guarantee                  Minato Guarantee</p> <p><b>Factoring</b>                  Resona Kessai Service</p> <p><b>Credit Card Business</b>                  Resona Card*                  Minato Card</p> <p><b>Investment Business</b>                  Resona Capital                  Minato Capital</p>	<p><b>Research and Consulting Business</b>                  Resona Research Institute                  Minato Consulting</p> <p><b>Business Process Outsourcing Services</b>                  Resona Business Service                  Biwako Business Service                  Minato Business Service                  Minato Asset Research</p> <p><b>Asset Management Business</b>                  Resona Asset Management</p> <p><b>Lease Business</b>                  Kansai Mirai Lease                  Minato Lease</p>	<p><b>IT Business</b>                  Minato System</p> <p><b>Overseas Subsidiaries</b>                  Bank Resona Perdana                  Resona Indonesia Finance                  Resona Merchant Bank Asia</p> <p><b>Equity-Method Affiliates</b>                  JTC Holdings                  Shutoken Leasing                  DFL Lease                  NTT DATA SOFIA                  D&amp;I Information Systems</p>
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\* On April 1, 2019, loan guarantee business undertaken by Kansai Credit Service was succeeded by Kansai Sogo Shinyo. On the same day, Resona Card and Kansai Credit Service merged.