Disclaimer: The Consolidated and Non-Consolidated Financial Statements and the Notes thereto in the following pages are provided for information purposes only. The Consolidated Financial Statements in the following pages are those included in the English translation of the summary of the financial results for Fiscal Year 2021 of Resona Holdings, Inc. (*Kessan Tanshin*) disclosed on May 12, 2022 in accordance with the rules of the Tokyo Stock Exchange, under the title "Consolidated Financial Results for Fiscal Year 2021 (April 1, 2021 – March 31, 2022/ Unaudited) <under Japanese GAAP>".

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2021	March 31, 2022
Assets		
Cash and due from banks	¥ 25,223,147	¥ 27,999,340
Call loans and bills bought	107,242	127,949
Monetary claims bought	221,739	414,616
Trading assets	231,695	238,340
Securities	7,147,733	7,732,548
Loans and bills discounted	38,978,959	39,597,906
Foreign exchange assets	139,436	159,859
Lease receivables and investments in leases	36,559	34,640
Other assets	965,192	1,221,612
Tangible fixed assets	361,178	356,644
Buildings	118,298	113,829
Land	210,316	205,535
Leased assets	15,832	17,009
Construction in progress	2,473	4,205
Other tangible fixed assets	14,256	16,064
Intangible fixed assets	53,339	55,114
Software	15,715	20,032
Leased assets	30,678	28,720
Other intangible fixed assets	6,945	6,361
Net defined benefit asset	43,949	43,546
Deferred tax assets	29,728	27,151
Customers' liabilities for acceptances and guarantees	347,904	379,505
Reserve for possible loan losses	(190,088)	(233,691)
Reserve for possible losses on investments	(36)	(14)
Total Assets	73,697,682	78,155,071
Liabilities and Net Assets		
Liabilities		
Deposits	58,691,223	60,922,036
Negotiable certificates of deposit	739,170	975,640
Call money and bills sold	630,895	1,323,622
Payables under repurchase agreements	3,000	5,000
Payables under securities lending transactions	1,064,481	804,303
Trading liabilities	39,626	26,203
Borrowed money	7,218,168	9,134,782
Foreign exchange liabilities	8,025	3,886
Bonds	326,000	201,000
Due to trust account	1,304,346	1,109,114
Other liabilities	663,699	704,795
Reserve for employees' bonuses	18,650	20,208
Net defined benefit liability	15,371	12,392
Other reserves	34,643	33,199
Deferred tax liabilities	54,613	22,261
Deferred tax liabilities for land revaluation	18,216	18,094
Acceptances and guarantees	347,904	379,505
Total Liabilities	71,178,037	75,696,047
Net Assets		
Capital stock	50,552	50,552
Capital surplus	15,769	149,263
Retained earnings	1,796,476	1,853,547
Treasury stock	(2,478)	(9,244)
Total stockholders' equity	1,860,319	2,044,119
Net unrealized gains on available-for-sale securities	442,901	378,562
Net deferred gains on hedges	10,671	4,676
Revaluation reserve for land	39,702	39,426
Foreign currency translation adjustments	(5,851)	(4,169)
Remeasurements of defined benefit plans	(30,478)	(20,427)
Total accumulated other comprehensive income	456,946	398,068
Stock acquisition rights	279	224
Non-controlling interests	202,099	16,610
Total Net Assets	2,519,645	2,459,023
Total Liabilities and Net Assets	¥ 73,697,682	¥ 78,155,071

(2) Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Ordinary income	¥ 823,600	¥ 844,700
Interest income	435,665	441,698
Interest on loans and bills discounted	357,938	352,454
Interest and dividends on securities	50,638	55,916
Interest on call loans and bills bought	613	498
Interest on receivables under resale agreements	(4)	–
Interest on receivables under securities borrowing transactions	44	–
Interest on due from banks	12,729	20,726
Other interest income	13,706	12,102
Trust fees	19,223	20,834
Fees and commissions	241,173	257,749
Trading income	5,965	3,485
Other operating income	46,880	47,793
Other ordinary income	74,691	73,138
Recoveries of written-off loans	13,937	10,452
Other	60,753	62,685
Ordinary expenses	632,639	685,924
Interest expenses	18,227	12,537
Interest on deposits	9,779	7,422
Interest on negotiable certificates of deposit	50	50
Interest on call money and bills sold	85	(276)
Interest on payables under repurchase agreements	0	0
Interest on payables under securities lending transactions	1,813	1,434
Interest on borrowed money	2,176	774
Interest on bonds	2,623	1,866
Other interest expenses	1,698	1,264
Fees and commissions	68,903	70,269
Trading expenses	237	271
Other operating expenses	22,419	86,539
General and administrative expenses	425,852	427,220
Other ordinary expenses	96,999	89,085
Provision to reserve for possible loan losses	44,642	48,721
Other	52,357	40,364
Ordinary profits	190,960	158,775
Extraordinary gains	1,716	3,733
Gains on disposal of fixed assets	1,716	3,733
Extraordinary losses	8,360	6,846
Losses on disposal of fixed assets	1,784	1,984
Impairment losses on fixed assets	6,576	4,861
Income before income taxes	184,316	155,662
Income taxes – current	59,447	49,687
Income taxes – deferred	(4,845)	(4,142)
Total income taxes	54,602	45,544
Net income	129,714	110,118
Net income attributable to non-controlling interests	5,232	144
Net income attributable to owners of parent	¥ 124,481	¥ 109,974

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Stockholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges
Balance at the beginning of the fiscal year	¥ 50,552	¥ 15,769	¥ 1,796,476	¥ (2,478)	¥ 1,860,319	¥ 442,901	¥ 10,671
Cumulative effects of changes in accounting policies			(2,094)		(2,094)		
Restated balance	50,552	15,769	1,794,381	(2,478)	1,858,224	442,901	10,671
Changes during the fiscal year							
Increase by share exchanges		184,556			184,556		
Dividends paid			(51,084)		(51,084)		
Net income attributable to owners of parent			109,974		109,974		
Purchase of treasury stock				(58,516)	(58,516)		
Disposal of treasury stock		7		796	803		
Cancellation of treasury stock		(50,955)		50,955	―		
Reversal of revaluation reserve for land			276		276		
Changes in ownership interest of parent due to transactions with non-controlling interests		(114)			(114)		
Net changes except for stockholders' equity during the fiscal year						(64,338)	(5,994)
Total changes during the fiscal year	-	133,494	59,165	(6,765)	185,894	(64,338)	(5,994)
Balance at the end of the fiscal year	¥ 50,552	¥ 149,263	¥ 1,853,547	¥ (9,244)	¥ 2,044,119	¥ 378,562	¥ 4,676

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the fiscal year	¥ 39,702	¥ (5,851)	¥ (30,478)	¥ 456,946	¥ 279	¥ 202,099	¥ 2,519,645
Cumulative effects of changes in accounting policies						(134)	(2,229)
Restated balance	39,702	(5,851)	(30,478)	456,946	279	201,965	2,517,415
Changes during the fiscal year							
Increase by share exchanges							184,556
Dividends paid							(51,084)
Net income attributable to owners of parent							109,974
Purchase of treasury stock							(58,516)
Disposal of treasury stock							803
Cancellation of treasury stock							―
Reversal of revaluation reserve for land							276
Changes in ownership interest of parent due to transactions with non-controlling interests							(114)
Net changes except for stockholders' equity during the fiscal year	(276)	1,682	10,050	(58,877)	(54)	(185,354)	(244,287)
Total changes during the fiscal year	(276)	1,682	10,050	(58,877)	(54)	(185,354)	(58,392)
Balance at the end of the fiscal year	¥ 39,426	¥ (4,169)	¥ (20,427)	¥ 398,068	¥ 224	¥ 16,610	¥ 2,459,023

(4) Notes to Consolidated Financial Statements

Amounts of less than one million Japanese yen (“yen”) are rounded down.

Definitions of “subsidiaries” and “affiliates” are based on Article 2, Paragraph 8 of the Banking Act and Article 4-2 of the Enforcement Ordinance of the Banking Act.

Significant Accounting Policies Applied in Preparing Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 31
Names of principal companies:
Resona Bank, Ltd.
Saitama Resona Bank, Ltd.
Kansai Mirai Financial Group, Inc.
Kansai Mirai Bank, Ltd.
The Minato Bank, Ltd.

Regional Design Laboratory of Saitama Co., Ltd, and Mirai Reenal Partners Co., Ltd. are included in the scope of consolidation from this fiscal year due to the new establishment.

(2) Non-consolidated subsidiaries
Name of principal company: Asahi Servicos e Representacoes Ltda.

Non-consolidated subsidiaries are immaterial with respect to assets, ordinary income, net income/loss (based on the owned interest) and retained earnings (based on the owned interest), accumulated other comprehensive income (based on the owned interest), etc. They are excluded from the consolidation as reasonable judgment on the financial conditions and operating results of the Group can still be expected even if they were not consolidated.

(3) Companies that are not accounted as subsidiary even though the majority of the voting rights are held under the account of the Company
Name of the company: Fuso Shoji Co., Ltd.
A consolidated subsidiary of the Company that is a venture capital company is holding the shares of Fuso Shoji Co., Ltd., as a business transaction for investment and development purposes. Since the shareholding is not for the purpose of making such company as a group company, the Company does not regard such company as its subsidiary.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: None

(2) Number of affiliates accounted for by the equity method: 6 companies
Name of principal company: Custody Bank of Japan, Ltd.
Cotra Ltd. is accounted for by the equity method from this fiscal year due to the new establishment.

(3) Non-consolidated subsidiaries not accounted for by the equity method
Name of principal company: Asahi Servicos e Representacoes Ltda.

(4) Affiliates not accounted for by the equity method
Name of principal company: SAC Capital Private Limited

Non-consolidated subsidiaries and affiliates, which are not accounted for by the equity method, are not material to the consolidated financial statements with respect to net income/loss (based on the owned interest), retained earnings (based on the owned interest), accumulated other comprehensive income (based on owned interest), etc. and accordingly, the equity method is not applied to them.

3. Balance sheet dates of consolidated subsidiaries

(1) Balance sheet dates of the consolidated subsidiaries are as follows:
End of December: 3 companies
End of March: 28 companies

(2) All subsidiaries have been consolidated based on their accounts at their respective balance sheet dates.

Appropriate adjustments have been made for significant transactions occurring during the period from the respective balance sheet dates of the above subsidiaries to the consolidated balance sheet date.

4. Amortization of goodwill

Goodwill is amortized in equal amounts for the duration of effectiveness of the goodwill up to 20 years.
Goodwill of an insignificant amount is accounted as expenses in the fiscal year when it occurred.

5. Accounting policies

(1) Trading assets/trading liabilities and trading income/trading expenses

Transactions whose purpose are to earn a profit by taking advantage of short-term fluctuations in the market or discrepancies in interest rates, currency exchange rates, share prices or other market indices on different markets ("transactions for trading purposes") are included in "Trading assets" or "Trading liabilities" as appropriate in the consolidated balance sheets on a trade-date basis. Income and expenses on the transactions for such trading purposes are included in "Trading income" and "Trading expenses" in the consolidated statements of income on a trade-date basis.

Securities and monetary claims etc. held for trading purposes are stated at fair value as of the consolidated balance sheet date. Derivatives, including swaps, futures and options, held for trading purposes, are stated at the fair values as if they were closed out value assuming the respective contracts are closed-out at the consolidated balance sheet date.

Trading income and trading expenses include interest received and paid during the fiscal year, net changes in fair value of securities and monetary claims, etc., and changes in the close-out value of derivatives during the fiscal year.

(2) Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method (the amortization/accumulation is calculated by the straight-line method).

Investments in non-consolidated subsidiaries and affiliates which are not accounted for by the equity method are stated at cost determined by the moving-average method.

Available-for-sale securities are stated at their respective market value and the cost of these securities sold is principally determined by the moving average method. Stocks that do not have market price are stated at cost determined by the moving-average method.

Net unrealized gains or losses, net of applicable taxes, on available-for-sale securities are included as a component of net assets.

(3) Derivative transactions

Derivative transactions (excluding "transactions for trading purposes") are stated at fair value.

(4) Depreciation for fixed assets

(i) Tangible fixed assets (except for leased assets)
Depreciation of tangible fixed assets is mainly computed by the straight-line method for buildings and by the declining-balance method for equipment. The estimated useful lives of major tangible fixed assets are as follows:
• Buildings: 3 ~ 50 years
• Other: 2 ~ 20 years

(ii) Intangible fixed assets (except for leased assets)
Amortization of intangible fixed assets is computed by the straight-line method. Software for internal use is amortized over the estimated useful lives (mainly 5 years) determined by the Company and its consolidated subsidiaries.

(iii) Leased assets
Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee, which are included in tangible fixed assets or intangible fixed assets, are depreciated by a straight-line method over the lease term. Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

Depreciation of leased assets deemed to transfer ownership to the lessee is computed by the same method used for owned assets.

(5) Deferred charges

Bond issuance costs and share delivery costs are charged to expense as paid.

(6) Reserve for possible loan losses

The principal consolidated subsidiaries have provided reserve for possible loan losses in accordance with their internal standards for write-offs and reserves as follows:

For claims to insolvent borrowers who are undergoing bankruptcy or special liquidation, etc. (hereinafter, "bankrupt obligors") or who are in substantially the same deteriorating financial condition, although not yet in formal bankruptcy proceedings (hereinafter "effectively bankrupt obligors"), a reserve is provided at the full amount of claims after deducting any direct write-offs and excluding the amounts deemed collectible from the disposal of collateral and the amounts recoverable from the execution of guarantees.

For claims to borrowers who are not currently in the condition of bankruptcy or insolvency but with a high probability of becoming insolvent (hereinafter, "potentially bankrupt obligors") and certain identified claims subject to close watch, which exceeds a certain threshold, the Discounted Cash Flows Method (the "DCF Method") is applied to determine the amount of reserve for individually large balances which exceeds a certain pre-established threshold amount. The DCF method, however, is applied only when future cash flows from collection of principal and interest can be reasonably estimated. Under the DCF Method, a reserve is provided for the difference between the present value of future cash flows discounted by the original interest rate and the carrying value of the claim.

For claims to potentially bankrupt obligors and claims to borrowers who require special attention for further management (hereinafter, “special attention obligors”) including borrowers with problems in lending terms or status of performance, borrowers whose business results are poor or unstable and borrowers with problems in their financial condition and all or part of loans to whom are special attention claims (hereinafter, “obligors under special management”), a reserve is computed by estimating mainly the expected loss for the next three years. For claims to borrowers who are special attention obligors but not obligors under special management and borrowers whose business performance is satisfactory and financial condition does not have a noteworthy problem (hereinafter, “normal obligors”), a reserve is computed by estimating mainly the expected loss for the next one year. The expected loss ratio that will be the basis for calculating the amount of the expected loss is computed by calculating the loss ratios based upon the average of the actual loss ratios for a specified period derived from the historical loss experience for one year or three years, with necessary adjustments such as future outlook. Such adjustments are made by adding an excess if a loss ratio based on the average over a specified longer period in the past taking into account the business cycle, etc. exceeds the foregoing loss ratio, and by considering the ratio of increase in the actual loan loss rate over the recent period for certain special attention obligors, obligors under special management and potentially bankrupt obligors, to appropriately incorporate uncertainty of a future loan loss.

For claims to certain foreign borrowers with country risk exposure, a reserve is provided for the estimated losses determined by considering the political and economic situation of respective countries.

The operating divisions initially assess all claims based on the internal standards for self-assessment of asset quality. The Internal Audit Division, which is independent from the operating divisions, examines their assessments.

For collateralized or guaranteed claims, etc. to bankrupt obligors and effectively bankrupt obligors, uncollectible amount (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written-off. Such uncollectible amount is determined considering a valuation of the collateral and guarantees and is ¥163,794 million.

Other consolidated subsidiaries mainly provide a general reserve against claims at the amount deemed necessary based on their historical loan-loss experience and a reserve for specific claims individually determined to be uncollectible such as those to bankrupt obligors.

(7) Reserve for possible losses on investments

Reserve for possible losses on investments is provided for possible losses on investments in securities based on assessment of the issuers’ financial condition and other factors.

(8) Reserve for employees’ bonuses

The reserve for employees’ bonuses is provided for the payment of performance incentive bonuses to be paid to employees at an estimated amount accrued as of the consolidated balance sheet date.

(9) Other reserves

Other reserves are provided to cover future expenses and losses that can be reasonably estimated.
Major components are as follows:

(i) Reserve for losses on reimbursement of dormant deposits: ¥21,309 million
A reserve for losses on reimbursement of dormant deposits is provided for the estimated future losses resulting from reimbursements of dormant deposits subsequent to the period of derecognition of the related liabilities.

(ii) Reserve for losses on burden charge under the credit guarantee system: ¥5,276 million
A reserve for losses on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans.

(iii) Reserve for Resona Club points: ¥4,513 million
A reserve for Resona Club points is provided for the estimated future losses by usage of the points awarded to the Resona Club members.

(10) Employees’ retirement benefits

Regarding determination of retirement benefit obligations, the benefit formula basis is adopted as the method of attributing expected benefit to the periods until this fiscal year end. Prior service cost and unrecognized actuarial gains and losses are accounted for as follows:

Prior service cost:	charged to expense in the fiscal year it is incurred
Unrecognized actuarial gains and losses:	charged to income/expense from the next fiscal year of the incurrence by the straight-line method over a period defined within the average remaining service years of eligible employees (10 years).

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment.

(11) Translation of assets and liabilities denominated in foreign currencies into Japanese yen

Assets and liabilities denominated in foreign currencies of consolidated domestic banking subsidiaries, except for the investments in affiliates on which historical foreign exchange rates are used, are translated into Japanese yen, primarily at the exchange rates on the consolidated balance sheet dates.

Assets and liabilities denominated in foreign currencies of other consolidated subsidiaries are translated into Japanese yen at the exchange rates on the respective balance sheet dates.

(12) Revenue

The "Accounting Standard for Revenue Recognition" (ASBJ Accounting Statement No. 29 issued on March 31, 2020) is applied to recognize revenue based on the amount expected to be received in exchange for the promised goods or service when the control of such promised goods or service is transferred to the customer. Revenues generated from contracts with customers that are subject to the application of the above standard are included in "trust fees" and "fees and commissions income".
"Trust fees" are revenue from the custody and management of the trust assets entrusted by customers, and revenue is mainly recognized over the period in which such services are provided.
"Fees and commissions income" mainly consist of revenue from the provision of services such as deposits, loans and foreign exchanges.
Service revenue related to deposits and loans includes revenue from account transfer business, internet banking services, syndicated loans and commitment lines. Revenue from account transfer business and internet banking services are recognized mainly at the time when such services are provided, and revenue from syndicated loans and commitment lines are recognized when such services are provided or over the period in which such services are provided.
Service revenue related to foreign exchange businesses is mainly revenue from domestic and overseas remittance fees, which is recognized mainly at the time when such services are provided.

(13) Hedge accounting

(i) Hedges of interest rate risk
Consolidated domestic banking subsidiaries apply the deferral hedge accounting to the hedge of interest rate risk associated with their financial assets and liabilities in accordance with the Japanese Institute of Certified Public Accountants (“JICPA”) Industry Committee Practical Guideline No. 24 “Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry”, issued on March 17, 2022.

In assessment of effectiveness of fair value hedge, the hedged instruments such as loans and deposits and hedging instruments such as interest swaps are specified as a group with similar remaining term. In assessing effectiveness of cash flow hedge, the correlation of the interest sensitivities of the hedged instruments and the hedging instruments are examined.

(ii) Hedges of foreign currency risk
Certain consolidated domestic banking subsidiaries apply the deferral hedge accounting to hedge of the foreign currency risk associated with their financial assets and liabilities denominated in foreign currencies in accordance with JICPA Industry Committee Practical Guideline No. 25 “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry”.

Assessment of the effectiveness of these hedge transactions is conducted by confirming whether notional amount of hedging currency swaps, foreign exchange swaps, etc. is corresponding to hedged receivables or payables denominated in foreign currencies.

In addition, in application of the deferral hedge accounting or the fair value hedge accounting to hedges of foreign exchange risk of securities denominated in foreign currencies other than bonds, at the inception of each hedge, the hedge effectiveness is assessed by confirming whether the foreign currency payable amount of hedging spot or forward exchange contracts exceed the acquisition costs of the hedged securities denominated in foreign currencies.

(iii) Transaction among consolidated subsidiaries
Because internal interest swaps, currency swaps, and other derivative transactions specified as hedging instruments are strictly processed based on the appropriate market pricing and covered by corresponding external transactions as required by the JICPA Industry Committee Practical Guidelines No. 24 and No. 25, gains and losses on these internal derivative transactions within consolidated banking subsidiaries or with their trading accounts, are not eliminated, and are recognized as profit or deferred.

The hedging of certain assets and liabilities are accounted for by the deferral hedge accounting, fair value hedge accounting and the special treatment of interest rate swaps.

(14) Consolidated corporate-tax system

The Company and certain consolidated domestic subsidiaries adopt consolidated corporate-tax system with the Company being a parent company under the system.

(15) Share benefit trust for officers

The Company has introduced the performance share unit plan using a share benefit trust scheme for officers with executive power of the Company and Resona Bank, Ltd. and Saitama Resona Bank, Ltd., consolidated subsidiaries of the Company. It is accounted in line with the “Practical Treatments of Transactions for Delivery of Own Shares to Employees, etc. through Trust” (Practical Issues Task Force No. 30 of March 26, 2015).

(Changes to Accounting Policy)

Application of accounting standards related to revenue recognition

The “Accounting Standard for Revenue Recognition” (ASBJ Accounting Statement No. 29 issued on March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard") is applied from the beginning of this fiscal year to recognize revenue at the amount expected to be received in exchange for the promised goods or services when the control of such goods or services is transferred to the customer.

The application of the Revenue Recognition Accounting Standard is made according to the transitional treatment provided in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects of retroactive application of the new accounting policy to the period prior to the beginning of this fiscal year is added to or subtracted from the retained earnings at the beginning of this fiscal year, and the new accounting policy is applied starting from such balance at the beginning of the fiscal year.

The impact of this application is minor.

Application of accounting standards regarding fair value calculation

The "Accounting Standard for Fair Value Measurement" (ASBJ Accounting Statement No. 30 issued on July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard") is applied from the beginning of this fiscal year, and the Company has changed the fair value adjustment method in the fair value calculation for derivative transactions to the method that maximizes the use of the observable input estimated from the market-traded derivatives in accordance with Paragraph 8 of the Fair Value Measurement Accounting Standard. Such change is due to the application of the Fair Value Measurement Accounting Standard, and the Company reflected the cumulative effects of retroactive application of the new accounting policy to the period prior to the beginning of this fiscal year in the retained earnings at the beginning of this fiscal year in accordance with the transitional treatment stipulated in Paragraph 20 of the Fair Value Measurement Accounting Standard. As a result, retained earnings at the beginning of this fiscal year decreased by ¥1,541 million, trading assets decreased by ¥1,299 million yen, other assets decreased by ¥946 million, deferred tax assets increased by ¥102 million, trading liabilities decreased by ¥18 million yen, other liabilities decreased by ¥30 million, and deferred tax liabilities decreased by ¥554 million.

In addition, according to the transitional treatments provided in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on July 4, 2019), the Company has decided to apply the new accounting policy established under the Fair Value Measurement Accounting Standard going forward. As a result, starting from the end of this fiscal year, available-for-sale securities that are domestic stocks, which used to be evaluated using the fair value, etc. based on the monthly average of the last month of a fiscal year, are evaluated using the fair value at the end of the fiscal year.

(Important Estimates in Accounting)

The item whose amount is included in the consolidated financial statements for this fiscal year based upon estimates for accounting purposes and which may significantly affect consolidated financial statements for the next fiscal year is reserve for possible loan losses.

(1) Amount included in the consolidated financial statements for this fiscal year: ¥233,691 million
The amount above includes ¥8,876 million additional reserve to cope with credit risk inherent in loans to borrowers who may be affected by wide-spread infections of COVID-19 and economic slump resulting therefrom in the amount of ¥505,423 million.

(2) Other information helpful to understand contents of important estimates in accounting

(i) Method of calculation
The method of calculation of reserve for possible loan losses is described in “Significant Accounting Policies Applied in Preparing Consolidated Financial Statements; 5. Accounting policies; (6) Reserve for possible loan losses.”

In calculating the additional reserve mentioned above, among loans by Resona Bank, Ltd. and the Company's other domestic group banks, the industries were identified where credit of borrowers in these industries is assumed to be significantly affected by the wide-spread infections of COVID-19 (the "Industries Affected by COVID-19"). Loans to special attention obligors in these industries are applied the expected loss ratio adjusted from the actual loan loss experience in the past to reflect credit risk inherent in such loans as there is uncertainty in regard to degree of deterioration of business results expected for future especially if trend in occurrence of loan losses and changes in borrower category are considered. Specifically, the Company calculated the discrepancy in actual loan losses by comparing the recent occurrence of loan losses related to special attention obligors between the Industries Affected by COVID-19 and all industries and use the expected loss ratio calculated by reflecting the above-mentioned discrepancy to the past loan loss ratio for all industries.

(ii) Principle assumptions

The principal assumption regarding reserve for possible loan losses is “prospect of future business performance of borrowers in determining borrower category.” “Prospect of future business performance of borrowers in determining borrower category” is determined by individually judging each borrower's ability to gain profits.

In relation to the additional reserve mentioned above, given the current status of the infections of COVID-19, the Company assumes that the effect of COVID-19 would continue during the fiscal year 2022.

(iii) Effect on consolidated financial statements for the next fiscal year

If the assumption used for the initial estimate is changed due to change in business performance of individual borrowers, etc, there can be a material effect on reserve for possible loan losses in consolidated financial statements for the next fiscal year.

Especially if the industries where loans are applied the additional reserve mentioned above or the estimated loss ratio are changed due to the status of COVID-19 infections or the effect on economic activities, the amount of the additional reserve mentioned above may increase or decrease.

(Changes to Estimates in Accounting)

As described in "Significant Accounting Policies Applied in Preparing Consolidated Financial Statements, 5. Accounting Policies, (6) Reserve for possible loan losses", for potentially bankrupt obligors who are large debtors with credit exceeding certain threshold, the claims regarding which the cash flow related to the collection of the principal of the claim and the receipt of interest can be reasonably estimated is accounted by using the Discounted Cash Flows Method to determine the amount of reserve. Under the Discounted Cash Flows Method, reserve for possible loan losses is the difference between the book value of the claim concerned and the amount, which is calculated by discounting the sum of the principal and interest payment cash flow (this cash flow will take into consideration the relevant repayment history) for 3 years, the period for which an estimate can be made, and the loan collection cash flow concerning the outstanding debt after the 3 year period mentioned above. While the Company's domestic group banks made efforts to support the rehabilitation of debtors and support for business changes and closures, under the circumstances in which the impact on economic activities by the spread of COVID-19 infections continued to be observed, the Company changed the method of estimate for the cash flow from outstanding debt collection after the period for which estimates can be made from the previous estimation method that only estimated the amount that can be recovered using the collateral to the method under which an estimate is made by deducting the amount equivalent of credit risk from the outstanding debt balance, starting from the consolidated financial statements for this fiscal year end. This change was based on the revision of the internal rules related to credit management implemented in January 2022 for the purpose of further strengthening the initiatives to support the rehabilitation of debtors and the change and closure of businesses, as well as the results of a retroactive study of past estimates of reserve for possible loan losses for potentially bankrupt obligors.

As a result of this change, ordinary income and net income before income taxes for this fiscal year increased by ¥14,146 million, compared with a case using the previous method.

The reserve for possible loan losses for potentially bankrupt obligors based on the Discounted Cash Flows Method increased by ¥33,325 million from the end of the previous fiscal year to ¥55,922 million.

(Additional Information)

ESOP-type Stock Benefit Trust for the Employee Shareholding Association

With the purpose of giving an incentive to enhance corporate value on a medium-to-long term basis, the Company effects transactions to deliver the Company's own shares to the Employee Shareholding Association through a trust (ESOP-type Stock Benefit Trust for the Employee Shareholding Association). The ESOP-type Stock Benefit Trust for the Employee Shareholding Association introduced in May 2017 ended in September 2021 and a new ESOP-tyle Stock Benefit Trust for the Employee Shareholding Association was established in February 2022.

(1) Outline of transactions

The Company sets up a trust whose beneficiaries are the employees who belong to the Employee Shareholding Association of Resona Holdings and the Employee Shareholding Association of Kansai Mirai Financial Group (hereinafter, collectively called "the Group's Shareholding Associations") and fulfill certain conditions. The trust acquires the number of shares of the Company that the Group's Shareholding Associations are expected to acquire during the trust period, within the purchase period determined in advance. Subsequently, the trust sells the shares of the Company to the Group's Shareholding Associations at a certain date of every month. If as of the end of the trust period, a trust profit is recognized as a result of a rise in the stock price and other factors, the profit is distributed in cash to the employees and others who are beneficiaries of the trust in proportion to the number of shares purchased during the period and other factors. If a transfer loss arises due to a decline in the stock price and a liability on the trust assets remains, the Company is responsible for fully settling the liability based on the indemnity clause stipulated in the non-recourse loan agreement.

(2) Company's own shares remaining in the trust

The Company's own shares remaining in the trust are accounted as treasury stock in the net assets at their book value in the trust (excluding associated expenses). The book value and number of shares of such treasury stock are ¥7,440 million and 13,696 thousand shares, respectively.

Share Benefit Trust for Officers

The Company has adopted the performance share unit plan described in “Significant Accounting Policies Applied in Preparing Consolidated Financial Statements; 5. Accounting policies; (15) Share benefit trust for officers.”

(1) Outline of transactions

The Company sets up a trust whose beneficiaries are the officers with executive power of the Company and Resona Bank, Ltd. and Saitama Resona Bank, Ltd., consolidated subsidiaries of the Company (hereinafter, "the Company's Group Officers") and fulfill certain conditions set forth in the rules for grant of shares. The trust acquires a certain number of shares of the Company, within the purchase period determined in advance. The Company's Group Officers are given points according to their positions and achievements during the trust period, pursuant to the rules for grant of shares. The Company's Group Officers who meet the conditions for beneficiaries set forth in the rules for grant of shares will receive delivery of shares of the Company, etc. corresponding the number of the points given, after the results of the final fiscal year of the medium-term management plan are fixed. No voting rights in respect of shares of the Company under this trust will be exercised during the trust period, in order to ensure neutrality to the management.

(2) Company's own shares remaining in the trust

The Company's own shares remaining in the trust are accounted as treasury stock in the net assets at their book value in the trust (excluding associated expenses). The book value and number of shares of such treasury stock are ¥1,403 million and 3,789 thousand shares, respectively.

Application of Tax Effect Accounting Relating to Transition from Consolidated Taxation System to Group Tax Sharing System

The Company and some of its consolidated subsidiaries will move from the consolidated taxation system to the group tax sharing system from the next fiscal year. With regards to the transition to the group tax sharing system established under the "Act Partially Amending the Income Tax Act, Etc." (Act No. 8 of 2020) and the items with respect to which the non-consolidated taxation system has been revised in connection with the transition to the group tax sharing system, the Company and some of its consolidated subsidiaries have not applied paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28 issued on February 16, 2018) in accordance with paragraph 3 of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39 issued on March 31, 2020), and the amounts of the deferred tax assets and liabilities are based upon the provisions of the tax law before the amendment.
From the beginning of the next fiscal year, the Company plans to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42 issued on August 12, 2021), which provides the accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting under the group tax sharing system.

Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheet)

March 31, 2022

1. Equity investments and capital subscriptions to subsidiaries and affiliates (excluding consolidated subsidiaries) amounted to ¥41,450 million in total.

2. There is no stock lent under consumption agreements in “Securities.” There is no portion of unsecured borrowed securities, securities purchased under resale agreements and securities borrowed with cash collateral.

3. The claims based on the Banking Act and the Act on Emergency Measures for Revitalization of Financial Functions are as described below. The claims are the items recorded as the corporate bonds in the “securities” on the consolidated balance sheet (the redemption of the principal and the payment of interest of which are guaranteed in whole or in part, and limited to those the issuance of which was by way of private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) of securities), loans, foreign exchanges, accrued interest and provisional payments in "other assets" and customer's liabilities for acceptances and guarantees as well as the securities on loan for securities loan as provided in the notes (limited to those for loan for use or lease contract).

Bankruptcy or reorganization claims and similar claims	¥62,126 million
Claims with risk	¥379,683 million
Loans past due 3 months or more	¥3,943 million
Restructured loans	¥226,582 million
Total amount	¥672,335 million

Bankruptcy or reorganization claims and similar claims are claims against debtors with failed business status due to commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings or the like and claims similar thereto.
Claims with risk are claims of which debtor is not yet in a failed business status but such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is not made, other than claims that fall under "bankruptcy or reorganization claims or similar claims".
Loans past due 3 months or more are loans whose principal or interest payments are delinquent for three months or more from the day following the contract payment date which do not fall under "bankruptcy or reorganization claims or similar claims" or "claims with risk".
Restructured loans are loans for which an agreement is made to waive or reduce interest, defer payment of interest, defer payment of principal, waive claims or make other arrangement favorable to the debtor, for the purpose of facilitating reorganization of the debtor's management or support of the debtor, which do not fall under "bankruptcy or reorganization claims or similar claims", "claims with risk" or "loans past due 3 months or more".
The amounts presented above are stated at the amounts before deduction of the reserve for possible loan losses.

(Changes in the presentation method)
As a result of the enforcement of the Cabinet Office Order for Partially Amending the Regulation for Enforcement of the Banking Act (Cabinet Office Order No. 3 of January 24, 2020), the categories of the "claims subject to risk management" under the Banking Act are presented according to the categories of the claims subject to disclosure under the Act on Emergency Measures for the Revitalization of Financial Functions.

4. Bills discounted are recorded as lending/borrowing transactions in accordance with the JICPA Industry Committee Practical Guidelines No. 24. The Group has a right to sell or collateralize such bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, etc., which were obtained at a discount, was ¥77,966 million.

5. For loan participations, of the amount of participation in principal accounted for as loans to original borrowers, ¥33,023 million was included in the consolidated balance sheet, in accordance with the Accounting System Committee Report No. 3, “Accounting Treatment and Representation of Loan Participation” issued by JICPA on November 28, 2014.

6. Assets pledged as collateral were as follows:

Assets pledged as collateral:		
• Cash and due from banks	¥	892 million
• Trading assets		4,996 million
• Securities		4,822,513 million
• Loans and bills discounted		9,050,684 million
• Lease claims and lease assets		1,138 million
• Other assets		17,608 million
Debt collateralized:		
• Deposits	¥	184,072 million
• Payables under repurchase agreements		5,000 million

• Payables under securities lending transactions	804,303 million
• Borrowed money	9,086,011 million
• Other debt	12,867 million

Other than noted on the table, “Cash and due from banks”, “Securities” and “Other assets”, in the amount of ¥0 million, ¥14,738 million, and ¥450,729 million, respectively, were pledged as collateral for settlement of foreign exchange or futures transactions and others.

“Other assets” include the initial margins for future transactions in the amount of ¥96,774 million, cash collateral paid for financial instruments in the amount of ¥83,334 million and guarantee deposits in the amount of ¥22,501 million.

7. Overdrafts agreements on current accounts and commitment line agreements for loans are agreements to extend loans up to the prearranged amount upon customers’ requests, unless any terms or conditions in the agreements are violated. Unused balances related to these agreements amounted to ¥11,088,538 million including ¥10,318,915 million of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

   The unused balances do not necessarily affect future cash flows of the consolidated subsidiaries because most of those agreements are expected to expire without being exercised. In addition, most agreements contain provisions, which stipulate that the consolidated subsidiaries may decline to extend loans or reduce the prearranged commitment amount when there are adverse changes in the financial conditions of the borrowers or for other reasons.

   When extending loans to customers, the Group may request collateral or guarantees such as real estate and securities if deemed necessary.

   After originating loans, the Group periodically checks the financial condition of the borrowers based on its internal rules and, if necessary, takes measures to ensure the security of the loans.

8. Certain domestic consolidated subsidiaries adopted a special one-time measure to revalue their land used in operations in accordance with the “Act Concerning Land Revaluation” (Act 34, announced on March 31, 1998). The land revaluation differences have been recorded in “revaluation reserve for land” as a separate component of net assets with the related income taxes included in “deferred tax liabilities for land revaluation.”

   Revaluation date: March 31, 1998

   The revaluation method as stated in Article 3, Item 3 of the Act Concerning Land Revaluation:

   The revaluation was based on the official notice prices stated in the “Act of Public Notice of Land Prices (assessed date, January 1, 1998)” as stipulated in Article 2, Item 1 of the “Ordinance for the Act Concerning Land Revaluation (Government Ordinance No. 119, announced on March 31, 1998) after making reasonable adjustments for the location and quality of the sites.

   The aggregate carrying value of the land after one-time revaluation exceeded its aggregate fair value that was determined in accordance with Article 10 of the Act: ¥2,079 million

9. Accumulated depreciation of tangible fixed assets: ¥324,339 million

10. Deferred profit on tangible fixed assets deducted for tax purposes: ¥46,072 million

11. Bonds include ¥36,000 million of subordinated bonds with a covenant that performance of the obligation is subordinated to that of other obligations.

12. The principal amount of trust with the principal indemnification agreement which a consolidated domestic banking subsidiary as a trustee has been administrating and operating is ¥1,117,131 million.

13. Guarantees are provided on certain privately placed bonds, in accordance with Article 2, Item 3 of the Financial Instruments and Exchange Act, included in “Securities.” The amount of the guarantees is ¥683,931 million.

(Notes to Consolidated Statement of Income)
For the fiscal year 2021

1. “Other ordinary income” includes gains on sales of stocks and other securities in the amount of ¥53,495 million.

2. “Other ordinary expenses” includes:
   - Write-offs of loans ¥ 17,991 million
   - Losses on sales of stocks and other securities 7,586 million
   - Impairment losses on stocks and other securities 337 million

(Notes to Consolidated Statement of Changes in Net Assets)
For the fiscal year 2021

1. The changes in the number and class of shares issued and treasury stock are as follows:

(Shares in thousand)

	Number of shares at the beginning of the fiscal year	During the fiscal year 2021		Number of shares at the end of the fiscal year	Remarks
		Number of shares increased	Number of shares decreased		
Issued stock					
Common stock	2,302,829	209,220	111,069	2,400,980	(Note 1)
Treasury stock					
Common stock	5,837	125,078	112,523	18,392	(Note 2)

Note:
1. The increase in the number of shares of the issued common stock represents the new issuance by the summary share exchange with Kansai Mirai Financial Group, Inc. which took effect on April 1, 2021. The decrease in the number of shares of the issued common stock represents cancellation of shares of the Company pursuant to Article 178 of the Companies Act.
2. The increase in the number of treasury stock represents acquisition of 88,000 thousand shares resulting from the acquisition of treasury stock resolved at the board of directors meeting on May 11, 2021, acquisition of 23,062 thousand shares resulting from the acquisition of treasury stock resolved at the board of directors meeting on November 9, 2021, acquisition of 6,000 shares of treasury stock resulting from disposition of fractional shares due to the share exchange pursuant to the provisions of Article 234, Paragraphs 4 and 5 of the Companies Act, acquisition of 13,993 thousand shares by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association of the Company and acquisition of 16 thousand shares of the shares less than one unit.
   The decrease in the number of treasury stock represents cancellation of 111,069 thousand shares pursuant to Article 178 of the Companies Act, disposal of 1 thousand shares of the shares less than one unit and sale of 1,347 thousand shares held by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association of the Company to the Employee Shareholding Association as well as the exercise of stock subscription rights (stock options) for 105 thousand shares.
   The number of shares at the beginning of the fiscal year includes 1,050 thousand shares owned by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association and 3,789 thousand shares owned by the share benefit trust for officers. The number of shares at the end of the fiscal year include 13,696 thousand shares owned by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association and 3,789 thousand shares owned by the share benefit trust for officers.

2. The stock subscription rights and stock subscription rights held by the Company are as follows:

Category	Type of stock subscription right	Class of shares that are the subject of stock subscription right	Number of shares that are the subject of stock subscription right				Balance at the end of the consolidated fiscal year (millions of yen)	Remarks
			At the beginning of the fiscal year	During the fiscal year 2021		At the end of the fiscal year		
				Increase	Decrease			
Company	Stock subscription right for stock option	—					224	
Total		—					224	

3. Detail of cash dividend

(1) Dividends paid in the fiscal year 2021

Resolution	Type of stock	Cash dividends	Dividend per share	Source of dividends	Dividend record date	Effective date
		Millions of yen	*Yen*			

The board of directors meeting held on May 11, 2021	Common stock	24,169	10.50	Retained earnings	March 31, 2021	June 8, 2021

Note: Total cash dividends for common stock include ¥11 million of dividends paid to ESOP-type Stock Benefit Trust for the Employee Shareholding Association and ¥39 million of dividends paid to the share benefit trust for officers.

Resolution	Type of stock	Cash dividends	Dividend per share	Source of dividends	Dividend record date	Effective date
		Millions of yen	*Yen*			
The board of directors meeting held on November 9, 2021	Common stock	25,442	10.50	Retained earnings	September 30, 2021	December 8, 2021

Note: Total cash dividends for common stock include ¥39 million of dividends paid to the share benefit trust for officers.

The Company made Kansai Mirai Financial Group, Inc. as its wholly-owned subsidiary on April 1, 2021, and the following dividends of Kansai Mirai Financial Group, Inc. were resolved at its board of directors meeting.
(Kansai Mirai Financial Group, Inc.)

Resolution	Type of stock	Cash dividends	Dividend per share	Source of dividends	Dividend record date	Effective date
		Millions of yen	*Yen*			
The board of directors meeting held on May 11, 2021	Common stock	3,725	10.00	Retained earnings	March 31, 2021	June 8, 2021

(2) Dividends with record dates falling on or before this fiscal year end and effective dates after this fiscal year end

The following dividends are proposed to the board of directors meeting held on May 12, 2022.

Type of stock	Cash dividends	Dividend per share	Source of dividends	Dividend record date	Effective date
	Millions of yen	*Yen*			
Common stock	25,200	10.50	Retained earnings	March 31, 2022	June 9, 2022

Note: Total cash dividends for common stock include ¥143 million and ¥39 million of dividends paid to ESOP-type Stock Benefit Trust for the Employee Shareholding Association and the share benefit trust for officers, respectively.

(Financial Instruments)
For the fiscal year 2021

1. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

The Group aims to become a financial services group useful to customers and provide various financial instruments corresponding to customer needs. In addition, the Group utilizes financial instruments for risk-taking and risk-control in order to improve its profitability and secure sound operations.

The Group responds to customers' funding needs through providing credit such as lending, loans, undertaking private placement bonds and guarantees to individuals and corporate customers. It holds bonds such as Japanese government bonds as stable investments and securities such as stocks for maintaining strong relationship with customers. Recently the Group began providing interest rate-related and currency-related derivatives to meet sophisticated and diversified customer needs.

To provide these financial services, the Group raises funds by using financial instruments such as customer deposits, issuance of bonds and funding from the inter-bank market.

Asset and Liability Management (ALM) is in place to manage the interest rate gap between short-term and long-term and interest fluctuation risk resulting from its investment and funding activities, and to improve profitability management across business divisions. As part of ALM, the Group executes derivative transactions, which are designated to hedge the interest rate gap between short-term and long-term and interest fluctuation risks, as well as covering transactions related to customers' derivative contracts.

Certain consolidated subsidiaries and affiliates conduct domestic banking services such as credit guarantee, and foreign banking services under foreign regulations.

(2) Type of and risks associated with financial instruments

(i) Type of and risks associated with loans and bills discounted

The Group's primary geographical business area is the metropolitan areas of Tokyo and Saitama, and the Kansai region mainly Osaka. Loans to small-to-mid-size companies and individual mortgages comprise a significant portion of our credit portfolio. These loans are exposed to credit risks in which the Group may suffer losses due to a decline or the disappearance of an asset's value as a result of deterioration of the financial position of obligors.

(ii) Type of and risks associated with securities

Securities, which each bank of the Group holds, are bonds, stocks, investment limited partnerships, investment trusts in partnership and others. The Group holds them to promote business in addition to generating investment income and capital appreciation, and smooth cash flow operation.

Securities are exposed to market risks in which the Group may suffer losses due to changes in values of assets and liabilities or revenues generated from them by variance of risk factors such as interest rate, stock market and foreign exchange market, and credit risks in which the Group may suffer losses due to a decline or the disappearance of asset's value as a result of deterioration of the financial position of obligors.

(iii) Type of and risks associated with derivative transactions

The Group utilizes derivative instruments such as interest rate-related products, currency-related products, stock-related products and bond-related products.

- Interest rate-related products: futures, future options, forward rate agreements, swaps and options
- Currency-related products: forward exchange contracts, swaps and options
- Stock-related products: index futures, index options and over-the-counter options
- Bond-related products: futures, future options and over-the-counter options

Derivative transactions are essential to satisfy the sophisticated and diverse financial needs of customers and to control various risks to which each bank of the Group is exposed. The Group's basic policy is to execute derivative transactions in line with its business strategy and resources under the appropriate risk management system after accurately identifying risks associated with the transactions.

Each bank of the Group executes derivative transactions in order to respond to customers' risk hedging needs, hedging risks of financial assets and liabilities, and for trading purposes as follows.

(a) Customers' risk hedging needs

Customers are exposed to various risks and, accordingly, their needs to hedge these risks are essential and diverse. One of the primary purposes of derivative transactions for each bank of the Group is to provide customers with financial products which enable them to achieve their objectives of hedging and mitigating risks. Each bank of the Group develops a variety of derivatives and makes an effort to increase its ability to provide those financial products in order to offer sophisticated financial solutions to customers.

Derivative transactions may, however, result in significant losses to customers depending upon the design and nature of the products. Accordingly, in offering such products to customers, each bank of the Group follows the approach which ensure that:

- Sufficient explanation of the products and associated risks

Customers are given sufficient explanation on the nature of products and their risks in writing. A description of the product, structure, hedge effectiveness (including explanation of which customers would not be able to gain expected economic effects and which the economic effects from the hedge transactions would be against customers' interests), market risk and credit risk associated with the product are required to be included in the explanation documents (proposal, written explanation of derivative risks).

Customers are given explanation in accurate and simplified terms instead of difficult technical terms. Customers are given cooperation to confirm completeness of the explanation and full understanding by using designated documents with check column.

- Customers' responsibility and capability to enter into a transaction

Customers are ready to take responsibility for the products fully, and are capable and willing to enter into the transactions based on their own judgment.

Customers are not engaged in transactions which are recognized as improper from the points of transaction amount, term, and level of risk of view, according to customers' knowledge, experience, assets, purpose of transaction, capacity to meet loss and internal management systems.

- Providing relevant fair value information

Customers are provided with relevant fair value information (i.e., unrealized gains and losses on customers' positions) to assist them in evaluating the products and transactions, periodically or whenever considered necessary.

(b) Hedging risks of financial assets and liabilities

Each bank of the Group uses derivatives to manage interest rate and foreign currency risks associated with various financial assets and liabilities, such as loans and deposits. Each bank of the Group uses fair value hedges to protect the fair value of assets and liabilities against risks such as interest rate fluctuations, and cash flow hedges to ensure future cash flows from their variability on an individual and a portfolio basis. As for foreign currency risks, each bank of the Group uses foreign currency hedges to protect future fair value of assets and liabilities against risks such as foreign currency fluctuations.

Derivative transactions designated as hedges are strictly monitored by assessing hedge effectiveness periodically in accordance with the relevant hedge accounting guidelines.

For a portfolio hedge of interest rate risks, hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge, hedge effectiveness is assessed individually. For a foreign currency hedge, hedge effectiveness is assessed by confirming that the principal and interest amount of receivables and liabilities denominated in foreign currencies exceed the principal and interest amount of hedging instruments.

(c) Trading activities

Each bank of the Group engages in trading activities to earn profits by taking advantage of short-term fluctuations in market indices or market gaps.

Risks associated with derivative transactions are credit risks and market risks. Each bank of the Group determines and monitors credit exposures by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with the on-balance sheet transactions such as loans, and the Loan and Credit Division, independent from Market Divisions and Operation Divisions, establishing individual credit limits. The division reviews the transaction and credit limits applicable to each of the counterparties, on an on-going basis, in response to the changes in creditworthiness of the counterparties.

Refer to following "(3) (ii) Market risk management."

(iv) Type of and risks associated with financial liabilities

Each bank of the Group raises funds through acceptance of customer deposits, funding in the market and issuing bonds. These are exposed to risks of fluctuation in interest rates and foreign exchange rates and liquidity risk and may be difficult to raise due to the fluctuation of the financial economic environment.

(v) Type of and risks associated with non-banking subsidiaries and affiliates accounted for by the equity method

Non-banking subsidiaries and affiliates accounted for by the equity method include Resona Guarantee Co., Ltd. which conducts a credit guarantee business and Resona Card Co., Ltd. which conducts a credit card administration and credit guarantee business. They are exposed to credit risk and market risk related to each business activity.

(3) Risk management system related to financial instruments

The Company has established the Group Risk Management Policy that serves as the basic risk management policy. Based on the policy and operational characteristics, each bank of the Group established its own risk management policy "Basic Policy for Risk Management," approved by the Board of Directors of each bank of the Group, including basic policies for credit risk management, market risk management and liquidity risk management. In accordance with the Basic Policy for Risk Management, each bank of the Group manages risks and establishes detailed rules over risk management activities.

Each bank of the Group plans and conducts internal audits depending on the degree of intrinsic risks and the risk management system.

(i) Credit risk management

In accordance with the Basic Policy for Risk Management, Credit Risk Management-related Departments, independent from sales promotion-related divisions, are responsible for determining and monitoring credit exposures at each bank of the Group. As an organization responsible for credit risk management, each bank of the Group sets up Credit Committee and Credit Risk Management-related Departments, which include the Credit Risk Management Division, Credit Analysis Division and Administration of Problem Loans. The Credit

Committee has been established to resolve, discuss and report significant credit matters as a whole. The Credit Risk Management Division is a division to propose policies and procedures over credit rating and a framework necessary for appropriate credit risk management such as credit analysis. The Credit Analysis Division is a division to review operational and financial conditions, qualitative factors, funding purpose, repayment plan, etc. of counterparties, and determine credit exposures by considering the nature of risks associated with the transaction appropriately. The Administration of Problem Loans is a division to understand the business condition of the counterparties with problems and engage in rehabilitation, resolution and correction of the business.

Under the foregoing organizational structure, each bank of the Group makes an effort to control and reduce credit risk. For instance, each bank of the Group applies strict control of credit concentration risk to a specific customer (or customer group) by measures such as establishing a credit limit (credit ceiling), as such risk may materially affect the operation of the Group.

Each bank of the Group controls credit risks within certain amounts by measuring credit risks from the perspective of managing the whole credit portfolio and setting credit limits.

(ii) Market risk management

(a) Market risk management system

In accordance with the Basic Policy for Risk Management, each bank of the Group established the Risk Management Division (middle-office) and Office Management Division (back-office), independent from Transaction Divisions (front-office), to enable mutual checks and balances. The ALM Committee has been established to manage changes and conditions of funding, revenue, risk and cost, and to discuss and report corresponding actions to the circumstances.

Each bank of the Group establishes policies such as “Market Risk Management Policy” to manage market risk appropriately and strictly in accordance with the Basic Policy for Risk Management.

As for market risks resulting from fair market valuation of transactions or changes in risk factors such as interest, market prices, and foreign currency exchange, each bank of the Group measures risk exposures by Value at Risk (“VaR”), establishes limits of risk exposure, limits of loss and limits of sensitivity by product, and monitors those observance conditions. In addition, each bank of the Group regularly measures potential loss amounts based on stress-scenario testing.

Each bank of the Group monitors and reports to management about risk exposures and profit/loss conditions, including observance of the conditions of the credit limits. It also leads checks and balances by the Risk Management Division (middle-office) to the Transaction Divisions (front-office).

(b) Quantitative information on market risk

Each bank of the Group measures VaR of market risks based on the purpose of holding financial instruments: trading, banking and policy-oriented stocks. The CVA (credit valuation adjustment for derivative transactions) is included in the risks for banking. Market risk exposure of the Group is measured by simply aggregating VaR of Resona Bank, Ltd. and Saitama Resona Bank, Ltd. as well as Kansai Mirai Bank, Ltd. and The Minato Bank, Ltd. which are under the umbrella of Kansai Mirai Financial Group.

Risk exposures of certain products and affiliated companies are excluded from the market risk exposure of the Group, as the effect is confirmed to be immaterial.

(Trading)

The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposure of the Group in the trading operation as of March 31, 2022 is ¥501 million.

(Banking)

In the banking operation, each bank of the Group deals with financial instruments other than those held for trading and policy-oriented stocks, and any other assets and liabilities. The Group adopts a historical simulation method or delta method (holding period is 20 or 125 business days, confidence interval is 99%, observation period is 250 or 1,250 business days) in order to measure VaR associated with the banking operation. The market risk exposure of the Group in the banking operation as of March 31, 2022 is ¥54,684 million.

*(*Policy-oriented stocks*)*

Each bank of the Group measures VaR or manages risks associated with policy-oriented stocks separately from the trading and the banking operation. The Group adopts a historical simulation method or delta method (holding period is 125 business days, confidence interval is 99%, observation period is 250 or 1,250 business days) in order to measure VaR associated with policy-oriented stocks, and measures risk exposure by considering impairment risks. The market risk exposure of the Group on the policy-oriented stocks as of March 31, 2022 is ¥16,678 million.

(Verification system of VaR)

Each bank of the Group performs a backtesting which reconciles VaR measured by the model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of the risk measurement model.

VaR represents a risk exposure under a certain probability calculated statistically based on the historical market movements. In the case that the actual market fluctuates over the ranges anticipated by the historical market movements, fair market values may fluctuate over VaR.

(iii) Liquidity risk management

In accordance with the Basic Policy for Risk Management, each bank of the Group has established the Cash Management Division and the Liquidity Risk Management Division, to enable mutual checks and balances. The ALM Committee, the Liquidity Risk Management Committee and others monitor and report to management timely and appropriately.

Each bank of the Group establishes policies such as the “Liquidity Risk Management Policy” to manage liquidity risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

For cash flow management, each bank of the Group establishes liquidity risk phases (normal and 3 levels under emergency condition) and carries out corresponding actions at each phase determined in advance.

Each bank of the Group monitors liquidity risks by defining a key indicator for liquidity risk management based on its size and nature of the business and circumstances over a liquidity risk. Each bank of the Group establishes guidelines of a key indicator for liquidity risk management as necessary.

As for market liquidity risks in which each bank of the Group may suffer losses because it cannot make transactions on market or is forced to make significantly unfavorable transactions due to market turmoil, each bank of the Group monitors conditions of the market liquidity risk.

(4) Supplementary explanation relating to fair value of financial instruments and other

Since the calculation of the fair value of financial instruments uses certain assumptions, the result of such calculation may vary, if different assumptions are used.

2. Fair value of financial instruments

Amounts on consolidated balance sheet, fair value and difference between them as of March 31, 2022 were as follows. Stocks that do not carry quoted market prices and investments in partnerships are not included in the table below (Refer to Note 1). Since cash and due from banks, call loans and bills bought, foreign exchanges (assets and liabilities), call money and bills sold, payables under repurchase agreements, payables under securities lending transaction and due to trust accounts are settled within a short period and the fair values are approximate to the book values, these products have been omitted.

(Millions of yen)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Monetary claims bought (*1)	414,543	413,329	(1,214)
(2) Trading assets			
Trading securities	192,027	192,027	-
(3) Securities			
Held-to-maturity debt securities	2,934,797	2,904,464	(30,333)
Available-for-sale securities	4,689,254	4,689,254	-
(4) Loans and bills discounted	39,597,906		
Reserve for possible loan losses (*1)	(225,898)		
	39,372,007	39,452,251	80,243
Total assets	¥ 47,602,631	¥ 47,651,327	¥ 48,696
(1) Deposits	¥ 60,922,036	¥ 60,922,073	¥ 36
(2) Negotiable certificates of deposit	975,640	975,641	1
(3) Borrowed money	9,134,782	9,131,936	(2,845)
(4) Bonds	201,000	203,945	2,945
Total liabilities	¥ 71,233,458	¥ 71,233,596	¥ 137
Derivative transactions (*2)			
Hedge accounting not applied	33,590	33,590	-
Hedge accounting applied (*3)	6,053	5,862	(190)
Total derivative transactions	¥ 39,643	¥ 39,453	¥ (190)

Notes:
(*1) General reserve for possible loan losses, specific reserve for possible loan losses and special reserve for certain overseas loans corresponding to loans and bills discounted are deducted. Reserve for possible loan losses corresponding to monetary claims bought are excluded from the amount on consolidated balance sheet directly due to immateriality.
(*2) Derivative financial instruments included in trading assets/liabilities and other assets/liabilities are presented in total. Assets (positive amount) and liabilities (negative amount) arising from derivative transactions are presented on a net basis.
(*3) Derivative transactions subject to hedge accounting include interest rate swaps designated as a hedging method to fix the cash flows of hedging subjects, such as loans, to which deferred hedge accounting is mainly applied. The "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ PITF No. 40 issued on March 17, 2022)" is applied to these hedging transactions.

(Note 1) The amounts included in the consolidated balance sheet of stocks that do not carry quoted market prices and investments in partnerships were as follows. These financial instruments are not included in “Available-for-sale securities” in the table above for fair value of financial instruments.

(Millions of yen)

Classification	Amount on consolidated balance sheet
Unlisted stocks (*1)(*2)	¥ 59,635
Investments in partnerships (*3)	48,861

Notes:
(*1) The fair values of unlisted stocks are not disclosed pursuant to Paragraph 5 of the "Application Guidelines for the Disclosure of the Fair Values and others of Financial Instruments" (PITF No. 19 issued on March 31, 2020).
(*2) For the fiscal year 2021, impairment losses of unlisted stocks amounted to ¥202 million.
(*3) The fair values of investments in partnerships are not disclosed pursuant to Paragraph 27 of the "Guidelines for the Application of the Accounting Standard to Fair Value Calculation" (PITF No. 31 issued on July 4, 2019).

3. Breakdown of the fair value of financial instruments by each level

The fair value of financial instruments are categorized into the following 3 levels, based on the observability and significance of the inputs used for the fair value calculation.
Level 1 fair value: Fair values calculated using, among the observable inputs concerning the calculation of fair value, the quoted prices in active markets for the assets or liabilities subject to fair value calculation.
Level 2 fair value: Fair values calculated using, among the observable inputs concerning the calculation of fair value, the inputs for fair value calculation other than Level 1 inputs.
Level 3 fair value: Fair values calculated using the unobservable inputs concerning the calculation of fair values.

If multiple inputs that have significant impact on the fair value calculation are used, the fair value is categorized under the level of the lowest priority in fair value calculation among the levels which each such input belongs to.

(1) Financial instruments provided in fair values in the consolidated balance sheet (March 31, 2022)

Millions of yen

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	—	53	53
Trading assets				
Trading securities				
Japanese government bonds	2,398	—	—	2,398
Japanese local government bonds	—	6,463	—	6,463
Others	—	183,165	—	183,165
Securities				
Available-for-sale securities				
Japanese stocks	893,626	—	—	893,626
Japanese government bonds	1,112,857	—	—	1,112,857
Japanese local government bonds	—	676,119	—	676,119
Japanese corporate bonds	—	445,180	672,980	1,118,160
Others	63,678	480,033	7	543,719
Total assets	2,072,561	1,790,962	673,041	4,536,565
Derivative transactions				
Interest-rate related	(8)	33,920	—	33,911
Currency-related	—	5,734	—	5,734
Stock-related	—	—	—	—
Bond-related	(6)	3	—	(2)
Total derivative transactions	(15)	39,658	—	39,643

(*) Investment trusts and others subject to the application of the transitional measures provided in Paragraph 26 of the "Guidelines for the Application of the Accounting Standard to Fair Value Calculation" (PITF No. 31 issued on July 4, 2019) are not included in the above table. The amount of such investment trusts, etc. in the consolidated balance sheet amounts to ¥344,769 million.

(2) Financial instruments other than those provided in fair values in the consolidated balance sheet (March 31, 2022)

Millions of yen

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	—	413,349	413,349
Securities				
Held-to-maturity debt securities				
Japanese government bonds	1,829,761	—	—	1,829,761
Japanese local government bonds	—	849,988	—	849,988
Japanese corporate bonds	—	199,058	14,082	213,140
Others	—	11,573	—	11,573
Loans	—	—	39,452,251	39,452,251
Total assets	1,829,761	1,060,620	39,879,683	42,770,064
Deposits	—	60,922,073	—	60,922,073

Negotiable certificates of deposits	—	975,641	—	975,641
Borrowed money	—	9,131,936	—	9,131,936
Bonds	—	203,945	—	203,945
Total liabilities	—	71,233,596	—	71,233,596

(Note 1) Valuation method used for the fair value calculation and inputs concerning the fair value calculation

Assets

Monetary claims bought

For certificates of beneficial interest in loan claims trusts, the prices presented by external vendors (brokers) as well as the prices calculated by applying similar calculation method for the fair value of loans are used as the fair values, which are categorized under Level 3 fair value. For monetary claims bought that do not fall under the above category, the book values are used as their fair values, since these monetary claims are short-term and the fair values approximate the book values. These are categorized under Level 3 fair value.

Trading assets

Trading assets for which unadjusted quoted prices in an active market can be used are categorized under Level 1 fair value. Japanese government bonds are the main components of this category.
Trading assets for which publicly announced quoted prices are used but the market is not active are categorized under Level 2 fair value. Japanese local government bonds and short-term corporate bonds are the main components of this category.

Securities

Securities for which unadjusted quoted prices in an active market can be used are categorized under Level 1 fair value. Listed stocks and Japanese government bonds are the main components of this category. Securities for which publicly announced quoted prices are used but the market is not active are categorized under Level 2 fair value. Japanese local government bonds and corporate bonds are the main components of this category.
For privately placed bonds and others, the fair value is principally calculated by discounting the total of principal and interest by a discount rate reflecting risk factors such as credit risks for respective category and preservation rate based on the internal rating. They are categorized under Level 3 fair value since discount rates are not observable.
The notes related to the securities based on the purpose of holding are provided under the section (Securities).

Loans

For loans, the fair values are calculated by discounting the total of principal and interest by a discount rate, which is a market rate adjusted to reflect credit risks and others, for each category based on the type, internal rating and period of the loan. For floating rate loans, the book values are used as their fair values, since they reflect market rates in a short period and the fair values and book values are approximate so long as the credit status of the borrower has not significantly changed after the making of the loan. For the claims against bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors, the fair values are calculated using the discounted present value of the estimated future cash flows or the discounted present value calculated using the estimated recovery amount on collaterals and guarantees. These are categorized under Level 3 fair value.

Liabilities

Deposits and negotiable certificates of deposits

For demand deposits, the amounts of payment if demanded on the consolidated balance sheet date (book value) are considered as the fair value. For the fair values of time deposits and negotiable certificates of deposits, the present values are calculated by categorizing such deposits into certain periods and discounting the future cash flows where market rates are used as the discount rate therefor. For those with short remaining term (less than one year), the book values are principally used as the fair values, since the fair values approximate the book values. These are categorized under Level 2 fair value.

Borrowed money

For the borrowed money under floating rates, as the interest rates for such borrowed money reflects market rates in a short period and the credit status of the Company and the consolidated subsidiaries has not significantly changed from the dates of the borrowing, the fair values are believed to approximate the book values. Therefore, the book values are used as the fair values. For borrowed money with fixed interest rate, the present values are calculated by discounting the total of the principal and interest of the borrowed money concerned by a market rate adjusted to reflect the premium applicable to the Company or the consolidated subsidiary. For such borrowed money with short loan period, the book values are used as the fair values since the fair values approximate the book values. These are categorized under Level 2 fair value.

Corporate bonds

Market prices are used as the fair values of the corporate bonds issued by the Company and the consolidated subsidiaries of the Company. These are categorized under Level 2 fair value.

Derivative transactions

Derivative transactions for which unadjusted quoted prices in active markets can be used are categorized under Level 1 fair value. The main components of this category are bond futures and interest rate futures.
However, since most of the derivative transactions are over-the-counter transactions and publicly announced

quoted prices are not available, the fair values for them are calculated using valuation methods such as the present value method and the Black-Scholes model depending on the type of transaction and the period until maturity. The main inputs used in these valuation methods include interest rates, exchange rates and volatilities. Adjustments are made according to the credit risk of the counterparty and the credit risk of the Company itself. These transactions are categorized under Level 2 fair value if unobservable inputs are not used or the impact of such unobservable inputs are insignificant. The main components of this category include plain vanilla interest rate swap transactions and forward exchange transactions.

(Note 2) Information on Level 3 fair values of the financial instruments provided in the consolidated balance sheet in fair values

(1) Quantitative information on the significant unobservable inputs (March 31, 2022)

Category	Valuation method	Significant unobservable input	Range of input	Weighted average of input
Securities				
Corporate bonds				
Privately placed bonds	Present value	Discount rate	0.1% to 25.9%	0.6%
Others	Present value	Discount rate	2.3% to 8.9%	4.8%

(2) Adjustments of the balance from the beginning to the end of the fiscal year and the valuation profit (or loss) recognized in the profit (or loss) of this fiscal year (March 31, 2022)

Millions of yen

	Balance as of the beginning of the year	Profit / loss or other comprehensive income of the year		Net amount of purchase, sale, issue and settlement	Entry into Level 3 fair value	Entry from Level 3 fair value	Balance as of the end of the year	Valuation profit / loss of financial assets and liabilities held on the consolidated balance sheet date among profit / loss of the year
		Reported in profit / loss (*)	Reported in other compre-hensive income					
Monetary claims bought	128	—	(2)	(73)	—	—	53	—
Securities								
Other securities								
Corporate bond	643,535	(194)	(4,698)	34,336	—	—	672,980	—
Other	6	—	1	—	—	—	7	—

(*) Included in "other operating income" and "other operating expenses" of the consolidated statement of income.

(3) Fair value evaluation process
The Group establishes the policy and procedures for fair value calculation at the middle office, and each trading section conducts fair value calculation according to them. The calculated fair values are subject to the verification of the reasonableness of the valuation method and the inputs used in the fair value calculation and the appropriateness of the categorization of fair value level by an independent evaluation section. A valuation model that most appropriately reflects the characteristics, nature and risks of each asset is used in fair value calculation. In case of using quoted prices obtained from a third party, the reasonableness of the price is verified by using appropriate methods such as verification of the valuation method and inputs used and comparing with the fair value of similar financial instruments.

(4) Impact on fair values by changes in significant unobservable inputs
The significant unobservable inputs used in the fair value calculation for privately placed bonds and others are discount rates. A discount rate is a coefficient for converting future cash flows into the present value, and mainly consists of risk premium, which is the amount of return required by market participants to compensate for uncertainty of the cash flows of a financial instrument due mainly to credit risks. Generally speaking, when a discount rate goes up, the present value goes down.

(Securities)
For the fiscal year 2021

“Securities” in the consolidated balance sheet, negotiable certificates of deposit in “Cash and due from banks”, trust beneficiary certificate in “Monetary claims bought”, and trading securities and short-term bonds in “Trading assets” were included in the following tables.

1. Trading securities (As of March 31, 2022)

(Millions of yen)

	Net unrealized gains (losses) recorded in the consolidated statement of income during the fiscal year
Trading securities	(¥85)

2. Held-to-maturity debt securities (As of March 31, 2022)

(Millions of yen)

	Type	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
Fair value exceeding amount on consolidated balance sheet	Japanese government bonds	¥ 455,842	¥ 462,081	¥ 6,239
	Japanese local government bonds	335,507	338,030	2,522
	Japanese corporate bonds	43,576	43,987	411
	Total	834,926	844,099	9,173
Fair value below amount on consolidated balance sheet	Japanese government bonds	1,400,302	1,367,679	(32,623)
	Japanese local government bonds	515,700	511,958	(3,741)
	Japanese corporate bonds	171,626	169,152	(2,473)
	Other	12,241	11,573	(667)
	Total	2,099,870	2,060,364	(39,506)
Grand Total		¥ 2,934,797	¥ 2,904,464	(¥ 30,333)

3. Available-for-sale securities (As of March 31, 2022)

(Millions of yen)

	Type	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
Amount on consolidated balance sheet exceeding acquisition or amortized cost	Japanese stocks	¥861,276	¥273,277	¥587,998
	Bonds	551,542	550,146	1,396
	Japanese government bonds	99,648	99,562	85
	Japanese local government bonds	44,868	44,832	35
	Japanese corporate bonds	407,026	405,751	1,275
	Other	114,469	103,044	11,425
	Total	1,527,288	926,468	600,820
Amount on consolidated balance sheet below acquisition or amortized cost	Japanese stocks	32,349	42,401	(10,051)
	Bonds	2,355,595	2,390,161	(34,565)
	Japanese government bonds	1,013,209	1,037,783	(24,573)
	Japanese local government bonds	631,251	635,589	(4,338)
	Japanese corporate bonds	711,134	716,788	(5,654)
	Other	774,073	816,377	(42,304)
	Total	3,162,018	3,248,940	(86,921)
Grand Total		¥4,689,307	¥4,175,408	¥513,898

4. Held-to-maturity debt securities sold during the fiscal year (from April 1, 2021 to March 31, 2022)

None

5. Available-for-sale securities sold during the fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

Type		Proceeds from sales	Gains on sales	Losses on sales
Japanese stocks		¥ 65,998	¥ 46,395	¥ 36
Bonds		3,657,635	3,958	6,096
	Japanese government bonds	3,584,220	3,749	6,043
	Japanese local government bonds	20,785	27	52
	Japanese corporate bonds	52,630	181	0
Other		1,760,998	12,389	59,066
Total		¥ 5,484,632	¥ 62,743	¥ 65,199

6. Impairment of securities

Securities except trading securities (excluding stocks that do not carry quoted market prices and investments in partnerships), of which market values substantially declined in comparison with acquisition cost and the market value rarely recovers to the acquisition cost, are recorded at the market value on the consolidated balance sheet and the valuation difference is recognized as an impairment loss.

For the fiscal year 2021, an impairment loss amounted to ¥482 million.

To assess whether or not a decline in fair values is substantial, the Group considers not only the severity and duration of the decline in value but also the classification of the security issuer which is used in the self-assessment of asset quality as follows:

(i) For issuers who are classified as bankrupt obligors, effectively bankrupt obligors, and borrowers with a high probability of becoming insolvent:
where the fair value is lower than the amortized cost or acquisition cost.
(ii) For issuers who are classified as borrowers under close watch:
where the fair value declined by 30% or more compared to the amortized cost or acquisition cost.
(iii) Other: where the fair value declined by 50% or more compared to the amortized cost or acquisition cost.

Revenue recognition
Information on the breakdown of the revenue generated from contracts with customers

(*Millions in yen*)

Category	Consolidated fiscal year ended on March 31, 2022
Ordinary income	844,700
Trust fees	20,834
Fees and commissions income	257,749
Deposit & loan business	75,082
Foreign exchange business	38,753
Trust-related business	35,139
Securities-related business	32,208
Agency business	11,208
Custody & rental safety deposit box business	3,093
Guarantee business	12,229

(Note) Revenues pursuant to the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) are included in the above table. The breakdown of the fees and commissions income is provided for major businesses.

(Per Share Information)

1. Net assets per share of common stock 1,025.01 yen
2. Net income attributable to owners of parent per share 45.42 yen
3. Diluted net income per share of common stock 45.41 yen

(Stock Options)

Terms and size of stock opinions and changes thereto
The Company's stock option came by giving the equal number of the stock subscription rights of the Company to the holders of each series of the stock subscription rights of Kansai Mirai Financial Group, Inc. in exchange for such stock subscription rights as part of the summary share exchange between the Company and Kansai Mirai Financial Group, Inc. that took effect on April 1, 2021. Such stock subscription rights were given by Kansai Mirai Financial Group, Inc. in exchange for the stock option granted by The Minato Bank, Ltd. on April 1, 2018.

(1) Terms of stock options

	Resona Holdings, Inc. Series 1 Stock Subscription Right
Types and number of grantees	4 Directors of The Minato Bank, Ltd. 6 Executive Officers of The Minato Bank, Ltd.
Number of stock options per class of shares	70,224 ordinary shares
Date of grant	April 1, 2021
Conditions for vesting	There is no provision for conditions for vesting
Relevant service period	There is no provision for relevant service period
Exercise period	From April 1, 2021 to July 20, 2042

	Resona Holdings, Inc.

	Series 2 Stock Subscription Right
Types and number of grantees	5 Directors of The Minato Bank, Ltd. (including one Outside Director) 9 Executive Officers of The Minato Bank, Ltd.
Number of stock options per class of shares	77,280 ordinary shares
Date of grant	April 1, 2021
Conditions for vesting	When the grantee loses the position as Director or Executive Officer of The Minato Bank, Ltd.
Relevant service period	From June 27, 2013 to the close of ordinary general meeting of shareholders of The Minato Bank, Ltd. for the fiscal year 2013
Exercise period	From April 1, 2021 to July 19, 2043

	Resona Holdings, Inc. Series 3 Stock Subscription Right
Types and number of grantees	5 Directors of The Minato Bank, Ltd. (including one Outside Director) 15 Executive Officers of The Minato Bank, Ltd.
Number of stock options per class of shares	80,976 ordinary shares
Date of grant	April 1, 2021
Conditions for vesting	When the grantee loses the position as Director or Executive Officer of The Minato Bank, Ltd.
Relevant service period	From June 27, 2014 to the close of ordinary general meeting of shareholders of The Minato Bank, Ltd. for the fiscal year 2014
Exercise period	From April 1, 2021 to July 18, 2044

	Resona Holdings, Inc. Series 4 Stock Subscription Right
Types and number of grantees	7 Directors of The Minato Bank, Ltd. (including two Outside Directors) 16 Executive Officers of The Minato Bank, Ltd.
Number of stock options per class of shares	63,168 ordinary shares
Date of grant	April 1, 2021
Conditions for vesting	When the grantee loses the position as Director or Executive Officer of The Minato Bank, Ltd.
Relevant service period	From June 26, 2015 to the close of ordinary general meeting of shareholders of The Minato Bank, Ltd. for the fiscal year 2015
Exercise period	From April 1, 2021 to July 17, 2045

	Resona Holdings, Inc. Series 5 Stock Subscription Right
Types and number of grantees	7 Directors of The Minato Bank, Ltd. (including two Outside Directors) 15 Executive Officers of The Minato Bank, Ltd.
Number of stock options per class of shares	116,928 ordinary shares
Date of grant	April 1, 2021
Conditions for vesting	When the grantee loses the position as Director or Executive Officer of The Minato Bank, Ltd.
Relevant service period	From June 29, 2016 to the close of ordinary general meeting of shareholders of The Minato Bank, Ltd. for the fiscal year 2016
Exercise period	From April 1, 2021 to July 21, 2046

	Resona Holdings, Inc. Series 6 Stock Subscription Right
Types and number of grantees	8 Directors of The Minato Bank, Ltd. (including two Outside Directors) 18 Executive Officers of The Minato Bank, Ltd.
Number of stock options per class of shares	99,456 ordinary shares
Date of grant	April 1, 2021
Conditions for vesting	When the grantee loses the position as Director or Executive Officer of The Minato Bank, Ltd.
Relevant service period	From June 29, 2017 to the close of ordinary general meeting of shareholders of The Minato Bank, Ltd. for the fiscal year 2017
Exercise period	From April 1, 2021 to July 21, 2047

(2) Size of stock options and changes thereto

The descriptions below are for the stock options existing as of the fiscal year ended March 31, 2022 and the number of stock options are described as converted into shares.

(i) Number of stock options

	Series 1 Stock Subscription Right	Series 2 Stock Subscription Right	Series 3 Stock Subscription Right	Series 4 Stock Subscription Right	Series 5 Stock Subscription Right	Series 6 Stock Subscription Right
Before vesting						
At the end of the previous fiscal year	—	—	—	—	—	—
Grant	70,224	77,280	80,976	63,168	116,928	99,456
Expiration	—	—	—	—	—	—
Vested	70,224	77,280	76,944	50,064	88,704	68,880
Balance not vested	—	—	4,032	13,104	28,224	30,576
After vesting						
At the end of the previous fiscal year	—	—	—	—	—	—
Vested	70,224	77,280	76,944	50,064	88,704	68,880
Exercise of right	26,208	24,192	20,832	7,392	10,416	16,800
Expiration	—	—	—	—	—	—
Balance not exercised	44,016	53,088	56,112	42,672	78,288	52,080

(ii) Unit price information

	Series 1 Stock Subscription Right	Series 2 Stock Subscription Right	Series 3 Stock Subscription Right	Series 4 Stock Subscription Right	Series 5 Stock Subscription Right	Series 6 Stock Subscription Right
Exercise price (Yen)	1	1	1	1	1	1
Average stock price at the time of exercise (Yen)	456	461	461	447	475	455
Fair value per share on the date of grant (Yen)	392	494	538	919	455	592

(Business Combination)

Transaction between companies under common control

Share exchange to make Kansai Mirai Financial Group, Inc. as the Company's wholly-owned subsidiary

The Company and Kansai Mirai Financial Group, Inc. (hereinafter, "Kansai Mirai Financial Group") resolved at their respective board of directors meetings held on November 10, 2020 to effect a share exchange transaction under which the Company would be the wholly-owning parent company and Kansai Mirai Financial Group would be the wholly-owned subsidiary, and executed the share exchange agreement between them on the same day. This share exchange was carried out on April 1, 2021, as its effective date, by the Company through a simplified share exchange without requiring approval of its shareholders' meeting pursuant to Article 796, paragraph 2 of the Companies Act and by Kansai Mirai Financial Group after obtaining the approval of its extraordinary shareholders' meeting held on February 19, 2021.
As a result of this share exchange, Kansai Mirai Financial Group has become a wholly-owned subsidiary of the Company.

(1) Outline of transaction

(i) Party to business combination and description of its business

Name of party to business combination: Kansai Mirai Financial Group, Inc. (the Company's consolidated subsidiary)

Description of business: Bank holding company

(ii) Date of business combination

April 1, 2021

(iii) Legal structure of business combination

Share exchange under which the Company becomes the wholly-owing parent company and Kansai Mirai Financial Group becomes the wholly-owned subsidiary

(iv) Name of company after business combination

There is no change.

(v) Other matters relating to the outline of transaction

The Company effected this share exchange for the purpose of achieving further enhancement of the entire Resona Group's commitment to the Kansai region and improvement in management capabilities to support customers and the local economy by the Resona Group having a sense of unity, through making Kansai Mirai Financial Group as the Company's wholly-owned subsidiary. It would also promote measures to realize group synergies, such as re-building the business base, optimizing the Kansai channel network, and accelerating the downsizing of the headquarters' functions in the entire Resona Group.

(2) Outline of accounting treatment

Pursuant to the “Accounting Standard for Business Combinations” (ASBJ Accounting Standard No. 21 issued on January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Implementation Guidance No. 10 issued on January 16, 2019), accounted as a transaction between companies under common control.

(3) Acquisition cost of company acquired and consideration by type

Consideration for acquisition	Common stock	¥97,371 million
	Share subscription right	¥279 million
Acquisition cost		¥97,650 million

(4) Share exchange ratio per type of shares, method of determination and number of shares delivered

(i) Share exchange ratio per type of shares

1.42 share of common stock of the Company per each one share of common stock of Kansai Mirai Financial Group

(ii) Method of determination of share exchange ratio

The Company and Kansai Mirai Financial Group, in determining the share exchange ratio, each appointed an independent evaluation agency to calculate and analyze the share exchange ratio to ensure fairness, had sincere negotiations and examination and concluded that the share exchange ratio is appropriate and meets the interests of shareholders of the Company.

(iii) Number of shares delivered

209,220,364 shares

(4) Matters relating to changes to shareholders equity resulting from transaction with non-controlling shareholders

(i) Principle reason for change to capital surplus

Additional acquisition of shares of subsidiary company

(ii) Amount of capital surplus increased by transaction with non-controlling shareholders

¥184,556 million

2. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

(Millions of yen)

		March 31, 2022
Assets		
Current assets		58,342
Cash and due from banks		39,242
Prepaid expenses		343
Temporary payment		472
Accrued income		0
Other receivable		18,283
Non-current assets		1,237,572
Tangible fixed assets		4
Tools, furniture and fixtures, net		4
Intangible fixed assets		26
Software		26
Investments and other assets		1,237,541
Securities		729
Investments in subsidiaries and affiliates		1,213,346
Long-term loans to subsidiaries and affiliates		24,500
Deferred tax assets		213
Other		0
Reserve for possible losses on investments		(1,247)
Total Assets	¥	1,295,914
Liabilities		
Current liabilities		67,939
Bonds redeemable within one year		60,000
Other payable		292
Accrued expenses		113
Income taxes payable		6,204
Consumption taxes payable		57
Reserve for employees’ bonuses		777
Reserve for officers' bonuses		75
Other		420
Non-current liabilities		177,578
Bonds		105,000
Long-term debts to subsidiaries and affiliates		72,447
Reserve for share compensation for officers		130
Total Liabilities		245,518
Net Assets		
Stockholder’s equity		1,050,111
Capital stock		50,552
Capital surplus		147,923
Capital reserve		147,923
Retained earnings		860,878
Other retained earnings		860,878
Retained earnings carried forward		860,878
Treasury stock		(9,244)
Valuation, translation adjustments		60
Other securities translation adjustments		60
Stock subscription rights		224
Total Net Assets		1,050,396
Total Liabilities and Net Assets	¥	1,295,914

(2) Non-Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022
Operating income	60,028
Dividends from subsidiaries and affiliates	55,261
Fees from subsidiaries and affiliates	4,482
Interest on loans to subsidiaries and affiliates	285
Operating expenses	7,376
Interest on debts	135
Interest on bonds	307
General and administrative expenses	6,933
Operating profits	52,652
Non-operating income	458
Interest income on securities	0
Fees and commissions	78
Reversal of reserve for possible losses on investments	300
Gain on forfeiture of unclaimed dividends	56
Other	21
Non-operating expenses	689
Loss on liabilities for guarantee	488
Other	200
Ordinary profits	52,421
Income before income taxes	52,421
Income taxes – current	(501)
Income taxes – deferred	(40)
Total income taxes	(542)
Net income	¥ 52,963

(3) Non-Consolidated Statement of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Stockholders' equity			
		Capital surplus		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus
Balance at the beginning of the fiscal year	¥ 50,552	¥ 50,552	–	¥ 50,552
Changes during the fiscal year				
Issue of new shares		97,371		97,371
Dividends paid				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			7	7
Cancellation of treasury stock			(50,955)	(50,955)
Transfer from retained earnings to capital surplus			50,948	50,948
Total changes in items other than stockholder's equity during the fiscal year				
Total changes during the fiscal year	–	97,371	–	97,371
Balance at the end of the fiscal year	¥ 50,552	¥ 147,923	–	¥ 147,923

	Stockholders' equity			Valuation, translation adjustments
	Retained earnings			
	Other retained earnings			
	Retained earnings carried forward	Treasury stock	Total stockholders' equity	Valuation, adjustments: other securities
Balance at the beginning of the fiscal year	¥ 908,474	¥ (2,478)	¥ 1,007,101	–
Changes during the fiscal year				
Issue of new shares			97,371	
Dividends paid	(49,611)		(49,611)	
Net income	52,963		52,963	
Purchase of treasury stock		(58,516)	(58,516)	
Disposal of treasury stock		796	803	
Cancellation of treasury stock		50,955	–	
Transfer from retained earnings to capital surplus	(50,948)		–	
Total changes in items other than stockholder's equity during the fiscal year				60
Total changes during the fiscal year	(47,595)	(6,765)	43,010	60
Balance at the end of the fiscal year	¥ 860,878	¥ (9,244)	¥ 1,050,111	60

	Valuation, translation adjustments	Stock subscription rights	Total net assets
	Total valuation, translation adjustments		
Balance at the beginning of the fiscal year	—	—	¥ 1,007,101
Changes during the fiscal year			
Issue of new shares			97,371
Dividends paid			(49,611)
Net income			52,963
Purchase of treasury stock			(58,516)
Disposal of treasury stock			803
Cancellation of treasury stock			—
Transfer from retained earnings to capital surplus			—
Total changes in items other than stockholder's equity during the fiscal year	60	224	285
Total changes during the fiscal year	60	224	43,295
Balance at the end of the fiscal year	60	224	¥ 1,050,396

(4) Notes to Non-Consolidated Financial Statements

(Significant Accounting Policies)

1. Securities

(1) Held-to-maturity debt securities are stated at amortized cost determined by the moving average method.

(2) Investments in subsidiaries are stated at cost determined by the moving-average method.

(3) Available-for-sale securities are stated at their respective fair values (the cost of these securities sold is principally determined by the moving average method). Net unrealized gains or losses on available-for-sale securities are included as a component of net assets.

2. Depreciation for fixed assets

(1) Tangible fixed assets (except for leased assets)

Depreciation of tangible fixed assets is computed by the declining-balance method. The estimated useful lives of major tangible fixed assets are as follows:

• Tools, furniture and fixtures: 2 ~ 20 years

(2) Intangible fixed assets (except for leased assets)

• Software: Amortization of software for internal use is computed by the straight-line method over the estimated useful lives (mainly 5 years) determined by the Company.

3. Deferred charges

Bond issuance costs and share delivery costs are charged to expense as paid.

4. Basis for reserves

(1) Reserve for possible losses on investments

Reserve for possible losses on investments is provided for possible losses on investments in subsidiaries based on assessment of the subsidiaries' financial condition and other factors.

(2) Reserve for employees' bonuses

The reserve for employees' bonuses is provided for the payment of performance incentive bonuses to be paid to employees at an estimated amount accrued as of the balance sheet date.

(3) Reserve for officers' bonuses

The reserve for officers' bonuses is provided for the payment of annual incentives to be paid to officers at an estimated amount accrued as of the balance sheet date.

(4) Reserve for share compensation for officers

The reserve for share compensation for officers is provided for the payment of compensation under share compensation scheme for officers of the Company at an estimated amount of compensation for officers that are deemed to have accrued as of the balance sheet date.

5. Revenue recognition

The Company applies the "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29 issued on March 31, 2020) and others, and recognizes revenue at the amount expected to be received in exchange for the promised goods or services at the time when the control of such goods or services is transferred to customers.

6. Consolidated corporate-tax system

The Company adopts consolidated corporate-tax system with the Company being a parent company under the system.

7. Share benefit trust for officers

The Company has introduced the performance share unit plan using a share benefit trust scheme for officers with executive power of the Company and Resona Bank, Ltd. and Saitama Resona Bank, Ltd., consolidated subsidiaries of the Company. It is accounted in line with the “Practical Treatments of Transactions for Delivery of Own Shares to Employees, etc. through Trust” (Practical Issues Task Force No. 30 of March 26, 2015).

(Changes to Accounting Policy)

Application of the accounting standards for the revenue recognition
The Company has decided to apply the "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter the "Revenue Recognition Accounting Standards") and others from the beginning of this fiscal year and recognize revenue at the amount expected to be received in exchange for the promised goods or services at the time when the control of such goods or services is transferred to customers.
The impact of this change is minor.

Application of the accounting standards for fair value measurement
The Company has decided to apply the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard") and others and apply the new accounting policy provided by the Fair Measurement Accounting Standard and others in the future in accordance with the transitional treatments of Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on July 4, 2019).

(Additional Information)

ESOP-type Stock Benefit Trust for the Employee Shareholding Association

With the purpose of giving an incentive to enhance corporate value on a medium-to-long term basis, the Company effects transactions to deliver the Company's own shares to the Employee Shareholding Association through a trust (ESOP-type Stock Benefit Trust for the Employee Shareholding Association). The ESOP-type Stock Benefit Trust for the Employee Shareholding Association introduced in May 2017 ended in September 2021 and a new ESOP-tyle Stock Benefit Trust for the Employee Shareholding Association was established in February 2022.

(1) Outline of transactions

The Company sets up a trust whose beneficiaries are the employees who belong to the Employee Shareholding Association of Resona Holdings and the Employee Shareholding Association of Kansai Mirai Financial Group (hereinafter, collectively called "the Group's Shareholding Associations") and fulfill certain conditions. The trust acquires the number of shares of the Company that the Group's Shareholding Associations are expected to acquire during the trust period, within the purchase period determined in advance. Subsequently, the trust sells the shares of the Company to the Group's Shareholding Associations at a certain date of every month. If as of the end of the trust period, a trust profit is recognized as a result of a rise in the stock price and other factors, the profit is distributed in cash to the employees and others who are beneficiaries of the trust in proportion to the number of shares purchased during the period and other factors. If a transfer loss arises due to a decline in the stock price and a liability on the trust assets remains, the Company is responsible for fully settling the liability based on the indemnity clause stipulated in the non-recourse loan agreement.

(2) Company's own shares remaining in the trust

The Company's own shares remaining in the trust are accounted as treasury stock in the net assets at their book value in the trust (excluding associated expenses). The book value and number of shares of such treasury stock are ¥7,440 million and 13,696 thousand shares, respectively.

(3) Book value of borrowings accounted for under total amount method

7,447 million yen

Share Benefit Trust for Officers

The Company has adopted the performance share unit plan described in "Significant Accounting Policies; 7. Share benefit trust for officers."

(1) Outline of transactions

The Company sets up a trust whose beneficiaries are the officers with executive power of the Company and Resona Bank, Ltd. and Saitama Resona Bank, Ltd., consolidated subsidiaries of the Company, and fulfill certain conditions set forth in the rules for grant of shares. The trust acquires a certain number of shares of the Company, within the purchase period determined in advance. The Company's Group Officers are given points according to their positions and achievements during the trust period, pursuant to the rules for grant of shares. The Company's Group Officers who meet the conditions for beneficiaries set forth in the rules for grant of shares will receive delivery of shares of the Company, etc. corresponding the number of the points given, after the results of the final fiscal year of the medium-term management plan are fixed. No voting rights in respect of shares of the Company under this trust will be exercised during the trust period, in order to ensure neutrality to the management.

(2) Company's own shares remaining in the trust

The Company's own shares remaining in the trust are accounted as treasury stock in the net assets at their book value in the trust (excluding associated expenses). The book value and number of shares of such treasury stock are ¥1,403 million and 3,789 thousand shares, respectively.

Application of Tax Effect Accounting Relating to Transition from Consolidated Taxation System to Group Tax Sharing System

The Company will be making a transition from the consolidated taxation system to the group tax sharing system from the next fiscal year. With regards to the transition to the group tax sharing system established under the "Act Partially Amending the Income Tax Act, Etc." (Act No. 8 of 2020) and the items with respect to which the non-consolidated taxation system has been revised in connection with the transition to the group tax sharing system, the Company has not applied paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28 issued on February 16, 2018) in accordance with paragraph 3 of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39 issued on March 31, 2020), and the amounts of the deferred tax assets and liabilities are based upon the provisions of the tax law before the amendment.
From the beginning of the next fiscal year, the Company plans to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42 issued on August 12, 2021), which sets forth the accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting under the group tax sharing system.

(Notes to Non-Consolidated Balance Sheet)
March 31, 2022

1. Amounts of less than one million Japanese yen are rounded down.

2. Accumulated depreciation of tangible fixed assets: ￥40 million

3. Monetary claims and monetary debts to subsidiaries and affiliates

Short-term monetary claims to subsidiaries and affiliates:	￥ 57.115 million
Long-term monetary claims to subsidiaries and affiliates:	24,500 million
Short-term monetary debts to subsidiaries and affiliates:	45 million
Long-term monetary debts to subsidiaries and affiliates:	72,447 million

4. Long-term loans to subsidiaries and affiliates are subordinated loans with a covenant that performance of the obligation is subordinated to that of other obligations.

(Notes to Non-Consolidated Statement of Income)
For the fiscal year 2021

1. Amounts of less than one million Japanese yen are rounded down.

2. Transactions with subsidiaries and affiliates

Operating income	￥ 60,028 million
Operating expenses	531 million
Non-operating transactions	28 million

(Notes to Non-Consolidated Statement of Changes in Net Assets)
For the fiscal year 2021

1. Amounts of less than one million Japanese yen are rounded down.

2. The changes in the number and class of treasury stock are as follows:

(Shares in thousand)

	Number of shares at the beginning of the fiscal year	During the fiscal year 2021		Number of shares at the end of the fiscal year	Remarks
		Number of shares increased	Number of shares decreased		
Treasury stock					
Common stock	5,837	125,078	112,523	18,392	(Note)

Note: The increase in the number of treasury stock represents acquisition of 88,000 thousand shares resulting from the acquisition of treasury stock resolved at the board of directors meeting on May 11, 2021, acquisition of 23,062 thousand shares resulting from the acquisition of treasury stock resolved at the board of directors meeting on November 9, 2021, acquisition of 6,000 shares of treasury stock resulting from disposition of fractional shares due to the share exchange pursuant to the provisions of Article 234, Paragraphs 4 and 5 of the Companies Act, acquisition of 13,993 thousand shares by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association of the Company and acquisition of 16 thousand shares of the shares less than one unit.
The decrease in the number of treasury stock represents cancellation of 111,069 thousand shares pursuant to Article 178 of the Companies Act, disposal of 1 thousand shares of the shares less than one unit and sale of 1,347 thousand shares held by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association of the Company to the Employee Shareholding Association as well as the exercise of stock subscription rights (stock options) for 105 thousand shares.
The number of shares at the beginning of the fiscal year includes 1,050 thousand shares owned by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association and 3,789 thousand shares owned by the share benefit trust for officers. The number of shares at the end of the fiscal year include 13,696 thousand shares owned by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association and 3,789 thousand shares owned by the share benefit trust for officers.

(Notes to Deferred Tax Accounting)
March 31, 2022

Breakdown of deferred tax assets and liabilities with respect to each significant cause

Deferred tax assets:		
Write-downs of equity investments to subsidiaries and affiliates	¥	518,072 million
Tax loss carryforwards (Note)		18,958 million
Reserve for possible losses on investments		381 million
Other		297 million
Gross deferred tax assets		537,710 million
Valuation allowance for tax loss carryforwards (Note)		(18,958 million)
Valuation allowance for deductive temporary difference		(518,511 million)
Gross valuation allowance		(537,470 million)
Total deferred tax assets		240 million
Total deferred tax liabilities		(26 million)
Net deferred tax assets		213 million

Note: Amounts of tax loss carryforward and deferred tax assets therefrom by remaining term (millions of yen)

	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	Over 5 years	Total
Tax loss carryforward (Note)	185	79	70	64	13,933	4,624	18,958
Valuation allowance	(185)	(79)	(70)	(64)	(13,933)	(4,624)	(18,958)
Deferred tax assets	—	—	—	—	—	—	—

Note: Tax loss carryforward is calculated by multiplying statutory effective tax rate.

(Notes to Related Party Transactions)

For the fiscal year 2021

Subsidiaries

Type	Name	Voting Rights Holding or Held (%)	Relation with the Party	Transactions	Transaction Amount (Millions of yen)	Account	Balance as of March 31, 2022 (Millions of yen)
Subsidiary	Resona Bank, Ltd.	(Holding) Directly 100.00%	Business management, Deposit transactions, Monetary loans, Interlocking directors	Deposit of current account	45,347	Cash and due from banks	38,697
				Deposit of negotiable certificates of deposit	2,013	Securities	–
				Interest income on securities	0	Accrued income	–
				Borrowing of funds	72,602	Long-term debts to subsidiaries and affiliates	72,447
				Interest expense on debts	135	Accrued expenses	42
Subsidiary	Saitama Resona Bank, Ltd.	(Holding) Directly 100.00%	Business management, Deposit transactions, Monetary loans, Interlocking directors	Lending of funds	–	Long-term loans to subsidiaries and affiliates	24,500
				Interest income on loans	285	Accrued income	0

Notes: (1) Transaction amounts for deposit of current account and deposit of negotiable certificates of deposit represent average balance during the fiscal year.
(2) Negotiable certificate of deposit is mainly one-month period transaction and the interest rate is determined rationally based on actual market rate for the transaction period.
(3) Debts are non-collateralized with a lump-sum repayment at maturity and the interest rate was determined rationally based on actual market rate.
(4) Loans are subordinated loans and the interest rate was determined rationally based on actual market rate.

(Notes to Per Share Information)

1. Net assets per share of common stock 440.76 yen
2. Net income per share 21.87 yen
3. Diluted net income per share 21.87 yen

(Business Combination)

As set out in the "Business Combination" in the Notes to Consolidated Financial Statements.