Resona Group

Integrated Report 2018



Resona Holdings

Becoming the **“Retail No.1”** Financial Services Group



Resona Group Communication Character **“Resonya”**

Corporate Mission

The Resona Group aims at becoming a true “financial services group full of creativity.” Towards this goal, the Resona Group will:
1) live up to customers’ expectations,
2) renovate its organization,
3) implement transparent management, and
4) develop further with regional societies.

Resona Way (Resona Group Corporate Promises)

Customers and “Resona”
Resona cherishes relationships with customers.

Shareholders and “Resona”
Resona cherishes relationships with shareholders.

Society and “Resona”
Resona places importance on its ties with society.

Employees and “Resona”
Resona highly regards employees’ dignity and personality.

Resona Brand Declaration

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

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

Link Together
Shape Future
Next Notion
RESONA GROUP

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

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

Link Together, Shape Future

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On issuing this Integrated Report

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

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

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



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



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



History of the Resona Group

We continue to evolve from a banking group into a financial services group with the goal of being “Retail No. 1.”



We are improving our services and making our branches easier to use as we continue to evolve from a banking group into a financial services group based on the DNA of reforms we have engendered through Resona reforms following the injection of public funds in 2003. We will remain committed to reform as we create a next-generation retail financial services model.

2001

- **Daiwa Bank Holdings established**
  Daiwa Bank, Kinki Osaka Bank and Nara Bank established Daiwa Bank Holdings

2002

- **Resona Group started**
  Company name changed to Resona Holdings with the addition of Asahi Bank

2003

- **Injection of public funds under the Deposit Insurance Act**
  Public funds peaked at ¥3,128.0 billion
- **Governance reforms**
  Structured a strong governance system with a majority of outside directors and was the first banking group in Japan to become a company with a nominating committee
- **Financial reforms**
  Decisive disposal of non-performing loans, major reduction of policy-oriented stocks and sweeping reorganization of affiliated companies

2004

- **Accelerated service and operational reforms**
  Launched programs to eliminate waiting time and keep all branches open until 5 p.m. on weekdays
  Introduced next-generation branches and “Quick Navi” services



2005

- **Returned to profitability**
- **Initiated “Resona Kids’ Money Academy”**
  Finance and economics education for children; about 33,000 children have participated in total



2006

- **Resumed payment of dividends on common stock**
- **Resona Bank and Nara Bank merged**

2007

- **Business alliance with Dai-Ichi Life Insurance Company**

2009

- **At the height of the financial crisis, the Resona Group had earnings of ¥123.9 billion, highest among Japanese banks**
- **Resona Bank and Resona Trust & Banking merged**

2010

- **Tokyo Head Office moved from Otemachi in Chiyoda-ku to Kiba in Koto-ku**

2011

- **Began handling Visa debit cards**



2012

- **Opened “Seven Days Plazas” (open 365 days a year)**
- **Employee volunteer organization “Re: Heart Club” launched**

2013

- **Communication character “Resonya” was born**

2015

- **Full repayment of public funds**
- **New brand slogan declaration**
  New guiding principles called “Link Together, Shape Future” formulated for the next decade following the repayment of public funds



- **Resona Asset Management established**
  Began offering all customers asset management services developed over many years in the field of pension management for professionals
- **Started offering 24/7/365 transfer service among Resona Group banks**
- **Established “The Resona Foundation for Future”**

2016

- **Launched “Resona Smart Store”**
  Began handling “Smart Account” Internet accounts

2017

February 2017

Began offering “Resona Fund Wrap”



August 2017

Resona Merchant Bank Asia launched

Provides solutions to customers such as Japanese companies operating in ASEAN, India and other regions

October 2017

Opened “Tsumitate Plaza” pension consulting offices (open 365 days a year)



Financial planners help customers create a life plan with a focus on individual defined contribution pension plans (iDeCo)

2018

January 2018

Launched shared services including mutual use of ATMs among the five banks*

* Resona Bank, Saitama Resona Bank, Kansai Urban Banking Corporation, Kinki Osaka Bank and Minato Bank

February 2018

Launched new “Smart Accounts”

New business model centered on smartphones



March 2018

Repurchase and cancellation of Class 5 preferred shares

Completed the repurchase and cancellation of Class 5 preferred shares totaling ¥100.0 billion, resulting in a capital structure consisting solely of common shares

April 2018

Kansai Mirai Financial Group became fully operational

Kansai Urban Banking Corporation, Kinki Osaka Bank and Minato Bank integrated under the umbrella of Kansai Mirai Financial Group, a Resona Holdings consolidated subsidiary



Outline of the Resona Group

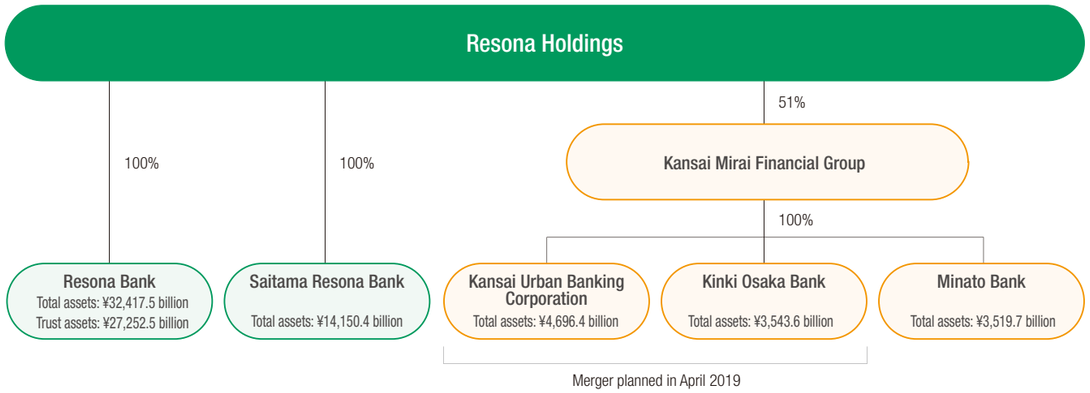
We provide optimized solutions to customers as Japan's largest retail financial services group with full-line trust banking capabilities.



The Resona Group took a new step forward with the integration of Kansai Urban Banking Corporation, Kinki Osaka Bank and Minato Bank into consolidated subsidiary Kansai Mirai Financial Group in April 2018. We will leverage our branch network, which is the largest in Japan, and full-line trust and real estate capabilities to provide optimized solutions to more customers.

Resona Group at a Glance

As of April 1, 2018 (total assets and trust assets as of March 31, 2018)



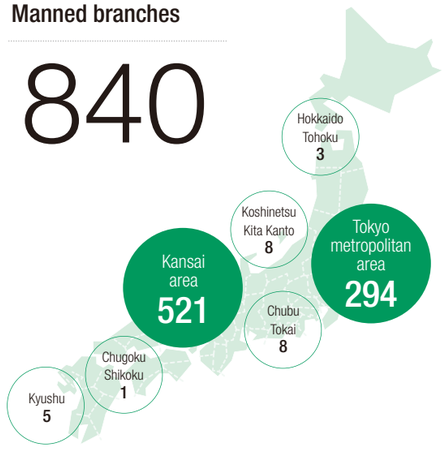
Resona Group Network

As of April 1, 2018

Japan

Manned branches

840



Individual customers
Approx. 16 million

Corporate customers
Approx. 500 thousand companies

Deposits
Approx. ¥50 trillion

Loans
Approx. ¥35 trillion

Overseas

Our network of overseas bases and partner banks covers Asia and the United States

- Overseas representative offices: Shanghai, Hong Kong, Bangkok and Ho Chi Minh City
- Resona Merchant Bank Asia
- Bank Resona Perdania (joint venture in Indonesia) Head Office: 1; Branches: 2; Sub-branches: 5
- Resona Indonesia Finance

Resona's Position (Five-bank basis: Resona Bank, Saitama Resona Bank, Kansai Urban Banking Corporation, Kinki Osaka Bank and Minato Bank)

Loan portfolio[1]

(As of March 31, 2018)

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

Interest margin comparison[1]

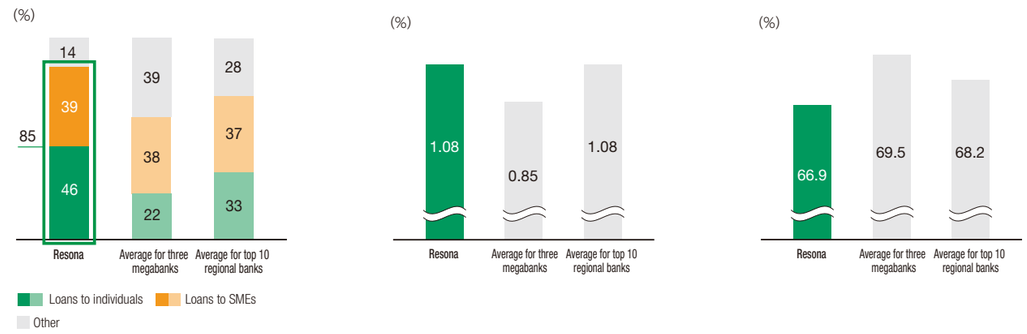
(FY2017)

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

Consolidated cost to income ratio comparison[1,2]

(FY2017)

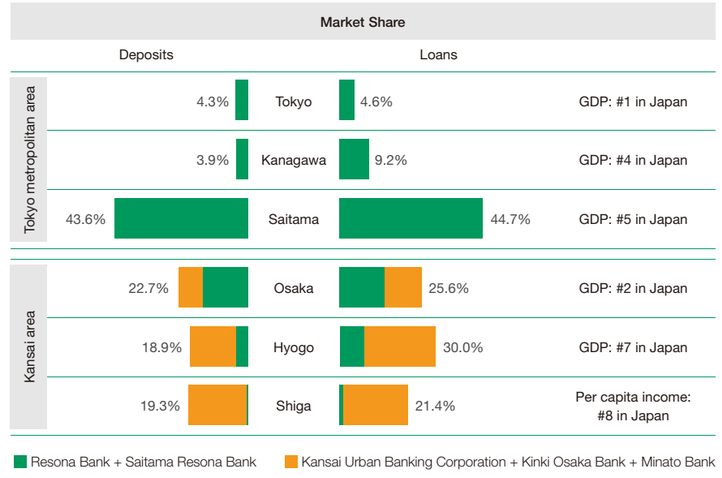
Although the Resona Group focuses on retail banking businesses, it has a superior cost to income ratio compared with megabanks and top-tier regional banks.



Loan and deposit market share[3]

(As of March 31, 2018)

The Resona Group has a strong customer base in the Tokyo metropolitan area and the Kansai area, where economic activity and population are concentrated. Loan and deposit market share is particularly strong in Saitama Prefecture, where it exceeds 40%, and the addition of the Kansai Mirai Financial Group has increased the Resona Group's presence in Osaka, Hyogo and Shiga prefectures.



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

Value Creation Model

We will resolve social issues through financial services and contribute to the sustainable development of regional communities.



With a fundamental stance that “Customers’ happiness is our pleasure,” the Resona Group contributes to the sustainable development of regional communities by providing overwhelming customer convenience and optimized solutions through business activities based on the Group’s strengths (Activities). The Resona Group will achieve sustainable growth together with its customers.

SOCIAL CHANGES AND ISSUES

- Ongoing aging society
  Population concentrated in urban areas
- Changing industrial structure
  Acceleration of globalization
- Shift from savings to asset formation
  Diversifying lifestyles
- Evolution and spread of ICT
- Increasing importance of corporate social responsibility

INPUTS

Social capital

- Approximately 840 manned branches mostly in the Tokyo metropolitan area and the Kansai area
- Largest commercial banking group in Japan with full-line trust capabilities

Human capital

- Diversity in human resources

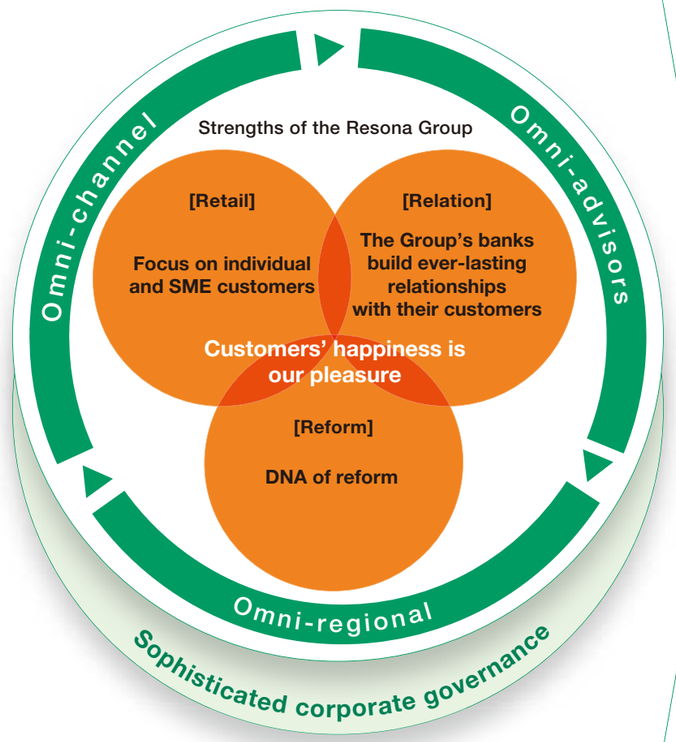
Intellectual capital

- Latest, highly flexible IT infrastructure

Financial capital

- Sound financial position

ACTIVITIES



OUTCOMES

Sustainable growth for Resona

- **Customers**
  Overwhelming convenience
  Optimized solutions
- **Shareholders**
  Increase corporate value
- **Society**
  Development of regional economies
- **Employees**
  Workplaces that enable individual growth

SOCIAL CONTRIBUTION



Realizing “Retail No.1”

Kazuhiro Higashi

Director, President and Representative Executive Officer,
Resona Holdings, Inc.

The intrinsic value of a company is to solve social issues through its businesses.

The world seems to be getting smaller as globalization accelerates backed by the widespread use of ICT. On the other hand, inward-looking policies have become apparent in some countries, and uncertainties abound worldwide despite stable economic conditions.

Climate change and the global issues raised in the SDGs require international cooperation, and companies are expected to make a long-term commitment to contributing to solving various problems efficiently through their businesses. The world now demands that companies fulfill their social responsibilities through their businesses. It is no longer acceptable to separate business operations and social responsibilities, as in the past.

Social issues in Japan include increased social security expenditures, a labor shortage and succession issues at small and medium-sized enterprises (SMEs). An aging society with a low birth rate underlies these issues. Japan is experiencing many of the issues every country will face in the future, and therefore has the mission of being a trailblazer.

Companies can seize business opportunities by resolving social issues and responding to environmental changes. They increase their corporate value by recognizing potential risks, resolving existing social issues, and then recognizing and resolving emerging social issues. Generating this virtuous cycle of resolution represents the intrinsic value of a company.

Customers need financial services, not banks.

I often say that banks will not be necessary in the future. The reason is that customers need financial services, not organizations called “banks.” In fact, companies from other industries, including IT and retailing, have entered traditional banking businesses such as lending and settlement. This means that customers can choose highly convenient financial services whether or not a bank provides them. Consequently, competition among industries and advances in digital technology have forced banks to change their traditional banking services. This has significantly enhanced customer convenience.

At the same time, the ability of digital technology and AI to address customer concerns about money has its limits since customers often have vague concerns that cannot be measured with data. I, myself, see intrinsic value in a financial services business that has a detailed understanding of what customers are thinking, uses empathy to initially frame issues, clearly and simply explains solutions to these issues, and then delivers on those solutions.

We want to understand the true latent needs of customers.

The Resona Group concentrates resources on the retail market of individual and SME customers. For example, loans to retail customers account for about 85% of our loan portfolio. Our business involves consistently considering and understanding the thoughts and feelings of retail customers. In other words, understanding their true latent needs.

Many retail customers are anxious about their future for reasons including the aging society and the ultra-low interest rate environment, but few people are taking concrete action. For example, individuals in Japan have about ¥1,800 trillion in financial assets, but keep half of those assets in cash and deposits and do not invest them. Only 5% of Resona Group customers use investment trusts or similar services. We therefore carefully propose effective, long-term, diversified investments to customers who have not yet addressed their concerns for the future. We provide each customer with optimal information and propose the best solutions.

SME customers face various challenges at each growth stage. SMEs have provided staunch support for Japanese industry, and they will remain crucial. The Resona Group wants to offer optimal solutions at all stages of customer businesses, from start-up to growth to transformation, but this commitment can be fulfilled through meaningful discussion with SME owners. Addressing social issues such as the environment and SDGs has recently become more important for SMEs. However, SMEs do not always have sufficient management resources compared with large enterprises. This can impede their ability to respond and exposes them to significant risks from sudden supply chain disruptions. SMEs need financial service providers to proactively provide a comprehensive array of management information. The Resona Group will meet these expectations.

The three components of our “Omni Strategy”

I think banks to date have only been able to solve the issues of a limited number of customers. The Resona Group wants to take on the challenge of resolving all customer issues through financial services that customers need. This desire is incorporated in the new medium-term management plan (Change to the “Next”) we launched in April 2017. Our Omni Strategy has three components for structuring a next-generation retail financial services model that will realize sustainable growth for our customers, the communities we serve and the Resona Group.

Basic Strategies

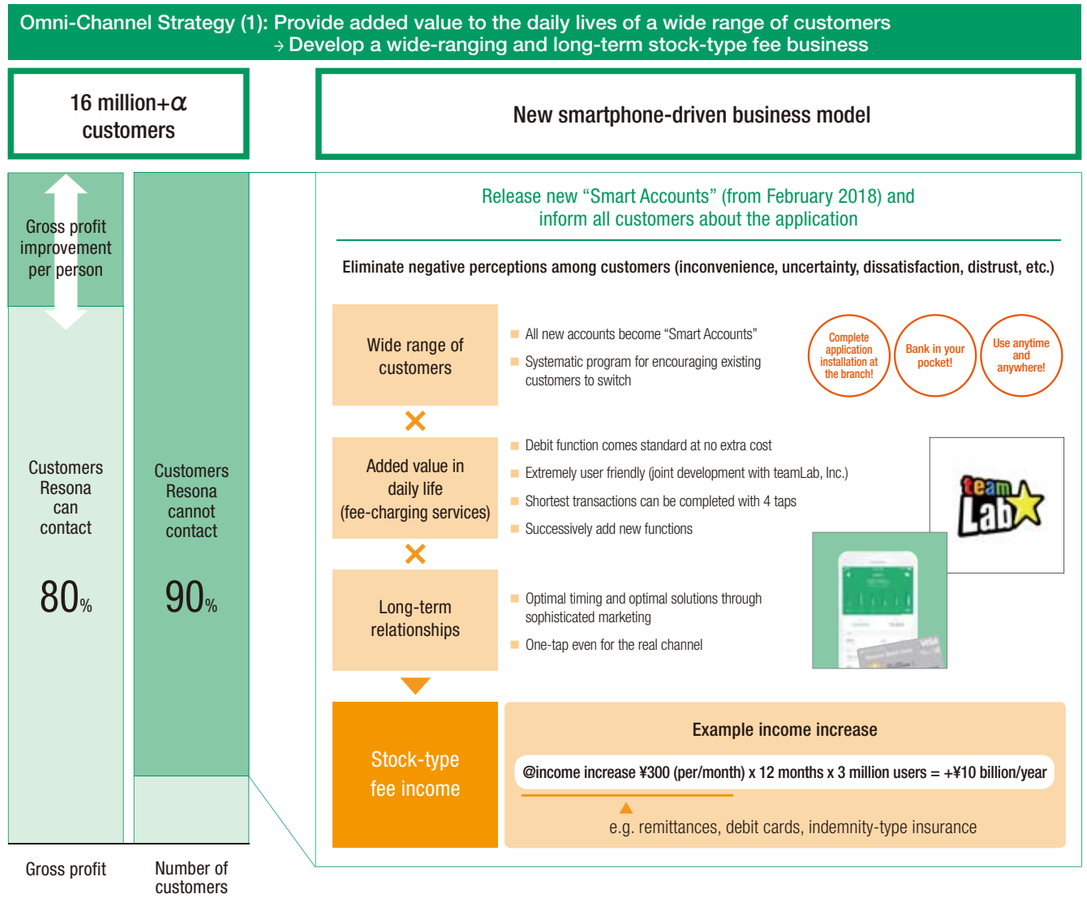
(1) Evolve “Omni-channel” strategy
(2) Develop “Omni-advisors”
(3) Establish “Omni-regional” platform

Our goal is to resolve social issues and create value for customers by executing the three Omni Strategies over the medium-to-long term. This will enable us to be a “Retail No. 1” financial services business.

Omni-channel strategy

Customers wonder why banks close at 3 p.m., why banks are not open on weekends, why simple procedures take so long, why documents are so numerous, and why an authentication seal is necessary. These questions indicate that customers feel inconvenienced, uncertain, dissatisfied and distrustful when it comes to banking operations, and our Omni-channel strategy is an initiative that will remove such concerns and provide the best solutions to customers anytime and anywhere. Our coordinated initiatives are strengthening customer access via digital channels such as the Internet and smartphones and via face-to-face channels such as dialogue with customers at branches.

Digital channel initiatives are expanding services available via smartphones. The Resona Group has about 16 million individual customers, but actually meets only about 10% of them, so we have not been making our services sufficiently available. Given this situation, we developed the “Smart Account App” to enable all customers to use their smartphone to access a wide range



of financial services at their convenience and for the foreseeable future. Jointly developed with teamLab Inc., this user-friendly smartphone platform provides daily financial services and delivers timely, optimal proposals personalized for each customer.

We are concurrently strengthening our face-to-face channel. We are able to initially understand what customers are thinking by meeting and empathizing with them. AI may be able to take the place of these actions in the near future, but today it cannot. This was our rationale for expanding small-size specialized branches for consultation such as “Seven Days Plazas,” which are open year-round and until later in the evening. We will naturally expand our business if we are able to spend more time with customers and provide them with the best solutions. We can do this by increasing the number of branches available to customers who are able to stop in for consultation and working customers who have trouble coming in on weekdays.

We will structure a differentiated business model by fusing our digital and face-to-face channels and providing even better services that meet customer needs.

Omni-advisor strategy

The Omni-advisor strategy is central to our Omni Strategy. Our medium-term management plan defines Omni-advisors as consultants who can understand the true latent needs of customers to provide solutions, and becoming one is not simply a matter of acquiring some kind of certification. Omni-advisors necessarily require wide-ranging knowledge of our businesses, including trusts, to propose various solutions, but knowledge alone is not sufficient. Above all, Omni-advisors need the ability to understand customer concerns and thoughts and propose appropriate solutions. They must also be able to communicate those solutions clearly and simply. In many instances, customers have vague concerns and are unable to communicate them clearly. Omni-advisors are able to draw out and identify these latent concerns by communicating with and getting to understand customers.

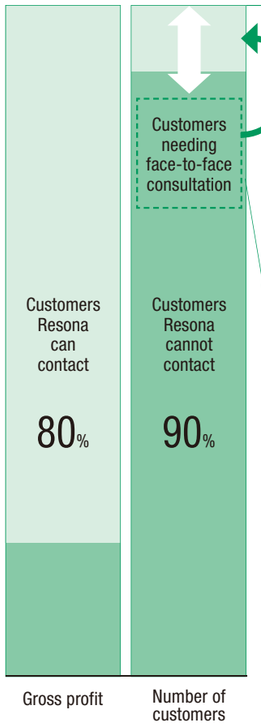
Resona Group employees must also be diverse in order to respond to customers with diverse values. Backed by our desire for each employee to express diverse values, since 2017 we took on the challenge of implementing highly productive work-style reform by introducing a general rule that everyone has to leave the office by 7 p.m. Employees can go home earlier and spend more time with their families and interact with society at large.

Training Omni-advisors takes time. However, becoming an organization with diverse Omni-advisors will be a factor that strongly differentiates the Resona Group. This is also difficult for other companies to emulate.

Omni-Channel Strategy (2): Make branches better places for consultation
→ Promote deeper transactions with customers that have a strong need for consultation

16 million+α customers

Reorganize branch network ▶ Expand the number of customers we can contact



Branch designs optimized for regional characteristics

Eliminate negative perceptions among customers (inconvenience, uncertainty, dissatisfaction, distrust, etc.)
Expand specialized branches for consultation to 22 branches*→45 branches in FY2019

Anytime × Anywhere

- Open 365 days a year and until 7 p.m. on weekdays (Some branches open till 8 p.m. or 9 p.m.)
- Open until 5 p.m. on weekdays (Excluding some branches) (Resona Bank, Saitama Resona Bank, Kinki Osaka Bank)
- Easy access for customers (Open branches near major stations)
- 50,000 ATM network nationwide
- 24-hour manned call center



* As of May 31, 2018

- Branch visitors by age

“Seven Days Plazas”	80% (~50s)	20%
Resona Group as a whole	35%	65% (60s~)

- Reasons for visiting branches

90% of customers visit because they are open on weekends and holidays, because of the opening hours, and because of the location

- Accelerate opening of “Seven Days Plazas”


Ueno Marui (Opened in March 2018)


Hankyu Umeda (Opened in April 2018)

More flexible branch operation

Digitalization

- Paperless, no seal
- Establish structures that allow for a small number of staff
- Complete every step from making a proposal, closing the sale and concluding the contract via tablet device
- Introduce digital service offices

Omni-Advisor Strategy

Develop personnel who can stand in customers’ shoes and see things from their perspective

Offer value-added solutions to realize “Customers’ happiness is our pleasure”

Customers
Diversifying concerns/expectations





- **Example in the trust business**
  Envisage customers’ life plans and propose products for them
- **Example in the turnaround support business**
  Empathize with customers and offer advice on how they can turn their businesses around

5 Requirements of Omni-Advisors

- “Customers’ happiness is our pleasure”
- Draw out customer concerns
- Provide solution options and information that lead to solutions
- Propose what is thought good for the customer’s future
- Turn down what is thought not good for the customer’s future

Initiatives for developing Omni-advisors

Work-Style Reform

Build experience that facilitates empathy with customers
Provide time for the acquisition of various types of knowledge

- **Improve business efficiency and make leaving the office at 7 p.m. a rule for the entire company**
  - Reduce overtime
    ▶ Redistribute the benefits of productivity gains to employees
- **Diverse ways of working**
  - Smart employees: Regular employees whose working hours and scope of duties are limited
  - Variable working hours system

Introduction of Front-Leaders (Resona Bank)

Enhance the consultation abilities of service department (branch) personnel

- **Improve back-office efficiency and assign consultants to asset formation support business**
  - Back-office focus ▶ Back-office 30%, Sales 70%
- **Develop skills both in group training and OJT**
  - Assign to 64 branches in the first half of FY2018 and to all other branches during FY2019

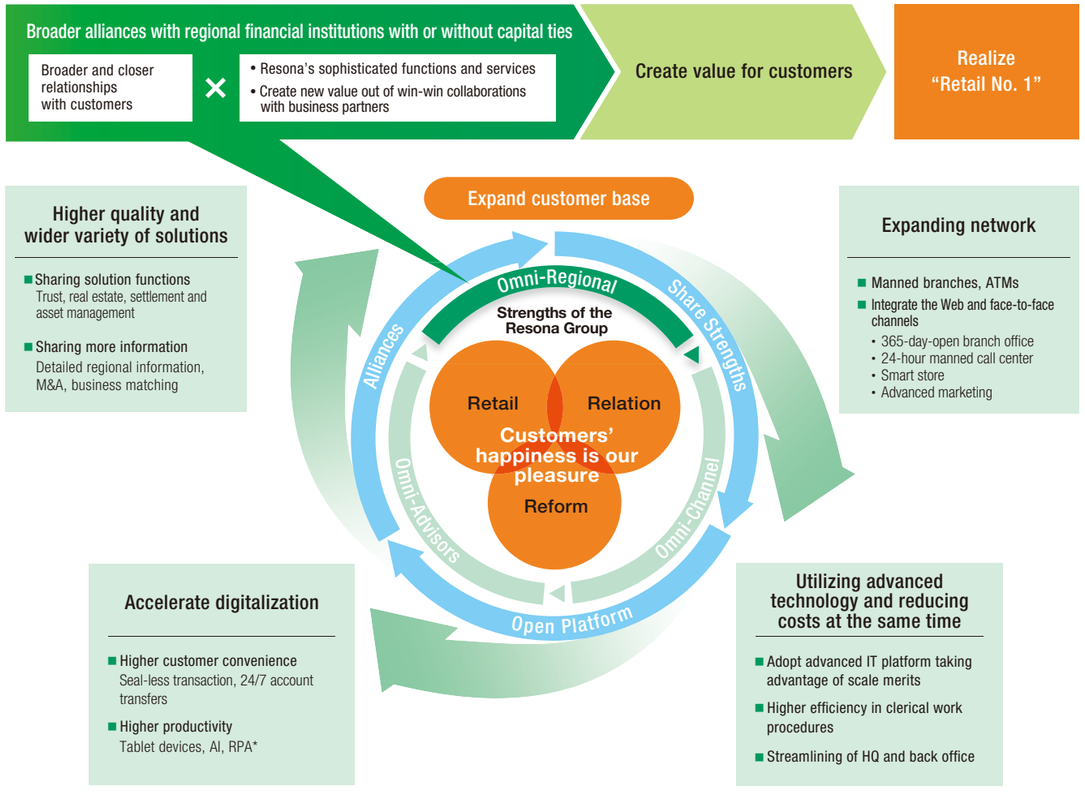
Digitalization → Expand sales contacts and opening hours × Improve ability to offer solutions

Omni-regional strategy

This strategy involves broad-based collaboration with business partners such as regional financial institutions. It offers substantial benefits to business partners, the Resona Group, and above all, customers. First and foremost, more customers will be able to use our solution functions and specialized, detailed retail services. Business partners such as regional financial institutions will maintain their regional brands while sharing the Resona Group's sophisticated administrative processes and systems to improve efficiency and reduce costs. Moreover, the Resona Group will significantly increase earnings opportunities and productivity by expanding its customer base. Finally, creating relationships among regions and communities will provide opportunities for local customers and financial institutions to access new information that can help resolve regional issues.

While executing our Omni-regional strategy, we integrated Kansai Urban Banking Corporation, Kinki Osaka Bank and Minato Bank in April 2018 to create the Kansai Mirai Financial Group, and the start of full-scale operations represented a major achievement. This integration gives the Resona Group industry leadership with 840 manned branches in Japan, and resulted in respective increases of more than 20% in corporate customers to about 500,000 companies, and individual customers to about 16 million.

Omni-Regional Strategy



* RPA (Robotic Process Automation): Automating and raising the efficiency of operations using digital technology

Kansai Urban Banking Corporation and Minato Bank are new members of the Resona Group. They have close ties to the region, are strong retail banks and share the same vision. We will retain their advantages while fully leveraging the Resona Group's functions and broad-based network to create new value throughout the Group.

The nature of governance

The Resona Group's governance structure is a company with a nominating committee. Outside directors hold 60% of the seats on the Board of Directors, a structure that was introduced following the 2003 management overhaul after the injection of public funds. Since then, the Board of Directors has stopped thinking like a bank so that each discussion and each decision is based on relevance to customers and common sense.

Discussions of governance generally begin with form, but we need to always think about the reason we introduced this governance system. Governance is not simply a system for checking.

At Resona, for example, after the Management Reform Committee, which consists of the presidents and executives of Group companies, has thoroughly discussed various issues such as competitiveness and enhanced profitability, outside directors screen those decisions at Board of Directors meetings.

Our governance system incorporates external viewpoints on decisions about benefits for customers and allows for a quick exchange of opinions. The greatest strength of this approach is that it is rooted in our culture rather than being simply formulaic.

Realizing "Customers' happiness is our pleasure"

The customer is the starting point for every industry. Many companies advocate the principle of customer-first, but the effectiveness of that principle lies in a substantial commitment rather than empty words. We need to listen to and learn from customers and then consistently deliver products and services that reflect their needs.

The Resona Group's goal is to be "Retail No. 1." We cannot become No. 1 by doing the same thing as our competitors. Following other companies is relatively easy, but the process of creating original, customer-centric products and services involves facing serious headwinds. We must create an organization that can overcome these headwinds. The Resona Group can then grow as a company that supports the creation of a sustainable society and that is in line with its fundamental stance of "Customers' happiness is our pleasure."

We are counting on your continued support.

The Resona Group Aims to Resolve Social Issues through Its Businesses

The Resona Group works to help resolve the social issues represented in the sustainable development goals (SDGs), and we fulfill our social responsibilities through our core business. We will contribute to society in ways unique to the Resona Group. We also established the Group SDGs Promotion Committee in February 2018 as a new approach to deepening our conventional CSR activities. Chaired by the President of Resona Holdings, this committee leads the Resona Group in responding appropriately to the opportunities and risks presented by the social issues of the SDGs. The committee will identify priority issues and use the strengths of the Resona Group to help create a sustainable society.

Sustainable Development Goals

SDGs are international goals for 2030 that the United Nations headquarters adopted in September 2015. Designed to achieve a world in which nobody is left behind, the SDGs are 17 goals with 169 targets for dealing with global problems such as economic crises, natural disasters, the environment, refugees and poverty.



Issues and Environmental Changes in Regional Communities

Issues arising from the declining birthrate and aging population

- Succession needs of seniors
- Anxiety about the future among young people
- Decline of regional economies
- Overconcentration in urban areas

Ultra-low interest rate environment

Changing lifestyles

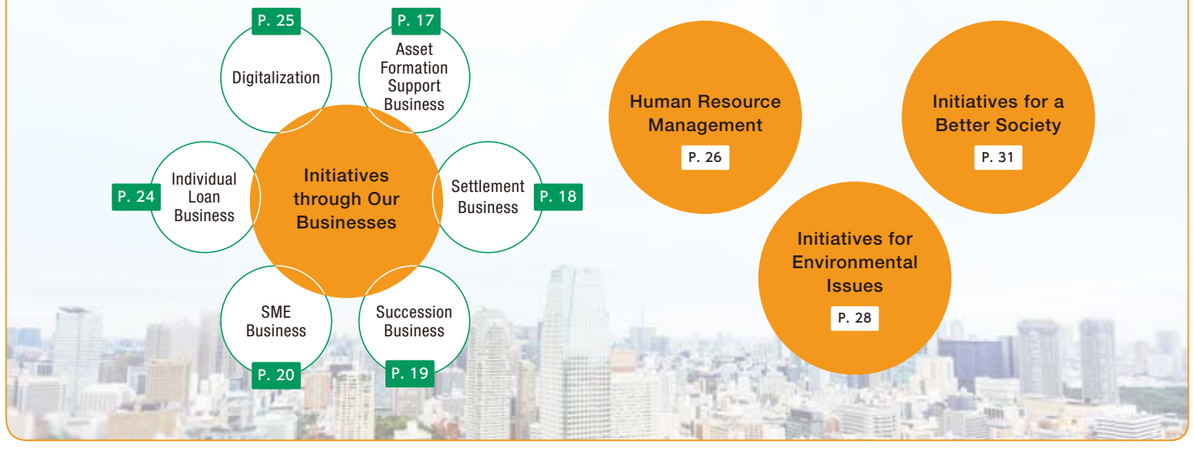
Changing industrial structure

Globalization

Digitalization

Environmental issues

Resona Group Initiatives



Asset Formation Support Business



Against the backdrop of the super-aging society and prolonged low-interest rate environment, the Resona Group will support asset formation among individuals from a medium-to-long-term perspective in the context of NISA expansion and regulatory changes such as the revision of the Defined Contribution Pension Act.

Main Products and Services

- Investment trusts • Insurance • Fund wrap
- Individual defined contribution pension plan (iDeCo)
- Foreign currency deposits • Money held in trust

The Resona Group began offering "Resona Fund Wrap[1]" in February 2017, and the total account balance was about ¥250 billion as of March 31, 2018. More than half of the customers who opened these accounts did not have any balance in Resona investment trusts, which demonstrates the attractiveness of our products for stable asset formation based on a diversified portfolio of long-term investments. In order to expand our customer base, we responded to customer feedback indicating a desire to begin with a small amount of funds under management by introducing the "Resona Fund Wrap Welcome Plan" in June 2018. The minimum investment amount is ¥300,000 and the investment advisory fee is a performance fee, only.

We introduced a new individual defined contribution pension plan[2] (iDeCo) and started handling default funds for such plans. In addition, we proactively held seminars and other events. As a result, we are an industry leader with 74,000 contracts under management as of March 31, 2018. We also opened "Tsumitate Plazas," which are open year-round, in Tokyo and Osaka in fall 2017, where financial planners meet with customers face-to-face to help them structure life plans with emphasis on iDeCo.

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

We Are Managing ¥250 Billion in "Resona Fund Wrap" Accounts One Year after Launch





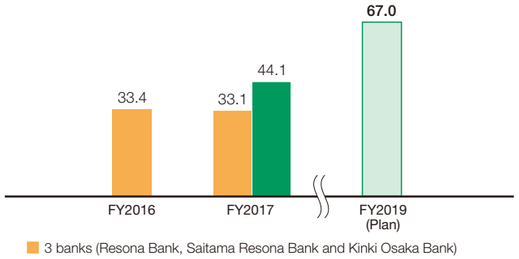
Premium Seminar celebrating the first anniversary of the launch of Resona Fund Wrap.

Fund Wrap Beneficiary Characteristics



Asset formation support income[4]

(Billions of yen)



4. Investment trusts + Fund Wrap + insurance

iDeCo Offers Access to Consulting at Branches Nationwide and at Specialized "Tsumitate Plazas" Open Year-Round



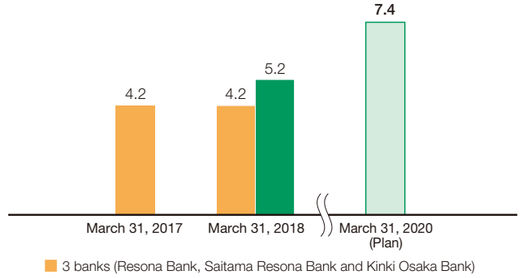
Began offering new "Resona Tsumitate iDeCo" from May 2018

This plan supports long-term asset formation with a carefully selected line-up of 26 products focused on asset management cost and performance. As the first initiative by a leading bank, we adopted a target-year type investment trust[3] with specified asset management parameters. This product is for customers who do not specify a specific duration.

3. A target-year type investment trust is a fund designed to grow assets over a specified period of time for a targeted goal. A target-year type investment trust management approach starts aggressively and becomes more conservative as the fund approaches its target-year. This type of fund saves customers the time and trouble of allocating assets themselves.

Balance of asset formation support products for individuals[5]

(Trillions of yen)



5. Investment trusts + Fund Wrap + insurance + government bonds + foreign currency deposits + money trusts with performance-based dividends

Settlement Business



Given ongoing digitalization, the Resona Group will continue to contribute to the creation of a cashless society by offering a variety of advanced and convenient payment methods.

Main Products and Services

- Transfers, account transfers and electronic banking
- Debit cards
- Credit cards
- Multi-digital wallet (from fall 2018)
- Peer-to-peer (P2P) remittance service (from fall 2018)

In October 2017, the Resona Group made a contactless IC cash and debit card with no annual fee standard for new individual accounts, and instituted a system for issuing these cards immediately after an account is opened. We also released the "Resona Debit App" in February 2018. It allows users to quickly check usage details, make changes to usage limits, and temporarily halt usage or cancel the card, and includes personalization functions. It also reduces worries about fraudulent usage with push notifications when settlement takes place. We began installing vending machines with contactless settlement terminals from January 2018 to let customers experience the convenience of contactless settlement (currently 10 stores).

For corporate customers, we began handling business debit cards in April 2018 and are accelerating cashless initiatives with a focus on debit cards. The total number of debit cards issued is now over 1 million, and the number of transactions has steadily expanded to about 1.5 times that of the previous fiscal year.

We also released "Resona PayB," a smartphone app for paying taxes and other bills in February 2018, and are building an open API infrastructure as an initiative for electronic settlement intermediaries. We are also developing services that use new fintech. "Resona Wallet" (tentative name) enables shopping and various payments using QR codes and other methods. The consortium[1] for creating a new platform for domestic and international money transfers plans to start offering a 24-hour real-time smartphone-based P2P remittance service[2] in fall 2018, and testing is currently underway. We intend to successively launch services that raise customer convenience and reduce social costs.

1. Resona Bank chaired a consortium launched by 42 banks in October 2016 to build a 24-hour real-time remittance infrastructure in Japan and overseas using blockchain and other new technologies.
2. Resona Bank plans to start offering domestic exchange services.

Steadily Expanding Debit Card Services

Total number of cards issued	Debit card transaction volume	Number of debit card transactions
More than 1 million	About 1.3 times (YoY)	About 1.5 times (YoY)

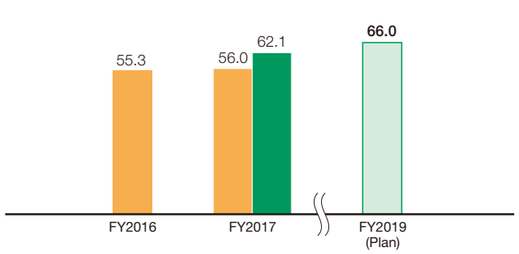
Cashless Initiatives for Resona Debit Cards



Increase adoption rate	Expand use
Standard with new accounts ▶ No extra cost	Encourage use by awarding points
Integrated with cash card	Link with "Smart Accounts" ▶ Provide money-saving info
Instantly issued at all branches	Manage household budget using an app
Get existing customers to switch ▶ Send them new cards ▶ Encourage them to switch via the Internet and at branches	Easy, contactless Visa payment ▶ Expand stores that accept payments ahead of the Tokyo Olympics

Settlement-related income[3]

(Billions of yen)



3 banks (Resona Bank, Saitama Resona Bank and Kinki Osaka Bank), Resona Card and Resona Kessai Service
5 banks (3 banks + Kansai Urban Banking Corporation and Minato Bank)

3. Debit cards + credit cards + domestic exchange + electronic banking, etc.

Succession Business



The Resona Group will support the smooth succession of assets and businesses to the next generation using its expertise as a commercial banking group with full-line trust capabilities, the largest branch network in Japan and a diverse array of solutions.

Main Products and Services

- Will trusts, estate division and asset succession
- Trusts for transfer of own company stock
- M&A
- Real estate brokerage for individuals

We expect inherited assets to flow into metropolitan areas, our primary service areas, because of the progression of Japan's super-aging society. In addition, business succession is a management priority for SMEs with aging management, which makes smooth business succession a social issue that is crucial to revitalizing regional economies.

The Resona Group is therefore expanding Resona Bank's Trust Offices and Saitama Resona Bank's Premium Offices where customers can always consult our specialized consultants.

Backed by our experienced team of experts, we will accelerate measures that provide trust solutions unique to Resona to a greater number of customers, including customers of the Kansai Mirai Financial Group.

The Resona Group provides SMEs that have reached the succession phase with solutions through an M&A platform managed by Resona Bank in which more than 30 regional financial institutions participate, and a management school for SME successors that supports the development of next-generation managers.

One-Stop Support through Familiar Channels

Branches manned by consultants

- **Respond quickly to needs**
- **Enhance skills at branches**

Resona Bank: Trust Offices
Saitama Resona Bank: Premium Offices

Enhance employee skills

FP1 Qualification: 1,100 employees
FP2 Qualification:12,000 employees
Real Estate Notary: 5,500 employees
▶ Further expansion

No. 1 Japanese bank
Commercial banking network: **840 branches**

32,800 people
Solutions from all employees

Trust and real estate, and solutions functions

Initiatives for Companies in Succession Phase

Develop successors

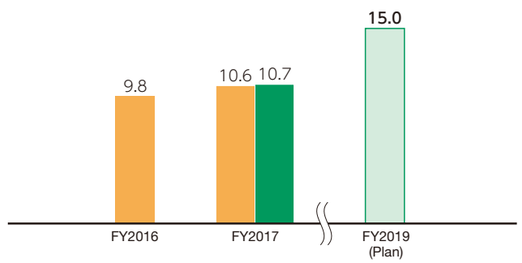
Management school	Overseas management school
(2,300 participants since 1988)	(since 2014)

M&A

M&A platform
(32 participant financial institutions; as of June 30, 2018)

Succession-related income[1]

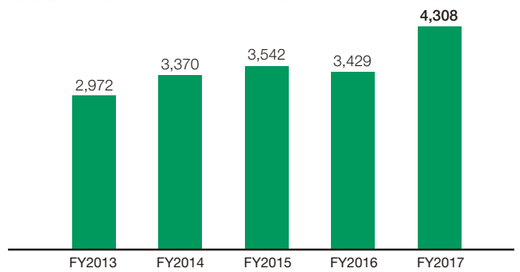
(Billions of yen)



3 banks (Resona Bank, Saitama Resona Bank and Kinki Osaka Bank)
5 banks (3 banks + Kansai Urban Banking Corporation and Minato Bank)

1. Real estate brokerage for individuals + M&A + succession and trust-related functions

Number of new asset succession-related contracts[2]



2. Will trusts + estate division + asset succession trusts + trusts for transfer of own company stock

SME Business



The Resona Group will contribute to the revitalization of regional communities by providing management support to SMEs in dealing with changes in the operating environment including changes in the industrial structure and globalization, and by providing optimized solutions attuned to company stage.

Main Products and Services

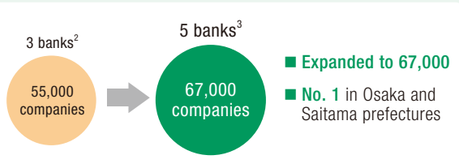
- Financing and fund management support
- Support for business start-ups, business turnaround and business restructuring
- Business matching
- Support for overseas expansion

The Resona Group's objective is to transform its business from a focus on providing loans to a focus on business models that provide solutions attuned to the growth phase of SME customers.

The establishment of Kansai Mirai Financial Group increased the number of Resona Group corporate customers by 20% to approximately 500,000 companies. In addition, 67,000 companies use the Resona Group as their main bank, which is on par with the megabanks. In Osaka and Saitama in particular, the Resona Group is number one in this regard. We leveraged these advantages at a business matching conference in February 2018 where Resona Bank customers and Kansai Urban Banking Corporation and Minato Bank customers met one another prior to the integration of Kansai Mirai Financial Group. Initiatives after the integration to enhance awareness of its merits among customers included the Resona Group's participation in a May 2018 recruiting event sponsored by Minato Bank.

Business Development Leveraging Our Expanded Base

Customers Using Resona Group as Main Bank[1]



- A one-stop provider of various solutions to our expanded customer base
- Energetically share information and expertise throughout the Group

1. Source: Teikoku Databank
2. 3 banks (Resona Bank, Saitama Resona Bank and Kinki Osaka Bank)
3. 5 banks (3 banks + Kansai Urban Banking Corporation and Minato Bank)

Support for Start-ups That Help Revitalize Regional Communities

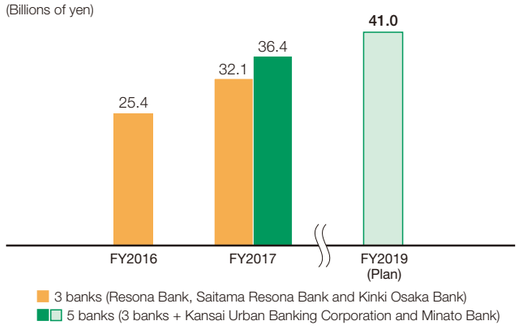
"Business Plaza Osaka" supports the creation and growth of business through start-up schools and individual consultations. It also holds various information meetings, seminars and conferences.

"Business Plaza Saitama" opened in Saitama Prefecture in April 2018. It will help companies grow and revitalize the community by providing a broad range of information for resolving the various problems that communities and local SMEs face.



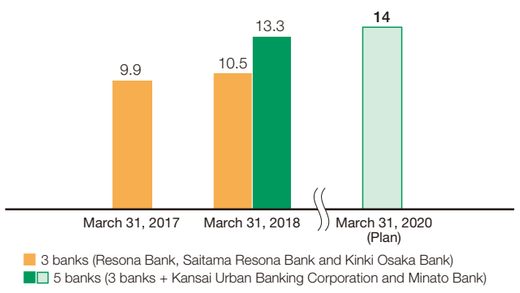
Solutions / International business income

(Billions of yen)



Loans to SMEs

(Trillions of yen)



Support for Companies Advancing Overseas

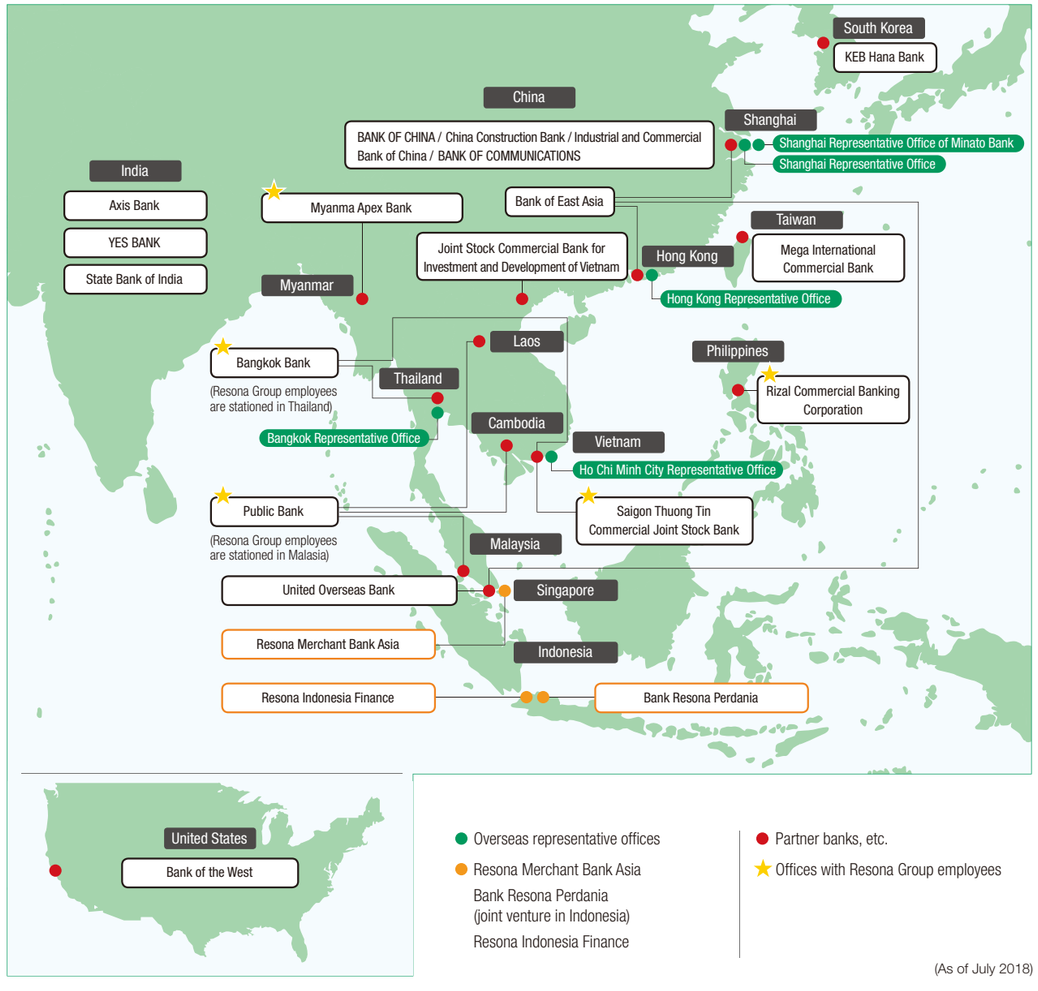
The Resona Group is expanding its overseas network primarily in Asia and the United States. We have an organization that can provide overseas support to a wide range of companies, from large companies to SMEs.

AFC Merchant Bank in Singapore became a subsidiary in July 2017 and began operations as Resona Merchant Bank Asia. It is further enhancing overseas support functions including loans, M&A and consulting.

More than 20,000 of our customers are advancing overseas, mainly in Asia and the United States, and the number of consultations concerning overseas business is increasing. We will continue to provide detailed services overseas by using our network of overseas subsidiaries, representative offices and local partner banks.

The Resona Group's Overseas Network

- Overseas offices and partner banks cover all of Asia and the United States
- Our network provides a wide range of support for both large companies and SMEs
  - Customers with overseas operations: approximately 20,000
  - Consultations for overseas needs: about 2,000 annually



(As of July 2018)

Management Support Initiatives for SME Customers

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

Support during Start-up and Growth Phases

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

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



Support during Maturity and Transition Phases

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

Turnaround Support

We provide the support and expertise that customers require to turn their company around. This ranges from restructuring repayment terms of loans, to overhauling management, revitalizing businesses and restructuring operations.

Highlight

Establishment of Healthcare and Welfare Businesses Growth Scheme

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

Highlight

Start of "Resona Collaborare"

Resona Bank began offering packages of solutions for start-ups in August 2016, and complemented this initiative in September 2017 by launching "Resona Collaborare," a membership planning and distribution website that provides information to help companies build their business base and resolve management issues. We also offer members reduced fees and business loans, and we plan to launch a similar site for Saitama Resona Bank. We will continue to provide comprehensive support for entrepreneurs.

Initiatives to Revitalize Communities

Under our corporate mission that affirms our commitment to the further development of regional communities, we energetically support the management of SME customers and the revitalization of regional economies.

Moreover, the Resona Group has established the Regional Revitalization Council to contribute to regional revitalization and collaborate with and support the town, population and job creation strategies of prefectures and municipalities. Moreover, each Group bank has established a Council on Revitalization of Town, Population and Jobs as an organization for implementing effective community initiatives.

Furthermore, we established "Business Plaza Saitama" in April 2018 following "Business Plaza Osaka," which was established in September 2016. These offices support business growth through the collaboration of industry, academia, government and financial institutions, and also provide business matching support, human resource solutions and seminar rooms as part of the information resources they provide to help communities and local SMEs resolve issues.



"Business Plaza Saitama"

Support for SDG Initiatives

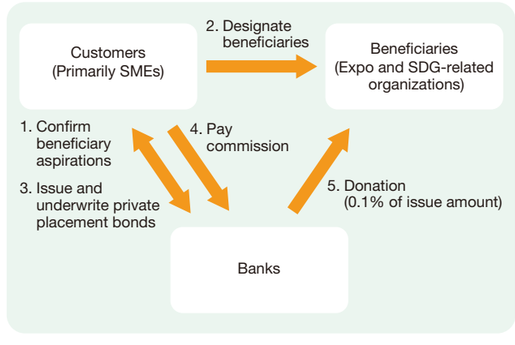
The SDGs adopted at the United Nations Summit in September 2015 are a new concept that brings together CSR and ESG, and they are gaining social momentum. SDGs for economic growth, social inclusion and environmental protection create opportunities and risks in the operating environment of our corporate customers. The Resona Group works with external experts as appropriate to support the SDG-driven initiatives of our customers.

Specific Resona Group Activities: Nationwide Private Placement CSR Bonds – The Expo Japan and SDGs Support Fund

1. About the Fund

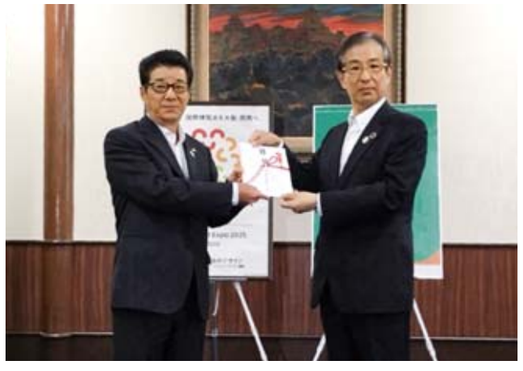
The Expo Japan and SDGs Support Fund (the "Fund") was launched in December 2017. Organizations that are associated with the bid for the 2025 World Expo, which is one of Japan's SDG initiatives, and organizations that are associated with SDG are eligible to receive donations funded by the Fund. The Fund receives 0.1% of the amount of private placement bonds issued. As the first program of its kind in Japan, the nationwide activities of organizations are eligible for donations. As of March 31, 2018, the Resona Group had handled 386 private bond placements totaling approximately ¥47 billion, which significantly exceeded our initial assumptions.

The Expo Japan and SDGs Support Fund Scheme



2. Presentation of Donations

The 2025 Japan World Expo Committee, a fund beneficiary, received a donation in June 2018 at the Osaka Prefectural Office. Fund beneficiaries send letters of appreciation and gratitude to participating customers. Designating organizations closely involved with SDGs have contributed to customer initiatives that support SDGs. We also launched Nationwide Private Placement CSR Bonds for the SDG Promotion Fund, a new fund that uses the same approach, in June 2018. The Resona Group intends to continue to create products and services related to SDGs.



Highlight

Revised Credit Policy

The Resona Group revised its credit policy in March 2018 to address growing international demand for sustainability and criticism of transactions with companies that develop, manufacture or possess inhumane weapons such as cluster bombs. We clarified our response and approach to loan customers based on the corporate social responsibilities required of companies, and prohibited extension of credit to certain companies including those that manufacture cluster bombs. We concurrently stipulated the need to energetically support initiatives by companies to resolve social issues.

Individual Loan Business



The Resona Group will provide optimized loan products through the optimum channels and support our customers according to their life stage.

Main Products and Services

- Housing loans
- Education loans
- Card loans and personal loans
- Reform loans
- Auto loans

The Resona Group identifies changes in its loan business operating environment, such as the prolonged ultra-low interest rate environment, the diversification of personal lifestyles and digitalization driven by the widespread use of smartphones, to implement strategies that enhance the competitive advantages of its products and services.

Our services include loan plazas where customers who have trouble visiting a branch on weekdays can go for a face-to-face housing loan consultation and procedures on weekends and holidays. We also enhance convenience with a product line-up that includes consumer loans that customers can apply for and close via the Internet. We also offer a well-rounded and unique product line-up such as the “Danshin Kakumei” housing loan that protects against a wide range of risks including illness and injury, and the “Lin next” housing loan for women. This product line-up has received positive evaluations from customers.

In April 2018 we began offering an electronic contract service that allows customers who do not live near a branch to close a housing loan contract remotely. We will expand services that use the Internet and deliver Resona loan products to customers nationwide.

Highly Convenient Services and Unique Products

Popularization of weekend and holiday operation and credit screening

73 loan plazas open on weekends and holidays

Unique, high-value-added products

“Danshin Kakumei” loan balance



+38%[2] in one year

“Lin” and “Lin next[1]” loan balance



+20%[2] in one year

1. Loans for women
2. Balance at March 31, 2018 compared with balance at March 31, 2017

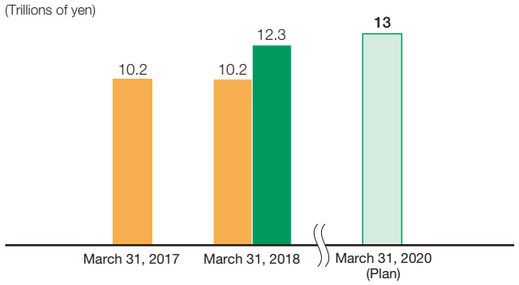
Approaching New Customers via the Internet

Electronic contract service started[3] in April 2018

3. Successively expanding service area and offerings

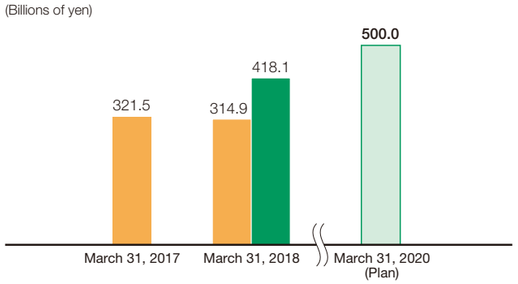
Balance of residential housing loans

(Trillions of yen)



Balance of consumer loans

(Billions of yen)



Digitalization



First the Resona Group halved administrative workload through operational reforms, and now it will halve it again with digitalization. We will both enhance customer convenience and improve productivity for Resona at the same time.

Key Initiatives

- Proposal, sales and contracts completed with tablets
- Eliminate office location constraints
- Remote consultation with specialists via digital service offices

Digitalization is a key strategy for simultaneously enhancing customer convenience and improving productivity for Resona. The Resona Group began implementing operational reforms that embraced digitalization over 10 years ago. We will continue to move forward in digitalizing branches, head offices, centers and other locations.

We are making excellent progress in digitalizing branches. For example, we handle insurance applications using tablets, immediately issue integrated cash and debit cards, handle accounts without the need for seals, and have introduced a corporate support system.

We will expand businesses that can be completed with tablets to eliminate location constraints and respond to customers away from branch counters. We will also accelerate programs at head offices and centers to improve productivity, such as reducing workload with RPA* and introducing AI at call centers.

We plan to deploy this expertise within the Kansai Mirai Financial Group to realize benefits from integration in the meantime. We will digitalize to reduce workload and shift personnel from administration to marketing in ongoing operational reforms to increase sales capabilities while reducing costs.

* Robotic Process Automation: Automating and raising the efficiency of operations using digital technology

Branch Digitalization



Digitalization at Head Offices and Centers

RPA

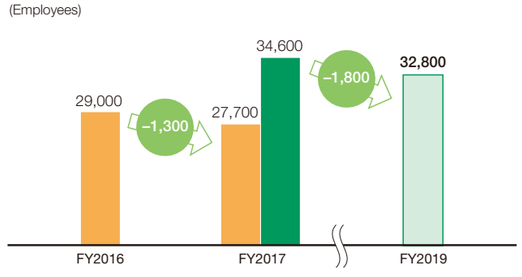
- Cut about 80 business processes (saved 50,000 hours/year)
- Automate clerical work of 1 million hours (equivalent to 500 people) by FY2021

AI

- Display optimal answers at call centers
- Utilize for info gathering and risk management
- Robo-advisor proposes optimal asset allocation solutions

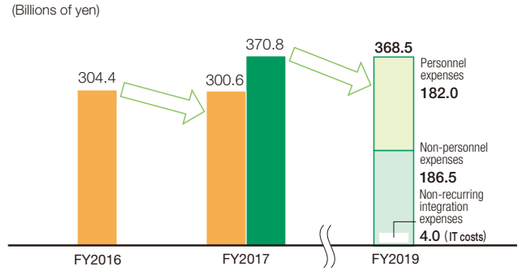
Total employees (Approximate numbers)

(Employees)



Personnel / Non-personnel expenses

(Billions of yen)



Human Resource Management

Basic Approach

The Resona Group has taken the initiative in diversity management and work-style reform. We manage human resources based on new concepts that represent a revolution in working style rather than just simply continuing our existing approaches.

Our business model is at a major turning point because of technological innovations such as IT and AI. We are also focusing on nurturing Omni-advisors as part of our medium-term management plan, and intend to shift personnel from administration to customer divisions.

Motivated employees drive corporate activity. We will therefore strive to provide even more flexible ways of working as well as more career path options. Our goal is to be a company that creates new value through diversity and inclusion.

Human Resource System

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

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

We will continue to review our personnel system so that all employees can demonstrate their full potential. This involves listening to the opinions of many people from sources including our annual employee survey and the recommendations of the "Resona Women's Council," an advisory body that reports directly to management. We introduced the "smart employee" system in October 2015. This is a system in which permanent employees can set limits on working hours or scope of work. We also started a telecommuting system in April 2017.

Ideally, each employee should be able to choose how to work according to work-life balance and career development choices. We therefore need to broaden our work-style and career path options to enable such growth and development. We will progressively review our personnel system because diversity management is more important than ever.

External Recognition

Certified Health and Productivity Management Organization

Resona Holdings, Resona Bank, Saitama Resona Bank, Kansai Urban Banking Corporation, Kinki Osaka Bank, Minato Bank

Mayor's Award for Leading Companies in Promoting Women's Employment in Osaka City

Kansai Urban Banking Corporation: Grand prize
Resona Bank: Excellence award
Kinki Osaka Bank: Excellence award

Human Resource System

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

Human Resource Development

Group training, on-the-job training, and self-development are the core of our human resource development. Throughout the Resona Group, in addition to developing human resources with the expertise that enables them to offer optimal solutions to customers, we will train all employees to become Omni-advisors in order to understand the true latent needs of customers by truly taking the perspective of customers through high-quality communication.

In addition, we provide opportunities for growth through training and self-development regardless of job category, based on the idea of having the right people with the right skills.

Strategy for Developing Omni-Advisors

Definition of Omni-Advisor

The following five requirements define an Omni-advisor:

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

Omni-advisors think seriously about customers, providing proposals that benefit customers and deliberately avoid anything that is not good for customers. This is key to our fiduciary duty.

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

Some customers may not fully understand bank products and services. However, many of them have latent needs and will use Resona Bank if our products help them. Customers may be vague about these needs, so we will get an accurate understanding of these latent needs by communicating with customers.

The following three attributes empower Omni-advisors to empathize with how customers feel and truly understand their latent needs:

- Commitment to resolving customer concerns
- Experienced and able to empathize with everyone
- Sophisticated communication skills

Developing Omni-Advisors

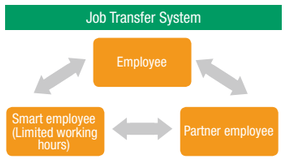
We have repeatedly emphasized our fundamental stance of "Customers' happiness is our pleasure," and have created a solid foundation for Omni-advisors. We will inculcate in all employees the practice of consistently thinking about customers and their needs.

In addition, we will try to review our human resource development programs. Up until now, we have emphasized acquiring the business knowledge and skills necessary for solving customer issues. We are now energetically complementing that approach by providing opportunities to gain experience and enhance communication skills. These activities support the personal growth of each employee, as do work and training. However, employees must also have fulfilling private lives. We therefore need work-style reforms that help employees realize work-life balance.

Workplaces That Empower Female Employees

We are consolidating the support system for employees to strike a balance between work and childcare and build awareness of career development among women.

The Employee, Smart Employee and Partner Employee Transfer System



This system allows for temporary switches between full-time employment, smart employee and partner employee positions. Smart employees are allowed to work shorter hours and are given more limited job duties compared with other employees while partner employees are part-time employees.

Networking Seminars



Our group meetings for female managers provide opportunities to network and discuss daily management concerns, issues specific to them and other topics.

A Society That Empowers Diverse People

We have various initiatives to create a society in which everyone can fully demonstrate their capabilities, support normalization, and achieve an egalitarian society for sexual minorities and others.

Participation in the 2025 Future Society Design Meeting



The meeting provided the opportunity to discuss ways to achieve both job satisfaction and economic growth in a world where people can put their individuality and capabilities to work, and Resona Bank received a secretary-general's award.

Participation in Tokyo Rainbow Pride 2018



The Resona Group participates in external events that encourage understanding of sexual minorities as part of educational activities geared toward promoting respect for LGBT rights.

Initiatives for Environmental Issues

Basic Approach

The Resona Group recognizes that helping resolve environmental issues is important and fundamental to regional community development. Climate change is having a serious impact on society, the economy, people's lives and corporate activities. A social mission of the Resona Group is to use its role in finance to help preserve the environment and the communities that are a part of it.

The Resona Group has clarified its commitment to the environment in the Resona Group Environmental Policies. We are conserving the environment through financial services. This includes developing and providing products and services that are environmentally friendly and extending loans with environmental impact in mind.

Resona Group Environmental Policies

1. Observance of Environment-Related Laws and Regulations	Comply with environmental conservation related laws and regulations, in addition to other requested items that we have agreed to.
2. Environmental Preservation through Our Core Business	Develop and provide environmentally friendly products and services to support environmental conservation activities.
3. Environmental Load Reduction in Our Offices	Work on activities that reduce usage of resources and energy with the goal of reducing our environmental impact.
4. Environmental Communication	Actively communicate environmental information inside and outside of the company, and work on environmental training and awareness activities.
5. In-House Education and Full Participation	Inform all officers and employees about this policy, and each individual officer and employee shall act while considering environmental conservation.

Conserving the Environment through Our Products and Services

We energetically help customers who want to contribute to environmental conservation by providing products created with environmental impact in mind and cooperating with government activities.

Environmental Products and Services of Group Banks

	Products for Individual Customers	Products for Corporate Customers
Resona Bank	• Housing loans for energy conservation and ecological support • Good energy housing loan and others	• Resona Eco Vision Diversity Company loan system • Resona Environmental Measure Support Fund and others
Saitama Resona Bank	• Saitama house eco-friendly life support housing loan • Saitama Greenery Trust Fund and others	• Saitama Resona environmental management support loan • Saitama Resona growth business support loan (environmental business) and other
Kansai Urban Banking Corporation	• Smart house housing loan, eco time deposits, and others	• Environmental support loan and others
Kinki Osaka Bank	• Eco housing loan and others	• Kinki Osaka renewable energy support loan and others
Minato Bank	• Minato eco housing loan, Minato eco product purchase loan, and others	• Minato eco loan, Minato eco privately placed bonds, and others

Loan and Investment Initiatives

Loan Initiatives

Our Credit Policy is the basis for Resona Group credit risk management, and it includes an environmentally friendly approach for our loan operations. For example, we energetically support the environmentally friendly initiatives of customers through our loans, and do not extend loans to large development projects that may have an excessive impact on the environment. We have also developed a system and procedures to carefully understand and assess the environmental impact of large projects and the environmentally friendly initiatives of customers.

Investment Initiatives

Resona Bank manages trust and other assets by investigating and analyzing both financial and non-financial information, including environmental, social and governance (ESG) issues. Our Responsible Investment Policy stipulates a medium-term perspective for increasing the value of trust and other assets by encouraging corporate value creation and sustainable growth. The Responsible Investment Committee consists of managers responsible for divisions that manage trust assets. Committee members employ their collective knowledge to determine the propriety of our initiatives.

Task Force on Climate-Related Financial Disclosures Initiatives

Institutional investors and financial regulators are keenly aware that climate change involves business risks and opportunities. As a result, financial institutions must evaluate the business risks and opportunities related to climate change, appropriately reflect this evaluation in business strategy and risk management, and disclose relevant information.

The Resona Group will appropriately disclose climate-related financial information as recommended by the Task Force on Climate-Related Financial Disclosures.

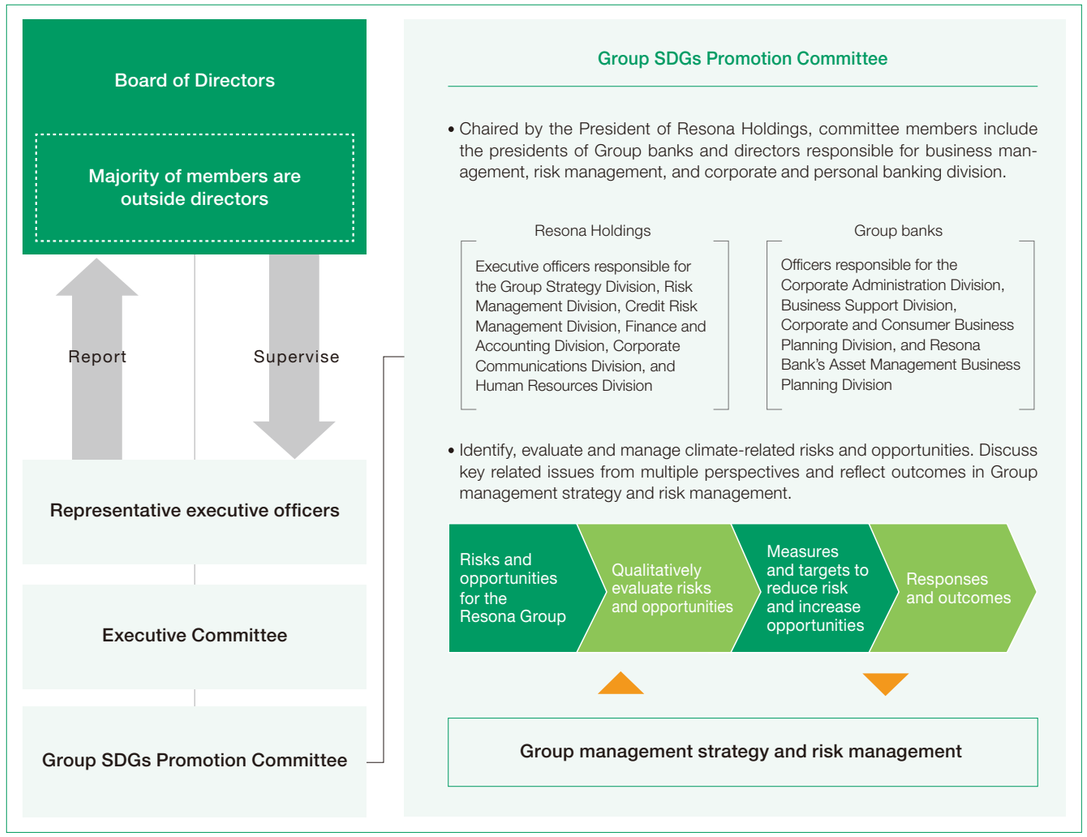
Governance

The Board of Directors, of which a majority are outside directors, discusses significant business impact from and countermeasures for social issues such as climate change in a multifaceted way.

The Group SDGs Promotion Committee is an integrated forum for managing important matters concerning the identification, evaluation and management of more specific climate-related risks and opportunities. The committee is chaired by the President of Resona Holdings, and committee members include the presidents of Group banks and directors responsible for business management, risk management, and corporate and consumer divisions.

The committee draws on the discussions of the Board of Directors to assess climate-related risks and opportunities for the Resona Group, and discusses measures and targets to reduce risk and increase opportunities from various perspectives. The Group reflects the outcome of these discussions in management strategy and risk management.

Governance for Climate-Related Risks and Opportunities



Business Risks and Opportunities from Climate Change
Climate-related risks and opportunities are likely to have the greatest financial impact on our largest asset class, loans.

The Resona Group helps corporate and individual customers mitigate and adapt to climate change through financial services that minimize the risks from climate change and expand the opportunities.

Risks	Projected Financial Impact	Characteristics
Transition Risks	• More stringent regulations, technological innovation and changes in customer preferences could affect industries and companies and reduce the value of the Group's loan assets. • Rising carbon prices could increase operating expenses. • Issues such as inconsistencies between strategy and actions or insufficient disclosure of information about climate change could reduce Resona Holdings' share price.	• Transition risk results from factors including changes in climate change policies and regulations, technology development, market trends and market perceptions. • Steady progress toward the two degree target of the Paris Agreement[1] could intensify these impacts over the medium term.[2]
Physical Risks	• Extreme weather and changes in long-term climate patterns could result in customer defaults and reduced collateral. • Natural disasters could damage social infrastructure and the Group's assets and impede business continuity.	• Physical risk is the risk of acute or chronic damage resulting from disasters caused by climate change. • Difficulties mitigating or adapting to climate change could intensify these impacts over the long term.[2]

Opportunities	Projected Financial Impact	Characteristics
Resource Efficiency, Energy Sources, Products and Services, and Market Resilience	• Increased opportunities for loans to climate friendly industries and companies • Increased opportunities for loans for infrastructure and technology development to help society and companies better respond to climate change • Cost reductions from using highly resource efficient business infrastructure • Reduce impact from rising carbon prices through the use of low-carbon energy sources	• The business market for mitigation of and adaptation to climate change is expected to expand greatly over the medium and long term. • Developing and providing various financial services to support growth of the market would lead to increase in profit of the Resona Group over the medium and long term.

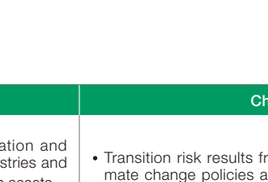
1. The world-wide long-term goal agreed upon at the United Nations Framework Convention on Climate Change held in Paris in 2015
2. Based on Resona Group's business model and various public climate change scenarios, the following definitions are used: short term is about 5 years, medium term is about 15 years, and long term is about 35 years

Environmental Management and Community Initiatives to Conserve the Environment

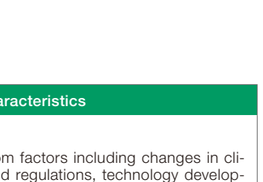
The Resona Group sets annual environmental targets based on its environmental policies to reduce environmental burden. We acquired the international ISO14001 certification for our PDCA-driven environmental management system as part of efforts to achieve these targets.

Our community initiatives to conserve the environment and maintain and improve biodiversity include planting and maintaining forests as well as restoring forests damaged by the Great East Japan Earthquake.

"Resona no Kizuna" Tree-Planting Program in Disaster-Affected Areas



Kinki Osaka Bank Forest Tree-Planting Activities



Environmental Goals and Targets

	Environmental Goals	Medium-Term Targets
1	Develop and promote the sale of environmentally friendly products and services	Continue to promote product development under the theme of environmental conservation through our core businesses
2	Reduce environmental burden by enhancing productivity	Enhancing productivity: Promotion of operational efficiency by reviewing processes Energy use: 30% reduction of energy use in FY2020 compared with FY2009 Copy paper: 25% reduction of copy-paper purchases in FY2020 compared with FY2012
3	Improve awareness of environmental issues among executives and employees	Continue to promote environmental awareness among all employees
4	Proactively communicate our environmental activities	Proactively release environment-related information

Initiatives for a Better Society

Basic Approach

As a good corporate citizen, we contribute to society under a corporate mission of developing further with regional communities. Financial institutions are an important part of the infrastructure that supports society, and we operate branch offices in various areas to conduct activities closely related to the region and carry out business activities supported by local communities. With an awareness of what the Resona Group can do for society by utilizing its experience and resources, we fulfill our responsibilities as part of the social infrastructure and work proactively to help resolve the issues faced by local communities, such as support for bringing up the next generation and regional revitalization.

Improving Financial Literacy

We help to popularize financial and economic education for the acquisition of accurate knowledge and appropriate judgment regarding finance. So far, about 33,000 children throughout Japan have participated in "Resona Kids' Money Academy," which will be held for the fourteenth year in FY2018.

"Resona Kids' Money Academy"



Supporting the Dreams of the Next Generation

We help children make the most of their abilities and realize their dreams. Our career seminars for high school students provide opportunities to draw up future career plans. We support art and cultural activities among children attending special support schools nationwide. This includes our support of the exhibition and award ceremony of the All Japan Culture Festival for Schools for the Disabled. These initiatives have been highly evaluated, and we received recognition from the Minister of Education, Culture, Sports, Science and Technology for our efforts to promote the lifelong learning of people with disabilities.

Career Seminar for High School Students



Award Ceremony at All Japan Culture Festival for Schools for the Disabled



Contribution to Community Revitalization

We contribute to the promotion of sports, the arts and culture as well as community revitalization through participation and cooperation in functions and events in local communities. Our activities in cooperation with local residents include support for the Saitama International Marathon, co-sponsorship with the Kansai Philharmonic Orchestra of a charity concert in Osaka, and cooperation in providing volunteers to run a festival in Koto Ward.

Support for the Saitama International Marathon



Co-Sponsorship of Charity Concert in Osaka



Cooperation in Koto Ward Festival



"Resona Foundation for Future"

The "Resona Foundation for Future" funds scholarship programs and provides opportunities for interacting with others in order to help children succeed regardless of economic status. We also offer career support for single-parent households through personal consultations with an employment advisor.



"Resona Foundation for Future Scholarship Program"
The program has provided 134 scholarships to date, and 37 scholarship recipients graduated in March 2018. We also held a graduation party.



"Resona Day Camp"
This day camp gives children the opportunity to think about the importance of interpersonal relationships and their own future.

A Message from the Executive Officer in Charge of Finance and Accounting



Satoshi Fukuoka

Director and Representative Executive Officer,
in charge of Finance and Accounting Division

1. Results for the Fiscal Year Ended March 2018

During the fiscal year ended March 2018 (FY2017), corporate earnings, personal income and employment conditions improved in Japan. However, the operating environment remained challenging for financial institutions due to factors including the BOJ's negative interest rate policy and intensifying competition from other industries.

In the medium-term management plan we announced in April 2017, we planned to make up for reduced loan income due to low interest rates by implementing income structure reforms. We will also expand the balance of loans, increase stock-type fee income and reduce expenses through cost structure reforms. Results for the fiscal year ended March 2018 indicate steady progress with both types of structural reforms.

Net income attributable to owners of the parent increased ¥74.7 billion year on year to ¥236.2 billion. This increase was due in part to a one-off reduction of ¥85.6 billion in tax expenses that resulted from Group restructuring. However, we still exceeded our target at the beginning of the fiscal year of ¥150.0 billion, excluding the tax decrease.

Gross operating profit decreased 1.8% year on year to ¥552.5 billion.

Net interest income decreased 2.5%, but the rate of decrease was lower than the 5.8% of the fiscal year ended March 2017. This improvement was the result of reduced contraction in the loan to deposit spread, and an increase in the balance of loans and bills discounted due to factors including our response to demand for loans from SMEs for capital expenditures.

Fee income increased 4.6% year on year, exceeding 30% of gross operating profit for the first time. Key factors were our ability to offer solutions to SMEs tailored to their growth stage, and to propose asset formation products to individual customers for their future.

Net gains on bonds (including futures) decreased by ¥10.6 billion year on year. This was largely the result of our initiatives to maintain financial soundness by restructuring our bond portfolio, such as U.S. government bonds and other instruments, to increase the yield on securities given the challenging environment of managing yen bonds due to the negative interest rates in Japan.

Operating expenses decreased 1.0% year on year to a historically low ¥341.2 billion. Factors in this decrease included ongoing initiatives to raise operating efficiency and reform work styles.

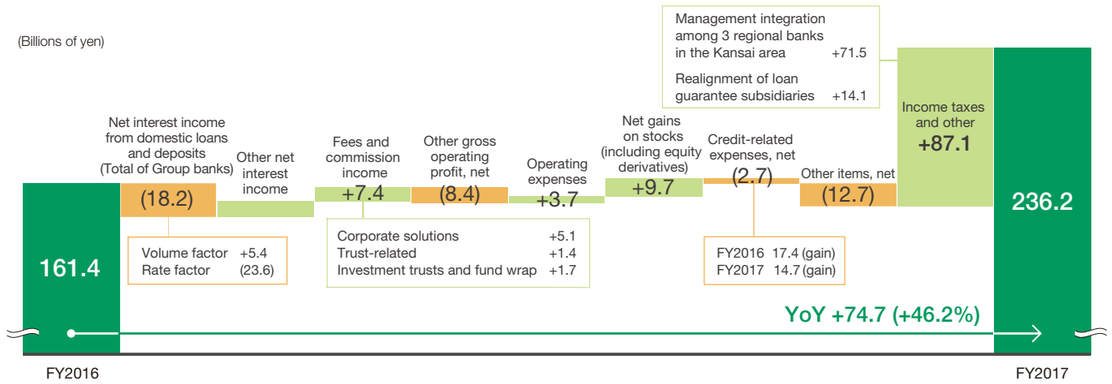
Financial Results for FY2017

(Billions of yen)

	FY2017	
		YoY change
Net income attributable to owners of the parent	236.2	+74.7
Gross operating profit	552.5	(10.5)
Net interest income	368.3	(9.5)
Fee income	168.0	+7.4
Fee income ratio	30.4%	+1.8%
Other operating income	16.1	(8.4)
Net gains (losses) on bonds (including futures)	(5.0)	(10.6)
Operating expenses (excluding Group banks' non-recurring items)	(341.2)	+3.7
Actual net operating profit	211.6	(6.6)
Net gains on stocks (including equity derivatives)	13.0	+9.7
Credit-related expenses, net	14.7	(2.7)
Income before income taxes	215.8	(12.3)
Income taxes and other	20.4	+87.1

We maintained financial soundness with a diversified loan portfolio of smaller loans. Gains on reversal of credit-related expenses, net were ¥14.7 billion and the non-performing loan ratio fell to a historical low of 1.18%.

Factors in the FY2017 Change in Net Income Attributable to Owners of the Parent



2. Forecast for the Fiscal Year Ending March 2019 and Progress of Medium-Term Management Plan

Forecast for the Fiscal Year Ending March 2019

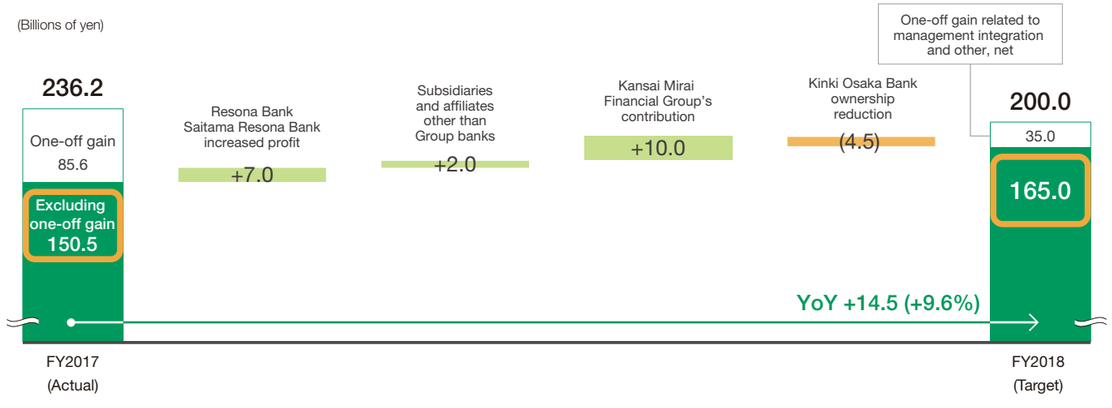
Kansai Mirai Financial Group, Inc. (KMFG) started full-scale operation in April 2018, adding Kansai Urban Banking Corporation and Minato Bank to the Group's Resona Bank, Saitama Resona Bank and Kinki Osaka Bank. The fiscal year ending March 2019 will mark the start of the new five-bank structure.

Our target for net income attributable to owners of the parent for the year ending March 2019 will decrease 15.3% year on year to ¥200.0 billion. However, net income attributable to owners of the parent for the fiscal year ended March 2018 and 2019 includes one-off gains of ¥85.6 billion and ¥35.0 billion, respectively. On a real basis, excluding these one-off gains, our target for net income attributable to owners of the parent for the fiscal year ending March 2019 would increase 9.6% year on year, or ¥14.5 billion, to ¥165.0 billion.

Specific components of the target increase in net income attributable to owners of the parent, excluding one-off gains, are an increase in income at Resona Bank and Saitama Resona Bank totaling ¥7.0 billion, and a ¥10.0 billion contribution from KMFG.

The one-off gain for the fiscal year ending March 2019 is largely negative goodwill that resulted from the integration of Kansai Urban Banking Corporation and Minato Bank.

Factors in the Projected FY2018 Change in Net Income Attributable to Owners of the Parent



Progress of Medium-Term Management Plan and KPIs for the Final Year of the Medium-Term Management Plan Based on a Five-Bank Structure

The Group generally made progress as planned toward the KPIs of the medium-term management plan during the fiscal year ended March 2018.

With KMFG fully operational, our targets on a five-bank basis for net income attributable to owners of the parent, consolidated fee income ratio and consolidated cost-to-income ratio are presented below. ROE and the CET1 ratio (excluding unrealized gain on available-for-sale securities, net of tax effect) are unchanged by the integration because our forecast already included that impact.

The new five-bank structure will deploy marketing capabilities strengthened with advanced digital and other technologies and improve productivity to achieve those targets.

Given the new five-bank structure, we have increased the KPI of net income attributable to owners of the parent announced in the medium-term management plan by ¥5.0 billion to ¥170.0 billion (from ¥165.0 billion) for the fiscal year ending March 2020.

KMFG should contribute approximately ¥10.0 billion to net income attributable to owners of the parent during its first phase. We expect this contribution to increase to ¥20.0 billion after five years because we will no longer have one-off expenses associated with the integration and we will achieve earnings and expense synergies.

Progress of Medium-Term Management Plan and KPIs for the Final Year of the Medium-Term Management Plan based on a Five-Bank Structure

KPIs	Plan at Conception (FY2019)	FY2017 (Actual)	Plan after Kansai Mirai Financial Group Integration[1] (FY2019)
Net income attributable to owners of the parent	**¥165.0 billion**	¥236.2 billion Excluding one-off gains ¥150.5 billion	**¥170.0 billion** (Resona Bank + Saitama Resona Bank: ¥160.0 billion)
Consolidated fee income ratio	**Over 35%**	30.4%	**Lower half of the 30% range** (Resona Bank + Saitama Resona Bank: Over 35%)
Consolidated cost-to-income ratio	**Below 60%**	61.7%	**60% level** (Resona Bank + Saitama Resona Bank: Below 60%)
ROE[2]	**Over 10%**	15.76%	**Over 10%**
CET1 ratio[3]	**9% level**	9.50%	**9% level**

1. Adjustments to the current Resona Holdings'(RHD) medium-term management plan(MMP) are made by combining: (1) KPIs for the final year (FY2019) in RHD's MMP adjusted to exclude Kinki Osaka Bank's targets, and (2) KMFG's target for the second year (FY2019) in KMFG's MMP
2. (Net income attributable to owners of the parent – Preferred dividends) / (Total shareholders' equity – Balance of outstanding preferred shares)
3. Excluding unrealized gain on available-for-sale securities, net of tax effect

3. Capital Management

Basic Approach and Targets

Our basic capital management policy gives equal weight to 1) investment for future growth, 2) higher capital adequacy and 3) increase in shareholder returns.

We will secure sufficient capital under the currently applicable Japanese standard and aim for a common equity Tier 1 (CET1) ratio (excluding net unrealized gains on available-for-sale securities) at the 9% level under the international standard. The target for our capital adequacy ratio involves the following three points.

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

Our CET1 ratio was 9.5% as of March 2018, but we expect it to decrease temporarily due to the integration of KMFG. Nevertheless, we expect the CET1 ratio to recover to the 9% level by March 2020.

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

Initiatives in FY2017 and Enchancing Shareholder Refurns

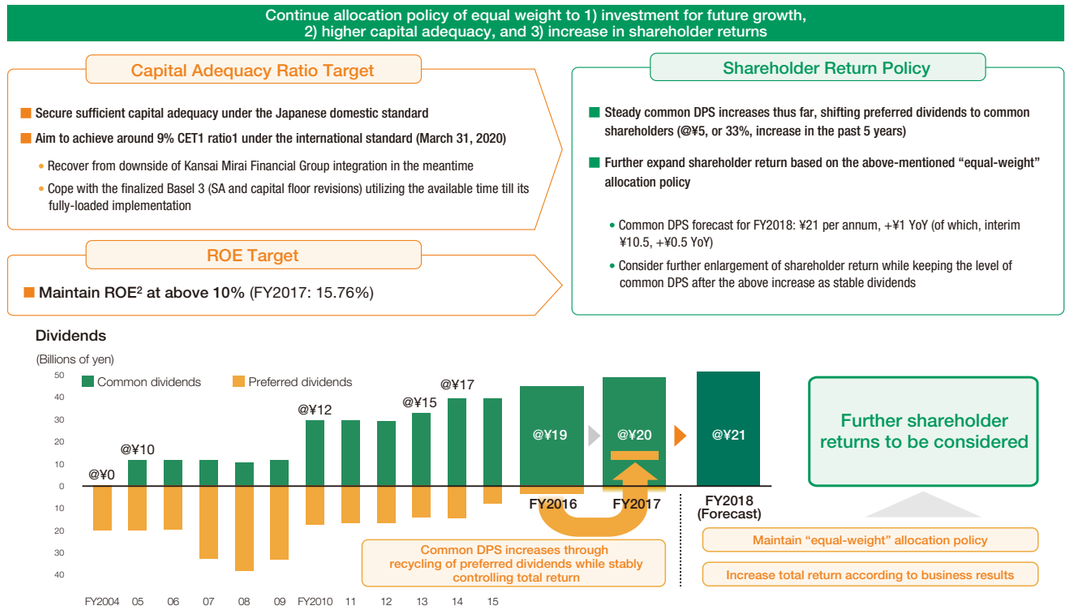
As planned, we repurchased and canceled ¥100.0 billion of Class 5 preferred shares during the fiscal year ended March 31, 2018. We consequently achieved a capital structure consisting solely of common shares. To date, we have been increasing returns to common shareholders by repurchasing and canceling preferred shares and then reallocating the associated preferred dividends to common shareholders. Thus we have kept total distributions at a constant level while increasing returns to common shareholders.

We are now transitioning to a phase in which we should expand the total return amount according to business results while maintaining the "equal-weight" allocation policy.

Based on KMFG's projected contribution to earnings in the current fiscal year, we forecast that cash dividends per share will increase by ¥1 year on year to ¥21 for the fiscal year ending March 2019.

We will maintain stable dividends at the increased leve. We will also continue to consider further increases in shareholder returns in light of capital adequacy and the Group's performance.

Capital Management



1. Excluding unrealized gain on available-for-sale securities, net of tax effect
2. (Net income attributable to owners of the parent – Preferred dividends) / (Total shareholders' equity – Balance of outstanding preferred shares)

4. Dialogue with Shareholders and Investors

The Resona Group emphasizes constructive dialogue with shareholders and investors to achieve sustainable growth and increase corporate value over the medium-to-long term. We proactively increased opportunities for dialogue during the fiscal year ended March 2018.

Our dialogue with domestic and overseas institutional investors includes interim and full-year results briefings. We also conduct call conferences for quarterly results, one-onone interviews and business strategy information meetings. We held 285 events in which 722 companies participated during the fiscal year ended March 2018.

Our dialogue with individual investors includes online information meetings and meetings at venues such as the branches of securities companies. We also take advantage of opportunities to provide more information at seminars and other venues. Examples include our participation in Nikkei IR Fair 2017 and Tokyo Stock Exchange IR Festa 2018. During the fiscal year ended March 2018, we held 13 information meetings for individual investors with a total of 2,056 participants, and three shareholder seminars with a total of 1,874 participants.

We will continue to disclose information fairly and impartially, and will maintain a constructive dialogue with shareholders and investors.

Feature

Establishment of the Kansai Mirai Financial Group

Kansai Mirai Financial Group

RESONA

Kansai Urban Banking Corporation | Kinki Osaka Bank | MINATO BANK

A New Financial Group Progressing Together with the Future of Kansai

Various structural changes are accelerating in Japan, including changes in the business environment driven by demographic composition and the evolution of technology, as well as the arrival of a new era of competition that reaches beyond industry boundaries. Regional financial institutions must adapt to these environmental changes and structure new business models that contribute even more to regional development.

In this environment, Kansai Mirai Financial Group (KMFG), a holding company in which Resona Holdings owns 51% of the equity, got its start under a new structure following the April 1, 2018 integration of Kansai Urban Banking Corporation, Kinki Osaka Bank and Minato Bank. Kansai Urban Banking Corporation and Minato Bank are new members of the Resona Group. We will make full use of their respective strengths and characteristics in collaborating to help make the Kansai area even more vital and economically strong.



(From left) Kazuhiro Higashi (Resona Holdings), Hiroaki Hattori (Minato Bank), Tetsuya Kan (Kansai Mirai Financial Group), Kazumasa Hashimoto (Kansai Urban Banking Corporation) and Koji Nakamae (Kinki Osaka Bank)

A Key Player in the High-Potential Kansai Market

KMFG is the largest regional financial group focused on the Kansai market, which accounts for 16% of Japan's GDP. The deal further enhances the Resona Group's presence, with significant market share expansion in Osaka complemented by the addition of a large market share in Hyogo and Shiga, where the Resona Group was not well represented. KMFG customers also benefit from the integration as KMFG will continue to provide detailed regional services. Customers will also now have access to the Resona Group's unique solutions, such as its extensive network and trust and real estate capabilities.

Objective: Kansai Leadership in Name and Reality

KMFG will deepen the relationships with customers and regional communities that its group banks have developed over many years. It also intends to be a leading financial group in Japan, as well as the largest regional financial group in Kansai, where motivated employees can work with pride.

Management Principles

As a financial group progressing together with Kansai's future,

- Grow with our customers
- Create a prosperous future for communities we serve
- Make innovative changes for continuous evolution

In addition, KMFG will quickly maximize synergies from integration and increase service quality to structure a new retail financial services model under the following three pillars. We will contribute to strengthening the Kansai economy.

1. **Contribute to the development and invigoration of regional communities**
   KMFG will make the most of its operating base and ability to deliver services to customers by sharing the strengths the three banks have developed. Specifically, KMFG will become a single-source provider of financial services and solutions that customers need because it will be able to provide a broad array of information and succession solutions using the Resona Group's trust and real estate capabilities.
2. **Enhance productivity and customer convenience simultaneously**
   KMFG will fully leverage the Resona Group's collective expertise in operational reforms with emphasis on improving productivity through digitalization and spending more time consulting with customers. KMFG will also benefit fully from the integration of administrative processes and systems by concurrently reducing its overall system expenses and using the most advanced technologies of the Resona Group's shared services.
3. **Raise profitability, efficiency and soundness as one of the leading regional financial groups in Japan**
   KMFG's goal is to become a regional financial institution with a powerful presence in the vibrant, high-potential Kansai area. Over the next five years, it will take advantage of economies of scale with the objective of being a leading regional bank in the core business areas presented in the medium-term management plan.

In May 2018, KMFG announced its first medium-term management plan (Create the "Future") for the three years ending March 2021. The most important aspects of this plan are (1) construction of a strong, collaborative system for the three banks through business integration, (2) regional contribution through strengthened "face-to-face" functions as a regional financial institution and (3) implement the merger between Kansai Urban Banking Corporation and Kinki Osaka Bank and system integration successfully. The objective of the plan is to make KMFG a banking group considered absolutely essential by its customers. KMFG shares the Resona Group's values and objective of being a "Retail No. 1" financial services group and will evolve into a leading Kansai regional banking group in both name and reality.

Corporate Summary

(As of April 1, 2018)

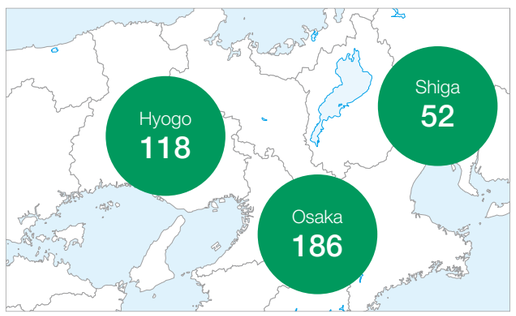
Corporate Name	Kansai Mirai Financial Group, Inc.
Head Office	2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
Representatives	Tetsuya Kan, Representative Director and Executive President Kazumasa Hashimoto, Representative Director and President (President of Kansai Urban Banking Corporation) Koji Nakamae, Representative Director and President (President of Kinki Osaka Bank) Hiroaki Hattori, Representative Director and President (President of Minato Bank)
Governance Structure	Company with audit and supervisory committee
Date of Incorporation	November 14, 2017
Major Shareholder	Resona Holdings, Inc. (51%)
Share Listing	Tokyo Stock Exchange, First Section

Operating Base and Branch Network

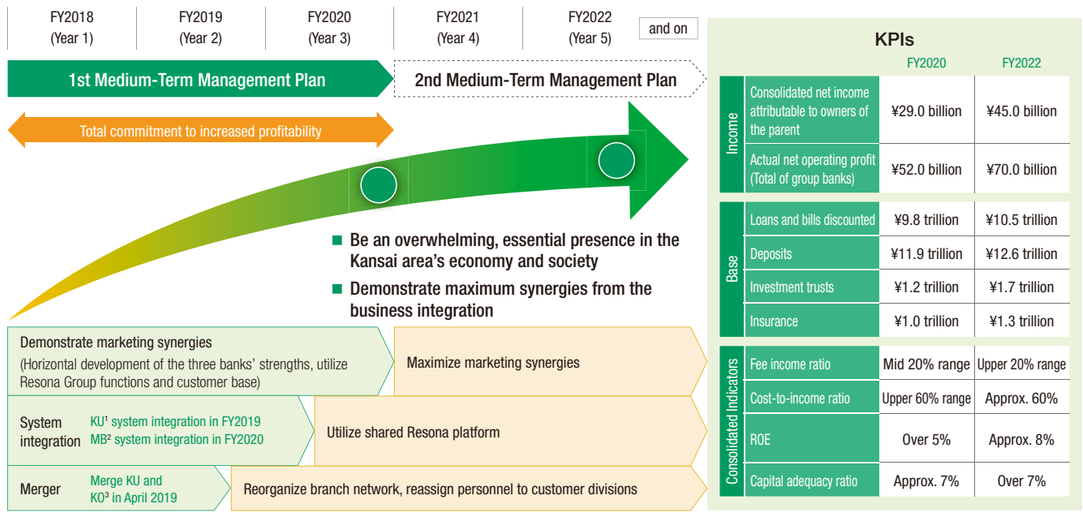
(As of March 31, 2018)

	Loans and Bills Discounted (Trillions of yen)	Deposits (Including NCDs) (Trillions of yen)	Employees	Manned Branches
Kansai Urban Banking Corporation	3.9	4.2	2,536	155
Kinki Osaka Bank	2.4	3.3	2,152	118
Minato Bank	2.5	3.2	2,246	106
Total of three banks	8.9	10.8	6,934	379

Manned Branches



Overview of Medium-Term Management Plan



1. Kansai Urban Banking Corporation 2. Minato Bank 3. Kinki Osaka Bank

KPIs

		FY2020	FY2022
Income	Consolidated net income attributable to owners of the parent	¥29.0 billion	¥45.0 billion
	Actual net operating profit (Total of group banks)	¥52.0 billion	¥70.0 billion
Base	Loans and bills discounted	¥9.8 trillion	¥10.5 trillion
	Deposits	¥11.9 trillion	¥12.6 trillion
	Investment trusts	¥1.2 trillion	¥1.7 trillion
	Insurance	¥1.0 trillion	¥1.3 trillion
Consolidated Indicators	Fee income ratio	Mid 20% range	Upper 20% range
	Cost-to-income ratio	Upper 60% range	Approx. 60%
	ROE	Over 5%	Approx. 8%
	Capital adequacy ratio	Approx. 7%	Over 7%

Resona Group Governance

Resona Holdings Directors

Inside Directors (4 members)

Director, President and Representative Executive Officer

Kazuhiro Higashi



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

Director and Representative Executive Officer

Shoichi Iwanaga



Assumed the office of Executive Officer of Resona Bank, Ltd. and General Manager of Sales Support Division in 2016. Assumed the current office of Director and Representative Executive Officer in charge of Group Strategy Division of the Company in 2018. (Concurrently serves as Executive Officer of Resona Bank, Ltd.)

Director and Representative Executive Officer

Satoshi Fukuoka



Assumed the position of General Manager of Sales Support Division of Saitama Resona Bank, Ltd. in 2013. Assumed the office of Executive Officer in charge of Finance and Accounting Division of the Company in 2017. Assumed the current office of Director and Representative Executive Officer in charge of Finance and Accounting Division of the Company in 2018.

Director and Member of Audit Committee

Kaoru Isono



Joined Long-Term Credit Bank of Japan in 1978. Assumed the office of Executive Officer in charge of Risk Management Division and Compliance Division of the Company in 2004, and then assumed the current position of Director of the Company in 2009. (Concurrently serves as Director of Kansai Mirai Financial Group, Inc.)

Outside Directors (6 members)

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

Toshio Arima



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

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

Hidehiko Sato



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

Outside Director and Chairperson of Audit Committee

Yoko Sanuki



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

Outside Director and Member of Audit Committee

Chiharu Baba



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

Outside Director and Chairperson of Compensation Committee

Mitsudo Urano



Joined Nichirei Corporation in 1971. Assumed the office of Representative Director and President in 2001. Joined the Company in 2013 as Outside Director, up to the present.

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

Tadamitsu Matsui



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



Executive Transparency

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

Messages from Outside Directors



Tadamitsu Matsui

Chairperson of
Nominating Committee

I am committed to nurturing the next generation of management in order to maximize customer satisfaction.

I have been chairperson of the Nominating Committee for one year. The primary role of the Nominating Committee is to maintain transparency and impartiality when selecting and appointing management personnel. In that sense, Resona Holdings has a fair and transparent mechanism for managing the selection and dismissal of directors and officers, including senior management. Another core responsibility of the committee is training human resources. The Resona Group has developed and is consistently implementing a diverse array of effective programs for doing so. The Group has nurtured an outstanding class of next-generation managers. HR has been a significant part of my career, and I have been deeply involved in developing and deploying people. I am now helping several companies develop human resources. I think that 80% of management is common across industries. I will contribute further to human resource development, for which different industries share significant common ground.

Resona Holdings' medium-term management goal is "Retail No. 1." I believe this is truly the correct direction. The financial industry is also undergoing major change, because consumers and competitive conditions have changed. As ever, though, companies cannot survive if they do not earn the trust of customers and offer them convenience and security. Becoming "Retail No. 1" could be achieved rapidly by increasing customer satisfaction. All employees must enhance their ability to meet customer expectations. The Resona Group can only achieve its objectives by strengthening its ability to execute, boldly taking on the challenge of structural reform and creating mechanisms for systemized work processes. As chairperson of the Nominating Committee, I will do everything I can to nurture all employees to maximize customer satisfaction.



Yoko Sanuki

Chairperson of
Audit Committee

I will support the Resona Group in its efforts to become a unique financial services group by giving advice on appropriate responses to an array of risks.

The mission of the Audit Committee is to monitor, verify and make recommendations regarding the framework for preventing or minimizing risks that threaten the Resona Group's credibility or existence. Risks range from legal violations to cyberattacks, system problems and large-scale disasters. Effectively and appropriately auditing these risks requires us to collaborate with the Internal Audit Division and the independent accounting auditor. The recent increase in outsourced work also raises the issue of monitoring service providers. To deal with this issue, the best options available now are contractual constraints and data collected from daily observation. Expert judgement of daily observation is indeed the foundation of an audit.

The Resona Group needs to be a step ahead and have fresh perspectives under the current circumstances in which financial institutions constantly look for new business models. The Group aims to expand and acquire customers via the Internet, but differentiation from other companies in the digital area can be difficult. On the other hand, financial institutions are considering closing and consolidating branches. However, the Resona Group has the largest branch network in Japan, and therefore it will be important for us to take a different approach. A wise approach would be to adjust the functions, hours of operation, and head count in line with community characteristics. Seniors are still going to be a growing customer segment in the 2030s, so the Resona Group can develop a powerful competitive advantage by using its branch network as a platform for delivering unique financial services to that segment.



Mitsudo Urano

Chairperson of
Compensation Committee

I will act as chairperson over a compensation system that equitably rewards risk-taking and results to enable the Resona Group to grow.

Corporate management must take risks that generate returns in order to grow a company. Bank management is the same. Linking the compensation of executives to corporate value improves morale and increases awareness of cash flow. The Compensation Committee will further emphasize the performance-based component of compensation to enhance transparency and the linkage with shareholder value.

Key roles for outside directors are to deepen the discussions of the Board of Directors and to encourage risk-taking by creating a place for the expression of a healthy entrepreneurial spirit. Equitably rewarding risk-taking and the results are the two aspects of the compensation system that will drive the Resona Group's growth.

Growth remains tepid in Japan and interest rates are low. Society demands the Resona Group to take on the following three fundamental long-term social responsibilities:

1. Help business partners grow by extending loans based on assessments of business viability;
2. Effectively deploy capital to develop the industries of the future and nurture entrepreneurial companies;
3. For individual customers, serve them with investments diversified by objective and duration to achieve stable medium-to-long-term returns, as well as provide support for long-term holdings and fintech. We will support the shift to risk assets.

Resona Holdings will actively back Group banks as they work to support client companies according to their actual status and raise the financial literacy of individual customers when shifting to risk assets.

Corporate Governance

Basic Approach to Corporate Governance

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

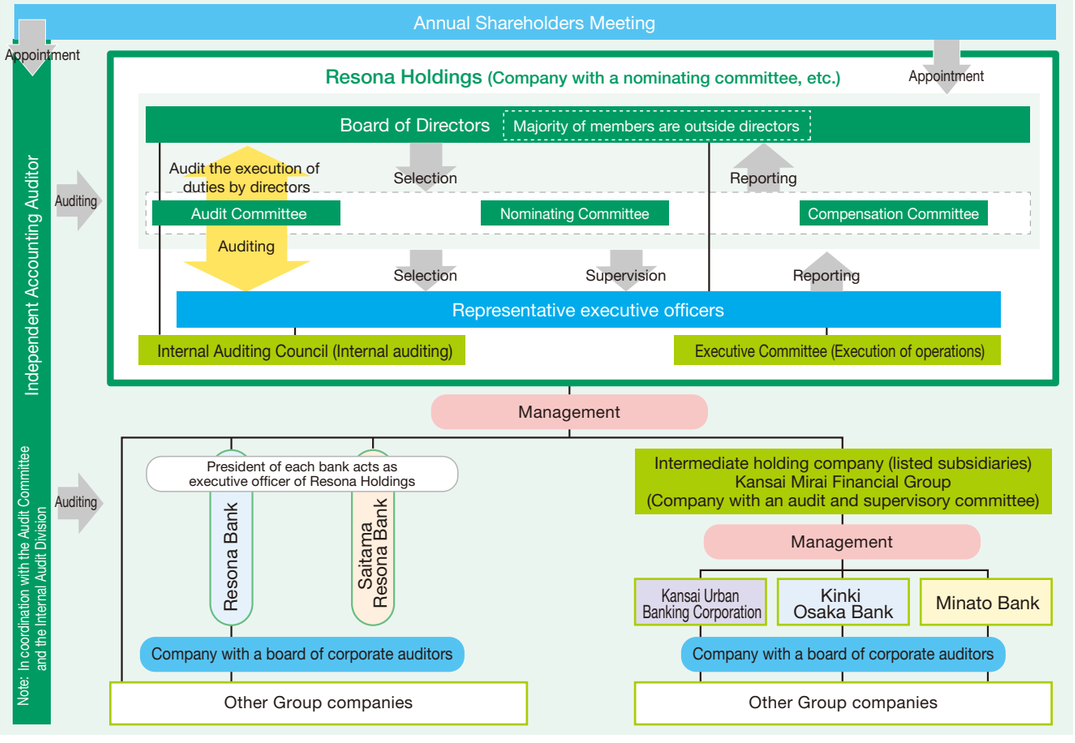
- The Company, as the holding company of the financial services group, including Resona Bank, Limited, Saitama Resona Bank, Limited and Kansai Mirai Financial Group, Inc. shall maximize the corporate value of the Group.
- The Company shall respect all stakeholders, including shareholders, and aim at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

The Company's Corporate Governance System

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

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

Group Corporate Governance Framework



Other Matters Related to Corporate Governance

Self-Evaluation of the Board of Directors

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

The evaluation of fiscal 2017 concluded that the operations of the Board were appropriate on the whole and the overall effectiveness of the Board of Directors was confirmed.

The preparation of meeting materials, the selection of meeting agendas and free discussion have improved compared with fiscal 2016. However, the self-evaluation identified the need for further improvement in the provision of information to outside directors prior to meetings, reporting on the progress of execution of strategies, and shared recognition of medium- and long-term management priorities. The Board of Directors will enhance the content of discussions by improving its operations based on input, including the opinions of each director.

Resona Succession Plan

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

The scope of the succession plan covers various candidates for Resona Holdings, Resona Bank and Saitama Resona Bank, from those who are candidates for the next generation of senior management to those who are new candidates for executive officer positions. The process of selection and nurturing successors is carried out steadily according to a schedule, matching qualified candidates to the appropriate rank. The Group retains the objectivity of this process by drawing on the advice of external consultants. Evaluations of candidates undergoing the process are reported to the Nominating Committee. In addition to receiving reports on candidate evaluations, members of the Nominating Committee come into direct contact with candidates as part of the process, evaluating candidates' characters from various aspects. The activities of the Nominating Committee are reported to the Board of Directors, of which outside directors are the majority, and are discussed from diverse perspectives. Through the entire process, which is highly transparent, each potential director's capabilities and competencies are closely studied and enhanced where appropriate.

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

Activities at Resona Holdings

Management Body	Overview	Composition	Number of Meetings Held in FY2018
Board of Directors	The Board of Directors fully ensures that management engages in substantial discussion in fulfilling its responsibilities for decision-making on important Group management issues and supervises the execution of business activities by executive officers and directors.	10 directors (including 6 outside directors) Male: 9, Female: 1	18
Nominating Committee	The Nominating Committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the annual general meeting of shareholders, based on the specific qualities that the Group should seek in its directors as well as the "Standards for Electing Director Candidates," both of which have been discussed and decided at the committee's meetings.	3 directors (All of the members are outside directors) The committee chairperson is an outside director	12
Audit Committee	The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors that are submitted to the annual general meeting of shareholders in addition to auditing the execution of operations by executive officers and directors.	4 directors (3 members are outside directors) The committee chairperson is an outside director	13
Compensation Committee	The Compensation Committee makes decisions regarding policies for compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals.	3 directors (All of the members are outside directors) The committee chairperson is an outside director	8
Executive Committee	Resona Holdings has set up the Executive Committee as a body to deliberate and report on generally important management items and important matters in the execution of operations to support the decision-making process in the execution of operations.	Representative executive officers and executive officers	43
Internal Audit Council	As a body to deliberate and report on important matters related to internal audits, the Company has established the Internal Audit Council. This council is independent from the Executive Committee, which serves as a body for the execution of operations.	All representative executive officers, fulltime Audit Committee member, Executive Officer in charge of Internal Audit Division and General Manager of Internal Audit Division	15

Overview of Compensation Policy for Directors and Executive Officers
The Company's compensation policy is as follows.

Basic Approach
- Remuneration for directors and executive officers is determined by the Compensation Committee following objective and transparent procedures.
- Compensation systems for directors are focused on rewarding the performance of their primary duty of providing sound supervision of executive officers.
- Compensation systems for executive officers are designed to maintain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation. In addition, with the aim of promoting the Group's sustainable growth and strengthening incentive systems for executive officers on a medium-to-long-term basis to enhance its corporate value, the Company has adopted Performance Share Units.

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

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

Any executive officer holding a concurrent position as director is paid only the amount of compensation due an executive officer.

Position-based compensation (Fixed compensation)	Performance-based (Standard amount) (Variable compensation)		Total
Cash	Cash (Annual incentive)	Performance Share Units (Medium-to-long-term incentives)	
50 to 60%	20 to 25%	20 to 25%	100%

Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors

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

(Purposes)
The Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors, etc. (hereinafter "Shareholders") (hereinafter the "Basic Policy") determines the policy concerning systems and initiatives of the Company for the following purposes:
(1) Obtain the accurate understanding, confidence and fair evaluation of the Group's management strategy and financial condition from Shareholders; and
(2) Facilitate the Group's sustained growth and improve corporate value over the medium-to-long term through constructive dialogue with Shareholders.

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

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

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

(Feedback to the Company)
The Executive Officer in charge of Finance and Accounting Division shall regularly and timely submit a report on Shareholders' opinions, interests and concerns to the Board of Directors in an appropriate manner. The Board of Directors may, at any time, ask the Executive Officer in charge of Finance and Accounting Division to explain the details of dialogue with Shareholders.

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

Risk Appetite Framework

Framework for Formulating and Executing Strategies to Support Sustainable Growth

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

Formulation of Management Strategies and Plans
In formulating management strategies, the Company clarifies the business areas that actively take risks based on the analysis of internal and external environments. Based on multifaceted and sufficient discussions, management strategies are decided at the Board of Directors meeting of Resona Holdings, Inc., the majority of which consists of outside directors. The divisions in charge of business execution then formulate the detailed plans based on such resolutions.

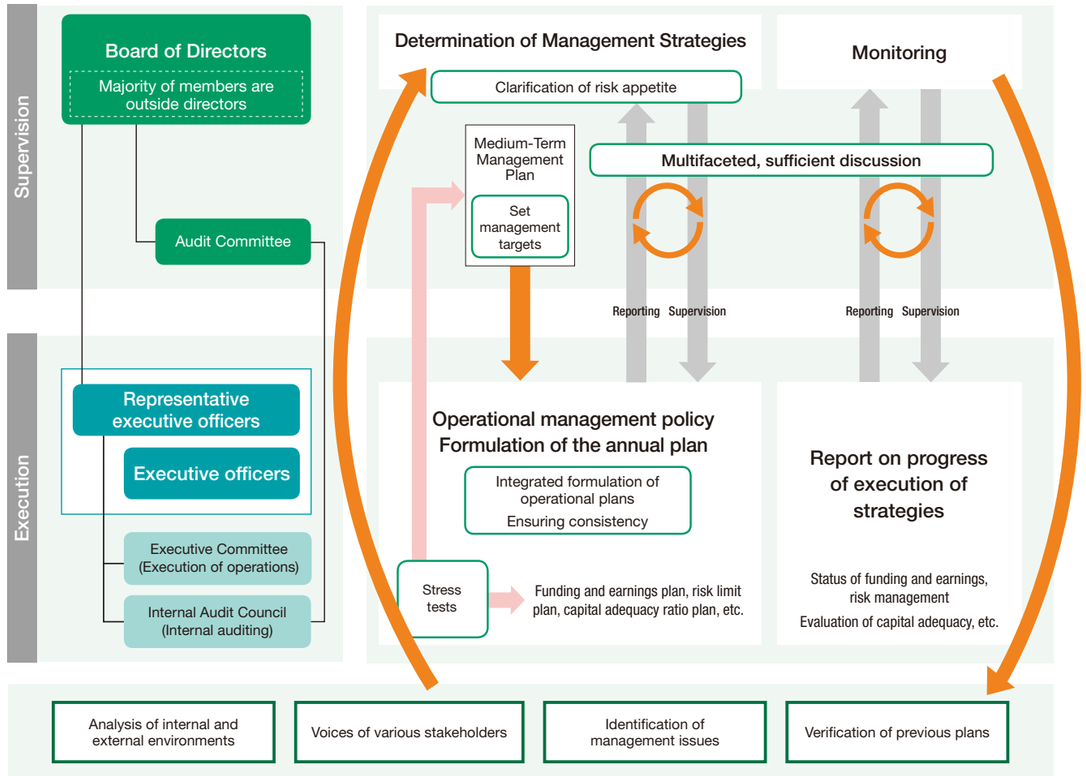
More specifically, based on the characteristics and strengths of the Group's businesses and taking into consideration the short-term and medium-to-long-term issues, and ensuring that the operational policies formulated by the Group companies and business divisions are consistent within the Group, the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

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

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

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

Risk Appetite Framework



Risk Management

Risk Management System

Basic Approach to Risk Management

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

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

Risk Management Policies and Systems

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

Based on the Group Risk Management Policy, Resona Bank, Saitama Resona Bank, and Kansai Mirai Financial Group and its group companies (the "Group banks") have established risk management policies that are tailored to their operations, unique characteristics, and the risks they must address.

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

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

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

Comprehensive Risk Management

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

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

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

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

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

Group Management by Resona Holdings

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

When making decisions on important matters related to risk management, Group companies confer with the Company in advance and base their decisions on those consultations or decide matters through the exchange of opinions, and report those decisions to the Company.

Based on the above, the Company manages the risk management framework of Group companies by providing direction and suggestions to Group companies regarding risk management policies, as well as rules, standards and systems, or by providing verification through prior consultation.

Furthermore, the Company manages the risk-taking policies of Group companies through prior consultation on the limits and guidelines or through the exchange of opinions.

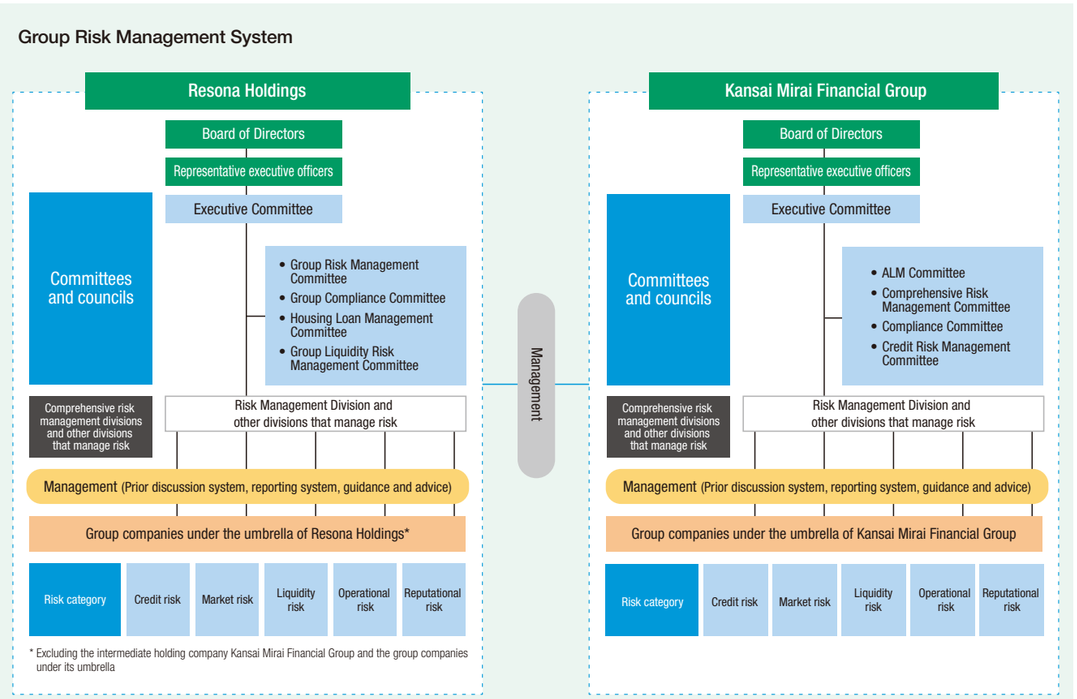
Group companies must make reports to the Company regarding the risk conditions and their management on a regular and as-needed basis so that the holding company can provide guidance and advice as necessary.

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

Risk Category, Definition and Management Methods

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

Group Risk Management System



Compliance

Basic Activities

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

As the basic activities to put compliance into practice, the Resona Group has established its Corporate Mission, which forms the basis for the judgments of directors and employees; the Resona Way (Resona Group Corporate Promises), which outlines the basic stance, based on the Corporate Mission, that directors and employees should take toward all Group stakeholders; and the Resona Standards (Resona Group's Behavior Guidelines), specific guidelines about behavior expected from directors and employees under the Corporate Mission and the Resona Way.

Group Management System

Group Compliance Management System

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems Group-wide. In addition, the Group has formed a Group Compliance Committee that discusses and evaluates all issues related to Group compliance.

System for Protecting Group Customers

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

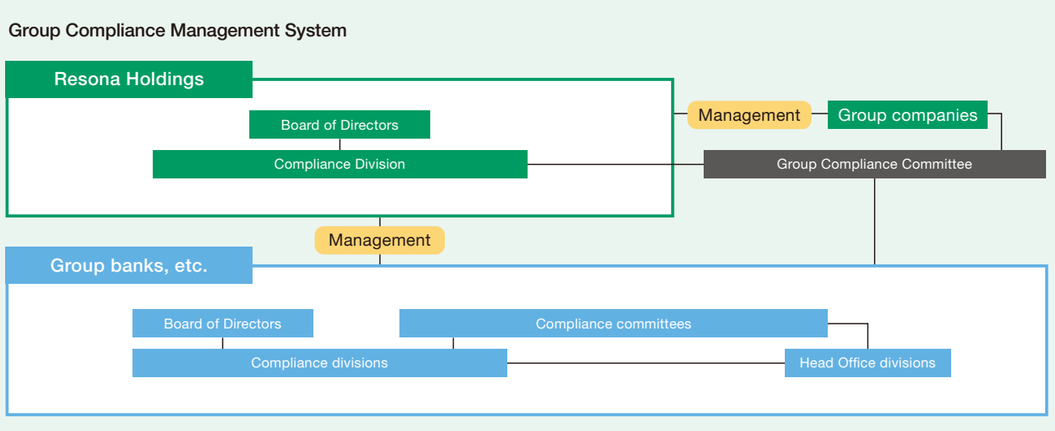
Management of Customer Information

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

Elimination of Anti-Social Forces

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

Group Compliance Management System



Internal Auditing

Group Internal Auditing

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

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

Organization

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

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

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

Functions and Roles

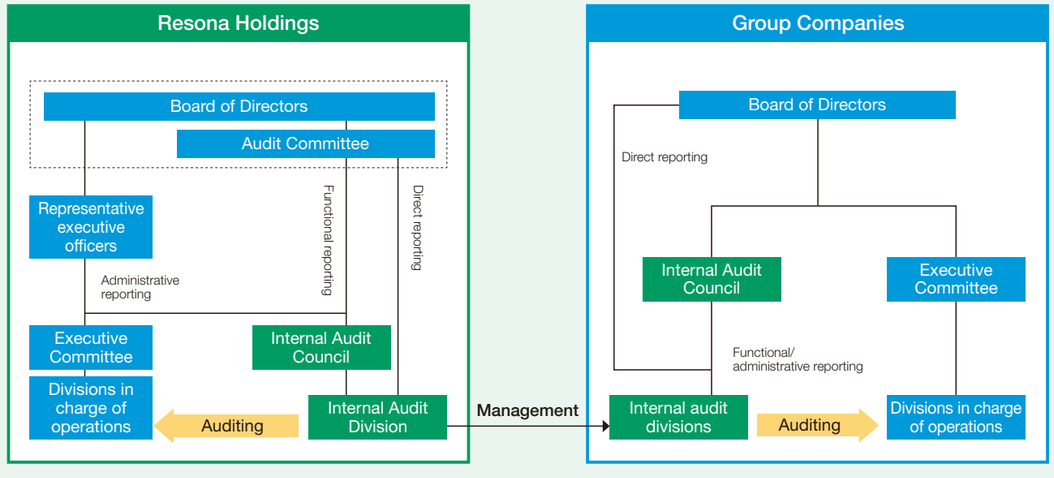
To guide the formulation of plans for internal auditing, the Internal Audit Division of the Company formulates the Annual Internal Audit Basic Plan of the Company and the Group, including the Group's annual policies, the targets of auditing, and key items and secures approval of the Board of Directors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

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

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

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

Internal Auditing System



Performance Data

5-Year Summary of Major Financial Data

(Billions of yen)

	FY2013	FY2014	FY2015	FY2016	**FY2017**
Summary of Consolidated Statements of Income					
Gross operating profit	608.5	632.4	619.5	563.1	**552.5**
(1) Net interest income	430.0	425.9	401.3	377.9	**368.3**
(2) Trust fees	23.7	22.7	21.2	17.9	**18.6**
(3) Fees and commission income	135.0	146.4	147.4	142.7	**149.4**
Fee income ratio (((2)+(3)) / Gross operating profit)	26.09%	26.75%	27.23%	28.52%	**30.41%**
(4) Other operating income	19.7	37.2	49.5	24.5	**16.1**
Net gains (losses) on bonds (including futures)	7.1	19.5	30.6	5.5	**(5.0)**
Operating expenses (excluding Group banks' non-recurring items)	(350.3)	(354.2)	(344.5)	(344.9)	**(341.2)**
Cost-to-income ratio (OHR)	57.56%	56.00%	55.61%	61.25%	**61.75%**
Actual net operating profit	258.3	278.3	275.1	218.2	**211.6**
Net gains (losses) on stocks (including equity derivatives)	21.3	20.0	(1.6)	3.2	**13.0**
Credit-related expenses, net	26.4	22.3	(25.8)	17.4	**14.7**
Other gains (losses), net	4.2	9.1	5.9	(10.8)	**(23.6)**
Income before income taxes	312.0	326.2	250.5	228.2	**215.8**
Income taxes and other	(91.4)	(114.7)	(66.6)	(66.7)	**20.4**
Net income attributable to owners of the parent	220.6	211.4	183.8	161.4	**236.2**

(Negative figures represent items that would reduce net income)

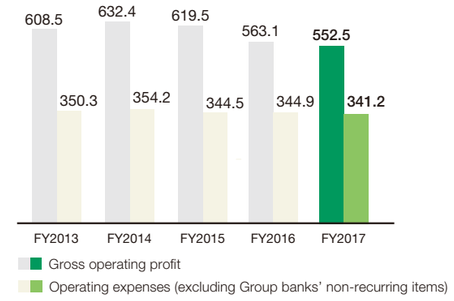
Summary of Consolidated Balance Sheets					
Total assets	44,719.4	46,586.5	49,126.4	48,456.1	**50,243.7**
Cash and due from banks	6,471.8	9,672.9	13,514.5	12,641.9	**13,419.0**
Loans and bills discounted	26,701.6	27,487.2	27,664.9	28,186.7	**28,755.1**
Securities	8,698.4	6,864.2	5,346.7	5,295.7	**5,278.5**
Total liabilities	42,763.0	44,443.1	47,292.9	46,509.3	**48,140.8**
Deposits and NCDs	37,695.7	38,843.4	39,573.3	41,640.9	**43,805.1**
Total net assets	1,956.4	2,143.3	1,833.4	1,946.7	**2,102.9**
Shareholders' equity	1,543.6	1,529.7	1,448.1	1,485.4	**1,567.2**
Total accumulated other comprehensive income	273.4	449.0	367.8	443.4	**517.8**
Trust assets under management and custody	23,915.8	24,526.6	29,768.8	26,608.9	**27,252.5**

Major Financial Indicators					
Capital adequacy ratio (Japanese domestic standard)	14.33%	13.46%	13.53%	11.69%	**10.65%**
(Reference) Common equity Tier 1 (CET1) ratio (International standard) [excluding net unrealized gains on available-for-sale securities]	7.73% [7.43%]	8.16% [7.07%]	9.52% [8.13%]	10.74% [8.59%]	**12.58% [9.50%]**
Annual cash dividends per share (DPS) (yen)	15	17	17	19	**20**
Net assets per share (BPS) (yen)	552.89	690.66	705.81	786.94	**900.72**
Net income per share (EPS) (yen)	89.71	91.07	75.73	66.89	**100.51**
Return on equity (ROE)[1]	21.68%	18.89%	14.41%	11.67%	**15.76%**
Return on assets (ROA)[2]	0.50%	0.46%	0.38%	0.33%	**0.47%**
NPL ratio (Total of Group Banks, Financial Reconstruction Act basis)	1.74%	1.51%	1.51%	1.35%	**1.18%**
Number of shares of common stock excluding treasury shares (shares in billions)	2.186	2.318	2.319	2.321	**2.314**
Share price at fiscal year-end (yen)	499	596.6	401.6	597.9	**562.0**
Market capitalization (billions of yen)	1,091.2	1,382.9	931.6	1,388.1	**1,301.0**

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

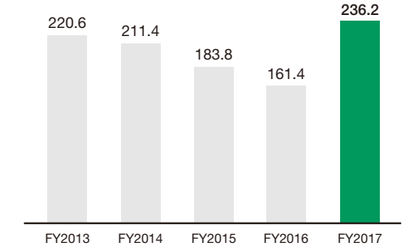
Gross operating profit / Operating expenses (consolidated)

(Billions of yen)



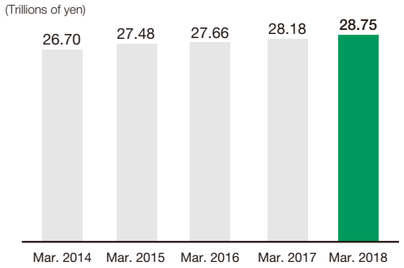
Net income attributable to owners of the parent

(Billions of yen)



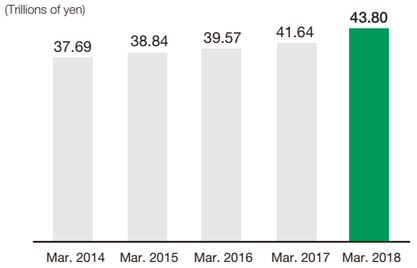
Loans and bills discounted (consolidated)

(Trillions of yen)



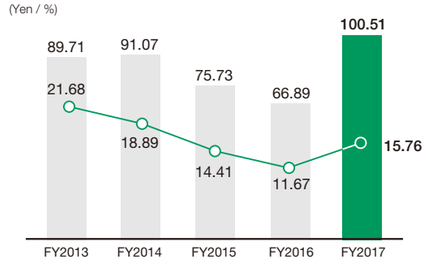
Deposits (consolidated) (Deposits + NCDs)

(Trillions of yen)



Net income per share (EPS) / ROE*

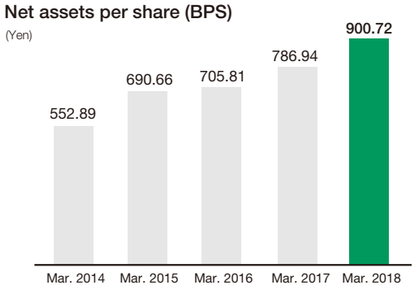
(Yen / %)



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

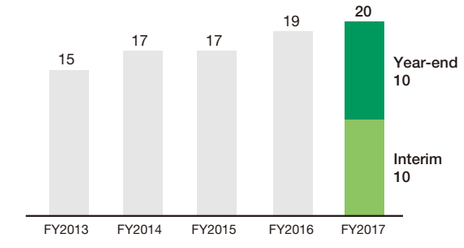
Net assets per share (BPS)

(Yen)



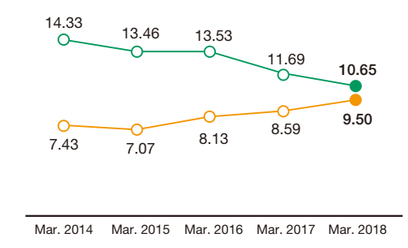
Dividends per share

(Yen)



Capital adequacy ratio

(%)



Capital adequacy ratio (Japanese domestic standard)
Reference: Common Equity Tier 1 ratio (excluding unrealized gain on available-for-sale securities, net of tax effect) (International standard)

Non-Financial Highlights

Environment

Status on Environmentally Conscious Loans for Corporate Customers

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	**FY2017**
Outstanding balance of environmentally conscious loans for corporate customers (Billions of yen)	28.7	50.9	58.7	67.3	121.5	151.5	**181.7**
Outstanding balance of socially responsible investments (SRI) (Billions of yen)	5.9	4.7	3.1	2.6	1.9	2.0	**1.5**

Environmental Indicators: All facilities (subject to the Energy Conservation Law)

Total energy consumption (GJ)	1,664,351	1,519,134	1,525,395	1,485,205	1,405,895	1,337,947	**1,290,408**
CO_2 emissions (t-CO_2)	69,030	67,935	67,988	68,725	67,495	63,127	**61,885**

Environment-Related Indicators: Head offices, head branches, and systems/administration centers

Electricity consumption (MWh)	54,470	53,609	51,578	53,660	53,658	42,663	**45,344**
City gas consumption (thousand m^3)	1,162	1,138	1,118	1,010	949	824	**766**
Gasoline consumption (kl)	107	117	110	92	92	86	**88**
Water input/discharge volume (thousand m^3)	193	158	136	128	128	148	**171**
Waste: volume of waste recycled (tons)	1,185	913	796	688	692	578	**517**
Waste: recycling rate (%)	87	81	77	76	67	65	**72**
Paper waste: volume of waste recycled (tons)	1,112	840	1,122	748	780	528	**464**
Paper waste: recycling rate (%)	95	93	95	93	90	83	**97**
Volume of recycled paper purchased (tons)	607	442	441	415	399	268	**262**
Percentage of recycled paper purchased (%)	84	94	94	93	99	98	**98**

Society

Financial and Economic Education

Number of “Resona Kids’ Money Academy” events held[1]	171	186	174	165	221	213	**230**
Number of on-site lectures offered	2	1	2	4	1	3	**9**
Number of work experience programs offered	20	36	51	59	96	66	**69**

1. Held during summer holidays

Employment Status of Employees

Total employees (persons)	25,160	25,470	24,891	24,541	24,582	24,388	**23,833**
Full-time employees (persons)	15,119	15,084	14,948	14,866	15,053	15,282	**15,129**
Average age of full-time employees (years)	39.7	39.7	39.9	40.1	39.9	39.7	**40.0**
Average employee tenure (years)	16.1	16.2	16.4	16.5	16.3	16.1	**16.2**
Line managers (persons)[2]	4,232	3,928	4,202	4,154	3,970	3,901	**3,899**
Female line managers (persons)	713	662	841	911	939	955	**1,030**
New graduates (persons)	507	625	566	629	927	926	**620**
Percentage of new graduates who are women (%)	49.7	55.7	53.7	52.3	58.0	58.3	**61.3**
Experienced hires (persons)	34	30	25	22	23	28	**11**
Local hires–overseas (persons)	14	14	13	13	13	13	**11**

2. Employees at or above line manager level, who have subordinates

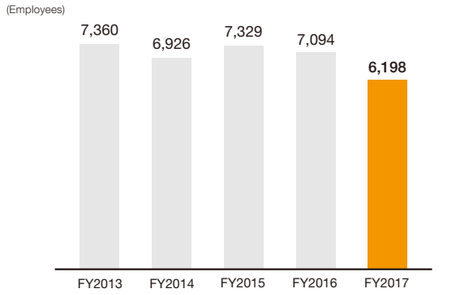
Governance

Board of Directors and Board Member Attendance

Board members (persons)	10	9	10	10	10	10	**10**
Outside directors (persons)	6	6	6	6	6	6	**6**
Independent directors among outside directors (persons)	6	6	6	6	6	6	**6**
Female directors (persons)	1	2	2	2	2	2	**1**
Average board meeting attendance rate (%)	98.7	94.6	94.9	95.5	94.9	95.0	**97.2**

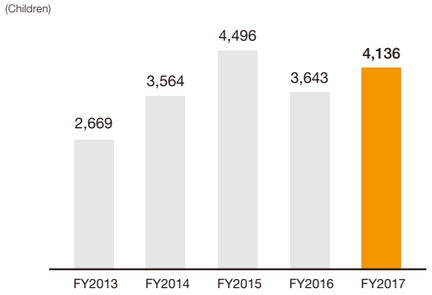
Community

Number of participants in “Re: Heart Club” **6,198**



Next Generation

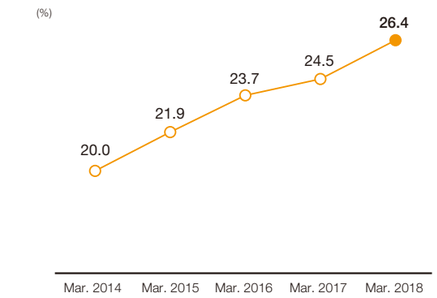
Number of participants in “Resona Kids’ Money Academy[1]” **4,136**



1. Held during summer holidays

Diversity

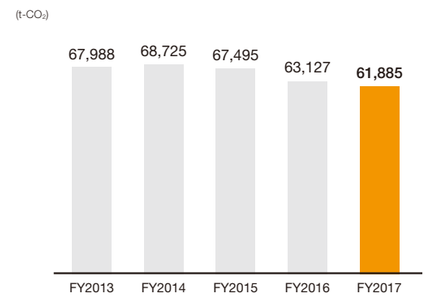
Proportion of female line managers[2] **26.4%**



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

Environment

CO_2 emissions **61,885 t-CO_2**



Volunteer Activities

Organized by Group employees, the volunteer group “Re: Heart Club” helps to resolve social issues. Each member actively engages in local events and volunteer activities. During the Christmas season, employees visited childcare facilities dressed as Santa Claus, gave quizzes about money and played games with children. Activities during the year ended March 2018 included participation in the Kobe Marathon, community cleanup activities and attending festivals.

“The Santa Project”



Participated in the Kobe Marathon



Cleanup Activities at Sumiyoshi Taisha



Attended the Okegawa Gion Festival



Participated in the OSAKA 5 GO! WALK



Collaborated in the Kurome River Flower Festival



Consolidated Financial Statements

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2017	March 31, 2018
Assets		
Cash and due from banks	12,641.9	**13,419.0**
Call loans and bills bought	156.5	**308.8**
Monetary claims bought	355.3	**337.7**
Trading assets	348.5	**270.6**
Money held in trust	1.0	**—**
Securities	5,295.7	**5,278.5**
Loans and bills discounted	28,186.7	**28,755.1**
Foreign exchange assets	95.4	**160.2**
Other assets	770.6	**1,110.7**
Tangible fixed assets	304.0	**303.0**
Buildings	99.5	**98.4**
Land	180.0	**178.6**
Leased assets	11.6	**11.7**
Construction in progress	2.2	**3.5**
Other tangible fixed assets	10.5	**10.6**
Intangible fixed assets	31.3	**30.3**
Software	7.4	**9.5**
Leased assets	18.7	**15.6**
Other intangible fixed assets	5.1	**5.1**
Net defined benefit asset	16.8	**18.4**
Deferred tax assets	1.7	**1.6**
Customers' liabilities for acceptances and guarantees	418.5	**389.0**
Reserve for possible loan losses	(168.4)	**(139.6)**
Reserve for possible losses on investments	(0.0)	**(0.0)**
Total Assets	48,456.1	**50,243.7**

(Billions of yen)

	March 31, 2017	March 31, 2018
Liabilities		
Deposits	40,675.3	**42,744.5**
Negotiable certificates of deposit	965.5	**1,060.6**
Call money and bills sold	709.3	**155.9**
Payables under repurchase agreements	5.0	**5.0**
Payables under securities lending transactions	429.2	**624.7**
Trading liabilities	184.8	**101.7**
Borrowed money	699.2	**675.9**
Foreign exchange liabilities	2.4	**4.0**
Bonds	456.3	**385.1**
Due to trust account	1,015.3	**1,056.0**
Other liabilities	829.7	**824.4**
Reserve for employees' bonuses	16.1	**15.6**
Net defined benefit liability	12.6	**10.1**
Other reserves	44.5	**44.3**
Deferred tax liabilities	24.7	**23.5**
Deferred tax liabilities for land revaluation	20.1	**19.9**
Acceptances and guarantees	418.5	**389.0**
Total Liabilities	46,509.3	**48,140.8**
Net Assets		
Capital stock	50.4	**50.4**
Retained earnings	1,436.1	**1,522.0**
Treasury stock	(1.1)	**(5.2)**
Total stockholders' equity	1,485.4	**1,567.2**
Net unrealized gains on available-for-sale securities	414.7	**486.6**
Net deferred gains on hedges	40.4	**33.4**
Revaluation reserve for land	44.0	**43.6**
Foreign currency translation adjustments	(3.1)	**(3.0)**
Remeasurements of defined benefit plans	(52.6)	**(42.9)**
Total accumulated other comprehensive income	443.4	**517.8**
Non-controlling interests	17.8	**17.7**
Total Net Assets	1,946.7	**2,102.9**
Total Liabilities and Net Assets	48,456.1	**50,243.7**

Consolidated Statement of Income

(Billions of yen)

	FY2016	FY2017
Ordinary income	757.9	**742.9**
Interest income	406.3	**399.7**
Interest on loans and bills discounted	323.1	**305.9**
Interest and dividends on securities	51.3	**61.5**
Interest on call loans and bills bought	1.2	**1.9**
Interest on receivables under securities borrowing transactions	0.0	**—**
Interest on due from banks	10.2	**11.0**
Other interest income	20.3	**19.2**
Trust fees	17.9	**18.6**
Fees and commissions	200.5	**208.1**
Trading income	8.8	**7.1**
Other operating income	42.2	**28.0**
Other ordinary income	82.0	**81.1**
Reversal of reserve for possible loan losses	16.5	**18.4**
Recoveries of written-off loans	14.9	**13.3**
Other	50.5	**49.3**
Ordinary expenses	531.6	**525.1**
Interest expenses	28.4	**31.4**
Interest on deposits	10.6	**13.2**
Interest on negotiable certificates of deposit	0.1	**0.0**
Interest on call money and bills sold	2.9	**2.7**
Interest on payables under repurchase agreement	0.0	**0.0**
Interest on payables under securities lending transactions	0.9	**3.4**
Interest on borrowed money	2.5	**2.8**
Interest on bonds	8.0	**5.9**
Other interest expenses	3.2	**3.0**
Fees and commissions	57.8	**58.7**
Trading expenses	0.1	**—**
Other operating expenses	26.3	**19.1**
General and administrative expenses	362.4	**360.6**
Other ordinary expenses	56.4	**55.2**
Other	56.4	**55.2**
Ordinary profits	226.2	**217.7**
Extraordinary gains	3.9	**1.2**
Gains on disposal of fixed assets	3.9	**1.2**
Extraordinary losses	1.9	**3.2**
Losses on disposal of fixed assets	1.1	**0.8**
Impairment losses on fixed assets	0.8	**2.3**
Income before income taxes	228.2	**215.8**
Income taxes – current	49.2	**11.8**
Income taxes – deferred	16.6	**(32.8)**
Total income taxes	65.9	**(21.0)**
Net income	162.3	**236.8**
Net income attributable to non-controlling interests	0.8	**0.5**
Net income attributable to owners of the parent	161.4	**236.2**

Consolidated Statement of Comprehensive Income

(Billions of yen)

	FY2016	FY2017
Net income	162.3	**236.8**
Other comprehensive income	75.4	**74.2**
Net unrealized gains (losses) on available-for-sale securities	67.2	**71.9**
Net deferred gains (losses) on hedges	(9.0)	**(6.9)**
Revaluation reserve for land	0.0	**(0.0)**
Foreign currency translation adjustments	(0.3)	**(0.3)**
Remeasurements of defined benefit plans	17.5	**9.6**
Share of other comprehensive income of affiliates accounted for using the equity method	(0.0)	**(0.0)**
Total comprehensive income	237.7	**311.0**
Comprehensive income attributable to:		
Owners of the parent	237.1	**310.9**
Non-controlling interests	0.6	**0.1**

Consolidated Statement of Changes in Net Assets

(Billions of yen)

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

(Billions of yen)

FY2017	Stockholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2017	50.4	—	1,436.1	(1.1)	1,485.4	414.7	40.4	44.0	(3.1)	(52.6)	443.4	17.8	1,946.7
Changes during the fiscal year													
Dividends paid			(48.9)		(48.9)								(48.9)
Net income attributable to owners of the parent			236.2		236.2								236.2
Purchase of treasury stock				(107.1)	(107.1)								(107.1)
Disposal of treasury stock		(0.0)		1.3	1.3								1.3
Cancellation of treasury stock		(101.6)		101.6	—								—
Transfer from retained earnings to capital surplus		101.6	(101.6)		—								—
Reversal of revaluation reserve for land			0.3		0.3								0.3
Net changes except for stockholders' equity during the fiscal year						71.9	(6.9)	(0.3)	0.1	9.6	74.3	(0.0)	74.3
Total changes during the fiscal year	—	—	85.9	(4.0)	81.8	71.9	(6.9)	(0.3)	0.1	9.6	74.3	(0.0)	156.1
Balance at March 31, 2018	50.4	—	1,522.0	(5.2)	1,567.2	486.6	33.4	43.6	(3.0)	(42.9)	517.8	17.7	2,102.9

Consolidated Statement of Cash Flows

(Billions of yen)

	FY2016	FY2017
Cash flows from operating activities		
Income before income taxes	228.2	**215.8**
Depreciation and amortization	25.4	**24.8**
Impairment losses on fixed assets	0.8	**2.3**
Amortization of goodwill	—	**0.6**
Equity in earnings of investments in affiliates	(0.1)	**(0.2)**
Increase (decrease) in reserve for possible loan losses	(33.5)	**(29.7)**
Increase (decrease) in reserve for possible losses on investments	0.0	**(0.0)**
Increase (decrease) in reserve for employees' bonuses	(0.8)	**(0.4)**
(Increase) decrease in net defined benefit asset	(5.5)	**11.1**
Increase (decrease) in net defined benefit liability	(1.5)	**(1.4)**
Interest income (accrual basis)	(406.3)	**(399.7)**
Interest expenses (accrual basis)	28.4	**31.4**
Net (gains) losses on securities	(21.1)	**(9.1)**
Net foreign exchange (gains) losses	(16.6)	**10.8**
Net (gains) losses on disposal of fixed assets	(2.7)	**(0.4)**
Net (increase) decrease in trading assets	126.7	**77.9**
Net increase (decrease) in trading liabilities	(106.8)	**(83.0)**
Net (increase) decrease in loans and bills discounted	(521.7)	**(565.6)**
Net increase (decrease) in deposits	2,446.5	**2,069.1**
Net increase (decrease) in negotiable certificates of deposit	(378.9)	**95.0**
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(109.8)	**(23.2)**
Net (increase) decrease in due from banks (excluding those deposited at Bank of Japan)	10.9	**(8.9)**
Net (increase) decrease in call loans and other	71.8	**(134.6)**
Net increase (decrease) in call money and other	101.4	**(553.4)**
Net increase (decrease) in payables under securities lending transactions	284.1	**195.4**
Net (increase) decrease in foreign exchange assets	(26.5)	**(64.7)**
Net increase (decrease) in foreign exchange liabilities	0.4	**1.6**
Net increase (decrease) in straight bonds	28.0	**39.8**
Net increase (decrease) in due to trust account	(2,692.3)	**40.7**
Interest receipts (cash basis)	405.9	**395.4**
Interest payments (cash basis)	(33.8)	**(31.6)**
Other, net	(125.7)	**(339.2)**
Subtotal	(725.1)	**966.4**
Income taxes paid or tax refund	(32.2)	**(43.3)**
Net cash provided by (used in) operating activities	(757.4)	**923.0**

(Billions of yen)

	FY2016	FY2017
Cash flows from investing activities		
Purchase of securities	(7,217.0)	**(9,057.3)**
Proceeds from sales of securities	6,825.9	**7,696.5**
Proceeds from redemption of securities	609.1	**1,492.2**
Increase in money held in trust	(0.8)	**—**
Proceeds from decrease in money held in trust	—	**1.0**
Purchase of tangible fixed assets	(10.1)	**(10.9)**
Proceeds from sales of tangible fixed assets	9.1	**1.6**
Purchase of intangible fixed assets	(3.3)	**(5.0)**
Proceeds from sales of intangible fired assets	0.0	**—**
Purchase of shares of affiliates accounted for using the equity method	—	**(0.2)**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	**(7.0)**
Other, net	(0.1)	**(0.3)**
Net cash provided by (used in) investing activities	212.6	**110.5**
Cash flows from financing activities		
Repayment of subordinated bonds	(192.6)	**(111.0)**
Dividends paid	(49.2)	**(48.9)**
Dividends paid to non-controlling interests	(0.2)	**(0.1)**
Purchase of treasury stock	(75.7)	**(107.1)**
Proceeds from sales of treasury stock	0.9	**1.4**
Net cash provided by (used in) financing activities	(316.8)	**(265.8)**
Effect of exchange rate changes on cash and cash equivalents	(0.0)	**(0.0)**
Net increase (decrease) in cash and cash equivalents	(861.6)	**767.6**
Cash and cash equivalents at the beginning of the fiscal year	13,350.7	**12,489.1**
Cash and cash equivalents at the end of the fiscal year	12,489.1	**13,256.7**

Corporate Data

Outline of the Resona Group (As of March 31, 2018)

Resona Holdings

Resona Bank
Banking assets: ¥32.4 trillion
Trust assets: ¥27.2 trillion

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

Number of manned branches: 328
Number of employees: 9,246 (non-consolidated)
Balance of deposits: ¥26,473.2 billion
Balance of loans and bills discounted: ¥19,336.5 billion (banking book)

Saitama Resona Bank
Banking assets: ¥14.1 trillion

President: Kazuyoshi Ikeda
Head Office: 4-1, Tokiwa 7-chome, Urawa-ku, Saitama, Japan
Establishment: August 2002
Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)

Number of manned branches: 132
Number of employees: 3,193 (non-consolidated)
Balance of deposits: ¥13,123.3 billion
Balance of loans and bills discounted: ¥7,210.2 billion

Kansai Mirai Financial Group

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

Kansai Urban Banking Corporation
Banking assets: ¥4.6 trillion

President: Kazumasa Hashimoto
Head Office: 2-4, Nishi-Shinsaibashi 1-chome, Chuo-ku, Osaka, Japan
Establishment: July 1922
Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%)*

Number of manned branches: 155
Number of employees: 2,536 (non-consolidated)
Balance of deposits: ¥4,076.0 billion
Balance of loans and bills discounted: ¥3,959.0 billion

Kinki Osaka Bank
Banking assets: ¥3.5 trillion

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

Number of manned branches: 118
Number of employees: 2,152 (non-consolidated)
Balance of deposits: ¥3,250.0 billion
Balance of loans and bills discounted: ¥2,415.1 billion

Minato Bank
Banking assets: ¥3.5 trillion

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

Number of manned branches: 106
Number of employees: 2,246 (non-consolidated)
Balance of deposits: ¥3,238.5 billion
Balance of loans and bills discounted: ¥2,527.3 billion

* As of April 1, 2018

Principal Subsidiaries and Affiliates

- Credit Guarantee Business
  - Resona Guarantee
  - Kansai Sogo Shinyo
  - Biwako Credit Guarantee
  - KOFUKU Card
  - Kinki Osaka Shinyo Hosho
  - Minato Guarantee
- Factoring
  - Resona Kessai Service
- Credit Card Business
  - Resona Card
  - Kansai Credit Service
  - Minato Card
- Investment Business
  - Resona Capital
  - Minato Capital
- Research and Consulting Business
  - Resona Research Institute
  - Minato Consulting
- Business Process Outsourcing Services
  - Resona Business Services
  - Biwako Business Services
  - Minato Business Services
  - Minato Asset Research
- Asset Management Business
  - Resona Asset Management
- Lease Business
  - Kansaiurbangin Lease
  - Minato Lease
- IT Business
  - Minato System
- Overseas Subsidiaries
  - Resona Merchant Bank Asia
  - Bank Resona Perdania
  - Resona Indonesia Finance
- Equity-Method Affiliates
  - Japan Trustee Services Bank
  - NTT DATA SOFIA
  - D&I Information Systems

Corporate Profile (As of March 31, 2018)

Company Name	Resona Holdings, Inc.
President	Kazuhiro Higashi
Head Office	(Tokyo Head Office) 5-65, Kiba 1-chome, Koto-ku, Tokyo 135-8582, Japan (Osaka Head Office) 2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8608, Japan
Establishment	December 2001
Number of Employees	16,785 (Consolidated) 1,134 (Non-consolidated)
Lines of Business	Formulation of Group management and business strategies, allocation of management resources within the Group, and supervision of subsidiaries' operations and other ancillary businesses
URL	http://www.resona-gr.co.jp/holdings/english/


Tokyo Head Office


Osaka Head Office

Credit Ratings (As of June 30, 2018)

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

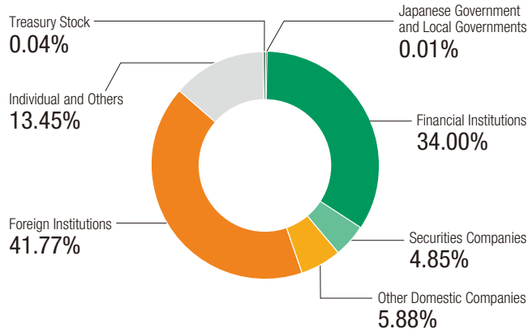
Stock Information (As of March 31, 2018)

Issued Stock	2,324,118,091
Number of Shareholders	Common stock: 248,644
Major Shareholders (Top Ten)	Common stock

Name of shareholder	Percentage of total shares issued (%)*
The Dai-ichi Life Insurance Company, Limited	5.39
Japan Trustee Services Bank, Ltd. (Trust Account)	4.90
The Master Trust Bank of Japan (Trust Account)	4.45
Nippon Life Insurance Company	2.81
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2.55
AMUNDI GROUP	1.94
STATE STREET BANK WEST CLIENT - TREATY 505234	1.81
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.78
JP Morgan Securities Japan Co., Ltd.	1.41
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.37

* Shareholding ratio calculated after deduction of treasury shares.

Composition of Stockholders





Resona Holdings, Inc.

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Issued in August 2018