



Resona Group

Resona Group
Integrated Report 2019

Customer's
happiness is
our pleasure



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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)

<p>Customers and “Resona”</p> <p>Resona cherishes relationships with customers.</p>	<p>Shareholders and “Resona”</p> <p>Resona cherishes relationships with shareholders.</p>	<p>Society and “Resona”</p> <p>Resona places importance on its ties with society</p>	<p>Employees and “Resona”</p> <p>Resona highly regards employees’ dignity and personality.</p>
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Resona Brand Declaration

In 2015, the Resona Group formulated the Resona Brand Declaration as the new guiding principles of the Group for the 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.”



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

Contents

The Road toward “Retail No. 1”.....2	Initiatives for a Better Society.....40
Resona Group at a Glance.....4	Resona Group Governance
The Resona Group’s Performance6	Resona Holdings Directors42
Value Creation Model8	Messages from Outside Directors.....44
A Message from the President of Resona Holdings 10	Corporate Governance.....46
A Message from the Executive Officer in Charge of Finance and Accounting 16	Risk Appetite Framework.....50
Our Response to Global Warming and Climate Change.....20	Risk Management.....51
The Three Components of Our “Omni Strategy”	Compliance53
Omni-Channel Strategy26	Internal Auditing54
Omni-Advisor Strategy.....28	Financial and Non-Financial Information
Omni-Regional Strategy.....30	Performance Data56
Business Strategy	Consolidated Financial Statements.....58
Asset Formation Support Business.....32	Corporate Data.....62
Settlement Business.....33	
Succession Business34	
SME Business35	
Individual Loan Business.....38	
Cost Structure Reforms39	

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
<https://www.resona-gr.co.jp/holdings/english/>

Resona Sustainability Challenge 2030





Theme	SDGs item	Commitment
Local Communities Revitalization of Local Economies	 All 17 goals	<ul style="list-style-type: none"> Realizing a sustainable society together with customers through constructive dialogue on the themes of environmental and social issues and other measures. Revitalizing local economies and creating livable communities through supporting the growth of companies, including nurturing of start-up companies, and the operational efficiency of social infrastructure. Increasing convenience in society and daily lives through the provision of innovative financial services accessible to all people at anytime and anywhere.
Low Birthrate and Aging Society Elimination of Anxiety Triggered by Low Birthrate and Aging Society		<ul style="list-style-type: none"> Improving customers’ lifetime quality of life through the support for formation and succession of assets enabled financial consulting and financial education to enhance financial literacy.
Environment Response to Global Warming and Climate Change		<ul style="list-style-type: none"> Realizing a low-carbon and circular society by taking action with society to reduce environmental burden such as accelerating the use of renewable energy and reducing greenhouse gas emissions.
Human Rights Diversity & Inclusion		<ul style="list-style-type: none"> Creating a society in which all people respect human rights and diversity and can fulfill their potential while attaining work-life balance.

As concrete initiatives for the commitments, each of the companies in the Group will draw up an action plan, put it into practice, and report the progress to the public.

The Road toward “Retail No. 1”

Resona Group is taking advantage of the “DNA of reform” it has engendered through the Resona reform following the injection of public funds in 2003 to achieve a transformation from bank to financial service provider.

2001	<ul style="list-style-type: none"> • Daiwa Bank Holdings established Daiwa Bank, Kinki Osaka Bank and Nara Bank established Daiwa Bank Holdings
2002	<ul style="list-style-type: none"> • Resona Group started Company name changed to Resona Holdings with the addition of Asahi Bank
2003	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Returned to profitability • Initiated “Resona Kids’ Money Academy” Finance and economics education for children; about 37,000 children have participated in total 
2006	<ul style="list-style-type: none"> • Resumed payment of dividends on common stock • Resona Bank and Nara Bank merged
2007	<ul style="list-style-type: none"> • Business alliance with Dai-ichi Life Insurance Company
2009	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Tokyo Head Office moved from Otemachi in Chiyoda-ku to Kiba in Koto-ku

2011	<ul style="list-style-type: none"> • Began handling Visa debit cards 
2012	<ul style="list-style-type: none"> • Opened “Seven Days Plazas” (open 365 days a year) • Employee volunteer organization “Re: Heart Club” launched 
2013	<ul style="list-style-type: none"> • Communication character “Resonya” is born 
2015	<ul style="list-style-type: none"> • Full repayment of public funds • New brand slogan declaration New guiding principle, “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	<ul style="list-style-type: none"> • Launched “Resona Smart Store” Began handling “Smart Account” Internet accounts 
2017	<ul style="list-style-type: none"> • Began offering “Resona Fund Wrap” • Resona Merchant Bank Asia launched operations • Opened “Tsumitate Plaza” pension consulting offices (open 365 days a year)

2018	<ul style="list-style-type: none"> • “Resona Group App” released  <ul style="list-style-type: none"> • Kansai Mirai Financial Group became fully operational  <ul style="list-style-type: none"> • “Resona Cashless Platform (RCP)” made available  <ul style="list-style-type: none"> • Commitment Towards Achieving the Sustainable Development Goals 2030 – Resona Sustainability Challenge 2030 – established
2019	<ul style="list-style-type: none"> • “Resona Wallet App” released  <ul style="list-style-type: none"> • Kansai Mirai Bank commenced 

External Recognitions

The Minister of the Environment Award under the Principles for Financial Action for the 21st Century (PFA21) award program

Highly evaluated thanks to our initiatives to develop and popularize products aimed at facilitating the pursuit of SDGs



The Prime Minister Award for 2018 to commend Leading Companies where Women Shine

Saitama Resona Bank received the award as a company actively realizing society where women shine



Resona adopted by all four domestic ESG stock indices selected by GPIF (as of June 2019)

- FTSE Blossom Japan Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index
- S&P/JPX Carbon Efficient Index Series

Resona Group App wins the Good Design Award 2018

Rated highly for practical, easy-to-understand design



Winning both R&I Fund Award 2019 and 17th MERCER MPA (Japan) Award (third consecutive year)

Superior performance of the Japanese stock-focused fund

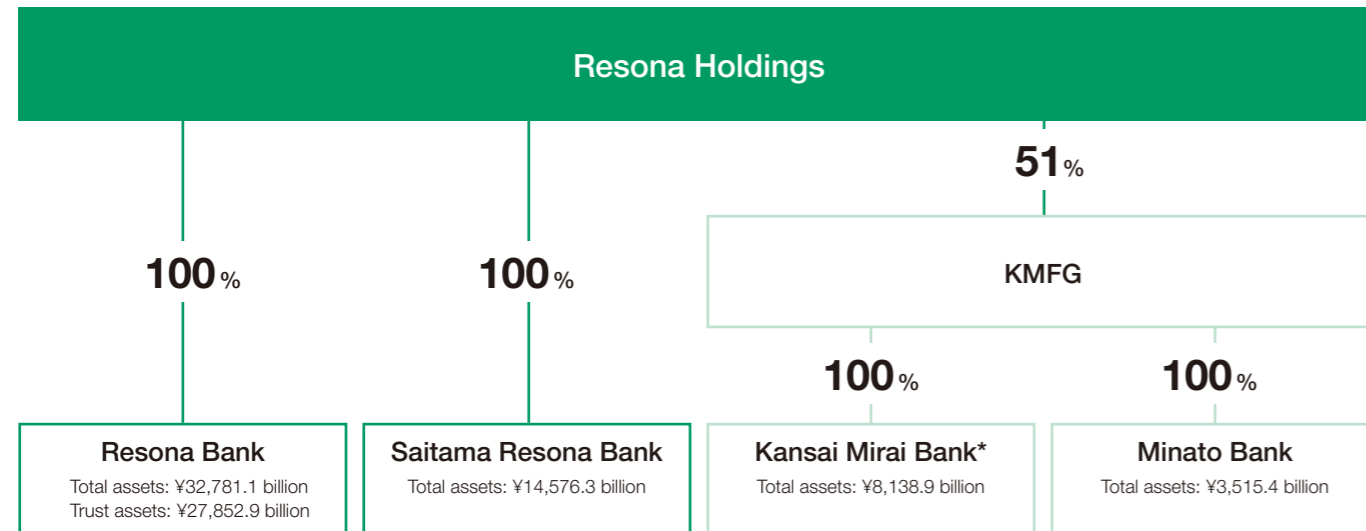


Resona Group at a Glance

Today, the Resona Group's customer base and network are more robust than ever thanks to the creation of Kansai Mirai Financial Group (KMFG). As Japan's largest retail financial services group with full-line trust banking capabilities, the Resona Group will strive to provide optimal solutions to the greatest number of customers possible.

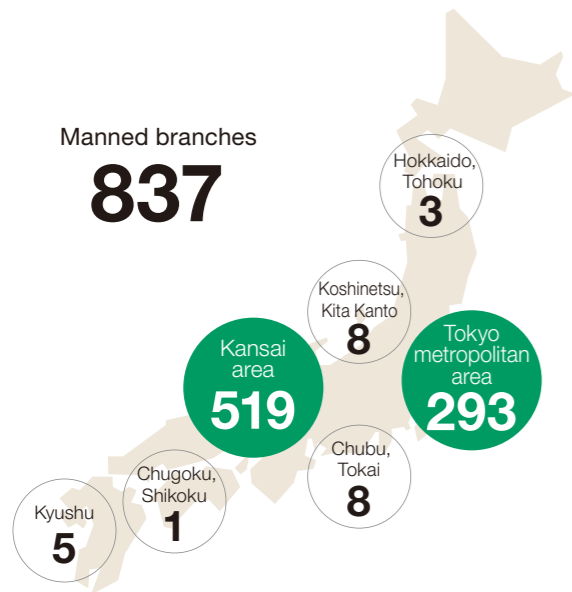
Group Structure

As of April 1, 2019 (Total assets and trust assets are as of March 31, 2019)



* Kansai Urban Banking Corporation and Kinki Osaka Bank merged to become Kansai Mirai Bank on April 1, 2019 (Kansai Mirai Bank's total assets represent the sum of its two predecessor banks' assets as of March 31, 2019)

Resona Group Network



Individual customers	Approx. 16 million
Corporate customers	Approx. 500 thousand companies
Deposits	Approx. ¥51 trillion
Loans	Approx. ¥36 trillion

Overseas

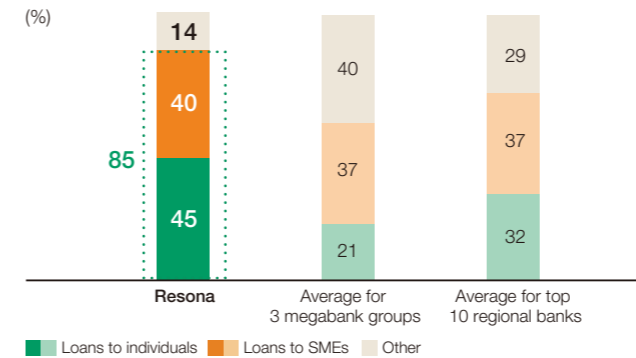
Our network of overseas bases and partner banks covers Asia and the United States

- Overseas representative offices: 4 in Asia (Shanghai, Hong Kong, Bangkok and Ho Chi Minh City)
- Resona Merchant Bank Asia
- Bank Resona Perdania (joint venture in Indonesia)
- Head Office, Branches: 2; Sub-branches: 5
- Resona Indonesia Finance

Resona's Position

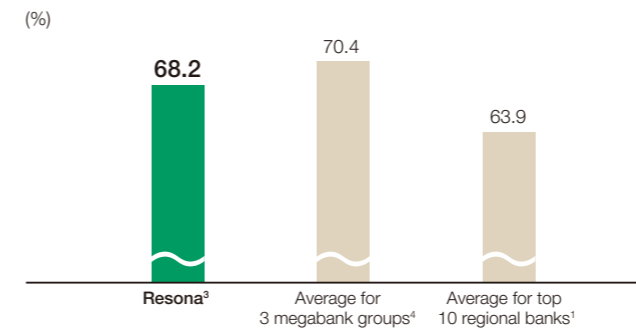
Loan Portfolio¹ (As of March 31, 2019)

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



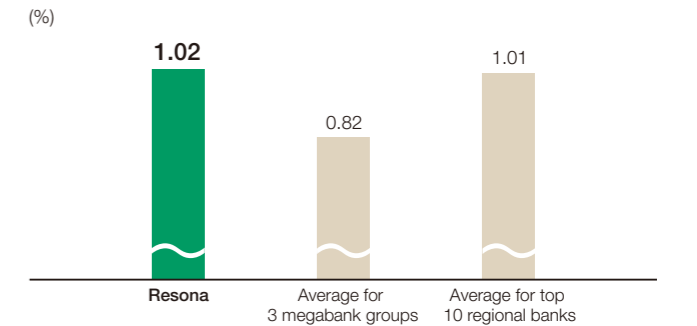
Consolidated Cost to Income Ratio Comparison² (FY2018)

Rolling out its wealth of know-how accumulated in the course of operational reforms, the Resona Group is striving to help all Group banks, including KMFG, accelerate digitalization and pursue low-cost operations.



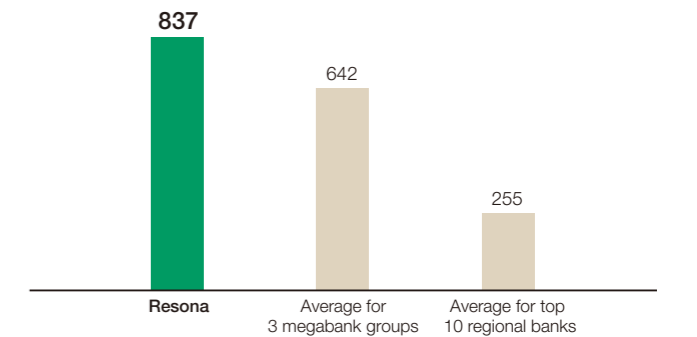
Interest Margin Comparison¹ (FY2018)

With few generally low-yield loans to large corporations, the Resona Group is able to garner relatively higher yields and appropriately control credit risk by dispersing loans with a portfolio of small loans.



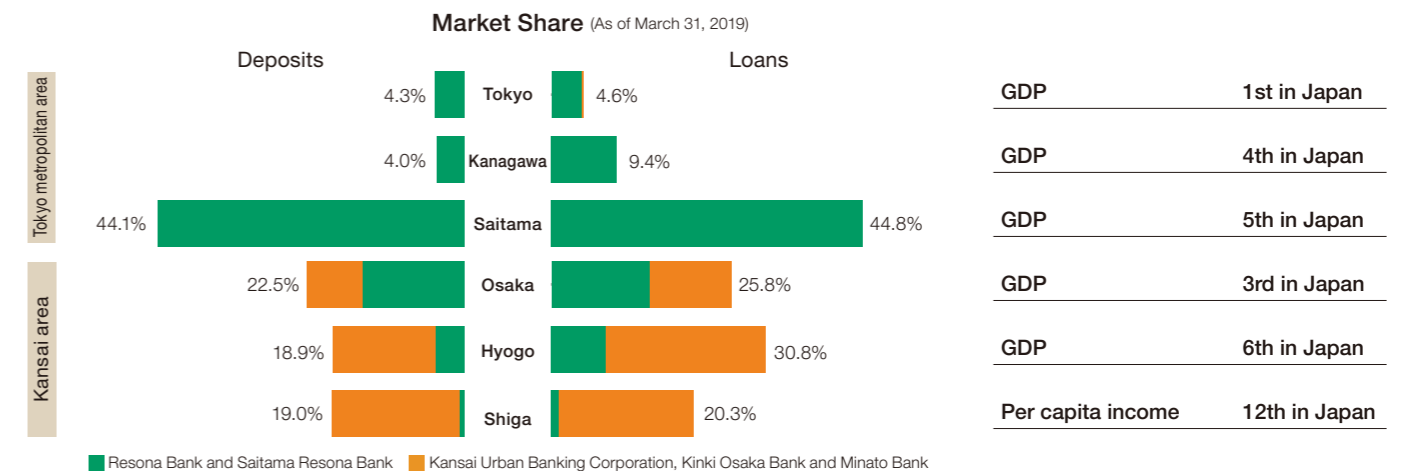
Branch Network Comparison¹ (As of March 31, 2019)

Thanks to the creation of KMFG, the Resona Group's domestic branch network is the largest of its kind.



Loan and Deposit Market Share⁵ (As of March 31, 2019)

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

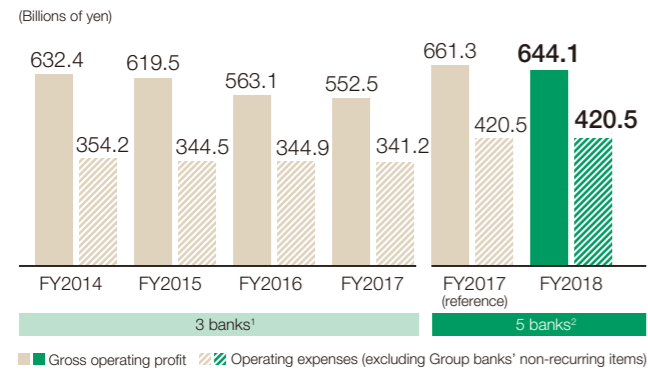


1 Resona: Total of Group banks (Resona Bank + Saitama Resona Bank + Kansai Urban Banking Corporation + Kinki Osaka Bank + Minato Bank); 3 megabank groups: MUFG Bank + Mitsubishi UFJ Trust and Banking; Mizuho Bank + Mizuho Trust & Banking; Sumitomo Mitsui Banking Corporation and SMBC Trust Bank; Top 10 regional banking groups: Fukuoka FG, Concordia FG, Mebuki FG, Chiba Bank, Hokuohoku FG, Shizuoka Bank, Hachijuni Bank, Nishi-Nippon FH, Kyushu FG, and Yamaguchi FG. Figures are based on financial statements from each company.
 2 Consolidated cost-to-income ratio=general and administrative expenses / gross operating profit
 3 Resona Holdings
 4 MUFG, SMFG, and Mizuho FG
 5 Total of Group banks, market share based on deposits, and loans and bills discounted by prefecture (domestic banks licensed by BOJ).

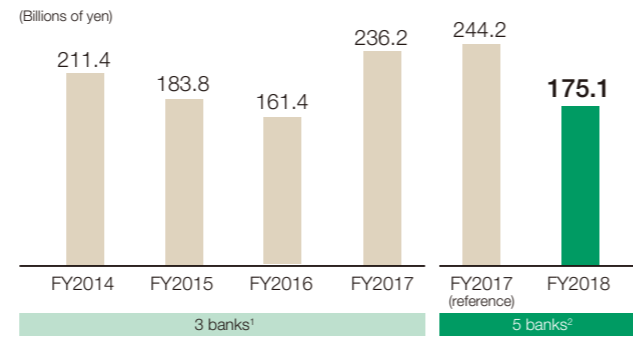
The Resona Group's Performance

Financial Highlights

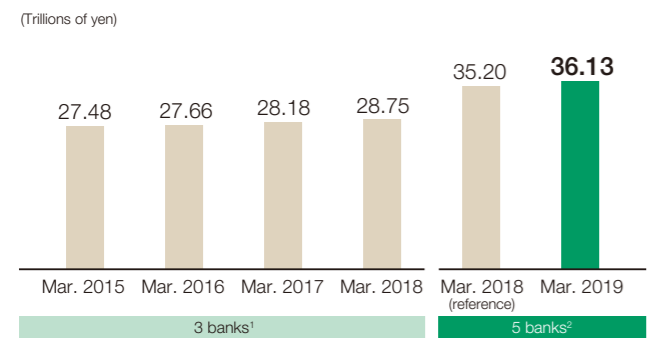
Gross Operating Profit and Operating Expenses (consolidated)



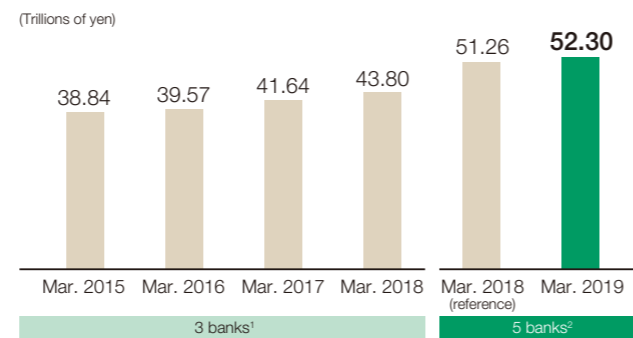
Net Income Attributable to Owners of Parent



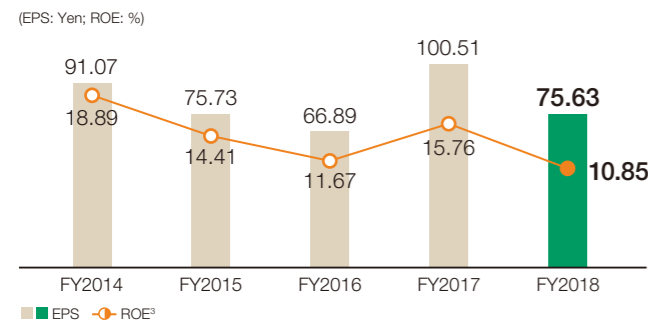
Balance of Loans and Bills Discounted (consolidated)



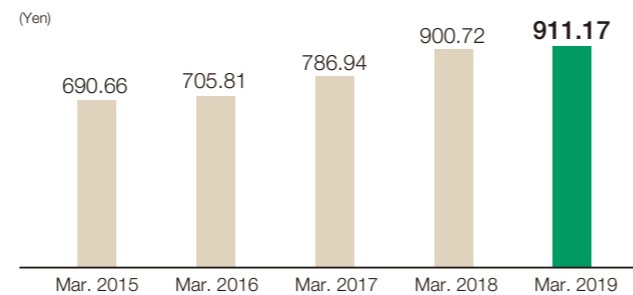
Balance of Deposits and NCDs (consolidated)



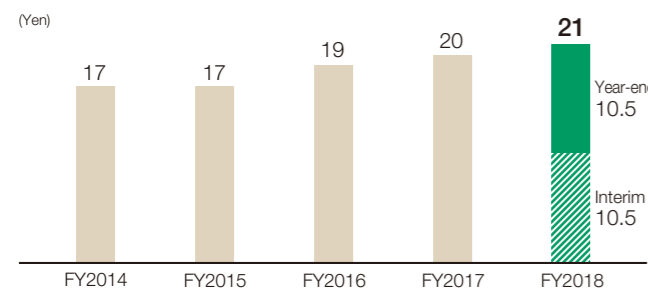
Net Income per Share (EPS) / Return on Equity (ROE)³



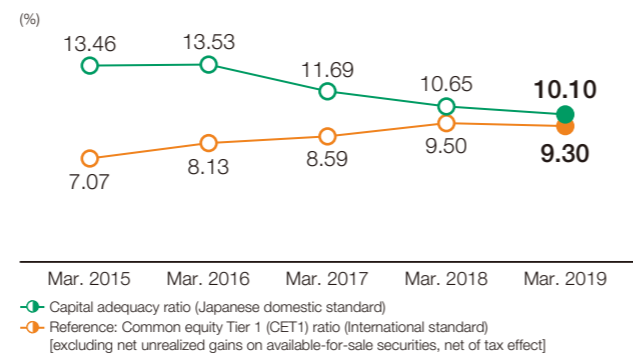
Net Assets per Share (BPS)



Dividends per Share (DPS)

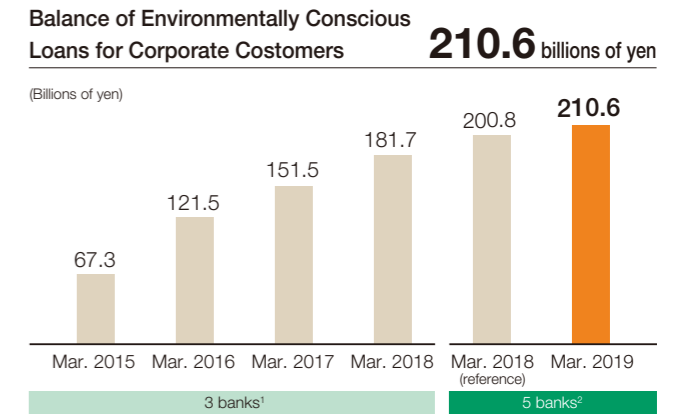
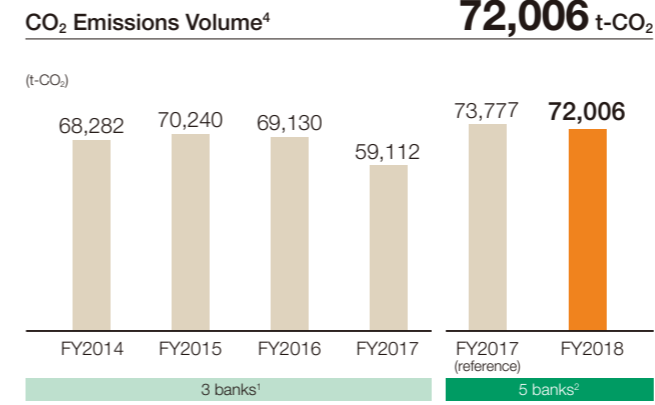


Capital Adequacy Ratio (consolidated)



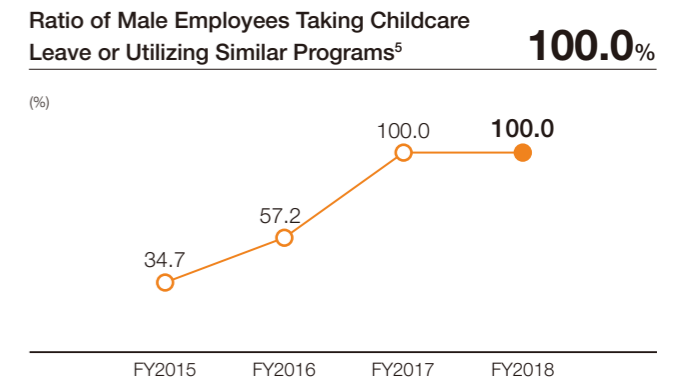
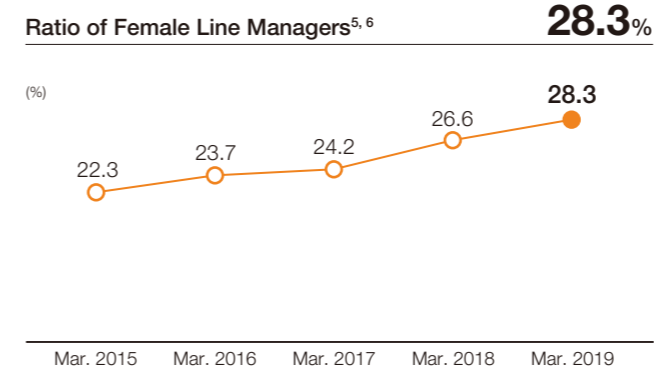
Non-Financial Highlights (ESG)

Environmental

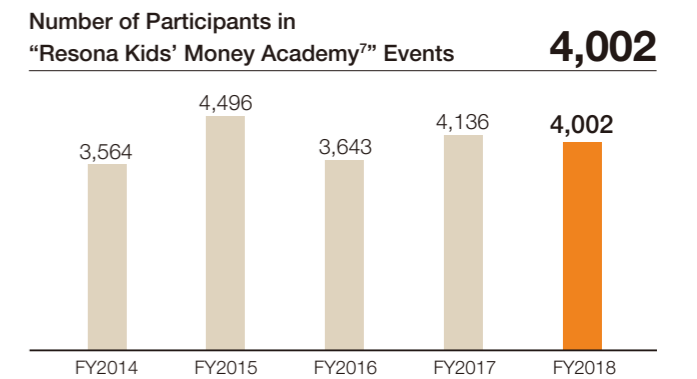
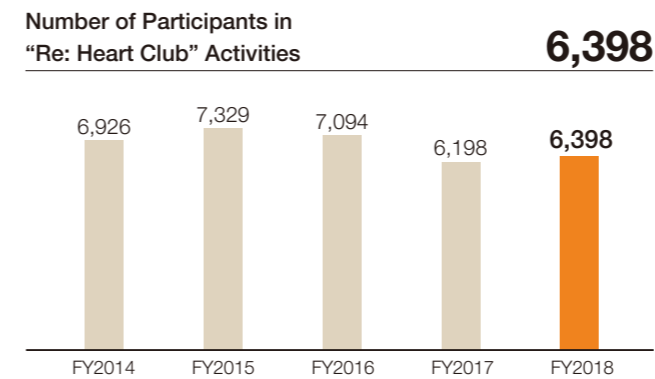


⁴ Calculated by aggregating Scope 1 and 2 CO₂ emissions based on methods stipulated by Japan's Energy Saving Act for statutory periodic reporting

Social



⁵ Resona Bank and Saitama Resona Bank
⁶ Ratio of women to the total number of those in managerial positions or above charged with overseeing staff



⁷ Held during summer holidays, includes Mirai Kids' Money Academy events.

Governance

Composition of the Board of Directors

(As of June 30, 2019)

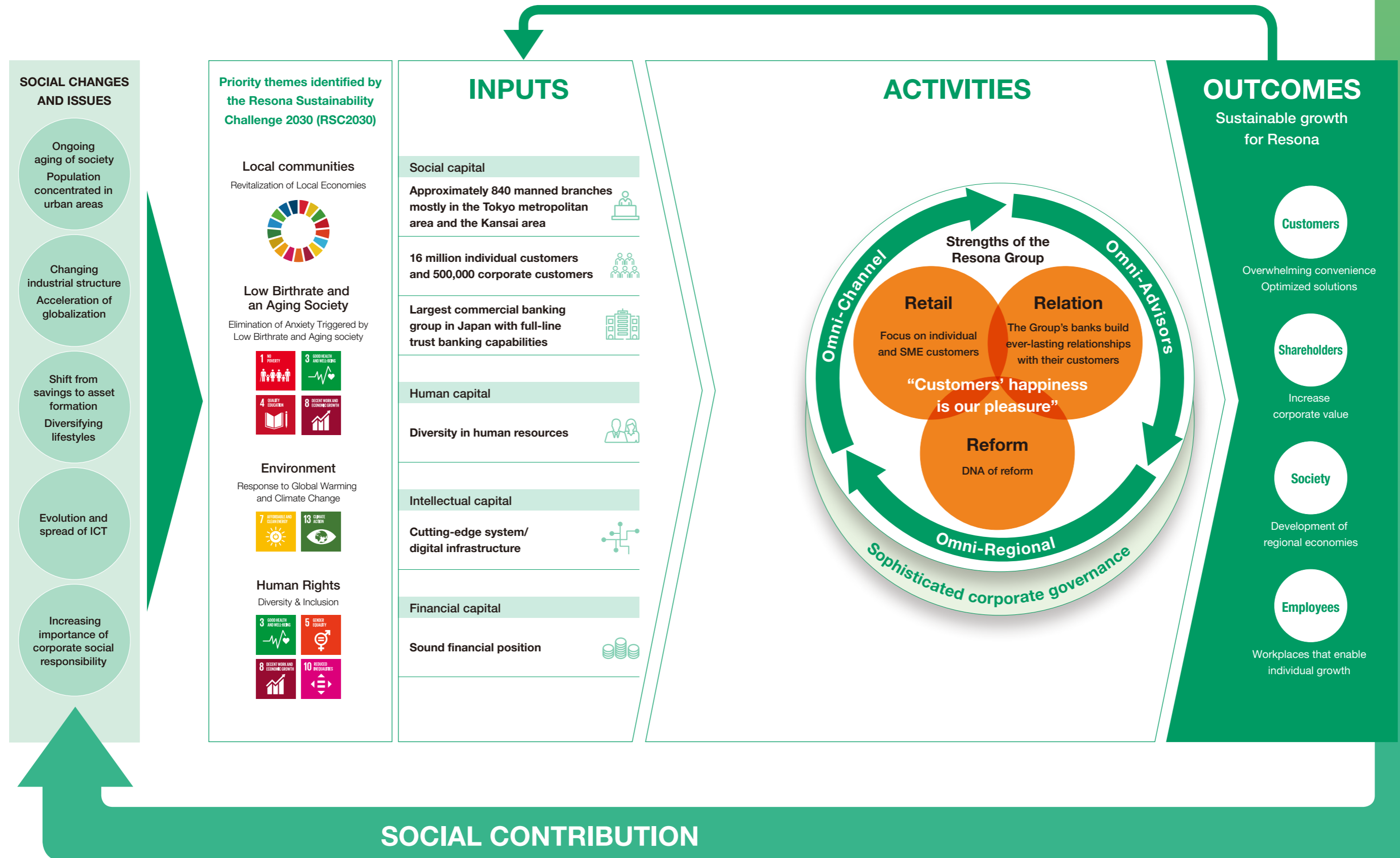


¹ Resona Bank, Saitama Resona Bank, and Kinki Osaka Bank
² Resona Bank, Saitama Resona Bank, Kansai Urban Banking Corporation, Kinki Osaka Bank, and Minato Bank; figures for FY2017 have been retrospectively adjusted to show values as if the Resona Group had included the five banks at that time.
³ (Net income attributable to owners of parent - Preferred dividends) / (Shareholders' equity - Balance of outstanding preferred shares); simple average of the balances at the beginning and end of the term

Value Creation Model

The Resona Group seeks to help resolve various social issues in ways that fully take advantage of its unique strengths in financial services, which represent its core operations, and to thereby create customer value.

Remaining true to our fundamental stance “Customers’ happiness is our pleasure,” we will strive to become the financial service group of choice for customers in the communities in which we operate and to realize “Retail No. 1.” In these ways, we will maximize our corporate value while pursuing mutual growth with customers.





Realizing “Retail No. 1”

Kazuhiro Higashi

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

1

Our Analysis of the Domestic Business Environment

In recent years, the Japanese economy has seen modest but constant recovery, albeit tempered by major fluctuations in the global economy due to advancing globalization. Looking at the broader picture, however, Japan is confronting long-term, structural problems due to an aging society, a low birth-rate, and an inevitable decline in its population as a result.

In addition, approximately 65% of household financial assets, amounting to around ¥1,830 trillion, are held by people in their 60s or older, suggesting increasing intergenerational fiscal inequality. Meanwhile, the lack of successor candidates and the overall labor shortage are presenting pressing challenges for a sizable number of small and medium-sized enterprise (SME) owners, leading to a reluctance to pursue active business expansion.

Furthermore, the impact of climate change is casting a looming shadow around the globe, including in Japan.

Global warming is no longer somebody else's problem for people in Japan; rather, everyday life is ever more affected by the increasingly frequent heavy rains and other natural disasters allegedly induced by this phenomenon. One result has been growing public attention on how to address energy issues without further negatively impacting climate.

We are hearing the call to take a unified stance to tackle and resolve these long-term issues and other emerging threats. However, even as businesses are exposed to risks associated with these issues, the very issues affecting them may offer major opportunities to those businesses willing to tackle them. I believe that the true value of a business is proven when it realizes new innovation in a field never before deemed profitable and thereby helps resolve an issue society is now confronting.

2

Resona's SDG-Oriented Management: Realizing “Retail No. 1” by Helping Resolve Social Issues through Business and Innovation

In November 2018, Resona Holdings announced Resona Sustainability Challenge 2030 (RSC2030), which represents its commitment to facilitating global efforts aimed at achieving United Nations Sustainable Development Goals (SDGs). Specifically, Resona Holdings aims to promote SDGs by extending its financial services in a way that contributes to thriving local societies. To this end, RSC2030 identifies four priority themes within which the Company can take advantage of its business strengths to offer solutions. These themes are (1) local communities; (2) the low birthrate and an aging society; (3) the environment; and (4) human rights. Having formulated the action plan, we are currently engaged in concrete initiatives to address social issues associated with these themes.

I am confident that we are capable of innovation and of turning risks arising from social issues in connection with these four themes into opportunities. This will, in turn, help create a virtuous cycle that will allow us and our customers to enjoy mutual growth.

Today, there is growing concern about market shrinkage in a wide range of industries due to the low birthrate, the rapid aging of society, and the declining population. The banking industry is no exception. Some even argue that conventional banks will become irrelevant due to the emergence of fintech

and businesses' decreasing dependence on indirect financing, which has long been the major support for Japan's business sector. Indeed, the institutions called “banks” may become no longer necessary. Yet, I would argue that financial services aimed at helping customers address their monetary issues will become ever more relevant and essential.

Resona has always been sensitive to the issues society is now confronting and stands ready to offer solutions through all aspects of its business operations while employing a customer-centric viewpoint in the provision of its financial services. By doing so, Resona aims to deliver greater value to its customers while facilitating the sustainable development of regional societies and the creation of new businesses serving this purpose. We are convinced that this approach will help us achieve growth.

Take the aging of society for example. There are a growing number of issues to be addressed due to this phenomenon; individual customers looking forward to retirement are facing growing needs for asset management and inheritance solutions, while SME owners are confronted by business succession problems. I believe that the consultation channels will play an integral part in enabling Resona to address their needs. Therefore, we must ensure that customer concerns about asset inheritance and business succession are robustly

addressed via face-to-face consultation even as we introduce highly convenient digital interfaces for such transactions as bank transfers. In addition, some regional societies are facing serious threats attributable to climate change and other environmental problems. Resona has thus declared its intention of not extending new loans to projects deemed to be exerting a major negative impact on the environment, including those associated with coal-fired thermal power generation, except when it finds compelling reasons for financing such projects, such as to realize economic

restoration following a disaster. Moreover, our management of trust assets places significant weight on maintaining robust engagement with investees to assess their environmental initiatives. In short, the Resona Group considers realizing a low-carbon, recycling-oriented society via financial services to be its social mission. Accordingly, we will step up concerted efforts to achieve this goal.

We consistently ask ourselves how we can better contribute to society. Having positioned this question as a cornerstone of all its operations, Resona is striving to realize innovation and,

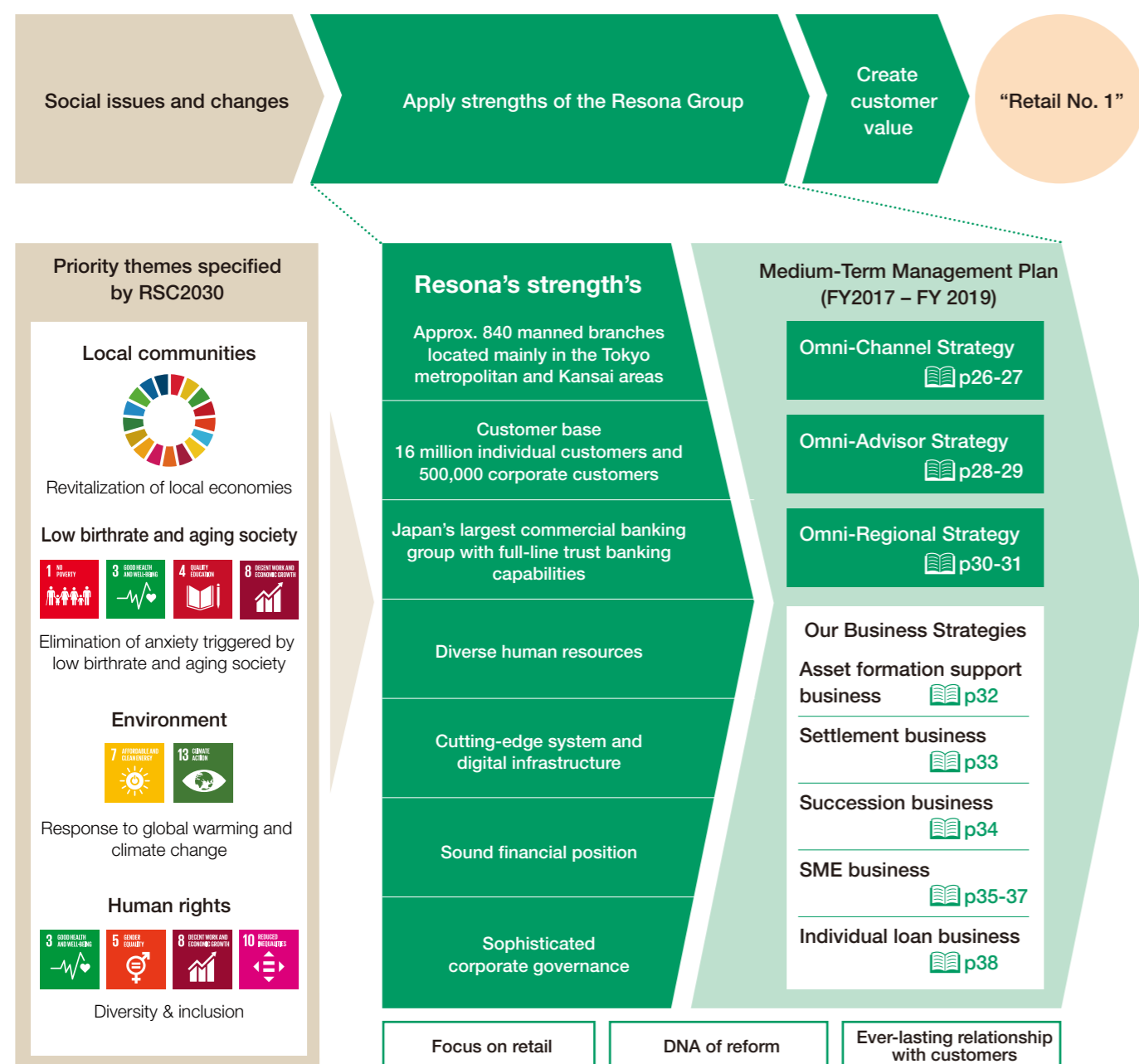
to this end, setting its sights far beyond the conventional concepts of banking operations to achieve transformation from a mere bank to a financial service provider.

We have long engaged in efforts to enhance value for customers by painstakingly addressing instances in which customers feel inconvenienced by, uncertain of, dissatisfied with or distrustful about banks. For example, in Japan the majority of bank counters have traditionally closed at 3 p.m. Resona was the first among domestic banks in deciding to keep its bank counters open until 5 p.m. on weekdays. The Resona

Group was also the industry's forerunner in terms of making it possible to carry out transfers between its branches 24/7—well ahead of the Japanese Bankers Association's 2018 decision to make same-day interbank transfer service available to all customers.

Pushing ahead further with innovation of this kind, the current medium-term management plan, spanning a three-year period ending March 31, 2020, involves the threefold "Omni Strategy."

Resona's SDG-Oriented Management: Realizing "Retail No. 1" by Solving Social Issues through Our Businesses



3 Creating Innovation via the Threefold "Omni Strategy"

Omni-Channel Strategy

Applying our Omni-Channel Strategy, we are striving to provide the greatest possible number of customers with the best solutions anywhere, anytime through coordinated initiatives aimed at strengthening and combining the best of our capabilities in both digital and face-to-face channels. Among our digital channels, the Resona Group has recorded more than a million downloads of Resona Group App since releasing in February 2018. The app is constantly being updated—more than 500 times to date—in line with our policy of quickly reflecting user feedback to make it even more convenient.

We always take a customer-first approach rather than prioritizing our own convenience when dealing with such issues as restrictions inherent to existing systems. This approach is essential if we are to realize our goal of "Retail No. 1," as it is the key to securing customer satisfaction.

For example, in the face-to-face channel, we increased the number of branches specializing in consultation to 26. These branches are open even on weekends and national holidays. We are aware that some domestic banks intend to significantly cut back the number of branches in operation. In contrast, the Resona Group recognizes that its physical branch network is an important point of contact with customers and, therefore, is determined to maintain as many branches as possible.

At the same time, we are aware of the need to realize low-cost operations. As I have often noted, the winner in cost reduction will be the winner in retail banking. To this end, Resona has promoted operational reforms that simultaneously reduced the volume of clerical work and improved customer convenience. Specifically, we successfully halved the clerical workload at branches in 10 years. This enabled the establishment of a platform that allows a relatively small

staff contingent to efficiently handle operations. Our current goal is to halve the clerical workload once more by March 2022. And, by introducing digital technologies, we are developing an operational structure that is even less costly.

Omni-Regional Strategy

This strategy is intended to provide customers with new value via a broad range of collaboration with regional financial institutions and fintech companies. Initiatives executed under this strategy during the fiscal year ended March 31, 2019 (fiscal 2018), included the April 2018 inauguration of Kansai Mirai Financial Group (KMFG) and the commencement of business cooperation with Bank of Yokohama and Daido Life Insurance in international businesses. These accomplishments resulted in the creation of a more robust customer base and the strengthening of our business functions.

Currently, KMFG is accelerating tasks associated with management integration to realize synergies at the earliest possible date. Moreover, in April 2019, Kansai Urban Banking Corporation, a subsidiary of KMFG, and Kinki Osaka Bank, merged into Kansai Mirai Bank. In addition, plans call for integrating systems used at Kansai Mirai Bank and those used at Minato Bank—another KMFG subsidiary—with Resona's systems in, respectively, October 2019 and the second half of fiscal 2021. The sharing of cutting-edge, highly flexible systems among all Group members will enable us to significantly expand the scope of products and services to be delivered to customers while bringing the growing benefits of cost sharing. Kansai Mirai Bank will also streamline its network of branches located mainly in Osaka, promoting the merger of branches in locations where two or more are situated in close proximity.

As we aim to simultaneously maintain customer convenience and efficient operations, we will also consider introducing a

“branch-in-branch” system in which multiple branches are housed in the same facility as well as a “bank-in-bank” system that allows the mutual utilization of the facility by multiple Group banks.

On the sales front, intragroup human resource exchange has been under way to better utilize trust, real estate brokerage and other platform functions in place at Resona Bank. Thanks to the success of this initiative, we have seen significant growth in the number of new succession trusts as well as quite positive outcomes in business matching and other services. Looking ahead, we will push ahead with innovation to accelerate profit and cost structure reforms. As we have identified a number of promising fields in which KMFG can take advantage of Resona’s know-how, we believe that practicing this strategy will position us to seize ever greater growth opportunities.

Omni-Advisor Strategy

This strategy is designed to nurture human resources who can understand the true latent needs of customers and provide optimal solutions. We know that this kind of human resource nurturing requires steady, long-term efforts before it yields robust results. However, we also believe that once we succeed, the Omni-Advisor Strategy will lend the Resona Group unique strengths that could not be easily emulated by competitors.

In line with this strategy, we opened Resona Academy in July 2019. With plans calling for developing a variety of educational programs, this institution began with offering a course designed to nurture professionals on par with independent financial advisors (IFAs). Programs available at Resona Academy will include not only classroom lectures but also practical training for enhancing business skills, including planning for customer visits, maintaining effective communication, making proposals, and solving issues. We are thus striving to nurture professionals capable of providing customers with value-added proposals and accurately meeting their needs for future planning solutions.

4 Solid Governance Supporting Our SDG-Oriented Management Approach

We believe that in order for Resona to realize ongoing innovation that reflects the customer viewpoint, the Company must maintain a governance framework designed to reflect feedback from external stakeholders in its business management.

Resona Holdings adopted a “company with a nominating committee” system, and six outside directors account for the majority in a total of 11 directors. Our Basic Corporate Governance Policy also mandates that “highly independent outside directors constitute a majority” in the Board of Directors’ membership. Moreover, the Nominating, Compensation and Audit committees are all chaired by outside directors. This governance framework helps the Company fully utilize external views in its business management and secure transparency and fairness in the course of decision making.

The outside directors have diverse backgrounds and include finance and legal affair specialists as well as corporate managers with experience in such industries as manufacturing and logistics. To help them proactively participate in discussions, we provide prior explanations on agenda items to be addressed at Board meetings and allocate sufficient time to question and answer sessions. We systematically manage opinions and requests voiced by outside directors. Furthermore, we hold free discussion sessions after the closure of each Board meeting while hosting tours to visit newly established departments.

On an annual basis, we analyze and evaluate the overall effectiveness of the Board of Directors’ operations. Specifically, questionnaires are sent out to collect feedback from each director with regard to such matters as the Chairman’s handling of discussions, the selection of agenda items and the supervisory functions of the Board. Thanks to these initiatives, we are able to maintain a solid governance structure, and discussions at Board of Directors meetings are quite active.

In addition, we are cultivating a pool of current employees who will some day in the future provide senior management candidates. Based on the succession plan, systematic efforts are now under way to select and nurture individuals who will be eligible for the position of president, director or officer at Resona Holdings and Group banks. This succession plan and the Company’s overall succession policies are discussed on an annual basis by the Nominating Committee, whose membership consists entirely of outside directors. With the committee’s active involvement in the selection and nurturing of candidates, the Company aims to maintain a highly transparent process for assessing the skills and competencies of these individuals while securing as a greater number of promising candidates as possible.

5 “Customers’ Happiness Is Our Pleasure”

We have been engaged in an intensive one-year drive to enhance the Resona Group brand, taking such steps as upgrading Resona Group App and releasing the Resona Cashless Platform (RCP) service. In particular, the provision of a cashless platform will improve consumer convenience while also boosting business productivity and addressing issues arising from the labor shortage. As such, the platform is expected to bring considerable benefits to the Japanese economy as a whole. Going forward, we will continue to provide a broad range of customers with products and services aimed at addressing issues society is confronting as we pursue further corporate growth.

I have repeatedly told Group members that there is no way we can cut corners in our initiatives and that our goal of realizing “Retail No. 1” will only be reached if we are steadfast in our approach. No matter how intense the competition gets, businesses that lie or cheat are ultimately driven from the market. With the conviction that our own sustainable growth hinges on a commitment to incorporating the customer viewpoint, we always prioritize how our customers feel and think.

Staying true to the fundamental stance that our “Customers’ happiness is our pleasure,” we will do our utmost to enhance our corporate value.

We are counting on your continued support.



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

1 Results for the Fiscal Year Ended March 2019

Toward the end of the fiscal year ended March 2019 (FY2018), the deceleration of the global economy caused growth in foreign demand to stagnate. Nevertheless, the overall Japanese economy enjoyed a gradual recovery during the fiscal year thanks to improving employment, robust personal consumption and active capital expenditure. However, financial institutions continued to face a challenging operating environment due to the prolonged low interest rate environment and increasing market volatility.

Amid these circumstances, net income attributable to owners of the parent decreased ¥69.0 billion on an adjusted year-on-year basis (see note beneath the chart at the bottom of the page; hereinafter, "year on year") to ¥175.1 billion. The primary factors behind this decrease were a decline in one-off gains from the management integration of Kansai Mirai Financial Group, Inc. (KMFG) and costs associated with measures to improve the soundness of our securities portfolio, a move aimed at better adapting to an uncertain market environment.

On the other hand, we have seen discernible progress in income structure reforms under the medium-term management plan. Specifically, we endeavored to increase the loan balance as well as revenues from recurring fee businesses to supplement declining net interest income affected by lower interest rates. These efforts resulted in a lending volume in excess of the planned target and some growth in fee revenues.

Financial Results Overview

(Billions of yen)

	FY2018	
		YoY change*
Net income attributable to owners of the parent	175.1	(69.0)
Gross operating profit	644.1	(17.1)
Net interest income	435.9	(18.3)
Net interest income from domestic loans and deposits	353.7	(11.1)
Fee income	193.8	+6.0
Fee income ratio (%)	30.0%	+1.7%
Other operating income	14.4	(4.9)
Net (losses) on bonds (including futures)	(7.8)	(2.9)
Operating expenses (excluding Group banks' non-recurring items)	(420.5)	(0)
Actual net operating profit	225.6	(15.4)
Net gains on stocks (including equity derivatives)	7.1	(10.6)
Credit-related expenses, net	(1.3)	(11.4)
Other gains, net	7.1	+32.6
Income before income taxes and non-controlling interests	238.6	(4.8)
Income taxes and other	(57.3)	(72.2)

* For calculation purposes only, the previous fiscal year's financial results were retroactively adjusted to reflect the Group's structure as of March 31, 2019 of five banks with an equity stake in KMFG.



Satoshi Fukuoka

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

We have also seen stable progress in such forward-looking initiatives as the instatement of Resona Group App and Resona Cashless Platform (RCP), projects we have been ushering from the investment phase to commercialization.

Looking at the details of operating results, gross operating profit decreased 2.5% year on year to ¥644.1 billion, due mainly to measures taken to improve the soundness of our securities portfolio in the market division.

In the fiscal year ended March 31, 2019, income from domestic loans and deposits decreased 3.0%. Thus, we were able to keep the decrease modest compared with the 5.6% year-on-year decrease recorded in the fiscal year ended March 31, 2018. This result also reflects firm 2.89% year-on-year growth in the annual average balance of loans to SMEs and others as well as a smaller decline in the loan to deposit spread.

Fee income increased 3.2% year on year, with the ratio of fee income to gross operating profit amounting to 30%. Although increasing market volatility caused investment trust sales to stagnate, such businesses as insurance, housing loan and fund wrap-related products contributed to this increase.

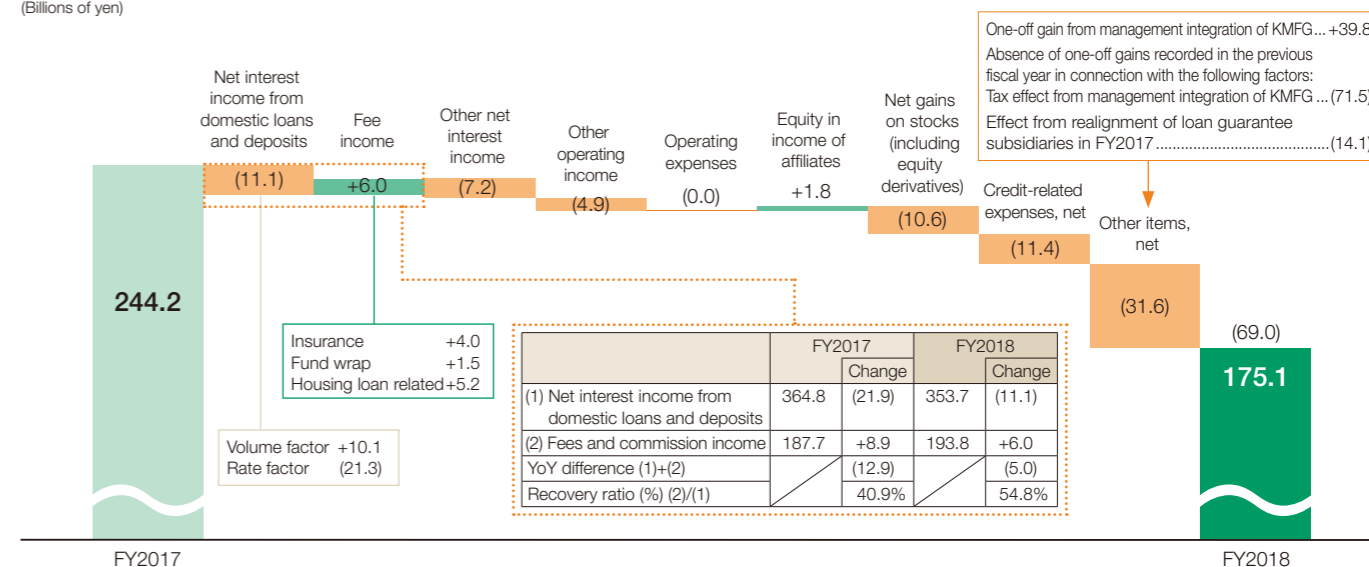
Net gains on bonds (including futures) decreased ¥2.9 billion year on year due to the aforementioned measures to improve the soundness of our securities portfolio. In fact, thanks to these measures, unrealized losses on Japanese government bonds and foreign bonds turned into net unrealized gains which significantly reduced downside risk for our future profitability.

Operating expenses were virtually flat year on year thanks to our ongoing and exhaustive low-cost operations.

Credit-related expenses, net were kept low and amounted to a loss of ¥1.3 billion despite an ¥11.4 billion increase in costs on an adjusted year-on-year basis.

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

(Billions of yen)



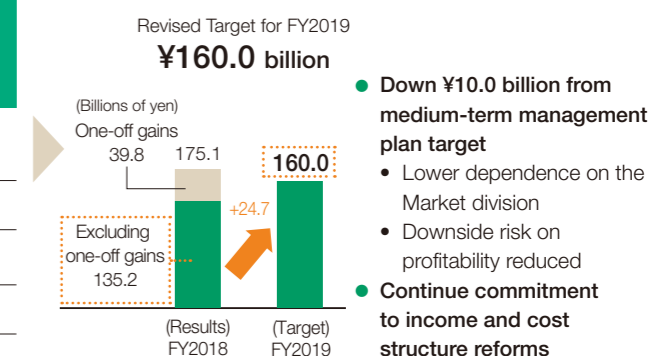
2 Forecast for the Fiscal Year Ending March 2020 (FY2019) and Progress of the Medium-Term Management Plan

For the final year of the medium-term management plan, our target for net income attributable to owners of the parent is set at ¥160.0 billion, representing a decrease of ¥15.1 billion from FY2018 results. However, if we exclude one-off gains totaling ¥39.8 billion due to management integration, the actual result will be a year-on-year rise of approximately ¥25.0 billion. The aforementioned target is down ¥10.0 billion from the medium-term management plan's original target of ¥170.0 billion, reflecting our decision to decrease dependence on the market division amid growing uncertainty in the financial market environment.

Among other key performance indicators (KPIs) identified under the medium-term management plan, the consolidated fee income ratio was almost as planned, while our common equity tier 1 (CET1) ratio target was accomplished one year ahead of schedule. In FY2018, the consolidated cost-to-income ratio and ROE stood at 65.2% and 10.85%, compared with our targets of around 60% and 10% or greater, respectively. Going forward, we will continue to utilize digital and other advanced technologies to enhance our marketing capabilities and improve productivity. At the same time, we will strive to realize integration synergies at the earliest possible date.

KPIs for the Final Year of the Medium-Term Management Plan

KPIs	FY2018 (Results)	FY2019 (Planned) ¹
Net income attributable to owners of the parent	¥175.1 billion	¥170.0 billion
Consolidated fee income ratio	30.0%	30%-35%
Consolidated cost-to-income ratio	65.2%	60% level
ROE ²	10.85%	Over 10%
CET1 ratio ³	9.30%	9% level



1 Determined via adjustments to medium-term management plan targets announced by Resona Holdings in April 2017 taking the following factors into account:
 (i) Exclusion of The Kiniki Osaka Bank, Ltd. from consolidated targets set for the final year (ending March 2020) of Resona Holdings' medium-term management plan
 (ii) Inclusion of KMFG's targets set for the second year (ending March 2020) of KMFG's medium-term management plan
 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 Reduction in Policy-Oriented Stockholdings

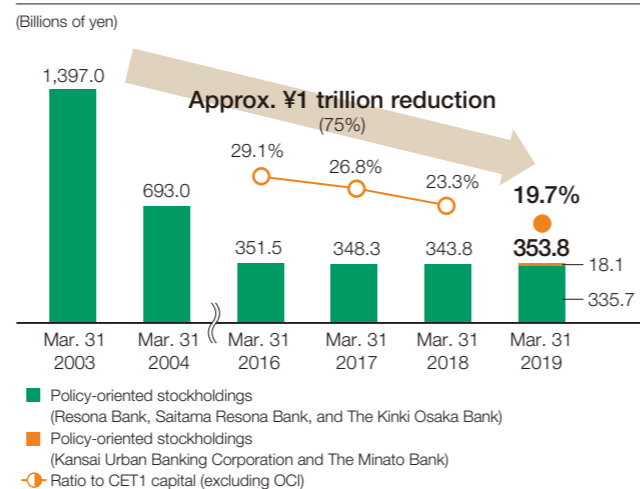
Since the infusion of public funds aimed at ensuring the Company's capital adequacy, we have reduced our holdings of policy-oriented stocks by more than ¥1 trillion, well ahead of other Japanese banks, with the intention of reducing our exposure to equity price fluctuation risk. Our current medium-term target is to maintain the ratio of such stockholdings at less than 20% of our CET1 capital.* As of March 31, 2019, the ratio amounted to 19.7%, staying below the targeted ratio. In addition, we set another medium-term target of reducing such stockholdings by approximately ¥35.0 billion over a five-year period that began in April 2016 and have made steady progress toward this goal, generally meeting annual milestones.

Moreover, we regularly verify the appropriateness of our holdings of each policy-oriented stock by examining both risk and return in a way that takes into account the medium- to long-term feasibility of transactions with the investee. Specifically, we assess the profitability of each investee with consideration given to capital cost while identifying its medium- to long-term credit

* Excluding other comprehensive income (OCI)

risk exposure. Looking ahead, we will strive to reduce our policy-oriented stockholdings while sincerely engaging with our corporate clients to gain their understanding.

Policy-Oriented Stockholdings



4 Capital Management

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 while striving toward the targeted CET1 ratio (excluding net unrealized gains on available-for-sale securities) of around 9% under the international standard by March 31, 2020. The target for our capital adequacy ratio involves the following three points.

- Further contribute to regional communities and economic development by, for example, steadily supplying funds and providing services
- Secure capital as a financial institution that is trusted worldwide and generate sustainable growth
- Ensure strategic flexibility for responding to investment opportunities and changes in financial regulations

As of March 31, 2019, our CET1 ratio was 9.30%. On June 30, 2018 the ratio temporarily declined approximately 1% to 8.47% compared with March 31, 2018, reflecting the impact of the management integration of KMFG. However, the ratio at the end of the fiscal year met our target under the medium-term management plan a year ahead of schedule.

Paying close attention to capital efficiency, risk, cost and return, we will engage in robust financial management to achieve an ROE target of consistently above 10%.

In addition, FY2018 cash dividends totaled ¥21 per common share, up ¥1 year on year, representing a third consecutive annual increase in dividends.

For FY2019, we aim to pay out an equivalent amount in cash dividends. In line with our aims of enhancing shareholder returns, improving capital efficiency, and taking a flexible capital management approach, we announced a budget for up to ¥10.0 billion in share repurchases on May 10, 2019, with the end of the repurchasing period being set at June 14, 2019. On June 12, 2019, we completed share repurchases based on this budget. This is the first move of its kind for Resona Holdings since its inauguration with the exception of share buybacks associated with the repayment of public funds. Reflecting these share buybacks, the total shareholder return ratio for FY2019 is expected to increase to 36.7%.

We will consider the further enhancement of shareholder returns while giving due consideration to maintaining a balance between soundness and profitability as well as to opportunities for growth investments.

Capital Management

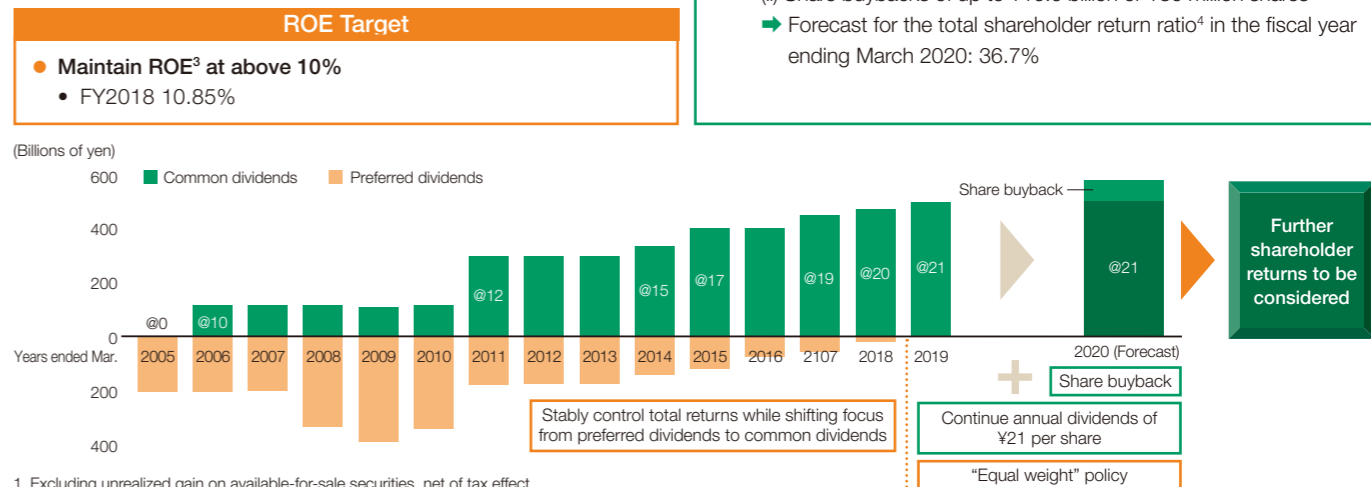
Allocating equal weight to 1) investment for future growth, 2) higher capital adequacy, and 3) increase in shareholder returns

Capital Adequacy Ratio Target

- Achieved a targeted CET1 ratio¹ of around 9% a year ahead of schedule under the current medium-term management plan (until March 31, 2020)
 - CET1 ratio as of March 31, 2019: 9.30%
 - Coping with the finalized Basel 3 (SA² and capital floor revisions), utilizing the time until its fully loaded implementation

Shareholder Return Policy

- Maintain a steady dividend stream while making further efforts to expand return to shareholders
 - Dividends for FY2018
 - Annual dividends totaling ¥21 per share (up ¥1 year on year)
 - Dividend forecasts for FY2019
 - (i) Continue common DPS ¥21 per annum
 - (ii) Share buybacks of up to ¥10.0 billion or ¥30 million shares
- ➔ Forecast for the total shareholder return ratio⁴ in the fiscal year ending March 2020: 36.7%



1 Excluding unrealized gain on available-for-sale securities, net of tax effect
 2 SA: Standard Approach
 3 (Net income attributable to owners of the parent – Preferred dividends) / (Total shareholders' equity – Balance of outstanding preferred shares)
 4 Forecast based on the target for net income attributable to owners of the parent (¥160.0 billion) set for FY2019

5 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 FY2018.

Our dialogue with domestic and overseas institutional investors includes interim and full-year results briefings. We also conduct teleconferences for quarterly results, business strategy information meetings, and one-on-one interviews.

Our dialogue with individual investors encompasses online information meetings and meetings at such venues as the

branches of securities companies. We also take advantage of opportunities to provide more information by hosting shareholder seminars and participating in events like the Nikkei IR Fair 2018.

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

Overview of IR Activities during the Fiscal Year

	Number of occasions	Total participants
IR meetings for individual investors	14	2,080
IR meetings for domestic and overseas institutional investors and analysts, response to media coverage, etc.	243	676 (companies)
Shareholder seminars	3	1,740
Total	260	4,496



We will help create a low-carbon, recycling-oriented society through financial services.

Awarded the Minister of the Environment Prize for Accomplishments in SDG-Oriented Financial Services

The Resona Group won the Minister of the Environment Prize under the Principles for Financial Action for the 21st Century (PFA21) award program in March 2019. This was due to the Group's efforts to contribute to PFA21 via the development and popularization of products aimed at facilitating the pursuit of United Nations Sustainable Development Goals (SDGs) and its strong organizational commitment exemplified by the announcement of "Our Fundamental Stance of Loan Business."



The Resona Group recognizes that countering global warming and climate change is an important social issue that must be addressed to realize a sustainable society.

In order to achieve the goals of the Paris Agreement aimed at keeping the global temperature rise to less than 2°C above pre-industrial levels and to achieve Japan's national target for the reduction in greenhouse gas (GHG) emissions, society should more robustly fund climate change countermeasures.

In this light, the Resona Group believes that helping create a low-carbon, recycling-oriented society through its financial functions is an important management issue. Based on this belief, the Group is implementing the threefold "Omni Strategy" under its current medium-term management plan to facilitate sustainable development for customers and regional societies while aiming to realizing "Retail No. 1."

In November 2018, the Resona Group announced the Resona Sustainability Challenge 2030 (RSC2030). The RSC2030 lays out more concrete definitions regarding the Group's environmental initiatives as presented below, upgrading those stipulated by the existing Group Environmental Policies.

Our Commitment to the Environment

Realizing a low-carbon and circular society by taking action with society to reduce environmental burden such as accelerating the use of renewable energy and reducing greenhouse gas emissions.

New initiatives aimed at achieving our commitment

Omni-Channel Strategy

Reduce resource and energy consumption attributable to financial transactions via digitization

- Expand the scope of digital-driven services, such as smartphone apps and e-contract services for housing loans
- Reestablish our medium-term CO₂ reduction target
(take the inclusion of Kansai Mirai Financial Group (KMFG) into account)
New medium-term target: Reduce CO₂ emissions by 26% from the FY2013 level by the end of FY2030

Omni-Advisor Strategy

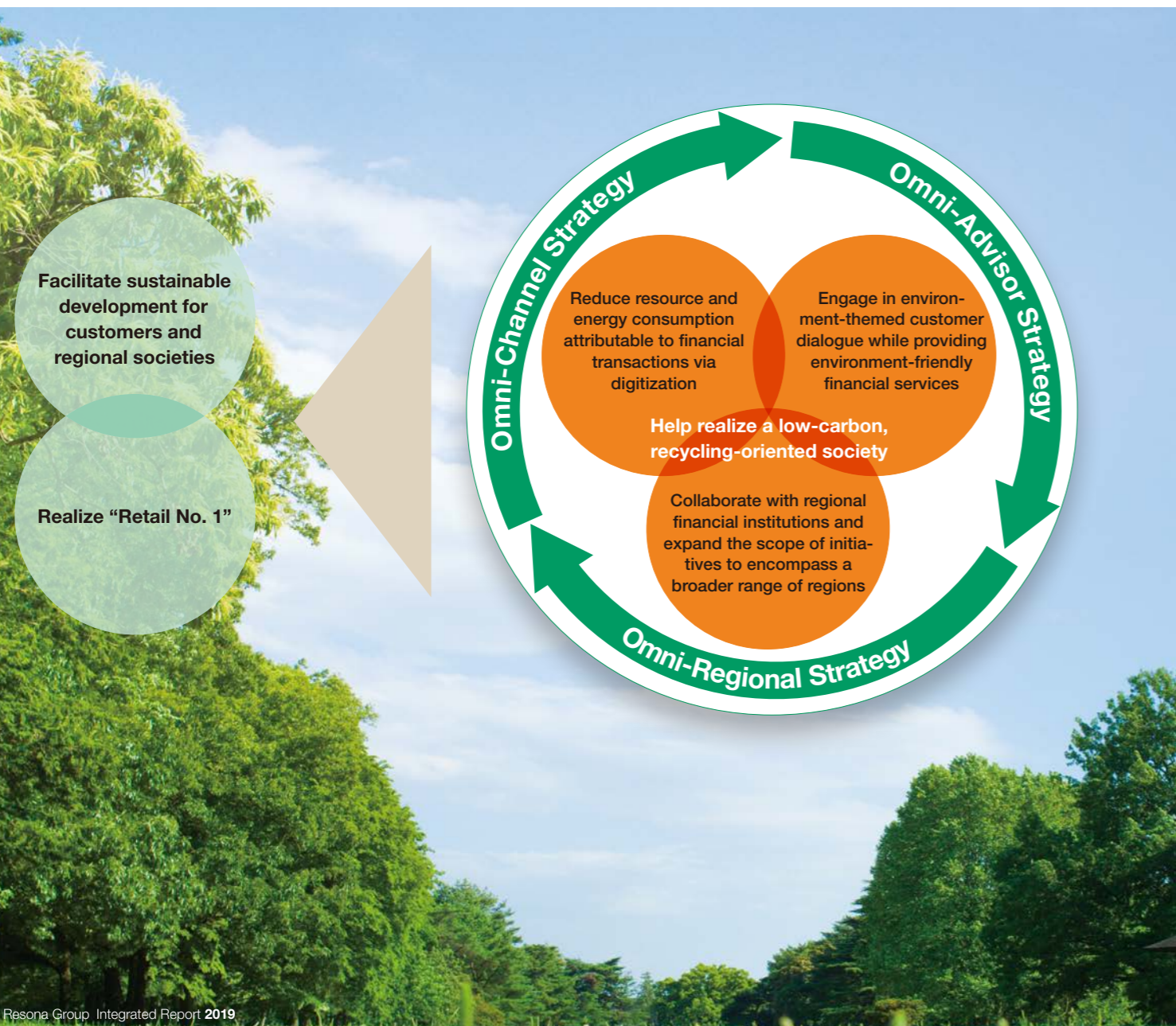
Engage in environment-themed customer dialogue while providing environment-friendly financial services

- Establish and announce "Our Fundamental Stance of Loan Business" to declare the Group's intention of not engaging in project finance for new coal-fired thermal power generation projects except where there are compelling reasons for financing such projects, such as to realize economic restoration following a disaster
<https://www.resona-gr.co.jp/holdings/csr/about/sri.html> (Japanese only)
- Provide novel financial products and services
 - Corporate customers: SDGs Promotion Fund and SDGs Consulting Fund (pages 35 and 37)
 - Individual customers: *Nihon-no-Mirai*, an investment product comprising equities in promising SMEs striving to resolve social issues

Omni-Regional Strategy

Collaborate with regional financial institutions and expand the scope of initiatives to encompass a broader range of regions

- Step up collaboration with KMFG, which underwent management integration in April 2018
- Facilitate the understanding of Resona's initiatives and its platforms among regional financial institutions by, for example, hosting seminars



Demonstrating our support of the TCFD, we will develop a framework in conformity with its recommendations while maintaining the appropriate disclosure of climate-related financial information.

Earned a “B” Score in the 2018 CDP Assessment (climate change category)

Under the initiative of CDP (formerly, Carbon Disclosure Project), the Resona Group is engaged in collaborative efforts with other institutional investors around the globe to facilitate the disclosure of information on businesses' climate change strategies and their greenhouse gas emission volumes. In the 2018 CDP assessment in the climate change category, the Resona Group earned a score of “B,” the highest evaluation among domestic banks.

Governance

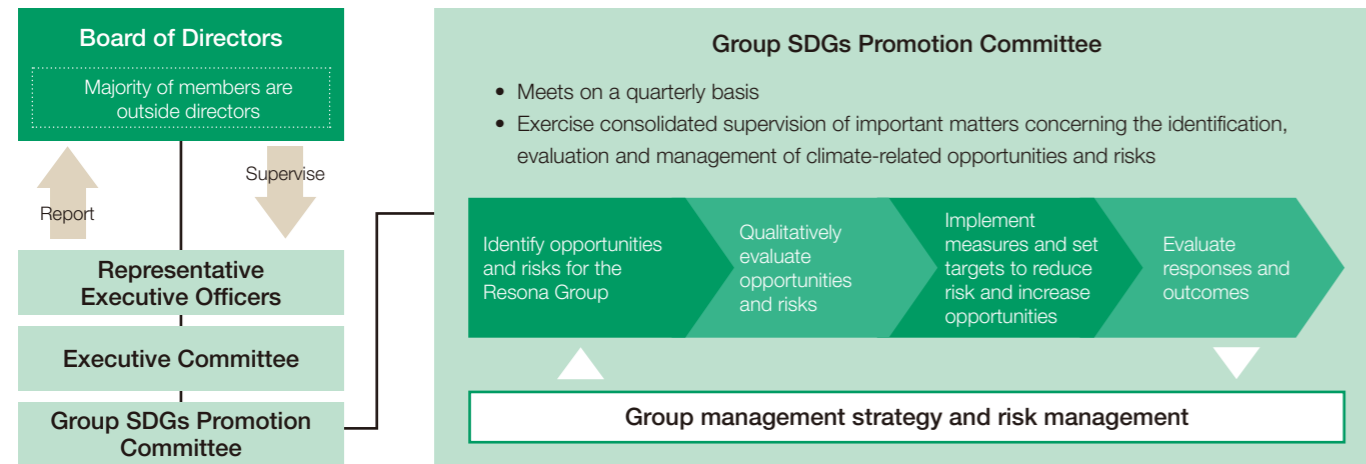
The Board of Directors receives periodic (at least once a year) reporting on the status of Group initiatives to counter climate change, with the aim of ensuring that these initiatives receive robust supervision.

To address climate change issues, the Board of Directors, including outside directors who account for majority, engages in multifaceted discussion and reflects its conclusions in the Group's management strategy and risk management.

Also, the Group SDGs Promotion Committee chaired by president of Resona Holdings meets on a quarterly basis to exercise consolidated supervision of important matters concerning the identification, evaluation, and management

of climate-related opportunities and risks. Members of this committee include presidents of subsidiary banks and the heads of the Corporate Administration Division and risk management divisions as well as officers in charge of corporate and retail banking sales and KMFG's heads of departments charged with promoting SDGs.

This committee strives to identify and assess climate change-related opportunities and risks while discussing policies on and targets for the Group's measures to reduce risks and increase opportunities. Conclusions reached by this committee are reflected in the Group's management strategy and risk management.



Governance of Socially Responsible Loan and Investment

Loan

The Group Credit Policy was established by the Board of Directors to provide fundamental principles of credit risk management.

This policy clarifies the Group's intention to give due consideration to its social responsibilities and environmental concerns. In line with this policy, the Group has developed structures and procedures for appropriately identifying and assessing the environmental impact of major projects and evaluating environmental initiatives undertaken by customers.

Investment

Status reports on the exercise of voting rights and other responsible investment activities associated with trust assets managed by Resona Bank are submitted to the Board of Directors as necessary. This ensures that the Board of Directors is in position to take a top-down approach and that Resona Bank's responsible investment activities are constantly enhanced.

Moreover, the Group has in place the Responsible Investment Verification Council chaired by an outside director of Resona Holdings, to verify the appropriateness of its stewardship activities, including the exercise of voting rights, from a third-party viewpoint.

Strategy

Business Opportunities and Risks Arising from Climate Change

To measure the impact of climate change, which is highly unpredictable, we have undertaken the quantitative evaluation of opportunities and risks based on two different scenarios involving, respectively, a 2°C and a 4°C rise in global temperatures.

The purpose of this evaluation includes the assessment of estimated impact in the short-, medium- and long-terms, which are defined as approximately 5-, 15- and 35-year periods, respectively.

Referenced scenarios

- IEA Energy Technology Perspectives 2°C Scenario
- IPCC Representative Concentration Pathways 8.5
- Japan's Intended Nationally Determined Contribution (INDC), etc.

● Outline of the Resona Group's 2°C Scenario

Projected developments	Impact on the financial industry	Time frame
<ul style="list-style-type: none"> GHG emissions from businesses are heavily restricted by government-led policies and laws. Advances in and the popularization of low-carbon technologies enhance the availability of low-carbon alternatives to existing products and services. Frequency of sudden occurrences of abnormal weather remains virtually unchanged. 	Financing streams will be ever more focused on measures to alleviate climate change impact.	Short and medium term

Projected financial impact			
Opportunities	Product and service markets		<ul style="list-style-type: none"> Growing funding needs among businesses for the development of low-carbon products and services and capital expenditure aimed at reducing their GHG emissions Increased opportunities for the Group to offer financial services due to growing public awareness of climate change
	Resource efficiency, energy sources, and market resilience		<ul style="list-style-type: none"> Reduction in business costs due to enhanced resource and energy efficiency Shift to low-carbon energy sources and the resulting alleviation of the future impact of carbon pricing. Growth in the Group's corporate value due to the implementation of a sustainability-focused business model
Risks	Transition risks	Policy and legal	Introduction of stringent government-led policies and regulations negatively affecting operations of corporate customers and reducing the value of the Group' loan assets
		Technology and market	Advances in low-carbon technologies and changes in consumer preferences prompting a shift to alternative products and services and negatively affecting the operating results of corporate customers, resulting in a reduction in the value of the Group's loan assets
	Reputation	A decline in Resona Holdings' share price due to inconsistencies between strategy and actions or insufficient disclosure of information about climate change	
Physical risks	Acute	Virtually unchanged frequency of sudden occurrences of abnormal weather (hence, no major financial impact is expected)	
	Chronic	No chronic and irreversible climate change (hence, no major financial impact is expected)	

● Outline of the Resona Group's 4°C Scenario

Projected developments	Impact on the financial industry	Time frame
<ul style="list-style-type: none"> Without notable breakthroughs in climate change countermeasures, the volume of overall GHG emissions continues to grow at the current pace. Due to an increase in the number of sudden occurrences of abnormal weather, society suffers even more significant damage. Chronic and irreversible changes, such as a sea level rise, affect economic activities undertaken by businesses and individuals. 	Financing streams will be ever more focused on measures to alleviate climate change impact.	Long term

Projected financial impact			
Opportunities	Product and service markets		Growing demand for funding for public projects and capital expenditure aimed at alleviating physical damage attributable to abnormal weather
	Resource efficiency, energy sources, and market resilience		Reduction in business costs due to enhanced resource and energy efficiency
Risks	Transition risks	No significant breakthroughs in climate change countermeasures (hence, no major financial impact is expected)	
		Acute	<ul style="list-style-type: none"> Reduction in the value of the Group's loan assets due to the impact of climate change, such as the suspension of business induced by damage to corporate customers' facilities, the absence of such customers' employees due to damage to their homes, or a decline in the value of collateral assets due to such damage
	Chronic	<ul style="list-style-type: none"> Suspension of the Group's operations due to damage to its facilities or injuries to its employees 	

Our Management Strategies and Initiatives

The Resona Group anticipates that climate change is highly likely to have a financial impact on its loan assets, the largest asset category in the the Group's possession. Accordingly, the Group recognizes that the opportunities and risks facing its customers will directly affect the Group through these loans.

The majority of the Group's loan assets are accounted for by loans furnished to individual and SME customers, suggesting that lending risks are dispersed. However, the

Group is also aware of the importance of communicating the significance of climate change response to this vast number of customers.

Practicing the threefold "Omni Strategy" under the current medium-term management plan, the Group is therefore striving to work in tandem with its customers to reduce risks and increase opportunities arising from climate change.

(📖 p26-31)

Initiatives to Help Raise Employees' Environmental Literacy

In order for Resona Group employees to help customers understand the significance of climate change response, they must first gain a deeper understanding on this subject themselves.

Accordingly, the Group is engaged in ongoing initiatives aimed at raising all employees' environmental literacy, for example, encouraging them to participate in community-rooted environmental preservation activities and setting environmental targets for each business base.



Collecting garbage in rice paddies in Minuma



Forest development activities undertaken by The Kinki Osaka Bank

Note: These ongoing activities have been rebranded "Kansai Mirai Bank Forest" in FY2019.

Risk Management

Based on its own risk categories (see also page 51), such as credit risk, operational risk and reputational risk, the Group has positioned climate change related risks as a factor contributing to growth in future uncertainty and maintains a firm grip on such risks accordingly.

Specifically, the Group is stepping up the management of credit risk, a risk category requiring vigilance against the possibility of a major financial impact, with the aim of directing financing streams to initiatives aimed at helping realize a low-carbon, recycling-oriented society through such financial activities as socially responsible financing and investment.

Initiatives to Promote Socially Responsible Loan and Investment

<https://www.resona-gr.co.jp/holdings/csr/about/sri.html> * Japanese only

Loan

"Our Fundamental Stance of Loan Business" clarifies the Group's intention to maintain a dialogue with customers who have not yet fully committed to addressing social and environmental issues with the purpose of encouraging their involvement. In addition, it explains the Group policy of abstaining from extending new loans to projects deemed to be exerting a major negative impact on the environment. Specifically, the Group will no longer finance projects associated with coal-fired thermal power generation, except when it finds compelling reasons for financing such projects, such as to realize economic restoration following a disaster. The Group is engaged in the screening and selection of candidate projects accordingly.

Investment

In connection with trust assets managed by Resona Bank, "Responsible Investment Policy" mandates that the Group exercise due diligence in confirming the sufficiency of investees' initiatives aimed at addressing ESG issues to help them enhance corporate value and achieve sustainable growth from a medium- to long-term perspective. The Group will thereby endeavor to increase the value of trust assets.

Furthermore, the Responsible Investment Committee, which includes such personnel as officers in charge of trust asset management divisions, also confirms the appropriateness of initiatives undertaken by investees.

Metrics and Targets

Working in Tandem with Customers to Reduce Climate Change Related Risks and Create Opportunities

In line with the RSC2030 action plans, the Resona Group has formulated metrics and targets in terms of its efforts aimed at helping as many customers as possible understand the significance of climate change response and supporting their initiatives.

These action plans consist of annual action plans to secure a PDCA framework for annually evaluating the outcomes of the aforementioned efforts.

Key action plans for FY2019 (environment related)

- Support business partner's promotion of the SDGs through dialogue and financial services
- Promote SDGs through asset management consulting for customers
- Promote the spread of environmental real estate with excellent environment performance
- Support business partners' environmental protection activities through dialogue and financial services
- Environmental impact reduction by work efficiency, productivity improvement
- Develop an environmental management system and ISO program
- Carry out social contribution activities for the preservation and improvement of the natural environment and biodiversity

Please also visit Resona Holdings' website to see other action plan items and concrete targets.

https://www.resona-gr.co.jp/holdings/english/csr/sustainability_challenge_action.html

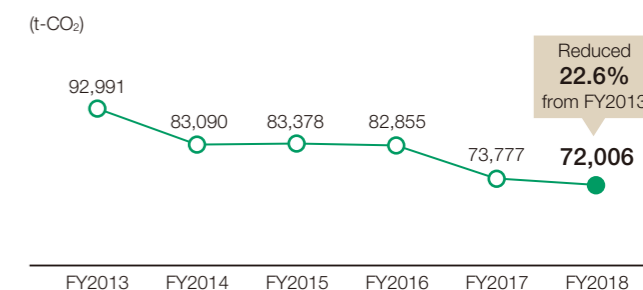
The Resona Group's Target for Reduction in CO₂ Emissions Attributable to Its Operations

In conjunction with the announcement of RSC2030, the Resona Group has renewed its medium-term reduction target for CO₂ emissions from the entire Group in FY2019, with consideration given to the inclusion of Kansai Mirai Financial Group.

New Medium-Term Target
Reduce CO₂ emissions by 26% from the FY2013 level by the end of FY2030*

* Formulated in reference to Japan's INDC

Trend in CO₂ Emission Volume



Notes:

- 1 Calculated by aggregating Scope 1 and 2 CO₂ emissions from Group banks based on methods stipulated by Japan's Energy Saving Act for statutory periodic reporting
- 2 CO₂ emissions attributable to fuel consumption by Company-owned cars are determined with a simplified calculation method using the Group's annual fuel costs and publicized figures for the annual and national average price of gasoline and emissions coefficient
- 3 Scope 1 emissions in fiscal 2018: 6,499 t-CO₂ ; Scope 2 emissions in fiscal 2018: 65,507 t-CO₂

Investee Engagement Event Themed on the Sustainable Procurement of Palm Oil

Resona Bank's trust asset management divisions launched an engagement event involving investees that belong to the palm oil supply chain, with the aim of popularizing sustainably procured palm oil in Japan.

During the period from August 2017 through June 2018, representatives of these divisions paid visits to a total of 35 investees, including 15 retailers, 10 food manufacturers, 6 toiletry producers and 4 oil refining and chemical companies. This allowed them to engage in face-to-face dialogue and confirmed the status of investees' initiatives aimed at ensuring sustainable palm oil procurement while requesting the disclosure of relevant targets and track records.



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The Three Components of Our “Omni Strategy”

The Resona Group seeks to help resolve various social issues in ways that fully take advantage of its unique strength in financial services, which represent its core operations. Supporting this approach is our “Omni Strategy,” a basic strategy consisting of three components aimed at creating customer value and realizing our goal of “Retail No. 1.”

Omni-Channel Strategy

Applying our Omni-Channel Strategy, we are striving to provide a greater number of customers with the best solutions anywhere, anytime and, to this end, painstakingly addressing situations in which customers feel inconvenienced by, uncertain of, dissatisfied with, or distrustful of banks. Our coordinated initiatives include strengthening and combining digital channels—which include the Internet and smartphones and offer a broader range of contact points with customers—and face-to-face channels in which we engage in dialogue with customers at branches.

Digital Channels

Digital channel initiatives are expanding services available via smartphones. In February 2018, we released Resona Group App for smartphones. Under the theme, “Bank in your pocket,” this outstandingly designed app provides a simple user-friendly interface and won the Good Design Award 2018. The number of downloads had exceeded 1 million as of April 30, 2019.

We expect that the provision of various smartphone-based functions will yield a rise in long-term frequent users of our services. At the same time, smartphone

services will help us secure and nurture a stream of recurring fee revenues. Our estimates for future income growth are broadly based on the following formula: 3 million users x ¥10 growth per user per day x 365 days = ¥10 billion growth per year. Against the goal of securing ¥10 in daily income per user, we have already succeeded in securing daily income growth per user of ¥3.5.

Resona Group App is also attracting a significantly growing number of users in their 20s and 30s, proving it has been successful in terms of reaching out to new customers.

Moreover, our app delivers timely, optimal proposals personalized for each customer. This function is expected to stimulate customer awareness of their needs, thereby helping us usher them into multifaceted transactions. Having established the Data Science Office in April 2019, we are stepping up efforts to improve customer communication employing findings from data analysis.

Looking ahead, we will strive to enhance customer convenience by securing superior service quality via the expansion of product lineups and the adoption of sophisticated marketing methods.

Face-to-Face Channels

Customer needs for services provided in bank branches are radically changing due to the graying of society and the diversification of lifestyles. Against this backdrop, the Resona Group aims to accommodate the needs of customers who, for example, require hours of expert counsel about complex issues or find it difficult to visit a bank branch during regular weekday working hours.

Although some banks plan to reduce the number of branches in the prolonged low interest-rate environment, the Resona Group recognizes that its physical branch network provides important contact points with customers and, therefore, is determined to maintain as many branches as possible.

To date, the Resona Group has established a platform that allows a relatively small staff to efficiently handle operations through the implementation of operational reforms. Drawing on know-how accumulated in the course of these reforms, we will also promote digitalization as a tool for flexible branch management. Specifically, when taking such steps as downsizing and replacement, we will give due consideration to the characteristics of each branch and the area it serves with the goal of simultaneously realizing low-cost operations and superior customer convenience. As of May 2019, the number of branches specializing in consultation amounts to 26. These include Seven Days Plaza and other bases that are open even on weekends and national holidays. Currently, approximately 80% of the customers visiting these branches

are in their 50s or younger. Considering that the majority of customers visiting our conventional branches are in their 60s or older, we are confident that these specialized branches are helping us expand our contact points with new customers.

To realize superior customer convenience and further lower the cost of operations, efforts are also under way to develop a next-generation branch system. The new system is designed to automatically interface with customers and usher them through the procedures needed to complete their desired transaction, thereby eliminating the need for branch staff dedicated solely to handling routine clerical work. At the same time, if a customer is looking to consult someone about a complex issue or needs human support when going through procedures, the system will help them connect to an expert via teleconferencing. In this way, the new system will enhance customer satisfaction while reducing workload at branches. Furthermore, we will offer self-service banking transactions via tablets to deliver an inspiring user experience to customers. Tablets will also be utilized by consulting staff when they engage with customers. This will help realize location-free reception and make it easier to set aside sufficient time for customer engagement, thus enabling staff to provide both consulting services and clerical procedure assistance at the same time.

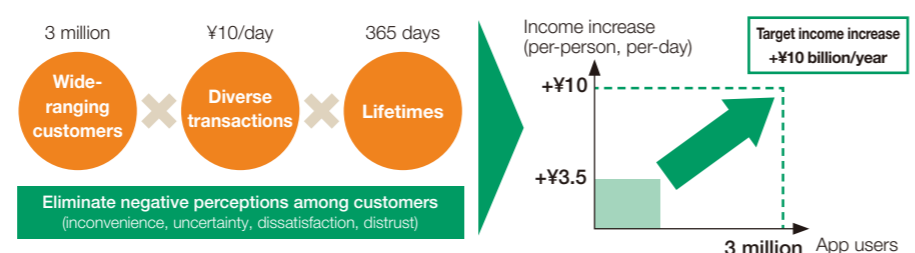
We plan to introduce this system in FY2020 at Resona Bank's branches, and are now engaged in verification testing at a mock branch installed within Tokyo Head Office's laboratory.



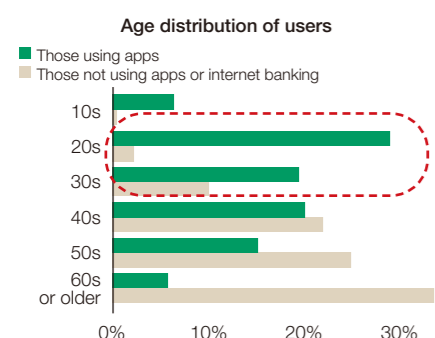
Outstanding Design and User-Friendliness



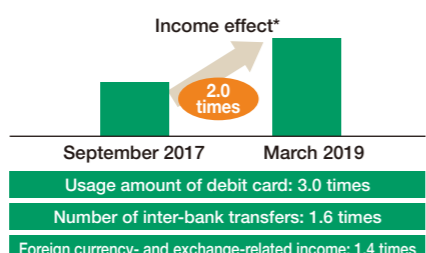
Recurring Fee Business Model



Reach out to New Customers



Contribute to Multifaceted Transactions



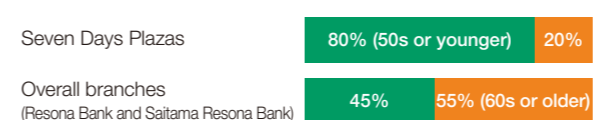
* App users at Resona Bank, Saitama Resona Bank and The Kinki Osaka Bank as of March 2018 (15 to 69 years old; excluding housing loan borrowers; per-person value of assets entrusted to these banks is less than ¥10 million)

Continuous Improvement

Enhance service menu	
Switchover to debit cards (January 2019~)	Opening of investment trust accounts (May 2019~)
Installation of service app on branch terminals (trial basis) (June 2019~)	Submission of application for new credit card issuance (July 2019~)
Sophisticated marketing methods	
The Data Science Office (April 2019)	AI-based proposal systems

- Approx. 840 physical branches
 - Maintain existing branches as much as possible
 - Placement of staff according to market characteristics
- Establish low-cost operations
 - Digitalization
 - ➔ Branch operation with fewer staffs
 - Downsizing and relocation
 - ➔ Optimize branch facilities and locations
- Raise the number of branches that operate on holidays
 - Consultation-focused branches, which open seven days a week (26 branches as of June, 2019)
 - ➔ Open in weekday evenings, on weekends and holidays
 - ➔ Continue to open new branches

Branch visitors by age



New branch system features (to be introduced in FY2020)

No counter, no back office space Handle all basic procedures in a single line	Digital service offices (TV counters) Complicated inquiries and consultation via teleconferencing
Self-service banking transactions Inspire customers by offering new banking experience with tablets	Location free Integrate consultation services and banking procedures via the use of tablets

Omni-Advisor Strategy

Our medium-term management plan defines Omni-Advisors as consultants capable of understanding and providing solutions that satisfy the true latent needs of customers. As such, these individuals must possess a mindset that embodies the following principle and abilities.

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

Omni-Advisors are not only expected to think seriously about customers and provide proposals that will benefit them; they are also asked to deliberately avoid anything that is not good for them.

These requirements were defined based on our customer-centric business approach, which has been consistently applied in the formulation of Fiduciary Duty Action (FDA) in April 2016, the announcement of Resona Fiduciary Duty

Basic Policies in June 2017, and the establishment of the Fiduciary Duty Promoting Committee. In line with this approach, we abolished sales targets for financial products in April 2017 and shifted our focus to the balance of asset formation support products.

In many instances, customers who wish to consult bank staff are unable to clearly articulate their concerns and are not necessarily well-versed in the products and services offered by banks. Omni-Advisors are called to draw out and accurately identify customers’ latent needs by communicating with and getting to know them.

Although Omni-Advisors are thus required to have wide-ranging knowledge of our businesses, including trusts, so as to be in the position to propose various solutions, knowledge alone is not sufficient. Rather, the success of an Omni-Advisor hinges on their ability to truly emphasize with their customer.

In this light, we consider the following three attributes essential to becoming an Omni-Advisor:

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

Nurturing Omni-Advisors via Diversity Promotion

Today, customer values are becoming increasingly diverse. In order for the Resona Group to accurately identify their latent concerns, Resona Group employees must also be diverse. Employees are thus encouraged to have diverse life experience, for example, enjoying time with their families and interacting with people other than their colleagues. The Group therefore considers enhancing labor productivity via across-the-board work-style reforms essential, as it aims to ensure that all employees are allowed to set aside sufficient time off for leisure activities.

To accelerate our efforts to train Omni-Advisors, we opened Resona Academy, a platform for nurturing professionals, in July 2019. In addition to instilling financial expertise on par with that of independent financial advisors, this institution offers cultural literacy education, planning and communication skill training, and other practical training programs aimed at assisting employees in their pursuit of higher competencies and personal growth. Looking ahead, we will increase the lineup of training programs available at Resona Academy to raise overall employee skills.

In addition, we are renovating our human resource management practices, for example, extending the retirement

age to 70, expanding the range of employees who are allowed to work from home (“telework”) and switching a portion of childcare leave to additional paid leave. These measures are expected to raise employees’ motivation to pursue growth.

Although nurturing Omni-Advisors may take time, we nevertheless believe that a robust team of Omni-Advisors with diverse backgrounds will strongly empower the Resona Group to differentiate itself from other companies.



Topic 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, namely, an approach that enables employees to thrive at work regardless of such factors 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 continually review our personnel system, ensuring that all employees have the opportunity to demonstrate their full potential. This involves listening to the opinions of many people

from sources that include our annual employee survey and the recommendations of the “Resona Women’s Council,” an advisory body that reports directly to management.

In addition, since October 2015 we have operated the “smart employee” system in which permanent employees can set limits on their working hours or scope of work. And, in April 2017 we introduced a telecommuting system.

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.

Human Resource System

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

Nurture Consultants Who can Think and Act in the Best Interests of Their Customers ▶ Attain “Customers’ happiness”

Consider the best interests of their customers

Improve ability to offer solutions

Expand sales contacts and allocate more time

- Work-style reforms
- Diversity

- Training for professionals

- Digitalization

Resona Academy opened (July 2019)

A platform for nurturing professionals

Practical training

Support for graduates

Skills for specific operations

Business skills

4th Issue-solving skills

1st Planning skills

3rd Proposal skills

2nd Communication skills

Consider the best interests of their customers

- Launch a course aimed at nurturing retail professionals on par with IFAs

- 30 days of 6-month training
- Follow-up training (one year after graduation)

- Be advisors of choice for customers
- Draw on a broad range of ideas to make proposals

Programs designed to motivate employees to pursue growth

- Employee Support Series (April 2019-)

- Extend retirement age to 70, promote “telework” and switch portion of childcare leave to additional paid leave

Customer-centric approach

- Announced Fiduciary Duty Action (FDA) (April 2016)

- Abolished sales targets for financial products and placed focus on balance of asset formation support products
- Set up an Asset Advisory Committee

- Adopted Principles for Customer-Oriented Business (June 2017)

- Upgraded the FDA to Resona Fiduciary Duty Basic Policies
- Set up a FD Promoting Committee

Improve ability to offer solutions and expand time to engage with customers via digitization

- Proposal via tablet devices

- Insurance (May 2016-)
- Investment trusts (June 2019-)

- Corporate SFA (Sales Force Automation) (May 2018-)

Omni-Regional Strategy

This strategy focuses on providing a greater number of customers with sophisticated solutions backed by Resona’s robust functions and meticulous retail banking services by collaborating with a broad range of regional financial institutions and fintech companies regardless of capital relationships. Resona expects this approach to offer substantial benefit to its customers, its business partners and the Resona Group.

For business partners, this strategy will enable them to enhance their solution functions, including those related to trust and real estate, upgrade their administrative processes and systems, reduce operational costs and utilize a nationwide network. For the Resona Group, this strategy will help expand its customer base in addition to enhancing its business functions.

Kansai Mirai Financial Group (KMFG), which launched full-scale operations in April 2018, exemplifies the success of this strategy. In the fiscal year ended March 2019, we also commenced international business cooperation with Bank of Yokohama and Daido Life Insurance while entering a strategic partnership with a fintech company to develop cashless settlement services. Thus, we have made progress in our platform and functional development.

With the inauguration of KMFG, the Resona Group’s customer base now comprises approximately 16 million individual

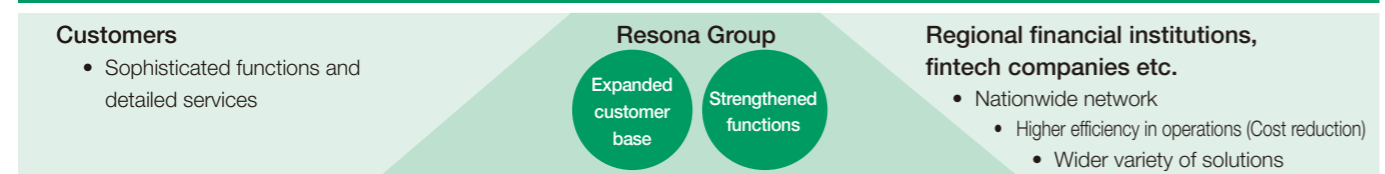
customers and 500 thousands corporate customers. These figures represent more than 20% growth from the numbers prior to the inauguration. Furthermore, we now have around 840 manned branches in Japan, making ours the largest domestic branch network of its kind.

Currently, we are striving to ensure that Kansai Mirai Bank and Minato Bank provide meticulous services employing a locally-rooted approach. At the same time, we are striving to convey to customers the benefits arising from the management integration by allowing them to draw on the strengths of the Resona Group’s extensive network, trust and real estate functions, and other unique solutions.

In the course of integrating systems at Kansai Mirai Bank and Minato Bank with Resona’s systems, we are fully leveraging the Resona Group’s collective expertise in instituting operational reforms while promoting digitalization aimed at allowing employees to allocate more time to customer consulting and reducing overall operational cost.

The Resona Group will continue to practice this strategy and offer (1) Resona Group Apps, (2) the Resona Cashless Platform (RCP), (3) Resona systems, and (4) products managed by Resona Asset Management (RAM), making these items and platforms available via such partners as regional financial institutions. By doing so, we will build “win-win” partnerships regardless of capital ties.

Broader Alliances with Regional Financial Institutions with or without Capital Ties ▶ Provide new value to a wider range of customers



Recent activities

	Platform	Function
Creation of a new banking group Kansai Mirai Financial Group	International business Expanded business alliances/cooperation Jul. 2018: Bank for Investment and Development of Vietnam Oct. 2018: Bank of Yokohama and Daido Life Insurance	iDeCo Growing number of financial institutions handling Resona products 17 institutions (As of Jun. 30, 2019)
Resona Cashless Platform (RCP) Strategic alliances with 12 companies	System NTT Data Sofia D&I Information Systems Became equity-method affiliates in Nov. 2017	M&A M&A platform 36 participant companies (As of Jun. 30, 2019)
	Lease DFL Lease Shutoken Leasing Became equity-method affiliates in Jul. 2018	SME Support (Succession/business succession) (Support for management improvement, etc.) Business alliance Daido Life Insurance (Oct. 2018)

Further Initiatives to regional financial institutions etc.



Topic

Accelerating Initiatives to Realize Synergies with KMFG

The Resona Group is accelerating various initiatives on sales and administrative fronts, with the aim of realizing integration synergies at the earliest possible date.

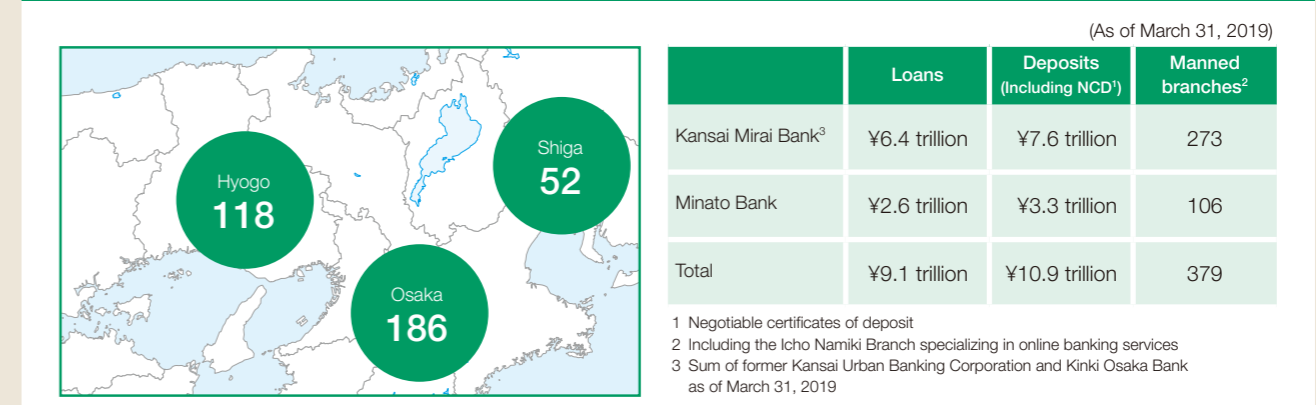


Initiatives to realize synergies at the earliest possible date

- Progress in the management integration**
 - Apr. 2019: Kansai Mirai Bank (KMB) inaugurated, initiating the realignment of credit card subsidiaries (merger between Resona Card and Kansai Credit Service)
 - Oct. 2019: Integration of KMB clerical work process and systems (planned)
Second half of FY2021: Integration of Minato Bank clerical work process and systems (planned)
- Broaden the scope of collaboration between Group entities**

Personnel exchanges	32 people in trust, real estate, private banking, and other divisions	
Products and services	New iDeCo accounts: approx. 1.9 times	Business matching deals: approx. 1.3 times
	Individuals Will trusts: approx. 1.6 times New estate division: approx. 1.4 times	Corporate M&A commissions: approx. 2 times Global expansion assistance: approx. 1.3 times
Number of transactions newly acquired by KMFG (YoY)	Jun. 2018 onward: RAM investment trust (R246, <i>Nihon-no-Mirai</i> , <i>Mitsuboshi Flight</i> , etc.) FY2019: Group apps, fund wrap, cashless platforms, etc.	
Capital management	FY2018: Adopted the same credit rating system as Resona FY2019: F-IRB approach applicable to KMB and MB (planned)	
Market operations	Pursue more sophisticated market analysis and risk management methods while strengthening HR development and management systems via, for example, staff exchange	

KMFG's branch network and loan and deposit balances



Business Strategy

Asset Formation Support Business

The Resona Group will provide customers with long-term asset formation assistance tailored to individual needs. By doing so, we will address people's concerns about the future, helping resolve one of the social issues arising from a super-aging society and prolonged low-interest rate environment. We will strive to become the best partner to as many customers as possible, winning their unparalleled trust in the areas of asset formation consulting and asset management services.

Resona's strengths

- A solid asset management track record in corporate pensions
- A lineup of products and services designed with an eye to fulfilling our fiduciary duties
- A robust customer base comprising 16.0 million individual customers

Main Products and Services

Investment trusts, insurance, fund wraps, individual defined contribution pension plans (iDeCo), foreign currency deposits, and money held in trust accounts



Settlement Business

The emergence of a digital society, in which all goods, activities and information are digitalized and connected via the Internet, is expected to prompt radical changes in the settlement field. Furthermore, the Japanese government's Growth Strategy 2018 specifies the promotion of fintech and a cashless society as one of its priority fields in order to resolve social issues such as labor shortages and the need for the revitalization of regional society and improvement of Japan's overall economic productivity. Through its settlement business, the Resona Group helps corporate customers resolve their management issues while providing individual customers with the convenient settlement services.

Resona's strengths

- A robust customer base comprising 500,000 corporate customers and 16 million individual customers
- A strategic business alliance independent of capital ties

Main Products and Services

Transfers, bank transfers and electronic banking, debit cards, credit cards, multi-digital wallets, and retail outlet services



In Japan, 52% of financial assets held by individuals are accounted for by cash and deposits. With this in mind, the future aging of society is expected to prompt a growing customer need for asset management and private pension plans. In response, the Resona Group will take advantage of its asset management capabilities backed by its track record in corporate pension asset management, rallying the Group's resources to deliver products and services designed to accurately meet the needs of customers.

As of March 31, 2019, the value of investment trust assets managed by Resona Asset Management amounted to ¥603.9 billion, showing steady growth.

Also, the balance of the "Resona Fund Wrap,"¹ which was released in February 2017, totaled approximately ¥350.0 billion as of March 31, 2019. More than half of the customers who opened these fund wrap accounts did not have a balance in any of the Resona Group's investment trusts. In addition, while around half of the customer funds used to purchase the product were from deposits in Resona Group accounts, approximately 40% were from external sources other than such accounts. These facts

indicate that the fund wrap is attracting new customers to the Group. Also, when global stock prices plunged toward the end of 2018, the fluctuations in the Resona Fund Wrap's standard prices remained relatively small. We are therefore confident that the product's medium- to long-term asset formation capabilities were well understood by our customers.

In addition, the number of customers who enrolled in iDeCo,² which focuses on assisting employed persons in their asset formation, stood at 99,000 as of March 31, 2019, representing year-on-year growth of 24,000.

Looking ahead, the Resona Group will consolidate pension asset management functions now under Resona Bank into Resona Asset Management. This move is intended to enable us to develop investment trusts that take advantage of the strong asset management capabilities formerly possessed by Resona Bank's trust divisions that have long positive track records in pension asset management. This functional consolidation will allow us to roll out products targeting investment professionals to retail customer segments by fully employing our asset management capabilities.

In Japan, the proportion of cashless settlements (approximately 20%), is relatively low compared with other industrialized nations. However, the Japanese government aims to raise this proportion to 40% by 2025 in conjunction with Expo 2025 Osaka, Kansai, Japan. In addition, consumption tax hikes scheduled for October 2019 are expected to result in the launch of a number of cashless transaction-related and other consumer benefit campaigns, serving as a tailwind to the expansion of the cashless market. Against this backdrop, the Resona Group will provide cutting-edge settlement functions to contribute to the reduction of social costs in addition to helping enhance the convenience and productivity of corporate and individual customers.

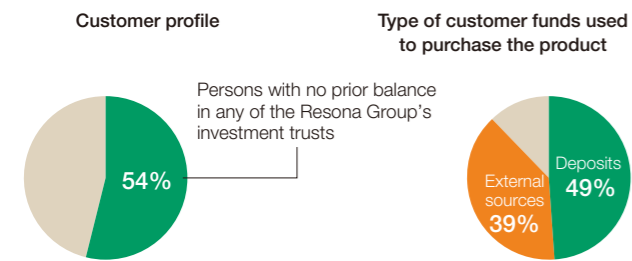
The Resona Cashless Platform (RCP), which was released in November 2018, garnered favorable reviews for its budget-friendliness in terms of initial costs and a versatility that allows multiple settlement methods to be handled through a single terminal. As of June 30, 2019, approximately

110 corporate customers have applied to RCP, and about 7,000 stores are planning to introduce it.

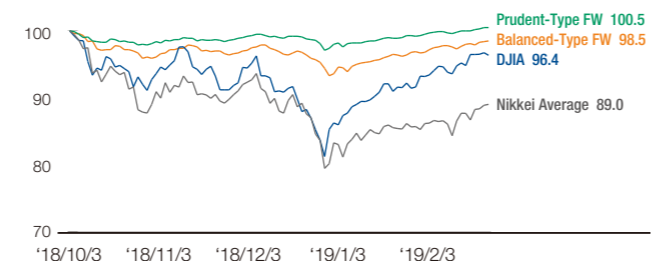
Meanwhile, Resona Wallet App, which was released in February 2019, empowers users to undertake payment via various settlement methods without needing to access other apps or devices. The app also offers prepaid, direct debit, deferred payment, and other functions. Moreover, the Partner Wallet App incorporates member card and point card functions for corporate customers in the retail and service sectors looking to target individual customers. We are thus striving to offer more convenient services that benefit customers by enhancing the availability of cashless settlement.

Also, customers who open new bank accounts are granted debit cards equipped with contactless settlement functions in conformity with global standards. Today, the number of such debit cards issued amounts to 1,490,000, and the volume of transactions via these cards grew 1.3 times in fiscal 2018 compared with the previous fiscal year.

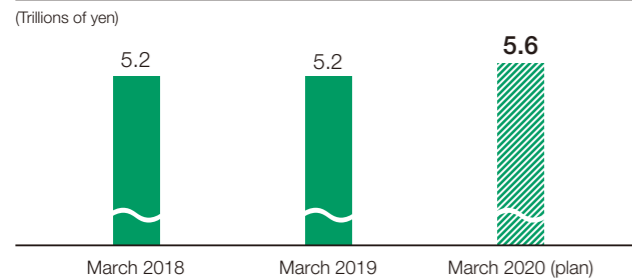
Fund Wrap



Standard Fund Wrap (FW) Prices/Japan and U.S. Stock Prices

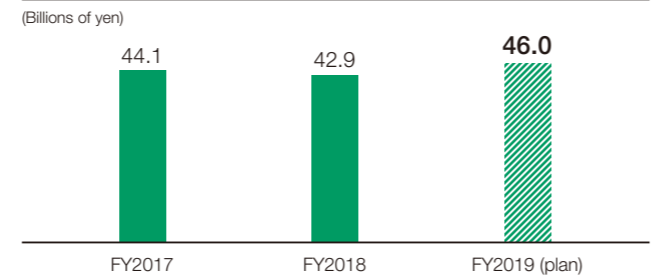


Balance of Asset Formation Support Products for Individual Customers



Note: Figure as of March 2018 is based on the sum of five Group banks and provided for reference purposes only.

Revenues from Asset Formation Support Products and Services



Note: Figure as of FY2017 is based on the sum of five Group banks and provided for reference purposes only.

Resona Cashless Platform (RCP): Installation Planned for Approx. 7,000 Stores (As of June 30, 2019)

- Resolving management issues confronting corporate customers

Merchant service	Partner wallet services
(Offer settlement terminals free of charge)	(Provide the app as a white-label service)

Benefits

- Reduce settlement costs
- A shorter cash receipt cycle
- More efficient cash register operations
- More powerful sales promotions

Note: 110 corporations are planning to install RCP (as of June 2019) ⇒ Resona aims to raise this number to 500 by March 31, 2020

Debit Card

- Accompanies all new account openings, issued at the bank counter immediately
- Integrated debit card with cash card
- Visa payWave: Global standard NFC

<Debit card for individual customers>

Number issued	Usage amount	Number handled:
Approx. 1.49 million	x1.3 increase (YoY)	x1.4 increase (YoY)

<Business debit card (Apr. 2018-)>

Number issued:
Approx. 22,000

(As of March 31, 2019 or FY2018)

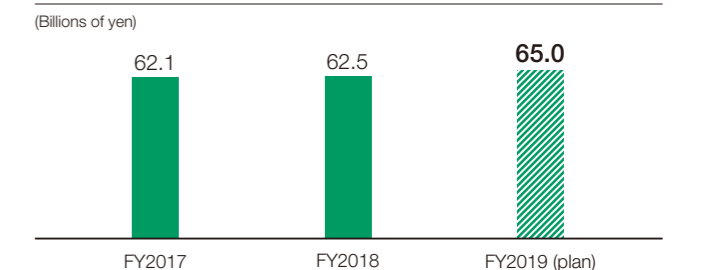
- Provide individual customers with more convenient services/lower fees

[Resona customers]	[Store customers]
Resona wallet app	Partner wallet app
• QR payment	• Membership card function
• point/coupon function	

Benefits

- Convenient! Pay with your smartphone
- Discounts! Points and coupons

Settlement-Related Revenues



Note: Figure as of FY2017 is based on the sum of five Group banks and provided for reference purposes only.

Succession Business

In Japan, approximately 65% of household financial assets, amounting to around ¥1,830 trillion, are disproportionately held by people in their 60s or older. Furthermore, around half of small and medium-sized enterprise (SME) managers in their 60s or older are confronting a lack of successors. In addition, the 2015 revision of inheritance tax laws doubled the scope of taxable individuals. Amid these circumstances, the Resona Group is assisting a broad range of customers with their smooth asset and business successions via the provision of various solutions that take full advantage of its strengths as a commercial banking group equipped with full-line trust banking capabilities.

Resona's strengths

- A variety of solutions to address asset and business succession needs
- A robust customer base comprising 500,000 corporate customers and 16 million individual customers

Main Products and Services

Will trusts, estate division, asset succession, trusts for transfer of own company stock, M&A, and real estate brokerage



SME business

Today, a growing number of SMEs, an essential component of the Japanese economy, are facing a serious labor shortage. At the same time, more than 60% of SMEs continue to seek capital expenditure opportunities. In addition, 80% of SMEs with less than 100 employees have yet to introduce corporate pension plans. Increasingly, SMEs will need to address the important management issue of securing and retaining human resources; thus, the further enhancement of their employee benefit programs is essential. Moreover, SMEs are also hearing a growing call to play their part in facilitating the realization of SDGs.

Resona's strengths

- A robust customer base comprising 500,000 corporate customers
- Access to Resona's network spanning the Tokyo metropolitan and Kansai areas
- Trust-related solutions
- Cutting-edge initiatives for SDGs

Main Products and Services

Financing, fund management support, support for business start-ups, business turnaround and business restructuring, business matching, human resource solutions, and support for overseas expansion



SMEs account for approximately 99% of domestic corporations, with SME employees constituting approximately 70% of the total Japanese workforce. Today, a number of SMEs are facing problems arising from the aging of their corporate managers. Accordingly, ensuring smooth business succession is a social issue of critical importance in terms of securing employment, maintaining the sustainable development of regional industries and passing down technologies and services of superior quality to future generations.

The Resona Group provides a one-stop service aimed at delivering asset and business succession solutions by taking full advantage of its strengths as a commercial banking group equipped with Japan's leading branch network and full-line trust banking capabilities. Currently, the Group is striving to increase the number of its Trust Offices, a type of sales office manned with professional trust specialists. The Group is also reinforcing staffing for M&A services while maintaining an M&A Platform run by Resona Bank to secure a framework for M&A-related intelligence

coordination with regional financial institutions. As of June 2019, 36 institutions were participants in this platform.

In the course of trust services, we engage with customers who use our succession products and offer a variety of consulting and proposals to bring solutions finely tuned to characteristics of their assets. For example, we can help customers better prepare for future inheritance by proposing insurance. We can also offer solutions associated with real estate, for example, proposing methods for utilizing idle land, and when customers need to exchange inherited real estate for cash, we can help them with our brokerage services.

From the previous fiscal year, these trust functions have been available to an even broader range of customers via Kansai Mirai Financial Group (KMFG). As a result, the number of new asset succession-related contracts achieved a record high. Going forward, we will strive to deliver a variety of solutions to customers.

The Resona Group provides SME customers with a variety of solutions aimed at helping them adapt to an evolving business environment.

In the course of accommodating customers' capital expenditure needs, the balance of loans furnished in FY2018 for capital expenditure (excluding those for the real estate industry and the sum of Resona Bank and Saitama Resona Bank) grew 5.4% year on year, representing solid growth.

In the same fiscal year, we opened Business Plaza Saitama and Business Plaza Tokyo to help create new businesses and, to this end, provide business matching assistance employing an extensive network of approximately 500,000 corporate customers. The resulting number of business matches increased by a robust 34% on an adjusted year-on-year basis.

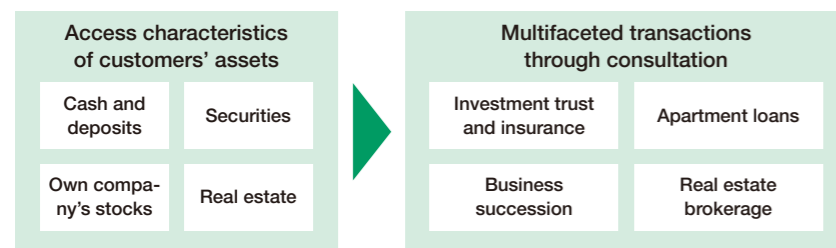
In May 2018, the "iDeCo+" system was launched. Under this system, those who enroll in iDeCo, an individual-type defined contribution pension plan, benefit from matching contributions by their employers. The Resona

Group is proactively promoting the iDeCo+ system as part of its efforts to help corporate customers improve their employee benefit programs. Of the approximately 300 domestic corporations that introduced this system as of March 2019, approximately 80 corporations have received the Resona Group's introductory assistance.

Meanwhile, a number of large corporations are stepping up their involvement in the realization of SDGs. However, SMEs lacking abundant management and human resources are often unable to implement robust measures in this field. In response, we are developing and popularizing financing products aimed at assisting their SDG-related initiatives while engaging in customer dialogue themed on environmental and social issues. In these ways, we are assisting SMEs in a way the Resona Group can fully take advantage of its strengths.

Trust Products That can Lead to Multilateral Transactions

- Our trust service users often opt for utilizing a greater diversity of products and services to meet their needs

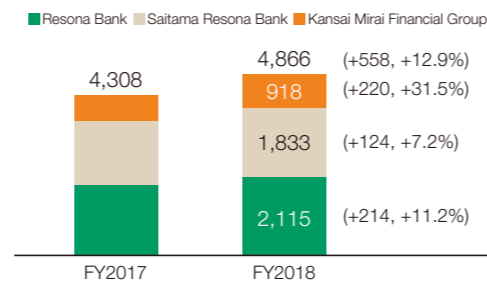


- Develop a more robust structure

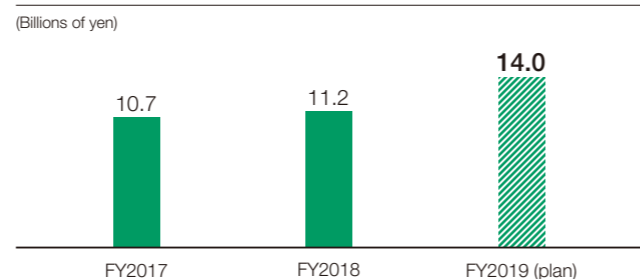
Specialists assigned to sales offices
Trust Office
Mar. 31, 2017: 8 → Mar. 31, 2018: 55 → Mar. 31, 2019: 88
Increase M&A personnel
Corporate Advisory Office (Resona Bank)
Sep. 30, 2017: 24 → Mar. 31, 2018: 35 → Mar. 31, 2019: 42

An Even Broader Range of Customers

- Number of new asset succession-related contracts achieved a record-high

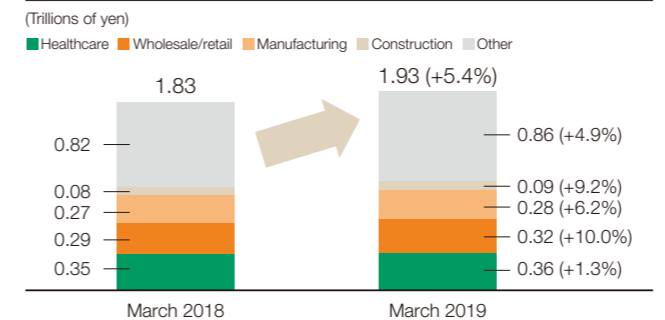


Succession-related revenues



Note: Figure as of FY2017 is based on the sum of five Group banks and provided for the reference purpose.

Capital Expenditure-related Loans* (Resona Bank and Saitama Resona Bank)

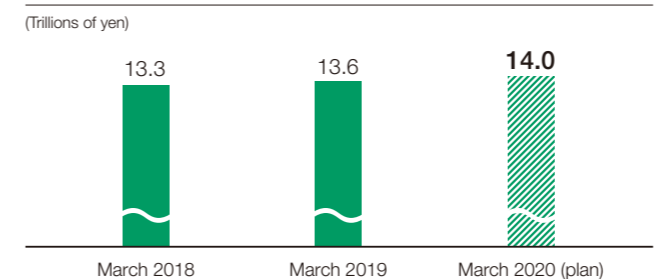


* Excluding loans to individuals, non-residents, local governments, and the real estate industry

- Established Business Plazas in Tokyo, Osaka, and Saitama

- Number of business matches achieved: 22,078 in FY2018 (Up 34% on an adjusted year-on-year basis)

Balance of SME Loans

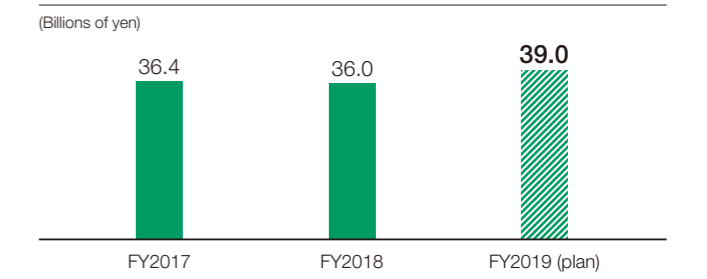


Note: Figure as of March 2018 is based on the sum of five Group banks and provided for the reference purpose.

- Assist SMEs in their efforts to achieve SDGs

- SDGs Consulting Fund (Resona Bank and Saitama Resona Bank) FY2018: extending ¥24.5 billion for 151 projects → SDG consulting by Resona Research Institute
- Nationwide Private Placement CSR Bonds (Dec. 2017 – Mar. 2019): extending ¥143.3 billion to 1,242 projects → Part of the proceeds from placement is donated to SDG advocacy groups: Donated amount now totals approx. ¥100 million
- Private placement SDGs promotion bonds (Jun. 2019–) → Regularly handle these bonds without limiting total amount or placement period

Revenues from Corporate Solutions and International Business



Note: Figure as of FY2017 is based on the sum of five Group banks and provided only for reference purposes.

International Business

The Resona Group is expanding its overseas network with a particular focus on Asia while securing an organizational structure that can provide overseas support finely tuned to meet the needs of SMEs.

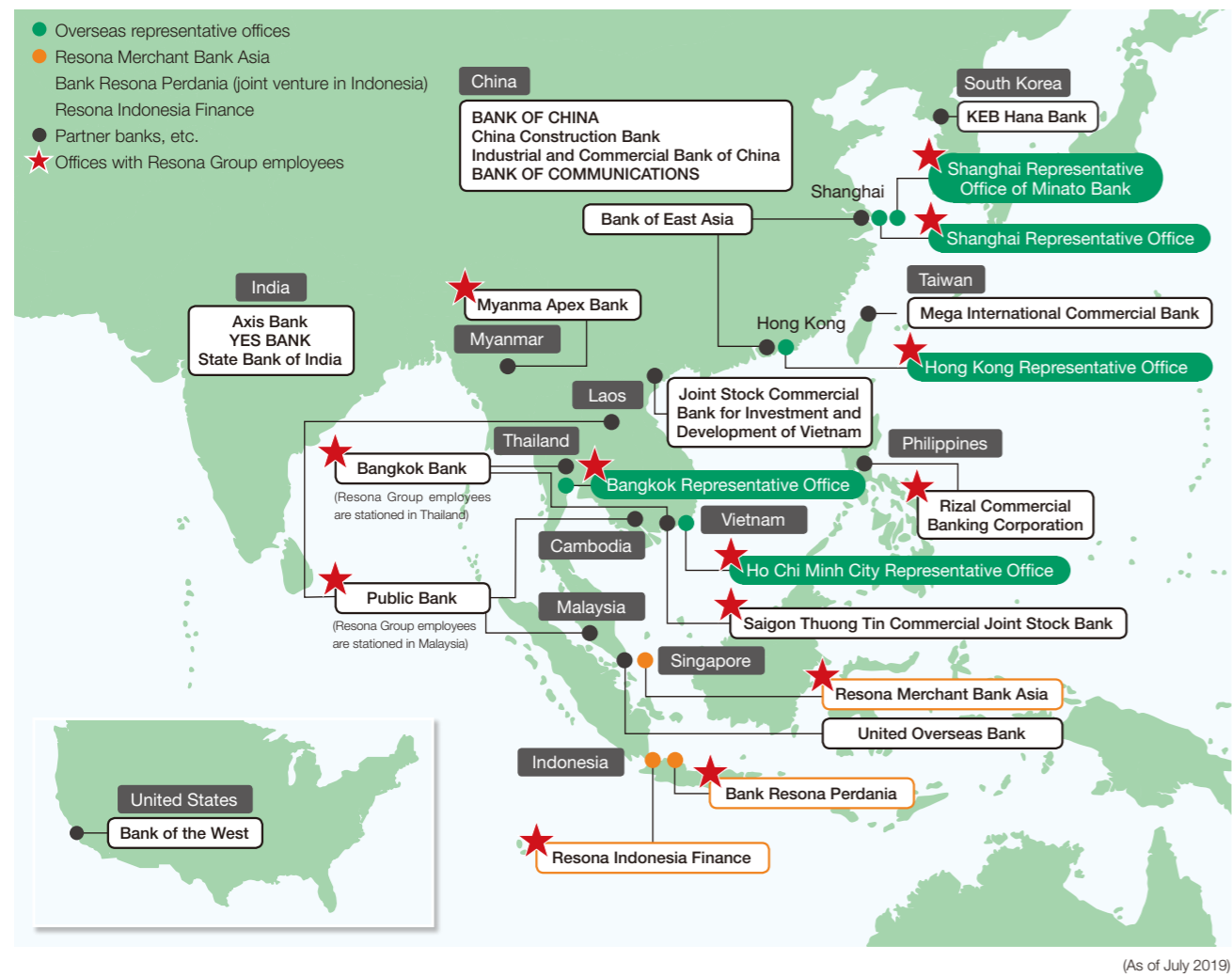
In October 2018, we commenced business cooperation with The Bank of Yokohama, Ltd. and Daido Life Insurance Company. This move is aimed at facilitating the mutual utilization of international business functions, such as overseas offices, and strengthening our capabilities to assist customers with their overseas expansion and trade transactions.

Today, a number of our SME customers are expanding into countries abroad, especially in Asia. This, in turn, has prompted an increase in overseas funding needs, positioning banks to meet growing business opportunities.

In response, the Resona Group will reinforce its customer support structure by employing its network of local subsidiaries, representative offices and partner banks.

The Resona Group's Overseas Network

- Overseas offices and partner banks cover all of Asia and the United States
- Japanese staff provide meticulous support (at representative offices and via Japanese-language desks at partner banks)
- In Indonesia, Bank Resona Perdania offers full-line banking services including deposits, loans and foreign exchange, while Resona Indonesia Finance engages in the lease business
- In Singapore, Resona Merchant Bank Asia serves Japanese corporations seeking to expand into the country or other ASEAN nations or to penetrate the Hong Kong or Indian markets by extending loans and other financial services and offering M&A and business matching services.



(As of July 2019)

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 the Startup and Growth Phases

When engaging with customers in the startup phase, we look at both their financial status and potential for business growth, taking a proactive approach when extending financing and operational support.

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



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 a customer requires to turn their company around. This ranges from restructuring repayment terms of loans, to overhauling management, revitalizing businesses, and restructuring operations.

Topic

Launching SDGs Consulting Fund (Resona Bank and Saitama Resona Bank)

In September 2018, the Resona Group launched the SDGs Consulting Fund managed by Resona Bank and Saitama Resona Bank. Customers who have registered for funding are also eligible to receive on-the-spot consulting with Resona Research Institute with regard to CSR procurement and other SDG-related issues. As of March 2019, we extended a total of approximately ¥24.5 billion through this fund. Looking ahead, we will continue to create new products and services designed to provide SME customers with management assistance.

Topic

Establishing a New Loan Scheme to Assist Business Revitalization

In November 2018, Resona Bank established a new loan scheme aimed at assisting customers with business revitalization. Not only does this scheme extend funding, it involves Resona engaging in face-to-face dialogue with customers to identify the management issues they are confronting with reference to a benchmarking sheet. Based on said dialogue, Resona Bank proposes measures to address customers' issues and make improvements. Notable features of this scheme include a downward revision of interest rates provided that financial targets set at the signing of loan contracts are met by customers. The Resona Group will continue to help customers achieve business growth by paying close attention to the true potential of their businesses.

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.

We also strive to develop a framework for collaboration aimed at revitalizing regional communities by signing comprehensive partnership agreements with prefectural and other local governments and entering industrial-academia collaboration with universities.

Furthermore, in February 2019 we established Business Plaza Tokyo. We are now equipped with Business Plaza facilities in three locations, including Osaka and Saitama. Through these facilities, we offer the following

three key solutions. First, we provide business matching that takes advantage of the Group's network of approximately 500,000 corporate customers to support the expansion of customers' marketing channels. Second, we offer startup assistance to newly launched corporations. Third, we engage in solution proposals to address the various human resource-related issues customers are now facing. Going forward, we will strive to help resolve a variety of issues confronting regional communities and local SME customers by offering a range of intelligence. In this way, we will assist in their business growth.

Individual Loan Business

The Resona Group is alert to changes in its loan business operating environment, including the effects of prolonged ultra-low interest rates, the diversification of personal lifestyles, and rapidly advancing digitalization. Keeping on-trend with these changes, the Group is implementing unique strategies that enhance its competitive advantages with regard to aspects of services, products, and costs.

Resona's strengths

- A robust customer base comprising 16 million individual customers
- The Resona network stretching across the Tokyo metropolitan and Kansai areas
- The capability to develop unique housing loan products and services backed by a long track record in this field

Main Products and Services

Housing loans, housing renovation loans, education loans, auto loans, card loans and personal loans



Cost Structure Reforms

Halved administrative workload through operational reforms; aiming to halve it again through digitalization

Enhance customer convenience and improve productivity at the same time



We consider the Tokyo metropolitan and Kansai areas, where the Resona Group maintains its core network, to continue to be promising markets despite the impact of an aging society and the low birth rate, due to the areas' concentration of and robust growth in the number of households.

In the fiscal year ended March 31, 2019, the Group originated new housing loans totaling ¥1.3 trillion (up 18% on an adjusted year-on-year basis). Among these housing loans, our lineup of high-value-added, unique products garnered favorable reviews. These included *Danshin Kakumei*,¹ a product designed to provide coverage for a broad range of disease and injury risks, and "commission fee-type" loans,² which were released in February 2017 targeting those who seek low interest-rate, long-term financing solutions that allow them to curb monthly repayment amounts. We are currently strengthening our service structure associated with the second-hand housing loans to accommodate evolving customer needs due to hikes in new housing prices.

Through the provision of housing loans, a bank is able to position itself to nurture long-term relationships with individual customers on various fronts. Employing this relationship, we are able to enter multifaceted transactions with customers and meet needs that vary by life stage. For example, we offer insurance products for customers who seek to review their household finances upon the purchase of housing while extending educational loans for customers whose children are growing.

Furthermore, we handle asset management products tailored to customers' loan repayment status.

The Resona Group is also striving to enhance the user convenience of its housing loans. Today, the number of Housing Loan Plazas, which operate even on holidays, totals 73. These facilities accommodate busy customers who cannot visit a bank on weekdays and allow plenty of time for them when they do come in to take advantage of our consulting services. Also, in April 2018 we initiated an e-contract service that makes it possible to complete housing loan contract procedures without physically visiting a branch.

In addition to enhancing customer convenience, these initiatives are expected to facilitate a switchover to paperless, digitalized back office procedures for housing loans and improve the productivity of banking operations.

Looking ahead, we will endeavor to enhance our product and service lineup to enable the extension of housing loans that are even more convenient to customers.

- 1 In addition to the conventional coverage provided by group credit life insurance with a rider for three specific diseases, *Danshin Kakumei* pays insurance claims when the customer matches one of 16 specific status points or has the designated status of "requiring long-term nursing care," even if he/she is in employment during treatment. In such case, the customer is also subject to complete debt forgiveness.
- 2 With guarantee fees being included in interest rates, these loans require the payment of commission fees only at the time the loans were furnished. These loans are not suited for advance repayment in the short term, but designed to bring benefits to customers planning to be paying off housing loans for a long period of time.

Value of Housing Loans Furnished: ¥1.3 trillion (up 18% on an adjusted year-on-year basis)

Unique, high-value-added products	Promotion structure to meet market needs
<i>Danshin Kakumei</i> (up 39% ³) Commission fee-type (up 92% ³)	Loans for acquiring used properties (up 37% ³)

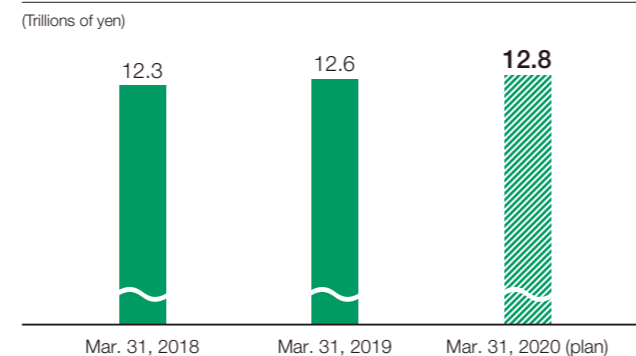


3 Sum of Resona Bank and Saitama Resona Bank

Enhance Customer Convenience and Bank Productivity

- E-contract service (Apr. 2018–)
- Loan plaza network: 82 bases (of these, 73 bases operate even on holidays)

Residential Housing Loan Balance



Note: Figure as of March 31, 2018 is based on the sum of five Group banks and provided for reference purposes only.

For a retail bank, enhancing both service capabilities and cost competitiveness is extremely important as it engages in a vast number of transactions with individual and SME customers. The Resona Group implemented operational reforms over the course of approximately 10 years from April 2004, successfully halving the volume of clerical work by standardizing and consolidating relevant operations. This accomplishment also enabled the Group to significantly reduce the necessary clerical staff at each branch. As a result, Resona Bank brought the number of branches requiring 15 or more employees on the clerical staff down to approximately one fifth from March 2007 while doubling the number of branches that require only five to nine such employees. Thus, the Group made progress in establishing a platform that allows a relatively small staff to efficiently handle branch operations.

Looking ahead, we will promote digitalization at branches, head offices, centers and other locations, with the aim of once again halving the volume of clerical work by March 31, 2022. For example, the introduction of the new branch system is scheduled for FY2020 and preparatory efforts are now under way to enable a broader range of operations to be completed only via tablet terminals, a move that will empower bank staff to

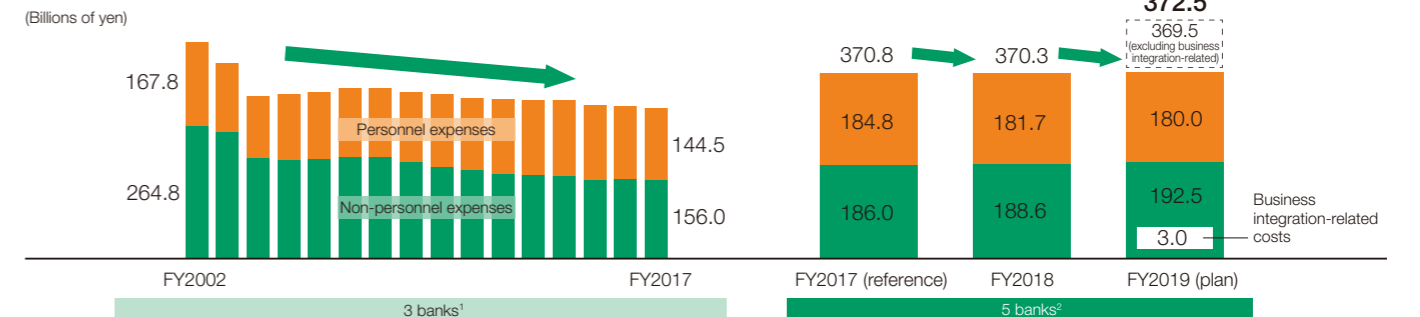
seamlessly handle both consulting and clerical procedures. Simultaneously, we are accelerating initiatives to improve productivity via the use of Robotic Process Automation (RPA), AI, and other technologies.

Furthermore, we will roll out our accumulated know-how of operational reforms to Kansai Mirai Financial Group (KMFG), helping KMFG enhance its operational efficiency. Also, plans call for integrating systems used at Kansai Mirai Bank and those used at The Minato Bank, Ltd. with Resona's systems in, respectively, October 2019 and the second half of fiscal 2021. By doing so, we will boost the Group's sales capabilities while facilitating low-cost operations.

In the short term, the Group is expected to see an increase in overall costs due mainly to one-off factors, including system integration costs. We will strive to maintain robust cost control and thereby ensure that, when the impacts of these factors are excluded, overall costs are steadily reduced. In addition, we made stable progress in staff downsizing, meeting milestones under the medium-term management plan due to natural attrition because of individuals leaving workforce at their retirement age.

Going forward, we will pursue low-cost operations to allocate greater resources to strategic investment aimed at enhancing customer convenience.

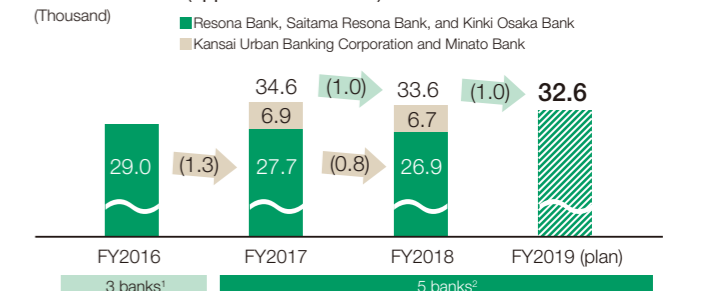
Establishing a Low-Cost Operational Framework and Continuously Reducing Personnel and Property Expenses (excluding business integration-related costs)



Staff Downsizing

- Cut 2,100 employees by the end of FY2018, achieving downsizing in excess of a milestone for our medium-term management plan target of cutting 3,000 (sum of the 3 banks) by the end of FY2019 compared with the FY2016 level
- Sharing Resona's know-how with KMFG

Total Headcount (approximate number)



1 Resona Bank, Saitama Resona Bank, and Kinki Osaka Bank
2 Resona Bank, Saitama Resona Bank, Kansai Urban Banking Corporation, Kinki Osaka Bank, and Minato Bank. Figures for FY2017 have been retrospectively adjusted as if the Resona Group included the 5 banks at that time.

Initiatives for a Better Society

To contribute to the betterment of society, the Resona Group is engaging in various social contribution activities and providing educational programs that promote financial and economic literacy.

Initiatives to Provide Financial and Economic Education

So far, approximately 37,000 elementary school students have completed either Resona Kids' Money Academy (since 2005) or Mirai Kids' Money Academy (since 2018). Also, we launched Teens' Money Academy for junior high school students as part of efforts to offer more practical educational opportunities for learning finance and economy to each age group.



Resona Kids' Money Academy



Teens' Money Academy

“Re: Heart Club” Run by Employee Volunteers



To show our gratitude to regional societies, employee volunteers participate in various local events and activities. This is one way Resona Group members contribute to regional vitalization and the promotion of sports and cultural activities in a manner optimized to help address issues individual communities are confronting.



Hosting tree planting projects titled “Resona cultivates bonds” to support disaster-hit communities



Holding an “Award Ceremony at the All Japan Culture Festival for the Special Needs School”



Dispatching employee volunteers to support “The 4th SAITAMA INTERNATIONAL MARATHON”



Sponsoring a cleaning campaign titled “Namba Bridge Washing and Brush-up”



Helping organize “The 53rd OHME 30 & 10 km ROAD RACE”



Participating in a campaign entitled “Suma Coast Clean-up”

“The Resona Foundation for Future”

The Resona Foundation for Future, through which the Resona Group contributes funds, provides scholarships, organizes exchange events involving camping programs, track and field classes and other activities. In addition it provides single-parent households with face-to-face specialist consultation for job seekers. These activities help ensure that each child is allowed to realize their potential regardless of their economic status.



A Graduation Party for “Resona Foundation for Future Scholarship Program”

So far, the program has provided 180 scholarships and 87 scholarship recipients have graduated. In March 2019, a graduation party was held for the most recent graduates to meet with, and receive encouragement from, the previous year's recipients.



Hosting a Track and Field Class

In collaboration with the Athlete Society, we held a track and field class, utilizing donations made by Group banks via Nationwide Private Placement CSR Bonds—the SDGs Promotion Fund.

Resona Group Governance



Resona Holdings Directors	42
Messages from Outside Directors	44
Corporate Governance	46
Risk Appetite Framework.....	50
Risk Management.....	51
Compliance	53
Internal Auditing.....	54

Resona Holdings Directors

Outside Directors (6 members)

Expertise of Outside Directors: ■ Company management ■ Finance ■ Legal



Outside Director and Chairperson of Audit Committee

Yoko Sanuki ■

Number of Resona Holdings shares held
Common stock: 14,800 shares

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 of the Company in 2012.



Outside Director and Chairperson of Compensation Committee

Mitsudo Urano ■

Number of Resona Holdings shares held
Common stock: 3,000 shares

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 ■

Number of Resona Holdings shares held
Common stock: 20,700 shares

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 of the Company in 2014.



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

Hidehiko Sato ■

Number of Resona Holdings shares held
Common stock: 7,500 shares

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



Outside Director and Member of Audit Committee

Chiharu Baba ■ ■

Number of Resona Holdings shares held
Common stock: 8,500 shares

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 current position of Outside Director of the Company in 2017.



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

Kimie Iwata ■

Number of Resona Holdings shares held
Common stock: 0 shares

Joined the Ministry of Labour in 1971. Assumed the office of Representative Director, Executive Vice President of Shiseido Company, Limited in 2008. Assumed current position of Outside Director of the Company in 2019.

Internal Directors (5 members)



Director, President and Representative Executive Officer

Kazuhiro Higashi

Number of Resona Holdings shares held
Common stock: 101,200 shares

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

Number of Resona Holdings shares held
Common stock: 10,700 shares

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

Number of Resona Holdings shares held
Common stock: 8,000 shares

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 Executive Officer

Masahiro Minami

Number of Resona Holdings shares held
Common stock: 6,600 shares

Assumed the office of Executive Officer and General Manager of Omni-Channel Strategy Division and Group Strategy Division of the Company in 2017. Assumed the current position of Director and Executive Officer in charge of Omni-Channel Strategy Division and a deputy supervisor of Corporate Governance Secretariat in 2019. (Concurrently serves as Executive Officer of Resona Bank, Ltd.)



Director and Member of Audit Committee

Kaoru Isono

Number of Resona Holdings shares held
Common stock: 38,700 shares

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.)



A Glass-Walled Board Room

Resona Holdings boasts outside directors who account for the majority of the Board of Directors and was the first domestic banking group to adopt the company with a nominating committee system. We are striving to upgrade our governance structure to secure management transparency and fairness.

Messages from Outside Directors

- Q1** Please share your thoughts on strengths Resona Holdings has in the area of corporate governance.
- Q2** In light of recent changes in the business environment, what challenges must Resona Holdings tackle going forward?
- Q3** To help the Company counter these changes, what roles do you intend to fulfill and how do you draw on your experience?



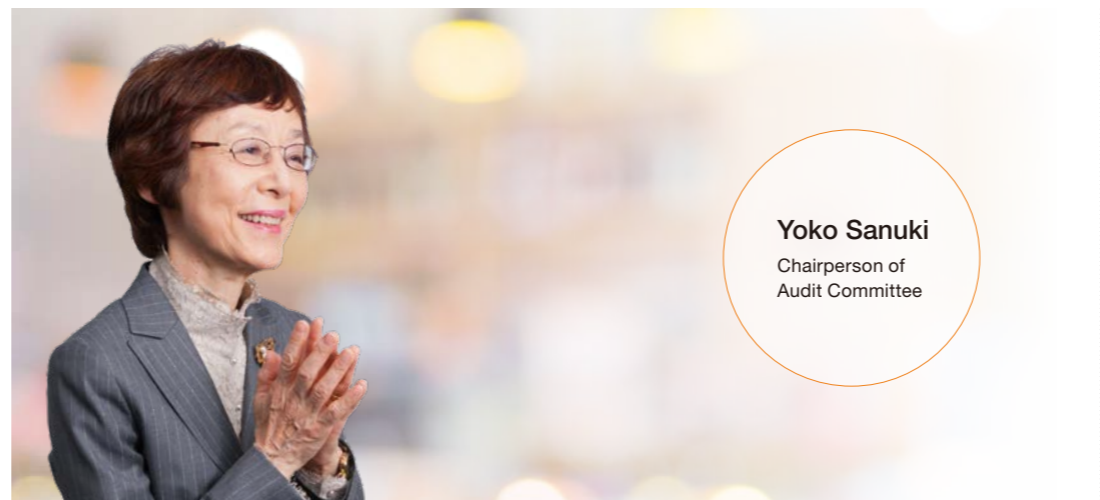
Tadamitsu Matsui
Chairperson of
Nominating Committee

A1 The most notable strength of Resona Holdings' corporate governance systems lies in its corporate structure, that is, a company with a nominating committee. Although the post of president at a business corporation, excluding any directly managed by the owner, is successively taken over by new candidates after a certain period of service, there is a tendency for people who have made major contributions, such as achieving a turnaround from stagnation, and people who are overconfident to insist on staying longer in position. On many occasions, their rationale is that, based on their past accomplishments, they are the best leaders available for their companies. We should be vigilant, however, against this phenomenon; this kind of reasoning is often driven by personal ambitions and may lead to significant mistakes. Power corrupts. Accordingly, the aforementioned system is absolutely necessary to prevent it from happening.

A2 Today, the financial industry is facing an unprecedented crisis. It is hardly exaggerating to classify this sector as structurally depressed. Specifically, changes in the business environment, such as market maturation, low growth, globalization, and advances in IT, are making it difficult to sustain the traditional banking business model that secures revenues from interest rates. That being said, the importance of interest rate income from banking operations is unchanged. In order for the Company to secure greater revenues from these operations, it must enhance its ability to analyze customer

needs in depth while building a stronger cost structure. Also, Resona will have to develop strategies to accommodate diverse needs, such as business succession and will trusts. To this end, the Company needs to foster a corporate culture supporting the thoroughgoing execution of reform measures.

A3 As the leader of Ryohin Keikaku, I have spearheaded structural reforms. These reforms involved upgrading the product development process, which represents the core function of that company, in order to adapt to radical changes in customer needs that are proceeding at a pace that conventional processes cannot respond to. I focused on making it easier to check development status while streamlining operational flows via the consolidation of insights offered by business units across organizations. The latter move was also intended to allow staff to better realize creativity. Moreover, I have positioned enhancing execution skills as a primary target for the company as these skills represented an area of weakness. I have thus facilitated a corporate culture supporting a thoroughgoing stance toward business execution. Radical changes in the environment require accurate and, above all, decisive responses. Superficial maneuvers will not work. In order for Resona to stand out among competitors handling financial products, securing an even stronger corporate culture and business structure is of critical importance. To this end, I will draw on my experience to help it push ahead with reforms.



Yoko Sanuki
Chairperson of
Audit Committee

A1 Since the Resona reform in 2003, Resona Holdings adopted the company with a nominating committee system and thereby strengthened its governance structure. Reflecting this history, I feel that a governance-oriented attitude is being embraced by people throughout organization. I believe that good governance requires the robust involvement of outside directors, shareholders, and other governance system components, allowing them to realize their full functionality and potential to support corporate management. When a specific function is disproportionately empowered, the soundness of the entire organization is affected and it may be derailed from a sustainable growth track. In this light, Resona is able to strike an optimal balance. I believe that none of its governance system components are hindered from realizing their functionality or potential.

A2 It is obvious that under a negative interest-rate environment, any financial institution depending on the lending-centered model would eventually be unable to sustain its operations. Such businesses need to incorporate innovative insights and unconventional ideas to secure more diversified and broader ranges of profit sources. They also have to invest strategically. The Company has already incorporated digital technologies such as smart accounts and a cashless settlement platform. In addition, it must tackle the pressing task of nurturing Omni-Advisors capable of accommodating the consulting needs of retail customers and

SMEs and offering solutions. I am aware of the Company's success in nurturing some outstanding individuals through the trial-basis implementation of various training methods. Looking at the broader picture, however, Resona is only halfway through completing this task. I expect its future initiatives to yield more solid results.

A3 As a member of the Audit Committee, I believe that my mission is to provide timely advice and ensure that none of the various risks arising in the course of reforms go unchecked. To utilize advancing digital technologies, Resona must rely largely on external vendors, and the scope of outsourcing has become larger than ever. Therefore, I think securing robust coordination and communications between internal auditors and accounting auditors is essential. Also, I can easily imagine the challenges Resona staff charged with customer counseling may face as I have handled inheritance and guardianship issues myself as a lawyer. The keys to successful counseling defy documentation. Ultimately, what matters most is developing each counselor's communication skills, cultural literacy, and personality. Moreover, becoming too close to a specific customer may pose a different kind of challenge. I will pay close attention to how Resona will address these issues.



Mitsudo Urano
Chairperson of
Compensation Committee

A1 Good corporate governance involves, I believe, robust collaboration between a company and its stakeholders, and the ultimate purpose of governance is to achieve sustainable growth and the medium- to long-term enhancement of corporate value. To achieve this purpose, securing excellent managerial human resources is extremely important. Among a number of Resona's strengths in terms of governance, its top management personnel succession plan stands out. Resona has dedicated considerable resources over the years to develop it. This plan is designed to ensure fair and transparent selection and to provide a number of candidates with various educational opportunities and train them in quasi-management positions. The plan also mandates multilateral evaluation to be carried out over the course of several years with the involvement of outside directors so that the best candidates are rightfully selected by the Nominating Committee.

A2 Today's businesses are exposed to an environment characterized by growing volatility, uncertainty, complexity, and ambiguity—a situation popularly referred to as "VUCA World." Nevertheless, businesses are being called upon to stay committed to improving people's well-being. To this end, they must ceaselessly strive to create new products and improve productivity. Resona is no exception and is also expected to remain relevant amid a growing trend toward digitization and to tailor its products to better accommodate consumer

lifestyles while achieving higher productivity. Traditionally, Japan's financial institutions have been criticized for their deep-seated lockstep mentality. Resona must take on the challenge of standing out with innovative products and services.

A3 It is important for Resona to empower its employees to bring to bear diverse perspectives and ideas, to develop new products, and to improve productivity. I will help facilitate the kind of culture that supports these pursuits by drawing on my experience at a food manufacturer, where I engaged in marketing assignments, including product development, and productivity improvement. Also, I believe that the top executives should be encouraged to not avoid taking risks altogether. This is an important role borne by the Board of Directors. As the chair of the Compensation Committee, I will do my best to ensure that Resona's compensation system incentivizes these individuals to pursue sustainable growth for the Company.

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.

Operations of the Board of Directors

In addition to directors, Board meetings are attended by the presidents of Saitama Resona Bank and Kansai Mirai Financial Group to ensure the effective management of Group operations. Discussions are active at Board meetings, with each director bringing his/her frank opinions. Also, sufficient time is allocated to question and answer sessions. In FY2018, the Board of Directors met 16 times, and the average meeting length was two hours and 29 minutes per meeting.

Questions, opinions, and other feedback from outside directors, all of whom receive prior briefings on agenda items, are shared among all directors and relevant departments, helping activate

discussion by the Board of Directors. Moreover, outside directors’ opinions and requests regarding the operations of the Board of Directors are collectively managed by a corporate governance secretariat that, in turn, regularly reports to the Board of Directors on the status of measures being or that have been taken to address issues raised by these inputs.

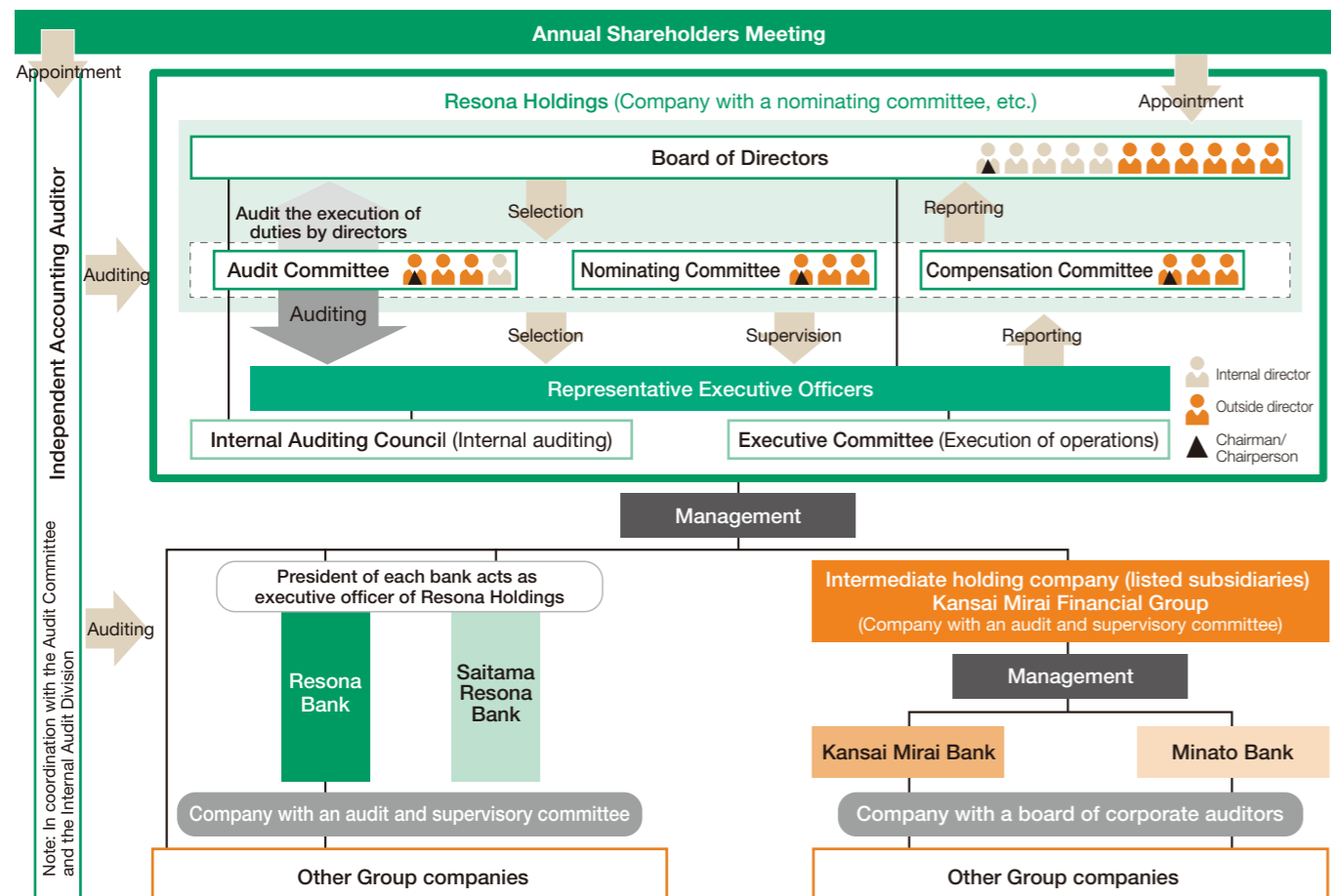
Without the attendance of internal directors, outside directors engage in separate meetings to deliberate results of the self-evaluation of the Board of Directors’ operations and address such matters as the Chairman’s handling of discussions, with the goal of helping the Board of Directors operate more effectively.

Key Subjects Discussed by the Board of Directors (fiscal 2018)

	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Business planning and financial results	Financial results			Financial results		Business planning	Financial results			Financial results		Business planning
Business strategies		Corporate division	Consumer division	Settlement business				Succession business (trust and real estate)	Omni-Channel Strategy International business			
Foundation reforms, etc.				Systems		Digitization	Markets division				HR management	

Subjects other than those listed above (on an as needed basis)	Outside directors’ meetings <ul style="list-style-type: none"> • Outside directors deliberate on the results of the self-evaluation of the Board of Directors’ operations to enhance its effectiveness 	Free discussion sessions <ul style="list-style-type: none"> • Utilize input from outside directors into such key activities as business strategies • Key subjects <ul style="list-style-type: none"> - Status of B to C businesses - Operations of the Board of Directors 	Study sessions and onsite tours <ul style="list-style-type: none"> • Provide outside directors with essential knowledge of and timely updates regarding matters addressed by the Board of Directors to ensure meaningful discussions • Facilitate understanding of the Resona Group’s business operations via visits to branches and other bases as well as dialogue with frontline employees • Recent visits <ul style="list-style-type: none"> - Resona Bank Tokyo Marketing Dept. and Real Estate Dept. - Nishinomiya Branch (Resona Bank and Minato Bank)
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Group Corporate Governance Framework



Overview of Three Committees

	Outside Directors						Internal Director
	Yoko Sanuki	Mitsudo Urano	Tadamitsu Matsui	Hidehiko Sato	Chiharu Baba	Kimie Iwata	Kaoru Isono
Nominating Committee (met 13 times*) 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.			○	○		○	
Audit Committee (met 13 times*) 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.	○			○	○		○
Compensation Committee (met five times*) 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.		○	○			○	

* Fiscal 2018 total

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 FY2018 concluded that the operations of the Board were “Adequate” on the whole and the overall effectiveness of the Board of Directors was confirmed. In addition, the Board made improvements in comparison with FY2017 with regard

to ongoing issues associated with the sufficiency of information being provided to outside directors, agenda items presented at Board meetings, the content of reporting to the Board of Directors and the better utilization of free discussion sessions. However, the Board determined that it needs to make further improvements regarding the clarification of issues to be discussed in light of medium- to long-term management challenges and maintaining even more effective discussion vis-à-vis the overall strategies for the Resona Group. The Company’s Board of Directors will address these and other issues while enhancing the content of discussions through the improvement of its operations based on such input as the opinions of individual directors.

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, ranging from those who are presidents to those who are new candidates for executive officer positions. The process of selecting and nurturing successors is carried out at a measured pace according to a schedule, with qualified candidates matched 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.

Compensation for Directors and Executive Officers

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 (non-executive)

Compensation for non-executive 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 (introduced in July 2017; hereinafter "PSUs"), 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 (Annual incentive)	PSUs (Medium-to-long term incentives)	
50 to 60%	20 to 25%	20 to 25%	100%

Basis for the calculation of performance-based compensation (variable compensation) for executive officers

(1) Cash compensation (annual incentive)

Determined based on the Company's annual operating results and individual achievements in the previous fiscal year, with the allocable amount varying from as low as zero to as high as 1.5 times the standard amount.

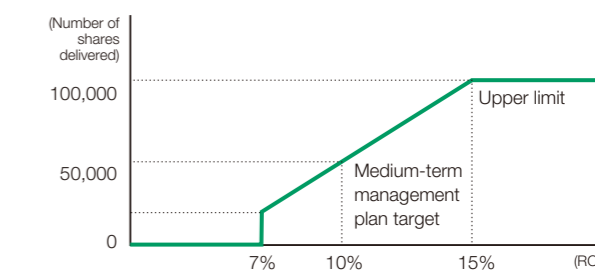
(2) PSUs (medium-to-long-term incentives)

The term of the PSU plan coincides with the term of the medium-term management plan (April 2017 to March 2020). Shares of the Company and other compensation will be delivered in a single lump sum once the delivery ratio is fixed. The delivery ratio may be any amount between 0% and 100%, depending upon the consolidated ROE (based on shareholders' equity) for the fiscal year ending March 2020, the final year under the medium-term management plan. Shares will account for 60% of the overall value of PSUs and cash compensation will account for the remaining 40% of the value of PSUs, considering the income taxes borne by the recipients.

Simulated content of PSUs delivered to representative executive officers

PSUs for the three fiscal years:

- ROE: 15% (1.5 times the value of the targeted ROE); 112,500 shares (upper limit)
- ROE: 10% (the targeted ROE); 50% of the upper limit
- ROE: less than 7%; no shares delivered



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 the overall dialogue with Shareholders and make every effort to ensure that it is constructive. In addition to the foregoing persons engaging in shareholder dialogue themselves, they may appoint others to join in such dialogue when it is deemed appropriate and necessary to do so in order to properly address shareholders' requests and interests in light of subjects up for discussion.

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 submit a report on Shareholders' opinions, interests and concerns to the Board of Directors on a regular and timely basis and 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 Realize “Retail No. 1”

The Resona Group has defined the purpose of its risk appetite framework as maximizing returns on risk and cost via the optimal allocation of management resources. The Group has thus positioned this framework as an essential component of its governance and management structure supporting the formulation and execution of its strategies aimed at realizing “Retail No. 1.”

Formulation of Management Strategies and Plans

In formulating management strategies, the Company clarifies the business areas that actively take risks based on its social mission and 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 act on such resolutions, formulating various plans associated with such matters as funding and earnings, investments and costs, staffing, risk limits, and the capital adequacy ratio.

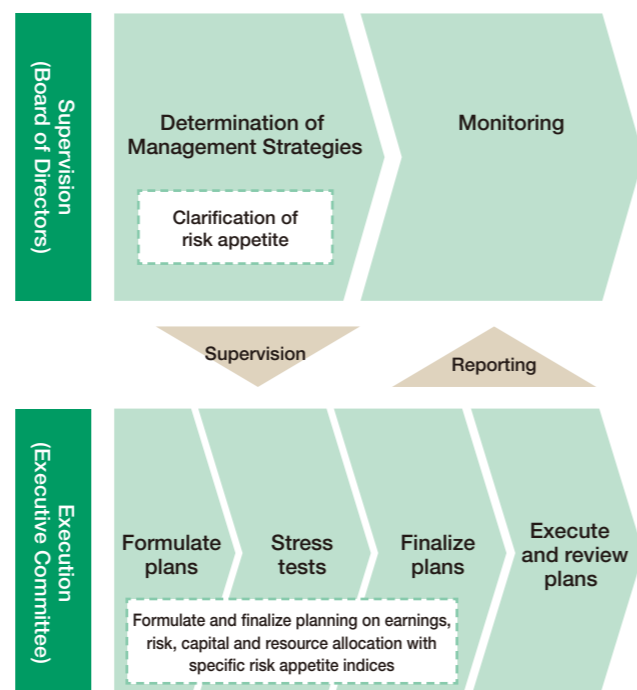
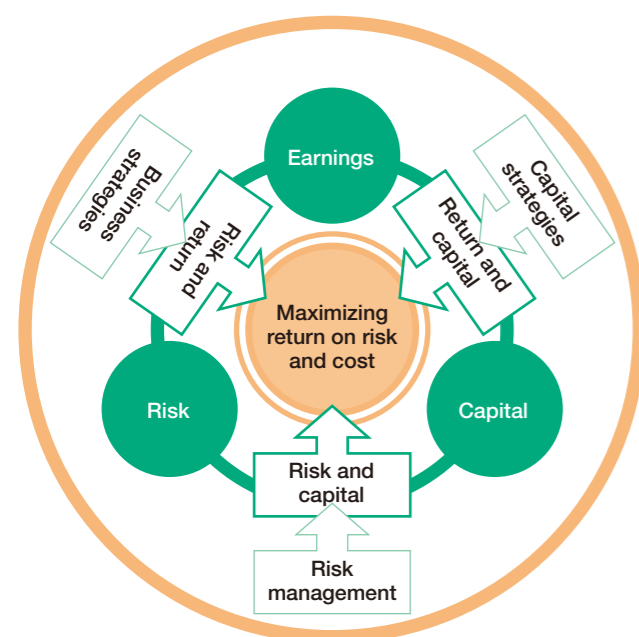
Before each plan is finalized, risk appetite indices are set to confirm that management resources are optimally allocated to maximize returns on risk and cost and that stress tests are sufficiently carried out to establish a rationale for risk taking and the feasibility of risk control.

Operation and Management of Plans

Progress under these plans is regularly reported to the Board of Directors. In an effort to realize management strategies, the Board of Directors then engages in vigorous and in-depth discussion of these plans.

To ensure the feasibility of the strategies, the results of discussions are reflected in flexible reviews of risk appetite and operational management during the period.

Operational Process of the 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 these divisions are each responsible for the comprehensive risk management of their respective Group company or bank.

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

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

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.

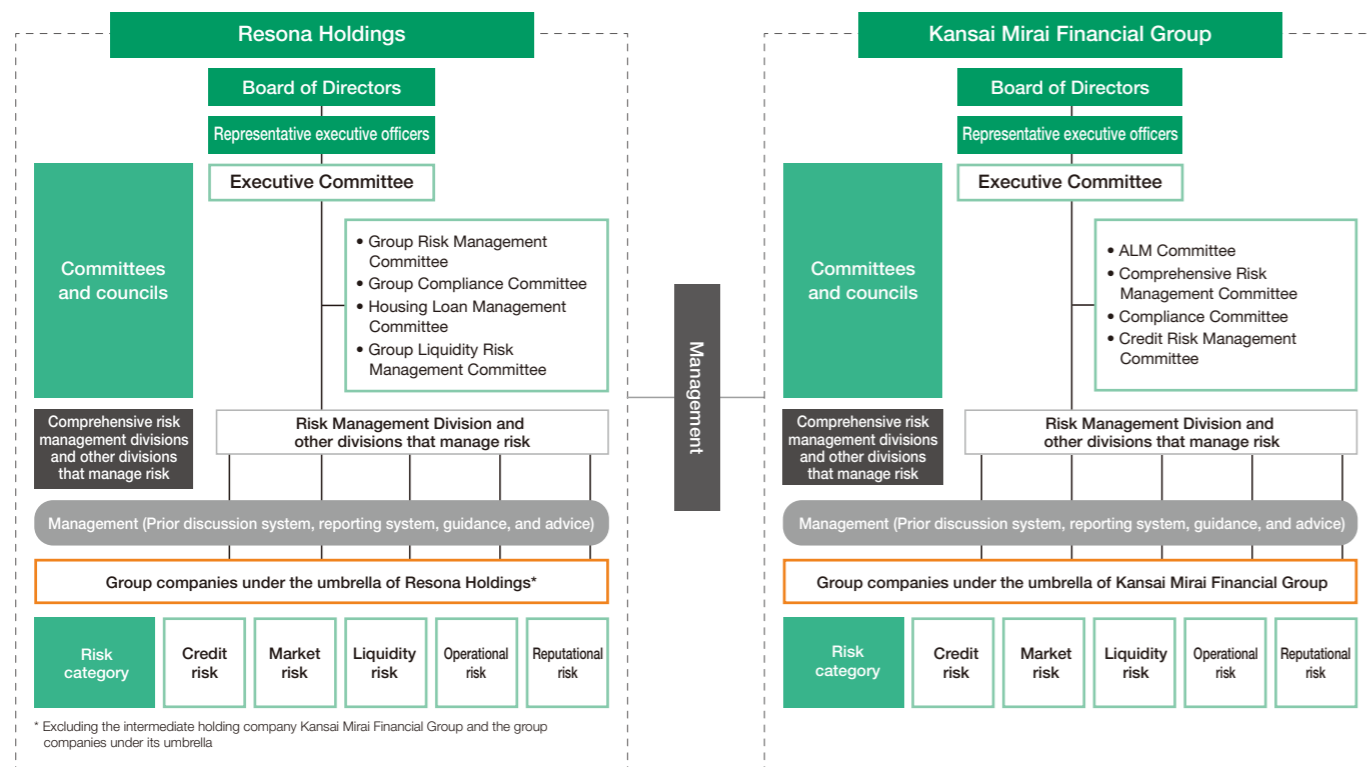
When making decisions on important matters related to risk management, Group companies confer with the Company in advance and base their decisions on those consultations or decide matters through the exchange of opinions, and report those decisions to the Company.

Based on the above, the Company maintains 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 limits and guidelines or through the exchange of opinions.

Group companies must report 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.

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 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 the 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, and 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 that enable 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.

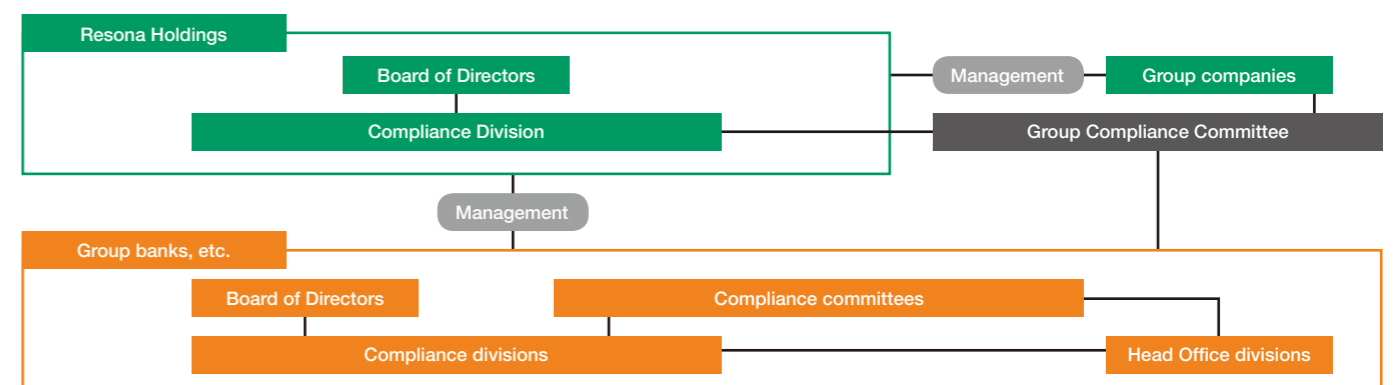
Initiatives to Prevent Money Laundering and Other Financial Crimes

The Resona Group considers the prevention of money laundering and financing for terrorism to be important management issues. Accordingly, the Group has developed an effective operational structure aimed at confirming the identity of transactional counterparts, preventing transactions with terrorists and other individuals subject to their assets being frozen and ensuring the systematic detection and reporting of suspicious transactions.

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 terminate 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 if we are to “live up to customers’ expectations” and “implement transparent management” as set forth in the Resona Group’s Corporate Mission. Accordingly, we have established internal audit divisions at Resona Holdings and Group companies.

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

Organization

The Company and Group companies have established independent internal audit divisions and other bodies under each board of directors. Moreover, we have formed an Internal Audit Council in the Company and Group companies, separate from the Executive Committee, to discuss important matters related to internal auditing.

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

Functions and Roles

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

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

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

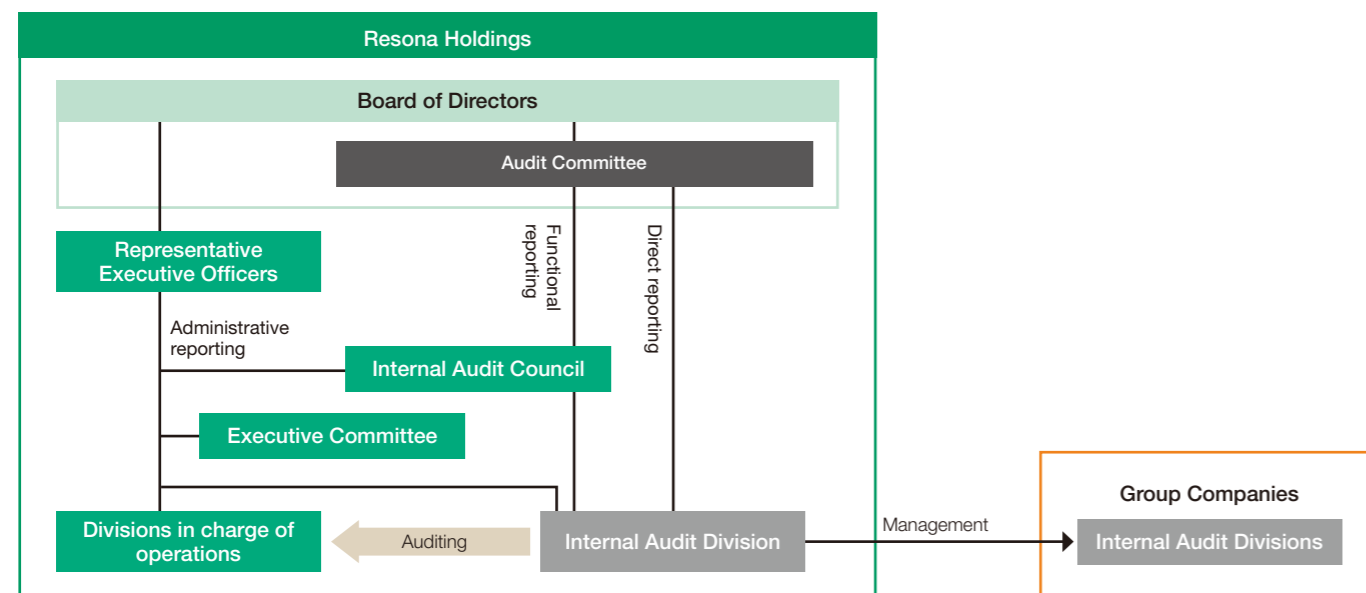
The results of internal audits of the Company are reported to the Board of Directors, the Audit Committee, and representative executive officers. The results of internal audits of Group companies are reported to their respective boards of directors and auditors as well as the Company.

Financial and Non-Financial Information



Performance Data	56
Consolidated Financial Statements	58
Corporate Data.....	62

Resona Holdings’ Internal Auditing Systems



Performance Data

Five-Year Summary of Major Financial Data

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

(Negative figures represent items that would reduce net income)

Summary of Consolidated Balance Sheets

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

Major Financial Indicators

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

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

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

Five-Year Summary of Non-Financial Data

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

Society

Employment Status of Employees

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

⁴ Resona Bank, Saitama Resona Bank

⁵ Employees at or above line manager level, who have subordinates

Financial and Economic Education

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

⁶ Held during summer holidays, includes Mirai Kids' Money Academy events.

Governance

Board of Directors and Board Member Attendance

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

Consolidated Financial Statements

Consolidated Balance Sheet

(Billions of yen)			(Billions of yen)		
	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	
Assets					
Cash and due from banks	13,419.0	14,848.5	Deposits	42,744.5	51,108.6
Call loans and bills bought	308.8	177.9	Negotiable certificates of deposit	1,060.6	1,195.3
Monetary claims bought	337.7	281.2	Call money and bills sold	155.9	140.5
Trading assets	270.6	328.0	Payables under repurchase agreements	5.0	5.0
Securities	5,278.5	5,387.8	Payables under securities lending transactions	624.7	540.9
Loans and bills discounted	28,755.1	36,134.4	Trading liabilities	101.7	120.9
Foreign exchange assets	160.2	115.6	Borrowed money	675.9	752.6
Lease receivables and investments in leases	—	41.6	Foreign exchange liabilities	4.0	4.3
Other assets	1,110.7	1,088.3	Bonds	385.1	459.7
Tangible fixed assets	303.0	380.9	Due to trust account	1,056.0	1,155.8
Buildings	98.4	128.5	Other liabilities	824.4	746.1
Land	178.6	220.4	Reserve for employees' bonuses	15.6	19.5
Leased assets	11.7	12.4	Net defined benefit liability	10.1	19.0
Construction in progress	3.5	2.6	Other reserves	44.3	43.5
Other tangible fixed assets	10.6	16.8	Deferred tax liabilities	23.5	27.6
Intangible fixed assets	30.3	40.5	Deferred tax liabilities for land revaluation	19.9	19.3
Software	9.5	17.6	Acceptances and guarantees	389.0	394.5
Leased assets	15.6	16.5	Total Liabilities	48,140.8	56,753.8
Other intangible fixed assets	5.1	6.3	Net Assets		
Net defined benefit asset	18.4	19.3	Capital stock	50.4	50.4
Deferred tax assets	1.6	28.9	Retained earnings	1,522.0	1,614.9
Customers' liabilities for acceptances and guarantees	389.0	394.5	Treasury stock	(5.2)	(4.2)
Reserve for possible loan losses	(139.6)	(158.0)	Total stockholders' equity	1,567.2	1,661.1
Reserve for possible losses on investments	(0.0)	(0.0)	Net unrealized gains on available-for-sale securities	486.6	423.9
			Net deferred gains on hedges	33.4	27.1
			Revaluation reserve for land	43.6	42.2
			Foreign currency translation adjustments	(3.0)	(4.8)
			Remeasurements of defined benefit plans	(42.9)	(38.6)
			Total accumulated other comprehensive income	517.8	449.8
			Stock acquisition rights	—	0.3
			Non-controlling interests	17.7	244.8
			Total Net Assets	2,102.9	2,356.1
Total Assets	50,243.7	59,110.0	Total Liabilities and Net Assets	50,243.7	59,110.0

Consolidated Statement of Income

(Billions of yen)		
	FY2017	FY2018
Ordinary income	742.9	860.7
Interest income	399.7	483.8
Interest on loans and bills discounted	305.9	380.3
Interest and dividends on securities	61.5	67.3
Interest on call loans and bills bought	1.9	1.3
Interest on receivables under resale agreement	—	(0.0)
Interest on receivables under securities borrowing transactions	—	0.0
Interest on due from banks	11.0	11.6
Other interest income	19.2	23.1
Trust fees	18.6	19.2
Fees and commissions	208.1	244.4
Trading income	7.1	6.0
Other operating income	28.0	51.0
Other ordinary income	81.1	55.9
Reversal of reserve for possible loan losses	18.4	9.1
Recoveries of written-off loans	13.3	9.6
Other	49.3	37.0
Ordinary expenses	525.1	657.6
Interest expenses	31.4	47.9
Interest on deposits	13.2	19.5
Interest on negotiable certificates of deposit	0.0	0.1
Interest on call money and bills sold	2.7	3.8
Interest on payables under repurchase agreement	0.0	0.0
Interest on payables under securities lending transactions	3.4	10.9
Interest on borrowed money	2.8	4.5
Interest on bonds	5.9	5.6
Other interest expenses	3.0	3.2
Fees and commissions	58.7	69.9
Other operating expenses	19.1	42.7
General and administrative expenses	360.6	439.4
Other ordinary expenses	55.2	57.5
Other	55.2	57.5
Ordinary profits	217.7	203.0
Extraordinary gains	1.2	40.2
Gains on disposal of fixed assets	1.2	0.3
Gains from negative goodwill	—	29.0
Gains on step acquisitions	—	10.8
Extraordinary losses	3.2	4.6
Losses on disposal of fixed assets	0.8	1.5
Impairment losses on fixed assets	2.3	3.1
Income before income taxes	215.8	238.6
Income taxes – current	11.8	38.2
Income taxes – deferred	(32.8)	19.0
Total income taxes	(21.0)	57.3
Net income	236.8	181.3
Net income attributable to non-controlling interests	0.5	6.1
Net income attributable to owners of parent	236.2	175.1

Consolidated Statement of Comprehensive Income

(Billions of yen)		
	FY2017	FY2018
Net income	236.8	181.3
Other comprehensive income	74.2	(69.0)
Net unrealized gains (losses) on available-for-sale securities	71.9	(59.3)
Net deferred gains (losses) on hedges	(6.9)	(6.3)
Revaluation reserve for land	(0.0)	—
Foreign currency translation adjustments	(0.3)	(3.5)
Remeasurements of defined benefit plans	9.6	0.2
Share of other comprehensive income of affiliates accounted for using the equity method	(0.0)	0.0
Total comprehensive income	311.0	112.2
Comprehensive income attributable to:		
Owners of parent	310.9	108.6
Non-controlling interests	0.1	3.6

Consolidated Statement of Changes in Net Assets

(Billions of yen)

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

(Billions of yen)

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

Consolidated Statement of Cash Flows

(Billions of yen)

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

(Billions of yen)

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

Corporate Data

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

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

Resona Bank Banking assets: ¥32.7 trillion / Trust assets: ¥27.8 trillion

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

Number of manned branches: 325
 Number of employees: 9,001
 Balance of deposits: ¥26,896.9 billion
 Balance of loans and bills discounted: ¥19,788.2 billion (banking book)

Saitama Resona Bank Banking assets: ¥14.5 trillion

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

Number of manned branches: 133
 Number of employees: 3,150
 Balance of deposits: ¥13,601.4 billion
 Balance of loans and bills discounted: ¥7,315.8 billion

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

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

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

Kansai Mirai Bank* Banking assets: ¥8.1 trillion

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

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

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

MINATO BANK Banking assets: ¥3.5 trillion

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

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

Corporate Profile (As of March 31, 2019)

Company Name Resona Holdings, Inc.
President Kazuhiro Higashi
Head Office (Tokyo Head Office)
 5-65, Kiba 1-chome, Koto-ku, Tokyo
 135-8582, Japan
 (Osaka Head Office)
 2-1, Bingomachi 2-chome, Chuo-ku, Osaka
 540-8608, Japan
Establishment December 2001
Number of Employees 21,600 (Consolidated)
 1,002 (Non-consolidated)
Lines of Business Formulation of Group management and business strategies, allocation of management resources within the Group, and supervision of subsidiaries' operations and other ancillary businesses
URL <https://www.resona-gr.co.jp/holdings/english/>



Tokyo Head Office

Osaka Head Office

Credit Ratings (As of June 30, 2019)

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

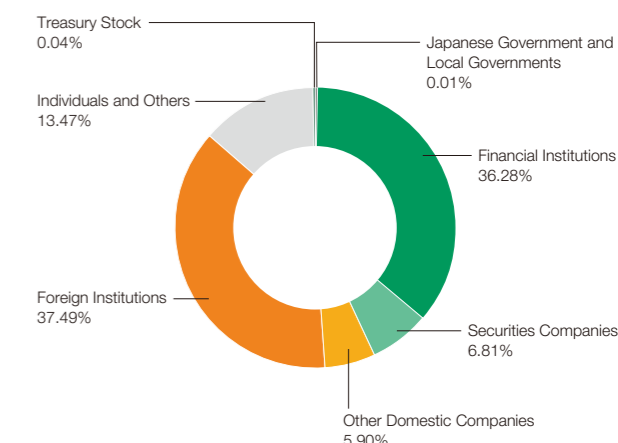
Stock Information (As of March 31, 2019)

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

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

* Shareholding ratio calculated after deduction of treasury shares.

Composition of Stockholders



Principal Subsidiaries and Affiliates

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