

Outline of the “Business Revitalization Plan”

—To Become a True Retail Bank—

November, 2012

Resona Holdings, Inc.

Resona Bank, Ltd.

1. Measures to Rationalize Management

(1) Business Model and Management Strategies

(i) Establishing True Retail Banks

Since we published our Business Revitalization Plan (hereinafter, “Revitalization Plan”) in November 2003, we have strived to improve our financial base toward the realization of sustainable profitable management by promoting drastic “Business-domain selection and focus” including the concentration of management resources in the domestic retail banking business, and a shift to outsourcing related businesses. Concurrently, priority has been placed on boosting productivity through low-cost operations and implementing operational reform through Group-wide efforts based on the customer-centric initiatives of enhancing our approach to catering to customer needs.

Under the Revitalization Plan published in November 2010, we added “Exertion of trust banking capability” which was reinforced through the reorganization of the Group banks and other measures, to our established core differentiation strategies under our consistent efforts (“Area management,” “Alliance,” and “Operational reform”), in pursuit of Resona’s proprietary business model to realize both the provision of advanced services closely linked to local communities and competitiveness based on cost advantage, with the aim of becoming a “smart” and customer-friendly “True retail bank.”

The new “Business Revitalization Plan for the Period ending March 2016” (hereinafter, the “New Plan”) hereby formulated and presented maintains Resona’s current basic policy of reform, and aims to realize a “True retail bank” that is highly trusted by our customers and the local community by enhancing measures to respond to changes in the business environment, in pursuit of becoming the No. 1 domestic retail bank.

Specifically, we will maintain three pillars of our management reform consisting of A: Exerting the comprehensive capabilities of “All Resona” banking group; C: Fully promoting “Cross-selling activities”; and L: Promoting “Low-cost operations,” while developing two basic strategies (“Business-domain selection and focus” and “Pursuit of Resona style”) as well as four priority measures (“Creating and deepening new business opportunities with an eye towards future Change,” “Strategic enhancement of customer contacts,” “Further acceleration of low-cost operations,” and “Continuing a robust financial base to support sustainable growth”). With these efforts, we will strive

to “maximize the corporate value of the Group” by “creating value jointly with customers” and “improving quality of service.”

During the period covered by the New Plan, 10 years will have passed since we were injected public funds pursuant to the Deposit Insurance Act. We share with all executives and employees the significance of the public funding provided to us, and are firmly determined to accelerate management reform to realize both early repayment of the public funds and further business growth.

[Main Emphases of Management Reform across the New Plan – “ACL” of Management Reform]

A: Exerting the comprehensive capabilities of “All Resona” banking group

- “All Resona” stands for our effort to exert the comprehensive capabilities of the Group by organically combining all solution functions, products, services and human resources and so forth held by the Group for the purpose of providing our customers with “values” that truly help.

With this concept of “All Resona,” we will continue to pursue improvement of quality of service through the Group’s all-out efforts to capitalize strategically on the trust banking and real estate functions which are the business platform common to all the Group banks as well as further cooperation between corporate and individual sales sections.

C: Fully promoting “Cross-selling activities”

- “Cross-selling activities” represent our business concept and style of meeting our customers’ diverse needs through provision of Resona’s solution function, and products and services while studying the business activities and lifestyles of customers with medium- to long-term relationships and trust, starting with customers’ apparent and potential needs.

We will “increase the number of Resona fans” and “boost our share in the local market” by continuing supporting our customers, while looking at various needs at every growth stage of customers’ life cycles and corporate businesses with who we have close relationships over the entire business lifetime.

L: Promoting “low-cost operations”

- Elimination of the high-cost nature intrinsic to retail banking operations has been one of the key issues of the Group, as financial institutions concentrating management resources in the domestic retail banking. We will pursue further enhancement of competitiveness by continuing to seek more efficient and effective ways of operating, while placing emphasis on the customers’ point of view and the improvement of convenience and safety for our customers.

During the period covered by the New Plan, we will strive to provide sophisticated services closely linked to local communities and establish competitiveness based on cost advantages in an effort to set up our proprietary “Resona” business model through mainly promoting unbiased operational reforms and continuing rigorous cost controls.

(ii) Basic strategy

- We regard the various changes emerging from the domestic retail banking field as business opportunities. Based on the achievements to date, including financial reform, cost restructuring, service reform in which we have concentrated our all-out efforts, we will continue to work on our two basic strategies (“Business-domain selection and focus” and “Pursuit of a distinctive Resona style”).

[Business-domain selection and focus]

- In order to boost profitability and realize the “Maximization of the corporate value of the Group” by allocating management resources efficiently and effectively, we will strive to establish competitive advantages through “Business-domain selection and focus” around the two axes of community and customer.

a. Focus on two large urban areas in the geographical axis

- The two large urban areas (the Osaka-centered “Kansai Area” and the “Greater Tokyo Area” centered on Tokyo and Saitama) are the markets in which further growth is expected in the future. We are firmly determined to boost our presence by combining our abundant customer base, our densely placed and familiar branch office network, and close relationships, with our sophisticated solution capabilities.

b. Focus on retail banking in the customer axis

- In continuing our retail banking business based on close relationships with customers over their lifetime, we will provide “Life designing support business” to individual customers whereas “Business offering solutions for management challenges” will be offered to corporate customers.

Furthermore, in order to meet the diverse needs of company owners and wealthy individual customers, we will provide sophisticated solution capabilities using the banking functions of a commercial bank, and trust banking and real estate functions combined, from both medium- to long-term perspectives.

[Pursuit of a distinctive Resona style]

- “Resona style” serves as a basis to support reforms and improve competitiveness so that the Group can achieve evolution to a financial services firm free from the traditional common practices and customs of the banking industry. During the period covered by the New Plan, we will strive to become a “True retail bank” while working consistently on our themes of “Creating a new corporate culture,” “Focusing on individuals” and “Pursuing most-trusted status” toward the establishment of Resona style and our evolution.

a. Creating a new corporate culture

- In an effort to establish smart and differentiated business operations, we intend to create a new corporate culture by aggressively implementing various reforms toward further improvement of productivity, more sophisticated risk management and greater competitiveness.

b. Focusing on individuals

- “Focusing on individuals” represents Resona’s basic stance of valuing each customer and each employee. We will continue to exert further efforts to improve our relationships with each customer as well as create human resources capable of supporting the sustainable growth of the Group.

c. Pursuing most-trusted status

•Recognizing that “Trust is the basis of financial services,” we provide sincere and precise services and contribute to society and local communities, aiming to become the most trusted bank.

Being aware that it is each customer who supports the businesses of financial institutions, we will focus on increasing the number of Resona fans by providing services with which more customers will be satisfied.

Furthermore, as a member of local communities, we will build balanced relationships with every stakeholder through our efforts to “contribute to realization of a sustainable society” and so forth.

The aforementioned measures are indispensable for us to become a “true retail bank,” and relate closely to one another. Based on this perception, we will implement concrete measures as listed below during the period covered by the New Plan.

Objectives	Measures to be taken
Operational reforms (Promoting six “smart” approaches)	<ul style="list-style-type: none"> •Transaction style •Middle- and back-office •Infrastructure •Operation style •Channel •Housing loan business, lending operation, head office administration
Service reforms	<ul style="list-style-type: none"> •Exhaustively promoting customer-centric mindset •Improving service quality •Pursuing authentic customer satisfaction
CSR (Corporate Social Responsibility)	<ul style="list-style-type: none"> •CSR management (“Contribution to the creation of sustainable society”) •Fostering the corporate culture toward promoting positive activities (Starting activities of the “Re:Heart Club”)
Business continuity management	<ul style="list-style-type: none"> •Preparing for measures including a business continuity plan •Preparing for measures such as key facilities, systems and methods of communication

Objectives	Measures to be taken
Diversity management	<ul style="list-style-type: none"> •Personnel system for middle-aged and older employees who are expected to exert their capabilities •Continue to implement measures to foster awareness of career development and job assistance for female workers
HR reforms	<ul style="list-style-type: none"> •Strengthening the “humanity” for employees and its penetration into organizations •Improving training programs and the system for cultivation of human resources, etc.

(iii) Priority measures

•In pursuit of realization of sustainable growth in an uncertain business environment, we, as a Group, will undertake all-out efforts to implement the four priority measures: “Creating and excavating new business opportunities with an eye towards future Change,” “Strategic enhancement of customer contacts,” “Further acceleration of low-cost operations,” and “Continuing the Robust Financial Base to Support a Sustainable Growth.”

[Creating and excavating new business opportunities with an eye towards future “Change”]

•To secure our competitive advantages in the domestic retail banking field and materialize future growth, we will endeavor to aggressively develop new business opportunities and will make it possible to expand and deepen our sales activities by using both the close relationships with customers and sophisticated solutions as the key drivers.

Through these measures, we will expand our customer base by elevating customer satisfaction and help more customers use our diverse solutions, products and services for a long period.

a. Further development of cross-selling activities

•We strive to further enhance our cross-selling activities carefully tailored to customer needs by creating new business opportunities emerging from “Changes,” and identifying potential needs.

Considering the changes in the business environment and the strengths of the Group banks, we will develop our cross-selling activities as follows: Excavation of

growth fields and provision of support, business succession and smooth supply of funds and so forth for our corporate customers; Loans, asset inheritance and supports for asset management and others for individual customers; and various transactions in cooperation and collaboration between the corporate and individual business sections for company owners and wealthy individual customers.

b. Strategic use of “Retail × Trust banking” businesses

• In addition to its commercial banking business, Resona Bank is engaged in unique businesses such as trust banking business and real estate business.

We seek potential business opportunities by fusing our abundant customer base as a commercial bank, dense branch network in the two large urban areas, and high-performance solution functions including trust banking and real estate function together in a highly sophisticated manner through close relationships with customers. Furthermore, positioning the effective use of our trust banking and real estate functions in cross-selling activities as the key factor to differentiate us from our competitors, we intend to provide optimum solutions to meet increasingly diversified and sophisticated customer needs.

c. Development of new functions, products and services

• On the back of enhanced financial literacy and rapid advancement of IT infrastructure, customers’ financial behaviors have also changed, with their needs becoming more diversified and sophisticated. In response, we will develop aggressively new functions, products, services which take such changes in advance, in an effort to provide “attractive functions, products and services” that help customers realize “easier access than ever” and “convenience” at “optimum timing” for customers.

[Strategic enhancement of customer contacts]

• Amid the changes observed in customers’ financial behaviors due to various changes in the business environment, we have now returned to the starting point to review and strategically enhance our customer contact points from various point of view including “area,” “marketing,” “human resources,” “channels,” and so on.

a. Enhancement of customer relationships closely linked to the local community

• We will strive to further enhance our medium- to long-term relationships and trust with our customers linked to local community by aiming at attaining “Close relationships covering our customers’ lifetime,” “Provision of security and safety centered on one-on-one transactions,” and “Co-existence and co-prosperity with customers,” and increase our share in the regional market in order to provide the best services that exceed customer expectations.

b. Upgrade of marketing capabilities

• We have exerted huge effort to improve customer satisfaction and increase Resona fans by developing competitive products and making effective promotion activities through the analysis of market and customer behaviors based on the idea of incorporating market needs into a product.

During the period covered by the New Plan, we will continuously seek new business opportunities by further elaborating segmentation based on the changes in the market, characteristics of the regions, attributes of customers, characteristics of financial behaviors and so forth, and by providing solution functions, products, services in response to customer needs through our active hypothesis verification approaches.

c. Higher productivity per person

• Amid the increasingly uncertain business environment, we will strive to improve productivity of the Group, as a whole, under the basic thought of “All Resona,” and will boost productivity per employee that is the key contact point with our customers.

We will consistently strive to improve quality of the sales sections through HR reforms, and increase our customer contacts by way of reforming administrative process, expanding liaison activities assisted by efficient behavioral management, and repositioning of clerical staff to sales sections.

d. Enhancement of cooperation among Group channels

• As the dramatic development of IT contains potential to significantly change the traditional processes of financial transactions, we aim to make face-to-face sales activities based on close relationships covering our customers’ lifetime more

sophisticated, and rearrange the relationship with customers in response to changes in financial behaviors.

In the two large urban areas, the Group operates dense network of face-to-face channels (branch offices, and housing loan plazas, etc.) equivalent to those held by the Japanese megabanks. On top of this, the Group has accelerated visionary measures including establishment of “Seven Days Plaza Umekita,” which opens 365-day in a year and “Private Salon ReLuxe (Umeda Branch)” that is for premier customers in order to meet diverse customer needs.

In addition, we will enhance non-face-to-face channels such as ATMs, websites and mobile communication, and convenience stores, and reinforce cooperation with the face-to-face channels, thus realizing a new service network. As a consequence, we will establish a system that will be of help to more customers in a manner truly convenient in terms of safety, convenience and specialty of banks.

Through these efforts in operational reforms centered on “Creating and excavating new business opportunities with an eye towards future “Change”” and “Strategic enhancement of customer contacts,” we aim to become a financial service company most trusted by customers in four Leading Fields (“Solution-related business,” “Lending business,” “Succession and inheritance planning business,” and “CAM (Customer Asset Management) business” where we strategically concentrate our management resources.

Moreover, we pursue the optimum combination of those four Leading Fields (a retail best mix according to the regional characteristics and changes in the market) in response to respective regional characteristics and customer needs, as our business base is on the “Area management.”

(Solution-related business)

- We place great emphasis on continuing to provide optimum solutions from medium- to long-term perspectives that respond to our customers’ anxieties and increasingly diverse and sophisticated needs by analyzing the underlying problems from various point of view.

With our operational style based on the close and medium- to long-term relationship with customers, we will materialize the provision of satisfying solutions by offering one-stop full-lineup services of trust banking and real estate solution functions, in addition to the banking function of Resona as a commercial bank.

(Lending business)

- Smooth supply of funds is the most critical mission of a community-based financial institution, and the expansion of general transactions with customers from those funding are the basis for growth for the Group. Based on this perception, we will strive to enhance the field of individual loans and loans to SMEs, aiming to maintain and improve our high-quality loan portfolio.

—Loans to individuals —

- Our business is closely linked to the local communities and we regard our proactive responses to individual customers’ needs of housing loans as one of our key reasons for existence.

Amid major changes in the business environment surrounding housing loans, we will reinforce anew our housing loan business from every aspect including expansion of channels, reorganization of sales sections, increase in sales staff, greater sophistication in the management of interest rates and cost controls.

In addition to increasing our share in the amount of executed loans and the balance of loans, we will help individual customers having comprehensive transactions including consumer financing by expanding cross-selling activities tailored precisely to customer needs at every life event and so forth.

—Loans to SMEs —

- The domestic loan business for SMEs has undergone a moderate recovery, but faces extremely harsh competition with other banks. Under these circumstances, we intend to meet diversified customer needs in good faith through various measures such as developing new products and services responsive to “Changes,” while seeking credit requirements by further reinforcing our managerial solution-related business, exerting synergies by enhancing integrated business for corporate and individual customers, and strengthening efforts in the growth sectors (Asia, medical, environment, energy, welfare, nursing care, agriculture, etc.). Concurrently, we will pursue further growth in comprehensive transactions through cross-selling approaches based on medium- to long-term relationships of trust with our customers.

(Succession and inheritance planning business)

•We expect that customer needs for succession and inheritance planning business to the next generation will further increase, while at the same time becoming more diversified and sophisticated. Realizing these changes as a major business opportunity for us, we will cover the entire product lineup such as will trust, inheritance coordination services, asset inheritance trust, trust for transfer of own company stocks, real estate functions and others, thus concentrating on sophisticated consulting services responding to our customer needs based on medium- to long-term relationships of trust. As a consequence, we aim to establish the most trusted inheritance business brand in Japan.

(CAM (Customer Asset Management) business)

•In an effort to respond properly to diversified and sophisticated customer needs for “increasing” and “entrusting” assets, and “leaving a legacy,” we will offer proposals for these situations and provide optimal solution functions, products, and services reflecting customers’ potential and apparent needs including deposit transactions, provision of diverse financial instruments such as investment trusts and insurance, which were reinforced through business alliances in addition to the trust and real estate functions that support our differentiation strategy, on the axis of business offerings and life planning support business.

Furthermore, the trust asset management division of Resona Bank has the leading capability of asset management in Japan of corporate pensions, public pensions, etc. We will manage the relevant trust assets according to customers’ purpose and the various demands by capitalizing on our highly professional consulting capability backed by the Group’s sophisticated expertise.

In addition, Resona Bank is the only commercial bank in Japan operating a real estate business. We are capable of meeting diverse customer needs by providing one-stop services for wide-ranged solution functions including gathering quality real estate information, brokerage, consulting, refining, securitization, appraisal and so forth by capitalizing on our abundant customer base and the dense branch office network as a commercial bank.

[Further acceleration of low-cost operations]

•We, as a bank, reviewed fundamentally the way our clerical works were conducted, and have exerted utmost efforts to achieve a good balance between improvement of

convenience and trustworthiness through swift and precise services, and low-cost operations. In the future, we intend to extend our know-how of operational reforms that we accumulated in the field of deposits to the loan and housing loan businesses with the aim of further accelerating quality of service and low-cost operation.

Also, from the perspectives of selection and focus of management resources, we, as a financial services company, will enhance our comprehensive capabilities through effective alliances and thorough other ways in response to customers’ diverse and sophisticated needs.

[Continuing the Robust Financial Base to Support a Sustainable Growth]

•Recognizing that establishment of a robust financial base is indispensable to achieve a sustainable growth, we will continue to maintain and reinforce our financial base that generates stable profits from sound assets, consisting of small lots of loans, stable procurement of deposits and asset management in the market controlling risks.

Furthermore, we will accumulate earned surpluses steadily to secure both improvement of the financial base required for future growth, and early repayment of public funds.

With respect to the regulatory environment surrounding us, it is anticipated that new capital adequacy requirements will be adopted during the period covered by the New Plan. In response, we will continue to secure a sound financial base required for sustainable growth of the Group.

[New Plan’s Operating Performance Targets] (in aggregate for Resona Bank, Saitama Resona Bank and Kinki Osaka Bank)

(Overview of Operating Performance Targets)

	(Billions of yen)	FY 2012 (Plan)	FY 2015 (Plan)
Gross operating profits		572.0	588.0
Expenses		338.0	335.0
Actual net operating profit		234.0	253.0
Net income before income taxes		197.0	215.0
Net income		215.0	140.0
Combined retained earnings (Note)		1,198.1	1,437.5

Note: Combined retained earnings include Resona Holding’s earned surplus.

(2) Overview of Management Rationalization Plan

(i) Expenses

• We have implemented internal reforms including major cuts in employee benefits and early retirement incentive programs, and pursued radical BPR (Business Process Reengineering) of branch office administrative functions to build low-cost, high-speed and high-quality administrative processing capabilities (low-cost operations).

As a result of such reforms, we have significantly reduced the Group's total personnel and non-personnel expenses from ¥432.6 billion (¥159.5 billion for personnel and ¥273.0 billion for non-personnel expenses) in FY 2002, to ¥320.2 billion (¥133.3 billion for personnel and ¥186.8 billion for non-personnel expenses) in FY 2011 respectively.

Under the New Plan, we will continue to focus on maximizing operating efficiency through operational reforms, and eliminate our high-cost nature inherent in the retail business, thus exerting competitiveness based on cost advantage by implementing "Business-domain selection and focus" and "Pursuit of a distinctive Resona style."

[Cost-to-Income Ratio (OHR)] (Total for Resona Bank, Saitama Resona Bank and Kinki Osaka Bank)

(%)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Group banks total	56.60	59.09	59.68	59.15	56.97
Resona Bank	55.22	58.26	58.77	58.20	56.29

[Personnel and Non-personnel Expenses] (Group banks total: Total for Resona Holdings and group banks combined)

(Billions of yen)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Group banks total	320.2	320.5	319.0	315.0	312.5
Resona Bank	210.4	210.6	209.6	205.8	204.0

[Personnel Expenses]

(Billions of yen)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Group banks total	133.3	133.0	132.0	131.0	131.5
Resona Bank	85.1	83.7	82.8	82.4	83.1

[Number of Employees (Note)]

(Employees)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Group banks total	15,119	15,120	15,110	15,080	15,050
Resona Bank	9,698	9,700	9,700	9,690	9,680

Note: Totals for office and miscellaneous personnel, including seconded personnel but excluding part-time, contract and temp personnel.

[Non-personnel Expenses]

(Billions of yen)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Group banks total	186.8	187.5	187.0	184.0	181.0
Resona Bank	125.3	126.9	126.8	123.4	120.9

[Non-personnel Expenses (excluding systems-related expenses)]

(Billions of yen)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Group banks total	130.6	130.9	131.5	128.6	125.6
Resona Bank	88.2	89.6	89.3	85.9	83.4

(ii) Subsidiaries and Affiliates

•We aim to maximize the corporate value of the Group through the contributions of subsidiaries and affiliates based on the basic thought of “All Resona,” capitalizing on their respective strengths under Resona Holdings’ governance. Basic management policies for the Group’s banks during the New Plan’s term are as follows:

Resona Bank intends to build a sound and stable revenue base on a medium- to long-term basis by providing high-quality financial services responsive to potential and apparent customer needs, and through multifaceted transactions with a larger number of customers. Concurrently, further efforts will be exerted through the eyes of customers in operational reforms and activation of human resources and organizations, seeking reinforcement of operational capability for the business bases as well as improvement in the quality of service and productivity of each employee. Resona Bank continues its efforts to realize a “Bank that is “closest” and “most beneficial” for their customers” through efforts to enhance the original characteristics of “Resona.”

Saitama Resona Bank focuses its efforts on realizing sustainable growth and building a stable revenue base and sound financial base supporting co-existence and co-prosperity with the local communities by completing a business style well-accepted by local customers on a continuous basis. In addition, the bank will foster an organizational culture that encourages itself to challenge the renovation and continue to evolve in pursuit of customers’ acceptance and co-existence and co-prosperity with local communities. The bank will continue to strive to become a “Bank trusted by Saitama residents, growing together with Saitama Prefecture” as a financial institution deeply rooted in the local community.

Kinki Osaka Bank, a major regional bank with a robust business base in Osaka, places great value on maintaining trusting relationships with customers. Based on this perception, the bank strives to realize operations led by the branch offices, which are close to customers, to create and provide consistently new value with “familiarity,” “speed” and “proposition capability for solution.” Operating concurrently with Resona Bank in the Osaka-centered Kansai Area, Kinki Osaka Bank will cooperate with Resona Bank to contribute as a Group to the development of local communities. The bank maintains its target at becoming “a bank that grows together with its customers and contributes to the development of the local economy” through provision of high-quality financial services full of hospitality as an indispensable bank in Osaka.

The Group’s domestic subsidiaries and affiliates other than banks will further endeavor to deepen their expertise and improve efficiency, while realizing sustainable growth and enhancing the Group’s corporate value in close cooperation with each Group banks.

2. Table 1. Summary

[Operating Performance] (Total for Resona Bank, Saitama Resona Bank and Kinki Osaka Bank)

(Billions of yen)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Gross operating profit	598.6	572.0	563.0	568.0	588.0
Expenses	338.8	338.0	336.0	336.0	335.0
Actual net operating profit (Note 1)	259.7	234.0	227.0	232.0	253.0
Credit-related expenses (Note 2)	4.4	20.0	48.0	48.0	48.0
Net gains/(losses) on stocks	2.2	(18.0)	5.0	6.0	8.0
Ordinary profit	244.1	198.0	192.0	193.0	216.0
Net income	239.4	215.0	120.0	121.0	140.0
Cost-to-income ratio (OHR) (Note 3)	56.60	59.09	59.68	59.15	56.97

[Operating Performance] (Resona Bank)

(Billions of yen)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Gross operating profit	403.1	381.0	376.0	378.0	389.0
Expenses	222.6	222.0	221.0	220.0	219.0
Actual net operating profit (Note 1)	180.5	159.0	155.0	158.0	170.0
Credit-related expenses (Note 2)	(6.0)	10.0	32.0	32.0	32.0
Net gains/(losses) on stocks	1.1	(17.0)	5.0	6.5	8.6
Ordinary profit	179.2	136.0	137.0	137.5	150.5
Net income	186.9	174.0	87.0	87.5	98.0
Cost-to-income ratio (OHR) (Note 3)	55.22	58.26	58.77	58.20	56.29

Notes: 1. Net operating profit before trust account NPL charge-offs and provisions to general reserve for possible loan losses.

2. Credit-related expenses: provisions to general reserve for possible loan losses + loss on NPL disposal + trust account NPL charge-offs – credit cost reversals booked as extraordinary income.

3. Operating expenses / Gross operating profit before trust account NPL charge-offs.

3. Measures to Promote Responsible Management

- We will strive to realize superior corporate governance in response to the expectations of society and our stakeholders through exerting financial brokerage and consulting functions for sound and highly convenient banking operations.

Resona Holdings, as a company with Committees Governance Model, has realized a swifter decision-making system through the delegation of authority to executive officers, while increasing transparency and objectivity of management through enhanced oversight by the Nominating, Audit and Compensation Committees as well as a highly independent Board of Directors. The Group banks have adopted a company structure with Corporate Auditors Meeting, and operate autonomously by securing consistency of the entire Group's enhanced governance and the form of governance by the Group banks.

Furthermore, we, at Resona Holdings and our Group Companies, sincerely regret having had to receive substantial public funding. To prevent the recurrence of such an event, a basic policy regarding internal controls was established by the Board of Directors, and we are striving to ensure the effectiveness of internal controls.

4. Measures to Minimize Outflows of Profits in the Form of Dividends, etc.

- We will continue to pursue management reforms toward the improvement of corporate value, and realize early repayment of the public funds. From these perspectives, it is our basic policy to retain earnings on a priority basis and minimize outflows of profits.

In accordance with the above-mentioned basic policy, we will maintain the contractual dividends on preferred shares. Meanwhile, dividend on the shares of common stock have been paid basically on a stable basis, and increased to ¥12 per share since FY2010 taking our robust business performance and the status of internal reserves, etc. into consideration. We will determine our dividend policy including targets of payout ratio, etc., after the repayment in full of the preferred shares issued pursuant to the Deposit Insurance Act.

Compensation for the executives and directors are determined by the Compensation Committee of Resona Holdings considering the business performance of the Group and the economic environment, etc.

5. Measures to Facilitate Lending and Other Credit Extension

- With recognition that smooth provision of necessary funds to our customers, helping them to operate sound businesses and live healthy lives, is the most critical social expectation of a financial institution, we will make utmost efforts to run a smooth financial business while securing sound and appropriate business operations.

6. Measures to Retain Earnings Sufficient to Repurchase and Retire Shares and Repay or Redeem Borrowings

- The main source of funding for repayment of public funds is the Group's total retained earnings, which we expect will cumulate to ¥1,437.5 billion by the end of March 2016 through diligent execution of the New Plan, which is well over ¥610.0 billion, the amount of the outstanding preferred shares (infusion basis). We will continue to further improve profitability to amass profits.

(Billions of yen)	FY 2011 (Actual)	FY 2012 (Plan)	FY 2013 (Plan)	FY 2014 (Plan)	FY 2015 (Plan)
Combined retained earnings (Note)	1,028.8	1198.1	1271.2	1349.9	1437.5

Note. Combined retained earnings represent total surplus of Resona Holdings and its banking subsidiaries.

If we repay public funds or repurchase our own common stock in the open market, after repayment or repurchase, we intend to maintain an appropriate capital adequacy ratio in light of the market environment and the trend of new regulations on the capital adequacy ratio.

[Overview of Public Funding]

(i) Common stock (issued pursuant to the Deposit Insurance Act)

Type	Common stock
Total original issue amount	¥296.4 billion
Current amount outstanding (Note 1)	¥261.6 billion
Original number of shares issued (Note 2)	570,000,000
Current number of shares outstanding (Notes 1 and 2)	503,262,000
Issue price per share (Notes 2 and 3)	¥520

Notes: 1. As of September 30, 2012

2. Outstanding common shares and all classes of preferred shares were reverse-split on a one-for-1,000 basis effective August 2, 2005. Each of the common shares and all classes of preferred shares was split into 100 shares effective January 4, 2009.

3. Value per share was calculated by dividing Resona Bank's original issuance value by the share conversion ratio (adjusted to reflect the said reverse stock split in Note 2 above.)

(ii) Voting preferred stock (issued pursuant to the Deposit Insurance Act)

Name	Class one, No. 1 preferred stock	Class two, No. 1 preferred stock	Class three, No. 1 preferred stock
Total issue amount	¥550.0 billion	¥563.5 billion	¥550.0 billion
Current amount outstanding (Note 1)	—	—	¥450.0 billion
Number of shares issued (Note 2)	275,000,000	281,780,000	275,000,000
Current number of shares outstanding (Notes 1 and 2)	—	—	225,000,000
Issue price per share (Note 2)	¥2,000	¥2,000	¥2,000
Annual dividend per share	Variable	Variable	Variable
Dividend yield	1-year JPY Libor +0.5%	1-year JPY Libor +0.5%	1-year JPY Libor +0.5%
Voting rights	Unlimited	Unlimited	Unlimited

Notes: 1. As of September 30, 2012

2. Outstanding common shares and all classes of preferred shares were reverse-split on a one-for-1,000 basis effective August 2, 2005. Each of the common shares and all classes of preferred shares was split into 100 shares effective January 4, 2009.

(iii) Preferred stock (issued pursuant to the Financial Function Early Strengthening Act)

Name	Class B, No. 1 Preferred stock	Class C, No. 1 Preferred stock	Class E, No. 1 Preferred stock	Class F, No. 1 Preferred stock
Total issue amount	¥408.0 billion	¥60.0 billion	¥300.0 billion	¥100.0 billion
Current amount outstanding (Note 1)	—	¥60.0 billion	—	¥100.0 billion
Number of shares issued (Note 2)	68,000,000	12,000,000	2,400,000	8,000,000
Current number of shares outstanding (Notes 1 and 2)	—	12,000,000	—	8,000,000
Issue price per share (Note 2)	¥6,000	¥5,000	¥12,500	¥12,500
Annual dividend per share (Note 2)	¥63.60	¥68.00	¥143.80	¥185.00
Dividend yield	1.06%	1.36%	1.15%	1.48%
Mandatory conversion date	April 1, 2009	April 1, 2015	December 1, 2009	December 1, 2014
Original issuer and name of stock	Daiwa Bank Class B, No. 1 Preferred stock	Kinki Osaka Bank No. 1 Preferred stock	Asahi Bank No. 1, Class II Preferred stock	Asahi Bank No. 2, Class II Preferred stock

Notes: 1. As of September 30, 2012

2. Outstanding common shares and all classes of preferred shares were reverse-split on a one-for-1,000 basis effective August 2, 2005. Each of the common shares and all classes of preferred shares was split into 100 shares effective January 4, 2009.

7. Measures to Ensure Sound Financial Conditions and Sound and Appropriate Business Operations

• Based on the review of the past failures that led to substantial public funding, we, at the Resona Group, are striving to enhance our management systems and management method by establishing principles on risk management. At the same time, we control risks to secure sound management and improve profitability.