

Business Report for the 10th Term
(from April 1, 2010 to March 31, 2011)

(English Translation of the Japanese Original)

Business Report for the 10th Term

(from April 1, 2010 to March 31, 2011)

1. Current Status of the Company

(1) Business Developments and Results of the Corporate Group

(Principal Business Activities of the Corporate Group)

The Group is a financial service provider centered on banking and trust banking business with a capacity to also provide services in other financial-related businesses such as factoring, credit card administration and venture capital operations.

(Financial and Economic Environment)

During the fiscal year ended March 31, 2011, the global economy on the whole continued to stay on a recovery trend, although the gap widened between emerging countries that continued to demonstrate strong growth and developed countries where the pace of economic recovery remained slow. In China, the government started raising interest rates to restrain hikes in commodity prices caused by the overheating economy, while in the U.S. employment conditions recovered only slightly although consumer spending and capital investment improved gradually.

Meanwhile, in Japan, sales in the automotive and electric home appliance sectors that had been going strong under the government's consumption stimulus policy swung downward in autumn when the programs under the policy were terminated or curtailed, and have been declining since. Demand slumped particularly in the automotive industry, and the economy consequently became stagnant. With the arrival of the new year, the economy showed signs of gradual recovery in areas including exports, consumer spending and employment in addition to steady, favorable exports to emerging countries. However, due to the horrific Great East Japan Earthquake and the energy shortage associated with the disaster, the economy incurred material damage as production activities weakened, consumer spending fell and exports declined, and uncertainty about the future remained throughout the fiscal year-end.

In the domestic financial market, short-term interest rates remained low with the continuation of the easy monetary policy. Long-term interest rates (interest rates on newly issued 10-year government bonds) rose against the backdrop of high U.S. interest rates, but rate movements were generally calm. The Nikkei stock average dropped as the yen continued to appreciate against the dollar but subsequently bounced back, supported by the steady U.S. stock prices and the flow of funds into Japanese stocks. It, however, marked the ¥9,700-level as of March 31, 2011 primarily due to the effects of the earthquake disaster. In general, the yen became stronger against the dollar throughout the fiscal year by about 10 yen.

(Business Developments and Results of the Corporate Group)

Under these financial and economic conditions during the 10th term, the Group continued to establish its presence as a smart, friendly, "True Retail Bank". We made further initiatives in promoting "Selection and Concentration of Business Domains" (priority areas and businesses) and "Establishing a Distinctive Resona Style" (i.e. creating a new corporate culture, focusing on individuals, and striving to become the most trusted company) to accommodate market needs and pursue customer-oriented business operations.

Loans to Individuals

In the housing loan business, the market environment continues to be difficult as new house starts

remain stagnant and new condominium sales are showing a weak recovery. Under these circumstances, the Group has been strengthening its sales efforts toward condominium developers and leading housing distributors and promoting refinancing measures to reinforce lending. In addition, the Group has been promoting closer communication with customers and working to enhance the customer consultation services over the counter and through other means to respond thoroughly to customer inquiries on loan repayments and such like.

At Resona Bank, Ltd., we are making efforts to exploit new business opportunities by hosting seminars for sales representatives of housing distributors and manufacturers. We are also working to capture new loan accounts through holding housing loan advice seminars focused on consulting and distributing information via our website and other means. In the rental housing loan business, we are continuing to strengthen ties between sales shops and the apartment loan center. In terms of products, to meet the needs of housing loan customers, we have introduced interest rate plans for the "Education Loans" and the "Reform Loans", etc. for housing loan customers.

Given the considerable changes in the business environment caused by revisions to laws and regulations affecting loan business operators and fluctuating market conditions, we launched the high-value, ultimate "Resona Premium Card Loan" in the first half of 2010 to better accommodate the needs of customers.

Financial Products Sale

The Group is striving to enhance its financial products sale business by working to improve customer satisfaction. Our primary initiatives include reinforcing product lineups through offering competitive products and providing items that win high recognition in the market and enhancing follow-up services based on improved customer service skills and speedy information offering.

At Resona Bank, Ltd., we rolled out the "Consulting Capability Enhancement Project" in April 2010, aiming to reinforce the "Consulting-based Sales to Support People Design Enriching Lives". Coupled with the deployment of new systems such as the "Investment Trust Proposal Support System (Fund Navigation)" and the "Life Planning Service", we are continuing to foster service personnel to enhance consulting sales skills in our aim to further augment our capability to make proposals to customers.

Asset Succession Business

In the asset succession business whose market is expanding with the further aging of Japan's population, we accommodate customers' needs to leave behind assets by providing our asset succession know-how, including will trust and estate planning (so-called the inheritance process agency service) drawn on the trust functions of Resona Bank, Ltd. through making use of the Group's branch network and customer base.

At Resona Bank, Ltd., we have been refining our operating structure since April 2008, such as increasing the number of financial planners (FPs), to enable us to propose increasingly effective plans that meet the asset needs and intentions of each customer. We have also strengthened our consulting activities in supporting customers address management challenges and providing solutions that utilize our trust functions. We also strongly promote business succession consulting and owner stock succession trusts for corporate owners. As such, we are committed to accommodating the asset succession needs of our customers by fully leveraging our expertise to service both corporate and individual customers.

Loans to Small and Midsize Enterprises (SMEs)

At the Group, we promote sales that meet the characteristics of local communities and exert efforts in responding thoroughly to the needs of customers in providing smooth financial services to SMEs. Each of the Group companies strives to be better able to flexibly accommodate the various needs of customers through expanding guarantee products launched in tie-ups with credit guarantee associations, newly establishing the "Growth Area Support Fund" that falls in line with Bank of Japan's "Fund-provisioning Measure to Support Strengthening the Foundations for Economic Growth", and taking other initiatives.

Resona Bank, Ltd. established the "Business Strategy Support Office" in April 2010 with the aim of more effectively responding to the strategic business needs of corporate customers and to the business and asset succession needs of business owners, while also further strengthening collaboration between its corporate and retail banking divisions. Consequently, sales offices and the head office are closely working together as one in promoting solution-based sales to help customers resolve their management issues.

Real Estate

While the real estate market is yet to show signs of recovery, Resona Bank, Ltd., being the only commercial bank with a real estate business operation within the bank, has been striving to increase income from the real estate business. Specifically, it has made efforts to collect quality real estate information by leveraging the Group's branch network and wide customer base, and to reinforce a vast range of solution-based functions such as brokering, consulting, liquidity promotion and appraisal. In real estate brokering, which is the core segment, we have in place a business support system that focuses on sales activities more than ever. The system enables us to more effectively pursue collaboration between the head office and the sales offices, and consequently provide speedy, optimal services for customers. We are working to maximize synergies within the Group through offering the real estate functions of Resona Bank, Ltd. to accommodate also the needs of the customers of Saitama Resona Bank, Ltd. and The Kinki Osaka Bank, Ltd.

Corporate Pensions

Amid the rapid advancement in Japan's aging population with a declining birth rate, the environment surrounding corporate pensions is facing major changes as international accounting standards are expected to converge over the treatment of retirement allowance and as the qualified retirement pension plan is due to expire in March 2012. As such, expectations are growing even stronger for corporate pension plans to compensate for the public pension plan. Under these circumstances, we are organically integrating the Group's large customer base and expertise to promptly offer solutions that can resolve customers' management issues. More specifically, we are making corporate-wide efforts to increase the number of corporate pension customers and expand entrusted assets, while also maintaining an effective sales system by developing our human resources. We are doing this by providing various types of education for people of all levels, strengthening on-site sales activities by assigning support personnel from the head office to sales offices and taking other initiatives.

At Resona Bank, Ltd., we are actively making efforts to further improve our total-support offering capability from designing corporate pension plans to asset management and developing new products and services to accommodate the diverse needs of customers.

(Great East Japan Earthquake)

The Great East Japan Earthquake that struck on March 11, 2011 inflicted damage on several offices of Resona Bank, Ltd. and Saitama Resona Bank, Ltd. in the Tohoku and Kanto regions. Although the magnitude of the damage to the offices was small, two of them (the Gyotoku Branch, and Koriyama

Sub-Branch in the Sendai Branch group of Resona Bank, Ltd.) have been closed in view of the effects of the earthquake on these offices. The Gyotoku Branch of Resona Bank, Ltd. resumed operations within the Nishikasai Branch on April 18, while the Koriyama Sub-Branch in the Sendai Branch group reopened on April 25.

Given the circumstances in the damage-stricken region, the Sendai Branch of Resona Bank, Ltd. has adopted the emergency measure of opening also on Saturdays, Sundays and national holidays since the earthquake in order to accommodate deposit withdrawals whenever requested.

In response to the government's calls for power-saving efforts in business operations, Resona Bank, Ltd. and Saitama Resona Bank, Ltd. have shortened or terminated the service hours of ATMs and also revised the business operating hours of some offices in the Eastern Japan area. We will exert further energy-saving efforts going forward.

(Results for Consolidated Fiscal Year Ended March 31, 2011)

Consolidated net income increased ¥27.8 billion from a year earlier to ¥160.0 billion as a result of efforts made to restrain expenses and the considerable decrease in credit costs although gross profit declined. Specifically, consolidated gross profit dropped ¥11.3 billion year-on-year to ¥667.0 billion, due to the decline in interest income caused by the continuous declining trend in the difference in interest rates on loans and deposits although fees and commissions increased owing primarily to the favorable investment trust sales. Operating expenses totaled ¥369.4 billion, down ¥18.0 billion from a year earlier, due to further serious efforts made in managing our expenses. Credit costs improved significantly and marked ¥61.5 billion, down ¥53.0 billion year-on-year, as a result of less corporate bankruptcies and effective credit risk management. Income taxes deferred amounted to ¥62.1 billion, an increase of ¥34.4 billion from the previous fiscal year, as we managed to further decrease amounts posted to deferred tax assets.

Consolidated total assets increased ¥1,963.3 billion from a year earlier to ¥42,706.8 billion, due primarily to the increase in cash and due from banks and the balance of investments in government bonds. Consolidated net assets totaled ¥1,592.5 billion, down ¥679.3 billion year-on-year, owing mainly to the retirement of preferred shares.

Trust assets totaled ¥26,093.6 billion, a decrease of ¥616.0 billion compared with the results of the previous fiscal year.

The Great East Japan Earthquake that struck on March 11, 2011, right before the end of the relevant consolidated fiscal year, had only a limited effect on the results for the consolidated fiscal year, while costs such as provision for allowance for doubtful accounts related to the loans for the customers in the affected area are recorded as much as possible based on the information that was available during the limited period of time until the time we prepared the consolidated financial statements.

(Business Developments and Results of the Company)

As the bank holding company and the parent company of the Group companies including Resona Bank, Ltd., Saitama Resona Bank, Ltd., The Kinki Osaka Bank, Ltd. and others, the Company manages the overall Group through developing business strategies, allocating management resources and managing operations.

The fiscal year ended March 31, 2011 was an important year in which we actively took initiatives to build a base for switching the focus of our capital strategy from "Repayment of Public Funds" to "Enhancement of Shareholder Value". Specifically, we began repaying preferred shares issued under the Deposit Insurance Act (hereafter, "the DIA Preferred Shares") in August 2010. We then secured funds for repayment by February 2011 through public offering of ordinary shares (a total issue price of ¥547.7 billion) in accordance with the "Resona Capital Restructuring Plan" formulated in November 2010. Subsequently, we made an additional repayment in March 2011 using the proceeds from the offering and the retained earnings of the Company. Through a series of such capital strategies, we repaid the DIA Preferred Shares worth a total of ¥1,213.5 billion (the amount on an issue price basis) and made a major step forward in (1) achieving a major reduction in dilution in ordinary shares, (2) presenting a clear roadmap towards full repayment of public funds, and (3) developing a strong financial base focused on ordinary shares in view of new capital adequacy requirements under Basel III.

On a non-consolidated basis, the Company recorded ordinary income of ¥23.3 billion and net income of ¥26.2 billion.

In consideration of the operating results above and in response to a request from ordinary shareholders, we will increase the annual ordinary dividend by 20% effective the fiscal year ended March 31, 2011 from ¥10 to ¥12 per share (the respective dividend payouts will continue to be made for preferred shares).

(Issues to be Addressed by the Corporate Group)

Aiming to become a "True Retail Bank", the Group announced a new "Business Revitalization Plan" in November 2010. Based on this new plan, we will exert "Trust Banking Functions" as one of the core differentiation strategies in addition to "Area Management", "Alliances" and "Operational Reform". In this way, we will materialize the proprietary business model of "Resona", which aims simultaneously at providing advanced services closely linked to local communities and demonstrating cost competitiveness based on cost advantages. At the same time, we will strive to make "Resona" a "smart", customer-friendly "True Retail Bank" by continuing to strive to establish a "Distinctive Resona Style" (creating a new corporate culture, striving to become the most trusted company, and focusing on individuals), which underlies Resona's business model.

In aiming to become a "True Retail Bank", the Group is determined to pursue the following primary management objectives.

(i) Selection and Concentration of Business Domains

The Group will further deepen the existing strategy of "Business-domain Selection and Concentration" (priority areas and businesses) and pursue the following five priority strategies. In addition, through surely executing these strategies, we will organically combine the comprehensive functions of the Group in fully promoting "Cross-selling" activities to have customers use multiple services.

- Pursuing relationships closely linked to local communities

With the priority regions for the Group set as Osaka, Saitama and Tokyo, we will optimally allocate management resources in line with the characteristics of local communities and businesses based on market analyses of respective areas.

We will aim for area management that builds relationships with customers and conduct fine-tuned sales activities to provide services that go beyond customers' expectations. By so doing, we will aim to expand our market share.

- Demonstration of "Synergies between Retail and Trust"

Having defined our core differentiation strategy as "Exerting Trust Functions", we will implement unique business models to provide optimal solutions built on our retail base and trust functions combined, to accommodate customers' increasingly diverse and sophisticated management challenges.

- Aiming to be the No. 1 provider of financial products and loans

We will focus on reinforcing our capability to provide optimal financial products (insurance and investment trusts) and loans by fully leveraging our alliances to respond effectively to the individual customer's diverse asset management and fund raising needs at various lifetime events, and implementing local community-oriented, consulting-based sales. Through these efforts, we will strive to become the No. 1 provider of financial products and loans.

- Establishment of a brand for asset and business succession planning

We will make use of the comprehensive trust functions of Resona Bank, Ltd. to propose fine-tuned plans on will trusts and estate planning to individual customers, while recommending business succession plans to company owners in responding effectively and thoroughly to the needs of each and every customer.

- Expansion of corporate business base by exerting comprehensive strength

The Group will work to promptly provide optimal solutions that utilize Resona's comprehensive financial functions by strengthening our relationships with corporate customers and accurately recognizing their management issues.

(ii) Establishment of Distinctive Resona Style

The Group will consistently concentrate its efforts on "Creating a New Corporate Culture", "Focusing on Individuals", and "Striving to Become the Most Trusted Company", in establishing a distinctive Resona style as a financial services company that is not bound by traditional customs and practices to become a leader in retail banking.

(iii) Resona Capital Restructuring Plan

In the aim to win greater trust as a "True Retail Bank", the Group announced the "Resona Capital Restructuring Plan" (hereafter, "the Plan") in November 2010. Based on the Plan, we will take steps in repaying public funds, responding to the stricter capital adequacy requirements ("Basel III") and implementing dividend strategies. At the same time, we will shift the focus of our capital strategy from "Repayment of Public Funds" to "Enhancement of Shareholder Value".

As described in "Business Developments and Results of the Company" above, we have secured funding for repayment through public offering of ordinary shares, made partial repayment of the DIA Preferred Shares using the funds procured and retained earnings of the Company, and increased the annual ordinary dividend by 20% to ¥12 yen per share from ¥10. This completes the first step of the Plan.

Future measures and policies related to the Plan are as follows.

A. Mid-to-long term dividend policy

Effective the fiscal year ended March 31, 2011, we have set the annual dividend at ¥12 per share. The Group adopts the basic policy of pursuing management reforms aimed at enhancing corporate value and restraining outflow of revenue by placing higher priority on accumulating retained earnings to realize early repayment of public funds. In addition, we will continue to stably distribute dividends going forward. We plan on clarifying our dividend policy including the target level of the payout ratio upon fully repaying the DIA Preferred Shares.

B. Policy on future repayment of public funds

a) Preferred shares under the Deposit Insurance Act (DIA Preferred Shares)

We will repay the remaining ¥450 billion (amount on an issue price basis) by building up retained earnings going forward. The specific repayment date will be flexibly and proactively determined in consideration of factors such as the stricter capital adequacy requirements.

b) Ordinary shares issued under the Deposit Insurance Act

Intending to place higher priority on repayment of the DIA Preferred Shares, we do not plan to propose an offering for the outstanding ¥261.6 billion (amount on an issue price basis) for the time being.

c) Preferred shares under Act on Emergency Measures for Early Strengthening of Financial Functions (Class C and Class F Preferred Shares)

Ordinary shares to be issued in the event of an automatic acquisition (automatic conversion) are already being held as treasury shares, and hence we do not expect to see any increase in the number of shares issued.

C. Policy on responding to the stricter capital adequacy requirements ("Basel III")

In order to consistently pursue strategies to become a "True Retail Bank" primarily in Japan, the Group will continue to apply the domestic standard (second standard) on capital adequacy requirements for the time being. However, we will manage our capital with the awareness for the uniform international standard (first standard) to secure sound capital adequacy. As a bank adopting the domestic standard, we will aim to strengthen our capability to provide the best services to customers engaged in overseas business activities by making use of our current global network and alliances.

(2) Operating Performance of the Corporate Group and the Company

A. Operating performance of the Corporate Group

(Billions of yen)

	FY2007	FY2008	FY2009	FY2010
Consolidated ordinary income	1,114.4	979.2	875.1	859.8
Consolidated ordinary profit	233.7	114.4	152.3	210.2
Consolidated net income	302.8	123.9	132.2	160.0
Consolidated net assets	2,524.6	2,178.0	2,271.8	1,592.5
Consolidated total assets	39,916.1	39,863.1	40,743.5	42,706.8

Note: Amounts less than one hundred million yen have been rounded down.

B. Operating performance of the Company

(Billions of yen)

	FY2007	FY2008	FY2009	FY2010
Operating income	600.4	185.5	39.0	31.3
Dividends from subsidiaries and affiliates	593.8	178.4	32.0	24.7
Subsidiaries in the banking business	593.7	178.4	32.0	24.7
Other subsidiaries	0	0	—	0
Net income	624,674 million yen	174,105 million yen	34,979 million yen	26,223 million yen
Net income per share	51,933.83 yen	120.97 yen	1.33 yen	-25.17 yen
Total assets	2,227.9	2,028.3	1,809.1	1,260.2
Shares of subsidiaries in the banking business, etc.	1,092.3	1,092.3	1,092.3	1,092.3
Shares of other subsidiaries, etc.	18.9	15.8	26.6	30.0

Notes:

1. Amounts less than the specified unit have been rounded down.
2. The Company split its ordinary shares and preferred shares at a ratio of 100-for-1 respectively, effective January 4, 2009. The per-share information assumes that the share split took place at the beginning of the fiscal year ended March 31, 2009.
3. Net income per share was derived by deducting from net income, the amount of dividends on preferred shares for the period and the amount of retirement difference associated with the preferred shares and dividing the result by the average number of ordinary shares issued during the period (excluding the average number of treasury shares during the period).

(3) Employees of the Corporate Group

A. Number of employees of the Corporate Group

	As of March 31, 2011		As of March 31, 2010	
	Banking and trust banking business	Other businesses	Banking and trust banking business	Other businesses
Number of employees	16,561	380	16,385	371

Note: Figures represent the number of employees on duty.

B. Number of employees of the Company

	As of March 31, 2011	As of March 31, 2010
Number of employees	536	508
Average age	42 years and 11 months	42 years and 7 months
Average number of years of employment	18 years and 6 months	18 years and 8 months
Average monthly salary	527 thousand yen	541 thousand yen

Notes:

1. All employees of the Company have been seconded from Resona Bank, Ltd., Saitama Resona Bank, Ltd., The Kinki Osaka Bank, Ltd. and eight other companies.
2. "Average age" and "average monthly salary" do not include data on employees seconded from companies other than Resona Bank, Ltd., Saitama Resona Bank, Ltd. and The Kinki Osaka Bank, Ltd. "Average number of years of employment" include the average number of years of employment also at Resona Bank, Ltd., Saitama Resona Bank, Ltd. and The Kinki Osaka Bank, Ltd. respectively prior to the seconding.
3. "Average age," "average number of years of employment" and "average monthly salary" are presented with amounts less than the specified unit respectively rounded down.
4. "Average monthly salary" represents the average salary for March including overtime and does not include bonus.

(4) Principal Sales Offices of the Corporate Group

A. Principal sales offices of the Corporate Group

(i) Banking and trust banking business

Resona Bank, Ltd.	Osaka Office, Tokyo Office and 321 other offices (322 offices as of March 31, 2010)
Saitama Resona Bank, Ltd.	Saitama Office and 131 other offices (132 offices as of March 31, 2010)
The Kinki Osaka Bank, Ltd.	Head Office and 127 other offices (136 offices as of March 31, 2010)

(ii) Other businesses

Resona Kessai Service Co., Ltd.	Head Office and four other offices
Resona Card Co., Ltd.	Head Office and one other office
Resona Capital Co., Ltd.	Head Office and one other office

b. Offices of the Company

Name of Office	Location	Date Established
Tokyo Head Office	Fukagawa Gatharia W2 Bldg. 5-65, Kiba 1-Chome, Koto-ku, Tokyo	May 6, 2010
Osaka Head Office	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka	December 12, 2001

Note: Tokyo Head Office was relocated from Otemachi, Chiyoda-ku, Tokyo on May 6, 2010.

(5) Capital Investment by the Corporate Group

A. Total capital investment

(Millions of yen)

	Banking and trust banking business	Other businesses
Total capital investment	27,525	314

Note: Amounts less than 1 million yen have been rounded down.

B. Principal new establishments

(Millions of yen)

	Description	Amount
Banking and trust banking business	Installation and renewal of software	15,185
	Establishment of head office facilities (Tokyo Head Office of Resona Bank)	2,803
	Establishment of new branches (Sayama branch of Saitama Resona Bank and others)	861
	Sales or demolition of branches ((Former) Akamon Dori branch of Resona Bank and others)	
	Total	18,850

Note: Amounts less than 1 million yen have been rounded down.

(6) Principal Status of Parent Company, Subsidiaries and Affiliates

A. Parent Company

Not applicable

B. Subsidiaries and affiliates

Name of Company	Location	Principal Operations	Date Established	Capital (Millions of yen)	Company's Voting Rights Ratio in Subsidiary/Affiliate (%)	Dividends to the Company (Millions of yen)
Resona Bank, Ltd.	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka	Banking and trust banking business	May 15, 1918	279,928	100.00	23,903
Saitama Resona Bank, Ltd.	4-1, Tokiwa 7-Chome, Urawa-ku, Saitama	Banking business	August 27, 2002	70,000	100.00	7
The Kinki Osaka Bank, Ltd.	4-27, Shiromi 1-Chome, Chuo-ku, Osaka	Banking business	November 24, 1950	38,971	100.00	842
Resona Guarantee Co., Ltd.	13-10, Tokiwa 10-Chome, Urawa-ku, Saitama	Credit guarantee	May 8, 1975	14,000	100.00 (49.02)	—
Daiwa Guarantee Co., Ltd.	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka	Credit guarantee	July 23, 1969	6,000	100.00 (100.00)	—
Kinki Osaka Shinyo Hosho Co., Ltd.	7-6, Bingomachi 1-Chome, Chuo-ku, Osaka	Credit guarantee	March 17, 1995	6,397	100.00 (100.00)	—
Resona Kessai Service Co., Ltd.	10-5, Nihonbashi Kayabacho 1-Chome, Chuo-ku, Tokyo	Factoring	October 25, 1978	1,000	100.00	—
Resona Servicer Co., Ltd.	5-6, Kudan Minami 1-Chome, Chiyoda-ku, Tokyo	Servicer	October 25, 2000	500	100.00	—
Resona Card Co., Ltd.	2-20, Toyo 2-Chome, Koto-ku, Tokyo	Credit card administration and credit guarantee	February 12, 1983	1,000	77.58	18
Resona Capital Co., Ltd.	10-5, Nihonbashi Kayabacho 1-Chome, Chuo-ku, Tokyo	Venture capital business	March 29, 1988	10,649	100.00	—
Resona Research Institute Co., Ltd.	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka	Consulting business	October 1, 1986	100	100.00	—
Resona Business Service Co., Ltd.	25-11, Ueno 5-Chome, Taito-ku, Tokyo	Back office and other entrusted operations, personnel dispatch	October 2, 1987	60	100.00	—

Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	Banking and trust banking business	June 20, 2000	51,000	33.33 (33.33)	—
P.T. Bank Resona Perdania	JL.Jend.Sudirman Kav. 40-41, Jakarta, Indonesia	Banking business	February 15, 1956	285 billion Indonesian Rupiah (¥2,707 million)	43.41 (43.41)	—

Notes:

1. Amounts less than 1 million yen have been rounded down.
2. The yen amount of capital was computed using the foreign exchange rate as of the fiscal closing date.
3. “Company’s voting rights ratio in subsidiary/affiliate” is presented with the figure rounded down to the nearest two decimal points.
4. The figure in parenthesis under “Company’s voting rights ratio in subsidiary/affiliate” is inclusive and represents the ratio of voting rights indirectly held by the Company.
5. Resona H.R. Support Co., Ltd. and Resona Business Service Co., Ltd., subsidiaries of the Company, merged effective April 1, 2010 with Resona H.R. Support Co., Ltd. as the succeeding company, and the name of the company was changed to Resona Business Service Co., Ltd.
6. Japan Trustee Services Bank, Ltd. and Japan Trustee Information Systems, Ltd., affiliates of the Company accounted for under the equity method, merged effective October 1, 2010 with Japan Trustee Services Bank, Ltd. as the succeeding company.

(7) Principal Lenders

Lender	Loan Balance	Investment in the Company	
		Number of Shares in Holding	Voting Rights Ratio
Resona Bank, Ltd.	Million yen 270,000	—	—

(8) Business Transfers

Not applicable

(9) Other Principal Matters Relating to the Status of the Corporate Group

Not applicable

2. Matters Relating Directors and Executive Officers of the Company

(1) Directors and Executive Officers

(As of March 31, 2011)

Name	Position & Role	Key Concurrent Responsibilities	Other
Eiji Hosoya	Director, Chairman and Representative Executive Officer	Chairman and Director of Resona Bank, Ltd.; Outside Director of Ricoh Company, Ltd.	
Seiji Higaki	Director, President and Representative Executive Officer	Representative Director and Executive Officer of Resona Bank, Ltd.	
Kazuhiro Higashi	Director, Deputy President and Executive Officer; in charge of Group Strategy Division* and Corporate Governance Office	Executive Officer of Resona Bank, Ltd.	
Kaoru Isono	Director		
Shotaro Watanabe	Outside Director	Outside Director of Resona Bank, Ltd.; Outside Corporate Auditor of Fujicco Co., Ltd.	
Kunio Kojima	Outside Director	Adviser of Japan Securities Finance Co., Ltd.; Outside Director of Mitsui O.S.K. Lines, Ltd.; Outside Director of JBIS Holdings, Inc.	
Hideo Iida	Outside Director	Lawyer (Visiting Lawyer of Okuno & Partners); Outside Corporate Auditor of Eco's Co., Ltd.; Outside Corporate Auditor of Bunka Shutter Co., Ltd.	
Tsutomu Okuda	Outside Director	Chairman & CEO of J. Front Retailing Co., Ltd.; Outside Director of Osaka Securities Exchange Co., Ltd.	
Yuko Kawamoto	Outside Director	Professor of Waseda Graduate School of Finance, Accounting and Law; Outside Director of Osaka Securities Exchange Co., Ltd.; Outside Director of Monex Group, Inc.; Outside Corporate Auditor of Tokio Marine Holdings, Inc.; Outside Director of Yamaha Motor Co., Ltd.	

Shusai Nagai	Outside Director	Outside Director of Saitama Resona Bank, Ltd.; Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School	
Naoki Iwata	Executive Officer; in charge of Group Strategy Division (corporate management of Resona Bank, Ltd.)	Representative Director, President and Executive Officer of Resona Bank, Ltd.	
Masahito Kamiyo	Executive Officer; in charge of Group Strategy Division (corporate management of Saitama Resona Bank, Ltd.)	Representative Director and President of Saitama Resona Bank, Ltd.	
Shigeharu Nakamura	Executive Officer; in charge of Corporate Communications Division and Human Resources Division	Representative Director, Deputy President and Executive Officer of Resona Bank, Ltd.	
Kazuyoshi Ikeda	Executive Officer; in charge of Operational Reform Division, Purchasing Strategy Division and Information Technology Planning Division	Managing Executive Officer of Resona Bank, Ltd.; Outside Director of Saitama Resona Bank, Ltd.	
Koichi Matsui	Executive Officer; in charge of Risk Management Division and Credit Risk Management Division	Executive Officer of Resona Bank, Ltd.	
Hisashi Saito	Executive Officer; in charge of Compliance Division	Managing Executive Officer of Resona Bank, Ltd.	
Makoto Nomura	Executive Officer; Manager of Financial Accounting Division; in charge of Group Strategy Division (Finance, Group ALM and IR)		
Hajime Yoshitake	Executive Officer; Manager of Internal Audit Division	Outside Director of The Kinki Osaka Bank, Ltd.	

Notes:

1. *Excludes roles in Finance, Group ALM and IR in the Group Strategy Division.
2. Eiji Hosoya, Seiji Higaki and Kazuhiro Higashi each serve concurrently as an executive officer.
3. Hiroyuki Kizawa, Executive Officer, resigned effective June 25, 2010 at the expiry of his term of

office. As of the said date, he served as Director and Senior Managing Executive Officer of Resona Bank, Ltd. and as of March 31, 2011, he continues to hold that post in the Bank.

4. Yoshihito Kikyo, Executive Officer in charge of the Group Strategy Division (corporate management of The Kinki Osaka Bank, Ltd.) resigned as of March 31, 2011. As of the same date, he resigned as Representative Director, President and Executive Officer of The Kinki Osaka Bank, Ltd., and assumed the post of Director and Executive Officer as of April 1, 2011.
5. As of April 1, 2011, Hiroyuki Ikeda assumed the post of Executive Officer in charge of the Group Strategy Division (corporate management of The Kinki Osaka Bank, Ltd.). Also as of the same date, he assumed the post of Representative Director, President and Executive Officer of The Kinki Osaka Bank, Ltd.
6. As of April 1, 2011, Kazuhiro Higashi assumed the post of Director, Deputy President and Representative Executive Officer.
7. The members of each committee are as follows (these members were appointed at the meeting of the Board of Directors on June 25, 2010 and assumed their positions):

Nomination Committee:

Shusai Nagai (Chairman) Shotaro Watanabe Eiji Hosoya

Audit Committee:

Kunio Kojima (Chairman) Hideo Iida Kaoru Isono

Compensation Committee:

Tsutomu Okuda (Chairman) Yuko Kawamoto Eiji Hosoya

(2) Remuneration of Directors

Remuneration of directors for the fiscal year ended March 31, 2011

(Number of persons; millions of yen)

Classification	No. of Officers	Total Amount of Remuneration	
		Basic Compensation	Performance-Based Compensation
Director	7	81	3
Executive Officer	10	137	58
Total	17	219	61

Notes:

1. Amounts less than 1 million yen have been rounded down.
2. The above includes one executive officer who resigned as of June 25, 2010.
3. There were 10 directors and 11 executive officers as of March 31, 2011, with 3 individuals holding concurrent positions as director and executive officer.
4. Individuals holding concurrent positions as director and executive officer are not paid the portion of compensation for the director. An executive officer holding a concurrent position as a representative director and president of a subsidiary bank is not given the portion of compensation for an executive officer.

5. Basic compensation includes the fixed compensation based on position and the additional fixed portion based on duty.
6. There is no provision of share-based compensation.
7. No director receives \100 million or more in total consolidated remuneration.

Policy for Determination of Individual Remuneration, etc. for Directors and Executive Officers

1. The Compensation Committee defines the policy on determining individual remuneration for directors and executive officers of the Company as follows and decides on the remuneration amounts based on this policy.

Remuneration for directors and executive officers of the Company shall be structured to include performance-based compensation with the aim of increasing motivation to raise corporate value and to clarify accountability.

Furthermore, remuneration for executive officers shall be structured to include share-based compensation with the aim of increasing motivation to achieve sustainable growth of the Group and enhance shareholder value on a mid-to-long-term basis (introduced in June 2010.)

(1) Compensation system for directors

Remuneration for directors consists of fixed compensation based on position, variable compensation based on performance and additional fixed compensation based on duty.

In order to ensure sound supervision over executive officers, the ratio of position-based compensation and performance-based compensation (standard amount) is set at 95 to 5, with higher weight placed on position-based compensation.

(i) Position-based compensation (fixed compensation)

Position-based compensation is provided in accordance with the magnitude of the responsibility by position.

(ii) Performance-based compensation (variable compensation)

Performance-based compensation of a director is provided based on the operating results of the Company for the previous fiscal year.

(iii) Additional duty-based compensation (fixed compensation)

Each outside director serving as a member of the Nomination Committee, Compensation Committee or Audit Committee is paid an additional portion based on the respective duty of a member.

(2) Compensation system for executive officers

Remuneration of executive officers consists of fixed compensation based on position, variable compensation based on performance and share-based compensation.

In order to maintain and increase motivation to fully carry out business, the ratio between position-based compensation and performance-based compensation (standard amount) is set at 60 to 40, with a suitably enhanced percentage of the performance-based compensation.

(i) Position-based compensation (fixed compensation)

Position-based compensation is provided in accordance with the magnitude of the responsibility by position.

(ii) Performance-based compensation (variable compensation)

Performance-based compensation of an executive officer is provided based on the operating results of the Company and the personal performance in the previous fiscal year.

(iii) Share-based compensation (variable compensation) (introduced in June 2010)

In the event income before income taxes of the previous fiscal year under the medium-term management plan exceeds a certain level, share-based compensation is provided for the purpose of acquiring shares of the Company. An executive officer receiving this compensation acquires the shares of the Company by contributing a certain amount to the Directors' Shareholding Association on a monthly basis, and holds the shares for up till one year after retirement from his or her position.

A certain amount of each type of compensation is paid by cash on a monthly basis.

Any officer holding concurrent positions as a director and executive officer is given only the portion of compensation for an executive officer.

An executive officer holding a concurrent position as a representative director and president of a subsidiary bank is not given the portion of compensation for an executive officer.

The retirement benefit plan for directors and executive officers was terminated effective June 25, 2004.

3. Matters Relating to Outside Directors

(1) Concurrent positions and other status of outside directors

Name	Concurrent Positions and Other Status
Shotaro Watanabe	Outside Director of Resona Bank, Ltd.* Outside Corporate Auditor of Fujicco Co., Ltd.
Kunio Kojima	Adviser of Japan Securities Finance Co., Ltd. Outside Director of Mitsui O.S.K. Lines, Ltd. Outside Director of JBIS Holdings, Inc.
Hideo Iida	Lawyer (Visiting Lawyer of Okuno & Partners) Outside Corporate Auditor of Eco's Co., Ltd. Outside Corporate Auditor of Bunka Shutter Co., Ltd.
Tsutomu Okuda	Chairman & CEO of J. Front Retailing Co., Ltd. Outside Director of Osaka Securities Exchange Co., Ltd.
Yuko Kawamoto	Professor of Waseda Graduate School of Finance, Accounting and Law Outside Director of Osaka Securities Exchange Co., Ltd. Outside Director of Monex Group, Inc. Outside Corporate Auditor of Tokio Marine Holdings, Inc. Outside Director of Yamaha Motor Co., Ltd.
Shusai Nagai	Outside Director of Saitama Resona Bank, Ltd.* Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School

Notes:

1. *Resona Bank, Ltd. and Saitama Resona Bank, Ltd. are wholly owned subsidiaries of the Company.
2. There are no business relationships to note between other principal companies in which the directors hold concurrent positions, and the Company.
3. The above six outside directors are not related to executive officers and directors of the Company or the specified related business operators of the Company.
4. The above six outside directors are independent director(s)/auditor(s) under the provisions of the Tokyo Stock Exchange and the Osaka Stock Exchange.

(2) Principal Activities of Outside Directors

Outside directors provide timely and appropriate comments on the management of the Company based on broad perspectives at meetings of Board of Directors, etc.

Name	Period in Office	Attendance at Meetings of Board of Directors, etc.	Comments at the Meetings of Board of Directors and Other Activities
Shotaro Watanabe	7 years and 9 months	Attended 20 of the 20 meetings of the Board of Directors in FY2010. Attended four of the four Nomination Committee meetings in FY2010.	Originally from the manufacturing industry with many years of experience in corporate management, Shotaro Watanabe actively offers opinions and advice across a wide spectrum of areas focusing particularly on management accounting and business management innovation.
Kunio Kojima	5 years and 9 months	Attended 20 of the 20 meetings of the Board of Directors in FY2010. Attended two of the two Compensation Committee meetings prior to retirement. Attended 10 of the 10 Audit Committee meetings after assuming office.	As an expert in finance with a wealth of experience in management, Kunio Kojima proactively offers opinions and advice across a wide spectrum of areas focusing namely on financial markets and management reform.
Hideo Iida	4 years and 9 months	Attended 20 of the 20 meetings of the Board of Directors in FY2010. Attended 13 of the 13 Audit Committee meetings in FY2010.	As a legal specialist with a wealth of knowledge and experience, Hideo Iida actively offers opinions and advice across a wide spectrum of areas focusing namely on legal affairs and compliance.
Tsutomu Okuda	4 years and 9 months	Attended 19 of the 20 meetings of the Board of Directors in FY2010. Attended three of the three Compensation Committee meetings in FY2010.	With a wealth of insight and experience as management in the retail sector, Tsutomu Okuda proactively offers opinions and advice across a wide spectrum of areas focusing particularly on business management innovation and sales strategies.
Yuko Kawamoto	4 years and 9 months	Attended 17 of the 20 meetings of the Board of Directors in FY2010. Attended three of the three Audit Committee meetings prior to retirement. Attended one of the one Compensation Committee meeting after assuming office.	As an expert in finance with a wealth of knowledge and experience, Yuko Kawamoto proactively offers opinions and advice across a wide spectrum of areas focusing namely on corporate culture enhancement and financial strategies.
Shusai Nagai	4 years and 9 months	Attended 15 of the 20 meetings of the Board of Directors in FY2010. Attended two of the four Nomination Committee meetings in FY2010.	As an expert in finance with a wealth of knowledge and experience, Shusai Nagai proactively offers opinions and advice across a wide spectrum of areas focusing particularly on comprehensive risk management and earnings management.

Notes:

1. "Period in office" represents the period from the day on which the outside director assumed office to March 31, 2011, with any period of less than one month omitted.
2. There is no written resolution that assumes a Board resolution based on Article 370 of the Companies Act was reached.

(3) Liability Limitation Agreement

The Company has entered into an agreement with outside directors, Shotaro Watanabe, Kunio Kojima, Hideo Iida, Tsutomu Okuda, Yuko Kawamoto and Shusai Nagai respectively, which limits the outside directors' indemnity liability under Article 423, Paragraph 1 of the Companies Act to the aggregated amounts provided for in each of the items of Paragraph 1 in Article 425 of the Companies Act.

(4) Remuneration for Outside Directors

(Number of persons; millions of yen)

Number of Directors	Total Amount of Remuneration	
	Basic Compensation	Performance-Based Compensation
6	59	2

Notes:

1. Amounts less than 1 million yen have been rounded down.
2. “Basic compensation” includes fixed compensation based on position and the additional fixed portion based on duty.
3. Remuneration, etc. for outside directors from subsidiaries are as follows.

Number of directors paid: 2

Amount of remuneration, etc.: \14 million

4. Information on Shares of the Company

(1) Number of Shares

Total number of authorized shares

Ordinary Shares	7,300,000 thousand shares
Preferred Shares	901,780 thousand shares
(including Class C Preferred Shares:	12,000 thousand shares)
(including Class F Preferred Shares:	8,000 thousand shares)
(including Class 1 Preferred Shares:	275,000 thousand shares)
(including Class 2 Preferred Shares:	281,780 thousand shares)
(including Class 3 Preferred Shares:	275,000 thousand shares)
(including Class 4 Preferred Shares:	10,000 thousand shares)
(including Class 5 Preferred Shares:	10,000 thousand shares)
(including Class 6 Preferred Shares:	10,000 thousand shares)
(including Class 7 Preferred Shares:	10,000 thousand shares)
(including Class 8 Preferred Shares:	10,000 thousand shares)

Total number of issued shares

Ordinary Shares	2,514,957 thousand shares
Preferred Shares	254,520 thousand shares
(including Class C First Issue Preferred Shares:	12,000 thousand shares)
(including Class F First Issue Preferred Shares:	8,000 thousand shares)
(including Class 3 First Issue Preferred Shares :	225,000 thousand shares)
(including Class 4 Preferred Shares:	2,520 thousand shares)
(including Class 5 Preferred Shares:	4,000 thousand shares)
(including Class 6 Preferred Shares:	3,000 thousand shares)

Notes:

1. Numbers of shares less than 1 thousand have been omitted for simplicity.
2. Effective August 31, 2010, the Company acquired 200,000 thousand shares of Class 1 First Issue Preferred Shares and cancelled all of these shares on the same day.
3. Effective January 31, 2011, 1,237,000 thousand shares of Ordinary Shares were issued through a public offering, etc.
4. Effective February 18, 2011, 63,000 thousand shares of Ordinary Shares were issued through a third-party allotment.
5. Effective March 11, 2011, the Company acquired 75,000 thousand shares of Class 1 First Issue Preferred Shares, 281,780 thousand shares of Class 2 First Issue Preferred Shares and 50,000 thousand shares of Class 3 First Issue Preferred Shares and cancelled all of these shares on the same day.

(2) Number of Shareholders as of March 31, 2011

Ordinary Shares	375,371 shareholders
Class C First Issue Preferred Shares	1 shareholder
Class F First Issue Preferred Shares	1 shareholder

Class 3 First Issue Preferred Shares	1 shareholder
Class 4 Preferred Shares	1 shareholder
Class 5 Preferred Shares	1 shareholder
Class 6 Preferred Shares	3 shareholders

Note: The number of shareholders of Ordinary Shares above includes 20,647 shareholders who only hold shares less than one unit.

(3) Principal Shareholders

(i) Ordinary Shares (top 10 shareholders)

Name of Shareholder	Investment in the Company	
	Number of Shares in Holding (Thousand shares)	Shareholding Ratio (%)
Deposit Insurance Corporation of Japan	503,262	20.53
Japan Trustee Services Bank, Ltd. (trust account)	93,854	3.82
The Master Trust Bank of Japan, Ltd. (trust account)	58,852	2.40
The Dai-ichi Life Insurance Company, Limited	55,241	2.25
GOLDMAN, SACHS & CO.REG	46,702	1.90
CACEIS BANK / CREDIT AGRICOLE SA	41,805	1.70
JP MORGAN CHASE BANK 380055	41,306	1.68
Japan Trustee Services Bank, Ltd. (trust account No. 9)	22,850	0.93
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	20,183	0.82
NOMURA SINGAPORE LIMITED CUSTOMER SEGREGATED A/C FJ-1309	19,978	0.81

Notes:

1. Numbers of shares less than 1 thousand have been omitted in the column of “number of shares in holding.”
2. “Shareholding ratio” was calculated by deducting treasury shares (64,179 thousand shares) and rounding down to the nearest two decimal points.
3. Of the shareholders above, Japan Trustee Services Bank, Ltd. has 340 thousand or 33.33% of its shares held by Resona Bank, Ltd.
4. According to the large-scale holding (revised) report dated March 11, 2011 issued by The Resolution and Collection Corporation and one other shareholder, Deposit Insurance Corporation of Japan held 511,039 thousand shares (shareholding ratio of 20.85%) as of March 8, 2011. However, the Company is unable to confirm the number of shares of substantial shareholders as of March 31, 2011, and hence the number of shares in holding

based on the shareholder register is recorded herein.

(ii) Class C First Issue Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
The Resolution and Collection Corporation	12,000 thousand	100.00%

(iii) Class F First Issue Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
The Resolution and Collection Corporation	8,000 thousand	100.00%

(iv) Class 3 First Issue Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
Deposit Insurance Corporation of Japan	225,000 thousand	100.00%

(v) Class 4 Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
Shinkin Trust Bank, Ltd. (trust account) No. 8260041	2,520 thousand	100.00%

(vi) Class 5 Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
The Dai-ichi Life Insurance Company, Limited	4,000 thousand	100.00%

(vii) Class 6 Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
Nippon Life Insurance Company	2,000	66.66
Meiji Yasuda Life Insurance Company	800	26.66
Daido Life Insurance Company	200	6.66

Note: Preferred Shares above are shown with any shares less than 1 thousand omitted, and the shareholding ratios have been rounded down to the nearest two decimal points.

(4) Other Important Share Information

Acquisition, sale and holding of treasury shares

(i) Acquisition of treasury shares

Ordinary Shares	12,386 shares
Total acquisition price	9,277 thousand yen

Notes:

1. The acquisition price is presented with amounts less than 1 thousand yen rounded down.
2. In addition to the above, the Company acquired the following preferred shares as treasury shares pursuant to the provisions of Article 157, Paragraph 1 of the Companies Act. The preferred shares acquired were entirely cancelled on the date of the acquisition.

Class 1 First Issue Preferred Shares

• Date of acquisition	August 31, 2010
Total number of acquired shares	200,000,000 shares
Total acquisition price	425,720,000,000 yen
• Date of acquisition	March 11, 2011
Total number of acquired shares	75,000,000 shares
Total acquisition price	160,095,000,000 yen

Class 2 First Issue Preferred Shares

• Date of acquisition	March 11, 2011
Total number of acquired shares	281,780,786 shares
Total acquisition price	610,618,963,262 yen

Class 3 First Issue Preferred Shares

• Date of acquisition	March 11, 2011
Total number of acquired shares	50,000,000 shares
Total acquisition price	111,250,000,000 yen

(ii) Disposal of treasury shares

Ordinary Shares	1,564 shares
Total amount of disposal	2,116 thousand yen

Note: The total amount of disposal is presented with amounts less than 1 thousand yen rounded down.

(iii) Treasury shares held as of March 31, 2011

Ordinary Shares	64,179,183 shares
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5. Matters Relating to the Accounting Auditor

(1) Status of Accounting Auditor

(Millions of yen)

Name	Remuneration, etc. Associated with the Fiscal Year Ended March 31, 2011	Other
Deloitte Touche Tohmatsu LLC Shigeru Furusawa, designated limited liability partner Masaru Kishino, designated limited liability partner Ayako Makino, designated limited liability partner	278	Services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Act • Guidance and advisory associated with the International Financial Reporting Standards (IFRS)

Notes:

1. Amounts less than 1 million yen have been rounded down.
2. Money and other profit to be paid by the Company and its subsidiaries amount to a total of ¥761 million.

(2) Liability Limitation Agreement

Not applicable.

(3) Other Matters Relating to the Accounting Auditor

A. Policy on determining dismissal or non-reappointment of the accounting auditor

In the event the accounting auditor is recognized to fall under any of the items in Paragraph 1 of Article 340 of the Companies Act, the Audit Committee will dismiss the accounting auditor based on unanimous consent from members of the Committee.

In addition to the above, we will primarily review the qualifications of the accounting auditor, the status of a system to ensure that the duties of the accounting auditor are carried out properly, and the eligibility as the accounting auditor of the Group and determine the proposal concerning dismissal or non-reappointment of the accounting auditor to be submitted to the general meeting of shareholders by also taking into account the reporting made by the accounting auditor and the executive officers of the Company and mutual understanding between the accounting auditor and the management of the Group including auditors of subsidiaries.

B. Policy on exercise of rights given to the Board of Directors as set forth in the Articles of Incorporation pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act

The Group adopts the basic policy of continuing to promote management reforms toward improving corporate value and placing a higher priority on accumulating retained earnings and restraining outflow of profits to realize prompt repayment of public funds. In consideration of the progress of the "Resona Capital Restructuring Plan" and the business results for the fiscal year ended March 31, 2011, we have increased the annual ordinary dividend for the said fiscal year by 20% (we will continue to

make the respective dividend distribution for preferred shares) to ¥12 per share from ¥10, and are determined to continue providing stable dividend distribution going forward.

With respect to the acquisition of treasury shares, we will exert efforts to secure an adequate level of capital and take action properly based on discussions with the respective authorities in order to manage appropriately our capital strategies toward repayment of public funds.

C. Audit of financial documents of principal subsidiaries and affiliates of the Company by certified public accountants or an accounting auditor other than the accounting auditor of the Company

The accounting auditor of P.T. Bank Resona Perdania for the fiscal year ended December 31, 2010 was Osman Bing Satrio & Rekan (member of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee).

6. System to Ensure Appropriateness of Operations

To establish a system that ensures appropriate operations and realize an internal control system befitting the Resona Group, the Company has established the "Basic Policies on Group Internal Control", which has been approved by the Board of Directors.

Overview of "Basic Policy on Group Internal Control"

(1) Statement

The Company and other companies of the Group seriously view the fact that the Group had to reinforce capital through injecting a massive amount of public funds. In order to prevent the recurrence of such a situation, the Group hereby formulates the Basic Policies on Group Internal Control (hereafter, the Basic Policies).

In accordance with the Basic Policies, the Group aims to establish an internal control system most befitting the Group and strives to manage and maintain control systems in optimal condition to ensure their efficacy, with a view to enhancing the Group's corporate value.

(2) Purpose of Internal Control (Basic Principles)

The Company and other companies of the Group adopt as the Group's basic principles, the fulfilling of the following four objectives in accordance with the generally accepted standards for evaluation of internal control systems.

(i) Enhancement of effectiveness and efficiency of operations

Promote enhancement of effectiveness and efficiency of operations for the purpose of ensuring soundness of business operations and improving corporate value.

(ii) Ensuring reliability of financial reporting

Exert efforts to ensure reliability of financial statements and information that can possibly have a material impact on financial statements for the purpose of attaining trust from investors and promoting transparency and fairness of information disclosure.

(iii) Legal and regulatory compliance

Adhere compliance with laws, regulations and other norms associated with the business activities in light of the public nature of the banking business and also with strong awareness for "Social Responsibility and Public Mission" of the Company and each of the Group companies. In addition, exert efforts to prevent and promptly detect any unauthorized actions.

(iv) Safeguarding of assets

Promote safeguarding of assets to ensure that acquisition, use and disposal of assets are appropriately performed and authorized, and pursue business activities based on the fundamental principles of exercising risk-taking suitable for management strength and earnings and promptly handling any inherent or expected losses, in light of the importance of managing risks in the banking business.

(3) Development of a Framework of Internal Control Systems (Basic Provisions)

In order to achieve the objectives of internal control, the Company shall develop a framework of internal control systems comprised of basic components: control environment, risk assessment and response, control activities, information and communication, monitoring, and response to information technology (IT), and make efforts to ensure the effectiveness of the framework. In accordance with this policy, the Company will ensure the "Resona Group Corporate Mission" is shared throughout the Group to serve as the foundation for the following basic guidelines, set forth to ensure appropriate operations of the Group.

- (i) Guidelines concerning a system to ensure that duties of executive officers and employees are executed in compliance with laws, regulations and the Articles of Incorporation

In order to ensure strict compliance with respective laws and regulations, the "Basic Compliance Policy" shall be defined, based on which the compliance system will be established and managed. In accordance with the Policy, a standard compliance structure is to be clearly identified and a compliance system is to be established by defining the roles of executive officers and employees. A compliance division shall be put in place to oversee legal and regulatory compliance, and the division reviews any matters requiring a certain degree of important decision-making and verify the lawfulness and other aspects of the matter in advance to ensure that duties executed by executive officers and employees are appropriate.

Furthermore, in order protect customers and enhance their convenience, the "Group Policy on Providing Explanations to Customers", "Group Policy on Customer Service Quality Management", "Basic Policy on Handling of Information", "Group Risk Management Policy", and "Group Policy on Conflicts of Interest Management" shall be defined. Based on these policies, the Group shall establish and operate appropriate and adequate controls to manage responses to inquiries and complaints from customers, handle customer information, administer customer data and responses to customers when outsourcing operations, and manage conflicts of interest.

- (ii) Guidelines concerning a system for retention and management of information relating to the execution of duties by executive officers

In order to ensure that information on execution of duties by executive officers is appropriately retained and managed, executive officers follow certain rules on areas including methods of retention and management of information under the "Regulations of Executive Officers," and ensure that the rules are strictly enforced. In addition, the "Basic Policy on Handling of Information" shall be set forth to ensure that handling, retention and management of information associated with the execution of duties by executive officers and employees is properly performed.

- (iii) Guidelines concerning management of risk that may cause losses and other related controls

In order to establish a risk management system for the Company and each of the Group companies, the "Group Risk Management Policy" shall be formulated and a risk management division shall be established for comprehensively managing various risks. The risk management division is to exercise comprehensive risk management by overseeing the category-specific risk management performed by each risk managing department.

In addition, to secure adequate levels of capital and capital adequacy ratio, the "Basic Policy on Group Capital Management" is to be formulated so as to establish an effective system to manage capital.

Furthermore, the "Basic Policy on Group Crisis Management" shall be established based on which proper crisis management controls are to be established and exercised even under normal conditions. In this way, even in the event any risk identified materializes due to a disaster, system failure or other cause and expands beyond the scope of risk

management and develops into a crisis, it will be possible to promptly respond and take risk-mitigating measures to quickly restore the operations (continuation or recovery of operations).

(iv) Guidelines concerning a system to ensure that duties of executive officers are carried out efficiently

The “Regulations on Segregation of Duties” and “Regulations of Executive Officers” relating to executive officers and the organizational structure shall be formulated to clearly define the scope of coverage, roles and authority, and responsibilities of each organ, and a system shall be put in place to ensure duties are executed properly and efficiently. In addition, the “Regulations of the Board of Directors” and other internal regulations on important meetings are defined to secure a system to ensure that decisions are made properly and efficiently.

(v) Guidelines concerning a system to ensure that operations of the Corporate Group, consisting of the Company and all Group companies, are executed appropriately

The Company and each company of the Group shall, based on the “Resona Group Corporate Mission”, endeavor to win trust from customers, accept challenges in pursuing innovation, secure transparency of management, and contribute to the development of local communities, and set forth the following policies, aiming to ensure appropriate operations of the corporate group.

(1) In accordance with the “Group Business Management Regulations” separately defined, the Company shall manage the businesses of Group companies, aiming to maximize the corporate value of the Group. Operationally, business management standards are to be established, and matters requiring adequate discussions in advance between the Company and each of the Group companies and those that must be reported by Group companies to the Company shall be defined.

(2) The Company shall set forth the “Basic Policy on Information Disclosure and Financial Reporting” and promote fair, timely and appropriate information disclosure and reliable financial reporting while also maintaining effectiveness of controls on information disclosure including internal control over financial reporting in the Company and each company of the Group.

(3) The Company shall formulate the “Basic IT Policy regarding IT”, which is the source of competitiveness that helps the Company and other Group companies enhance their corporate value, and exert efforts to ensure that IT functions including the effectiveness of internal control is continuously and appropriately maintained and that the practicability of IT strategies is secured.

(4) In order to put in place an internal audit system in the Company and each of the Group companies, the “Basic Policy on Group Internal Audit” shall be formulated, and internal audit departments independent of business operations departments must be established. The internal audit departments shall examine and evaluate the status of execution of various business activities of the Company and Group companies respectively and promote improvements as necessary.

(vi) Guidelines concerning employees to assist the duties of the Audit Committee

The Company establishes the Office of Audit Council as a unit directly reporting to the Audit Committee, and also formulates the “Regulations Concerning Assistants to the Operations of the Audit Committee” and has employees

assisting the duties of the Audit Committee belong to the Office. Employees with the sufficient expertise to properly validate the various operations shall be assigned to the Office of Audit Council.

Regulations on the operations of the Office shall be separately defined by the Audit Committee.

(vii) Guidelines to ensure the independence of employees in the preceding paragraph from executive officers

In order to secure the independence of employees serving as assistants in the preceding paragraph from executive officers, the “Regulations Concerning Assistants to the Operations of the Audit Committee” provided in the preceding paragraph shall define, with regard to transfers and other activities of the employees, that discussions are to be held in advance with the Audit Committee or the Office of Audit Council.

Executive officers must exercise due care so as not to unfairly place any restriction on the said discussions or the execution of operations of the aforementioned employees.

(viii) Guidelines concerning a system for executive officers and employees to report to the Audit Committee and other reporting to the Audit Committee

All executive officers and employees shall abide by the “Regulations Concerning Reporting to the Audit Committee” and report in writing or orally to the Audit Committee any incident that has or may have material damage on the Company or Group companies, a situation that may considerably impair the credibility of the Group, a major deficiency or problem concerning the framework or procedures of internal control, a legal or regulatory violation or unfair act, and any other similar incidents.

Notwithstanding the aforementioned, the Audit Committee may, if deemed necessary, request an executive officer or an employee to report at any time.

(ix) Guidelines concerning a system to ensure that audits by the Audit Committee are conducted effectively

To ensure that audits by the Audit Committee are effectively performed, internal audit departments shall report the results of internal audits and of the status of improvements based on the comments calling for improvements to the Audit Committee in accordance with the “Basic Policy on Group Internal Audit” separately provided. Departments associated with internal control, such as internal audit, finance and accounting, risk management, and legal and regulatory compliance, shall promote smooth mutual understanding and collaboration with the Audit Committee.

7. Other

Not applicable.