Overview of the “Business Revitalization Plan”

-Aiming at Becoming No.1 Retail Bank-

February 2015

Resona Holdings, Inc.

I. Introduction

As a sincere response to the capital infusion of public funds, the Resona Group (hereinafter, the "Group") has made group-wide efforts in the Resona reforms with a focus on governance reforms, customer-oriented service reforms and drastic financial reforms in order to achieve early business revitalization and transform itself into a financial group that is truly valuable for the Japanese economy.

With regard to the public funds which have supported the Group's business revitalization and growth, we had previously announced our plan to fully repay the public funds in the fiscal year ending March 2018 within the "Public Funds Full Repayment Plan" (hereinafter, the "Full Repayment Plan") published in May 2013. However, in light of our strong current business results and other factors, we have decided to make full repayment of public funds promptly after the 14th annual shareholders' meeting scheduled to be held in June 2015 subject to the approval of shareholders at the said meeting.

In order to further strengthen our response to various changes in our operating environment while reexamining our measures over the past decade or so, we also announce our new "Business Revitalization Plan for the Period ending March 2018" (hereinafter, the "New Plan"). The New Plan presents our renewed resolution for and the direction of medium- to long-term growth as the Group's "shift in mindset toward aggressive management" for the next decade, looking ahead at the years following our full repayment of public funds.

We would like to take this opportunity to express our sincere appreciation for the tremendous support and cooperation of the Japanese people, our customers and shareholders that we have received over many years. The Group continues to aim to become a financial service group that is the most trusted by customers in the region while upholding our basic stance that "Customers' joy and happiness are Resona's." We would also appreciate your further support and encouragement going forward.

II. Full repayment of public funds and new capital management policy

1. Accelerating the full repayment of public funds

In May 2013, the Group established and released the Full Repayment Plan that presented the full repayment of public funds and the improvement of common shareholder value as a package, and has proceeded with repayment of the remaining public funds in line with the Full Repayment Plan.

However, in light of our strong current business results and other factors, we intend to repay the remaining public funds in advance promptly after the 14-th Annual Meeting of Shareholders to be held in June 2015. The repayment takes into account our operating environment and financial conditions after the repayment, and is subject to approval for the repayment at the said meeting.

[Outline of the remaining public funds (preferred shares issued pursuant to the Act on Emergency Measures for Early Strengthening of Financial Functions)

Name	Class C, No. 1 Preferred Shares (Note 1)	Class F, No. 1 Preferred Shares (Note 1)
Total issue amount	JPY 60.0 billion	JPY 100.0 billion
Remaining amount (Note 2)	JPY 48.0 billion	JPY 80.0 billion
Mandatory conversion date	The next day of the Annual Meeting of Shareholders for fiscal year ending March 2018	The next day of the Annual Meeting of Shareholders for fiscal year ending March 2018
Original issuer and name of shares	Kinki Osaka Bank No. 1 Preferred Shares	Asahi Bank No.2, Class II Preferred Shares

Note 1: JPY 100.0 billion of preferred shares issued by The Asahi Bank, Ltd. in March 1999 and JPY 60.0 billion of preferred shares issued by The Kinki Osaka Bank, Limited in April 2001 have become preferred shares issued by Resona Holdings via equity transfer or exchange, and reverse stock splits or stock splits.

Note 2: Based on the amount required to be repaid at February 27, 2015. The amount required is obtained after subtracting the total amount of accumulated special preferred dividends paid for the above preferred shares from the total issue amount.

2. New capital management policies following the full repayment of public funds

(1) Target level of capital adequacy ratio

Our targets for capital management have been a level of around the 5.5% of common equity Tier 1 ratio and around the 7.0% of Tier 1 ratio under the international standard. However, after the full repayment of public funds, our target indicator will be the common equity Tier 1 ratio under the international standard (excluding net unrealized gains/losses on available-for-sale securities).

Regarding the target level of our medium- to long-term capital adequacy ratio, we will secure a sufficient level of equity capital under currently-applied Japanese standard and aim to steadily achieve 8.0% or higher common equity Tier 1 ratio under the international standard (excluding net unrealized gains/losses on available-for-sale securities).

We will continue to strive to operate our business with an awareness of our capital efficiency even after the full repayment of public funds with the aim of continuously achieving a level of ROE that exceeds 10%.

(2) Efforts to qualitatively and quantitatively enhance our equity capital

With the aim of reinforcing equity capital both qualitatively and quantitatively, we will review our existing equity capital structures through the de facto capital exchange.

Specifically, we will carry out a disposition of treasury shares (allocation to a third party) in March 2015, and will obtain JPY 63.0 billion of Class Four Preferred Shares, which have already become eligible for exercise of the Call, out of the JPY 238.0 billion of bond-type preferred shares issued by Resona Holdings (hereinafter, the “Company”) immediately following the full repayment of public funds, subject to the approval of the relevant authorities.

Both our capital adequacy ratio under the Japanese standard and the common equity Tier 1 ratio under the international standard are anticipated to increase as a result of these measures.

Regarding the remaining bond-type preferred shares of 175.0 billion yen, we will consider share buybacks through the accumulation of surplus (other retained earnings) from a medium- to long-term perspective in light of our management environment and financial condition as part of our measures for qualitative improvement of equity capital.

An outline of the bond-type preferred share issued by the Company is as follows:

Name	Class Four Preferred Shares	Class Five Preferred Shares	Class Six Preferred Shares
Issue date	August 31, 2006	August 28, 2007	December 8, 2009
Total issue amount	JPY 63.0 billion	JPY 100.0 billion	JPY 75.0 billion
Outstanding value	JPY 63.0 billion	JPY 100.0 billion	JPY 75.0 billion
Condition for exercise of the Call	On and after August 31, 2013	On and after August 28, 2014	On and after December 8, 2016

(3) Dividend policy

With regard to Resona Holdings’ annual dividend per common share, it is our policy to increase the annual dividend by two yen (up approximately 13%) from JPY 15 per share to JPY 17 per share effective from the year-end dividend for the fiscal year ending March 2015, ahead of a decrease in the cost of preferred dividends after the fiscal year ending March 2016 as a result of the advanced repayment of preferred shares issued pursuant to the Act on Emergency Measures for Early Strengthening of Financial Functions and the de facto capital exchange. As for dividends for after the fiscal year ending March 2016, we will continue to strive to achieve steady dividend payout in conjunction with our enhancement of equity capital in order to achieve the target level of our capital adequacy ratio as soon as possible.

If we carry out a share buyback of the JPY 175.0 billion of bond-type preferred shares that remain after the acquisition of Class Four Preferred Shares, we will consider increasing common dividends subject to our financial condition and business environment, since the burden of preferred dividends is expected to decrease.

Furthermore, we will begin to pay interim dividends (distribution of surplus with a record date of September 30 each year) after the fiscal year ending March 2016 in order to increase our opportunity to return profits to our shareholders.

(4) Introduction of a new shareholder benefit program

With the aim of increasing the attractiveness of Resona Holdings' shares to individual investors and creating an incentive for the long-term holding of Resona Holdings' shares by many investors, we will introduce a new shareholder benefit program.

III. Efforts and achievements toward business revitalization

The Group received the capital infusion of public funds because the Group's capital adequacy ratio for the fiscal year ended March 2003 was 3.78% for the group on a consolidated basis and 2.07% for Resona Bank (consolidated), both below 4%, the required level of Japanese standard as financially sound banks. As a sincere respond to this, the Group has made the following efforts in order to strive for early business revitalization and transform itself into a truly valuable financial group for the Japanese economy.

[Efforts for business revitalization (overview)]

Reconstruction of a governance structure to establish a responsible management system	○ Management reshuffle, transitioning to the Committees Governance Model ○ Strengthening internal control ○ Clarifying role-sharing between Resona Holdings and its group banks
Evolving from a banking business to a financial services business	○ Customer-centric service reforms ・Branch/channel reforms ・Product/service development from a customer's perspective ○ Contributing to the community ・Efforts in fostering the next generation and activating the regional economy ・Environment-related efforts
Transitioning to a sustainable profitable management through financial reforms	○ Asset structure reforms ・Reconstruction by separating accounts in management accounting ・Preventing the increase of risk factors, strengthening credit management ○ Earnings structure reforms ・A shift from quantity to quality ・Achieving low-cost operations
Corporate culture reforms (efforts in awareness reforms)	○ Enforcing emphasis on customers ○ Enhancing diversity management

IV. Current state of management and the direction toward business solution

1. Recognition of the current situation

The Group has made efforts in governance reforms, service reforms and financial reforms as well as in establishing a unique business model as a financial services company through a combination of a separated banking management with community-base and an efficient operating system on a consolidated basis, and an integration of commercial bank functions and trust/real estate functions.

As a result, total net income of the group banks for the fiscal year ended March 2014 amounted to JPY 196.8 billion, a surplus for 10 consecutive terms since the fiscal year ended March 2005. Meanwhile, gross operating profits for the fiscal year ended March 2014 was JPY 555.2 billion, a decrease of JPY 26.3 billion year on year due to declining profit from loans and deposits amid a severe interest rate environment and the decrease in net gains on bonds.

2. Recognition of issues and the direction toward business solution

While the Group has realized the stability in management through various reforms in the past, we recognize as follows the current issues and the direction of solutions to strive sustainable growth looking ahead at the 10 years following our full repayment of the public funds.

Sustainable growth driven by income from main businesses	✓ Gradual decline of gross operating profits that represent main business earning ability, due to sluggish growth of the Group's customer base and lending, etc. ✓ Implementing business strategies that return to the origin of the financial services business, in order to shift from reconstruction and turnaround to sustainable growth.
Cost structure reforms	✓ Although various cost reduction measures were taken, room for further cost reduction predicated on existing processes is decreasing. ✓ Implementing strategic management of the Group's assets and other measures without being bound to existing frameworks.
Sophistication in capital management	✓ In consideration of the accumulation of internal reserves to respond to tighter capital requirements, a well-modulated capital management will be required. ✓ Implementing specific measures toward sophisticated capital management such as new capital measures after the full repayment of the public funds and appropriate investment allocation toward sustainable growth.

In addition, we believe that addressing customer needs that are becoming diversified due to changes in the environment such as the acceleration of globalization, the aging of the society and the declining birth rate as well as changes in industrial and fund flow structures would prove to be an important success factor to realize sustainable growth of the Group.

In line with such recognition, the Group intends to create new earnings opportunities by making group-wide efforts in specific business strategies to adequately provide "stand-out" retail financial services with an eye to various structural transitions and changes in customers' behavior.

V. Plans for business revitalization

1. Business plans toward sustainable growth (measures for rational management)

(1) New management strategy (includes measures for business reconstructing)

(a) Aiming at becoming No.1 retail bank

In order to further strengthen our response to various changes in our operating environment while reexamining our measures over the past decade or so, we also announce the New Plan. The New Plan presents our renewed resolution for and the direction of medium- to long-term growth as the Group's "shift in mindset toward aggressive management" for the next decade, looking ahead at the years following our full repayment of public funds.

In order to ensure the Group's sustainable growth following the full repayment of public funds, we will implement business strategies based on the basic scenarios comprising "cultivating strategic business areas even further" and "capturing new profit opportunities" and promote four foundation strategies as new reform measures looking ahead to changes in the operating environment while upholding our basic stance that "Customers' joy and happiness are Resona's."

By setting the Group's strengths of regional and retail businesses as its core businesses, we will strive to further advance our differentiation strategies with "solutions" leveraged by trust and real estate functions as one of the pillar. In addition, we will work towards the realization of the Omni-channel concept as reforms in customer contact based on marketing while aiming to further evolve our regional retail strategy through the enhancement of the Group's three open platforms with strategic investment and alliance and others.

Through these measures, we will aim to create new value for our customers by realizing "stand-out" retail financial services.

(b) Management policy

Succession and further deepening of "Resona-ism"	✓ Seeking improvement and penetration of the "Resona brand" by continuing to provide retail financial services that exceed customers' expectations and to make unrelenting efforts in reform through handing down the "DNA of reform" that has been fostered through long-standing reforms
Succession and further deepening of "Resona-ism"	✓ In accordance with the diversification of customer needs, aiming to establish a new financial services framework in order to provide new values. ✓ Under the basic stance that "Cutsomers' joy and happiness are Resona's," making efforts in assisting customers in financial aspects for their "dreams to come true," for customers to "live with peace of mind" and for customers to "convey their feelings."
Further deepening of the Group consolidated management	✓ Bring together all solution functions of the Group to strengthen our structure for meeting the needs of "customers of the Group." ✓ Achieving both our operating advantage of having multiple corporate statuses according to each regional characteristics and improvements in our productivity and efficiency through the enhancement of the Group's open platform.

(c) Business strategy

A. Cultivating strategic business areas even further

In order to ensure "sustainable growth driven by income from main businesses," we will make efforts in "cultivating strategic business areas even further" through sophistication in our differentiation strategy focusing on our regional and retail banking businesses.

As a basic business strategy in the strategic business domain, we will implement "growth, turnaround, succession solution" and "total life solution." In addition, we will establish a new "Resona seamless style" as a developed form of "retail x trust" that all group banks include trust function as a standard feature and enhance the Group's ability to provide trust solutions, in order to provide our customers a high quality trust services.

We will promote optimization of the Group's operating system through coordination and concentration of various functions and seek to strengthen regional sales capabilities, with a focus on the Tokyo metropolitan area and Kansai area, in order to accurately meet customer needs that are becoming diversified, sophisticated and complicated.

Furthermore, we will evolve our "cross-selling" that addresses customers' diverse needs through a wide variety of solutions to "group cross-selling."

a. "Growth, turnaround, succession solution"

In order to overcome the situation that our profit from loans and deposits tend to decline due to the drop in lending rates and to reinforce our corporate business, we will establish a brand as "Resona, No.1 in SME business" by providing multifaceted added value to our customers with use of various solution functions through our efforts to encourage the "growth, turnaround, succession solution" for SMEs based on the reform of sales styles (relations, solutions, speed).

[For corporate customers]

Enhancement of funding functions	✓ Strengthening a stock-type business based on "connoisseur ability" and the concept of "balance sheet management". ✓ Enhancing comprehensive transactions such as through agile implements of various products and services that respond to the changing environment in areas such as growth areas (Asia, pharmaceuticals, welfare, nursing, etc.) and business restructuring and succession/inheritance. ✓ Making new efforts in the "PPP/PFI (private-public initiatives)" area, using business platforms with public institutions and trust solution functions.
Establishment of a business solution-type business	✓ Including trust functions as a standard feature at all group banks to establish the "Resona seamless style" that provides high quality trust services. ✓ Providing pension solutions that meet customers' diverse needs following changes in the environment such as changes in the accounting system. ✓ Providing high-value added real estate solutions by taking advantage of the strength of one-stop services that we are able to provide through our combination of real estate operations that are only in the commercial banking industry.

	✓ Further focusing on succession solutions that support smooth business succession of self-employed owners. ✓ Strengthening international and foreign exchange operations through the use of our overseas affiliates, overseas representative offices and local banks that have alliance with the Group, through the establishment of an accomplished system to support customers' overseas expansion and the development of international personnel. ✓ Contributing to the "regional revitalization" by using the Group's strengths in the retail platform and trust functions and others with coordination of the Group, mainly in the strategic regions (Tokyo metropolitan and Kansai areas).

b. "Total life solution"

We will establish a brand as "Resona, No.1 in Personal business" by providing "total life solutions" to our customers that give comprehensive support to asset formation and life planning in financial aspects according to the customers' various life events and plans in their life, in accordance with the quick changes in our business environment such as a progress of the aging of society and a concentration of the population and wealth in cities.

[For individual customers]

Enhancement of funding functions	✓ Implementing housing loan strategies that pursue added value and will not be involved in interest rate competition through introducing original products, enhancing customer contact by increasing branches that operate on weekends and providing various proposal of life planning. ✓ Further strengthening consumer finance through segment strategies by marketing sophistication and enhancement of the coordination between face-to-face and non-face-to-face sales channels.
Establishment of a business solution-type business	✓ Making efforts in "group cross-selling" that is the consolidation of the Group's functions in order to meet the diverse financial needs of our premier customers, etc. ✓ Offering high quality customized consulting that meets the needs of individual customers by specialized consultants. ✓ Increasing new business by dedicated teams (a sales group for new premier customers), enhance alliance with external networks (securities companies and others), etc.
Improvement in ability to support asset formation	✓ Increasing significantly the customers' asset under management such as deposits, investment trusts and insurances through Group's measures for the "improvement in the ability to support asset formation" that focuses on improving customers' total return. ✓ Utilizing operating know-how in trust management and asset management, and others.

B. Challenging to create new profit opportunities

In the "retail" market that is the Group's principal business domain, customers' financial behaviors have become diversified and other changes have occurred. In this circumstance, customers who we "cannot meet" at the extension of conventional business models and sales methods have started decreasing. We recognize that addressing such changes flexibly and accurately would offer new business opportunities.

Looking ahead at the next 10 years, we intend to further enhance our customer base through the pursuit of retail financial services that "stands out" for its higher quality and the creation of new customer value beyond the boundaries of conventional frameworks of banks. To be specific, we will promote the "Omni-channel strategy" as reforms in customer contact based on marketing, and the "Open platform strategy" through reinforcements in strategic investments and through other measures.

a. "Omni-channel strategy"

We will make the following efforts toward the "realization of the Omni-channel concept" that offers high quality and customized retail financial services at the optimal place, time and channel and that responds in detail to customers' financial behavior and values as follows;

- ✓ Sophistication of marketing
- ✓ Reconstruction of the value chain through new measures to "know our customers well", "to acquaint with our customers" and "to have contact with our customers"
- ✓ Services innovations including "24-hour/365day" business hours
- ✓ Strengthening linkage between face-to-face channels and direct channels by enhancing services through internet
- ✓ Expansion of the scope of mutual open-up of teller services among Resona group banks, etc.

In order to accelerate the considerations, we have established an Omni Channel Strategy Office (January 2015).

b. "Open platform strategy"

Looking ahead at the next 10 years and in order to provide unconventional financial services to a broad range of domestic customers, we will make efforts in further enhancing our three "open platforms" of "retail banking," "trust, real estate, international business" and " system and clerical work process" through "strategic investment" to strengthen retail functions and "expansion of alliances" including cooperation with other financial institutions and aim to become "No.1 retail" financial services group.

(d) Base strategies

In order to ensure sustainable growth of the Group, we will seek to maintain and strengthen a robust management platform through our four base strategies of "Service reforms Next Stage," "Operational reforms 3rd Stage," "Next-generation HR management" and "Sophistication in capital management" that support our aggressive business strategies.

Service reforms Next Stage	✓ The "service reforms" that constantly thinks from a customer's perspective will be transited to the "Next Stage" going forward, toward the realization of further innovative services such as the "24-hour/365-day" business hours.
Operational reforms 3rd Stage	✓ After positioning the next "Operational reforms" that are a collection of reform know-how of the past such as branch clerical work reforms and business process reforms as the "3rd Stage," "Operational reforms" will be transited to reforms that are "further ahead" such as innovations in the back office system and the establishment of a one-platform system for clerical work.
Next-generation HR management	✓ Innovating into a "group-based personnel management" for the optimization of human resource allocation beyond the boundaries of business divisions and corporate status. ✓ Establishing an advanced education support system and re-establish the overall HR system that is a further development of the "diversity management."
Sophistication in capital management	✓ Maintaining and strengthening the financial base that generates stable revenues from sound assets through a lending portfolio that is diversified to small lots and a stable deposit procurement platform, etc. ✓ Ensure a high-level balance of risk and return, and realize "the sophistication in capital management" through steady booking of profits, accumulation of capital and responding to financial regulations and rules.

(2) Costs

(a) Trend and plan of personnel and non-personnel expenses, etc.

The Group has carried out internal reforms such as significant reductions in compensation levels and an early retirement support system, as well as fundamental reviews of business processes such as clerical work at sales offices.

As a result, total personnel and non-personnel expenses of the overall Group decreased significantly to JPY 316.9 billion (personnel expenses: JPY 136.5 billion; non-personnel expenses: JPY 180.3 billion) in the fiscal year ended March 2014 from JPY 432.6 billion (personnel expenses: JPY 159.5 billion; non-personnel expenses: JPY 273.0 billion) in the fiscal year ended March 2003.

For the period of the New Plan, we also intend to overcome the high-cost nature of the retail business through the next operation reforms that builds on our past know-how in reforms. As to the total personnel and non-personnel expenses of the overall Group in the fiscal year ending March 2018, we will aim to achieve a reduction of JPY 0.4 billion from the fiscal year ended March 2014.

The number of employees dropped to 14,700 as of the end of March 2005 as we succeeded in reducing 4,607, equivalent to a quarter from 19,307 as of end of March 2003, through the use of the early retirement support system and front-loaded restructuring such as downsizing of back office sections of headquarters during the concentrated reconstruction period (until end of March 2005).

After the concentrated reconstruction period, we continued to secure sales forces and strengthen internal control and risk control functions to improve earning power by re-allocating personnel from clerical divisions to sales divisions and internal control divisions through clerical work reforms at sales offices, etc.

We intend to further enhance our efforts for sustainable growth of the Group in the New Plan period by seeking innovation to a "group-based personnel management" for optimization of human resource allocation.

The trend and plan of personnel and non-personnel expenses, etc. are as follows:

[Trend and plan of personnel and non-personnel expenses, etc.] (The Group's total figures (except for OHR): Sum for Resona and its group banks)

Units: JPY billion, %, people	FY ended Mar. 2014 Actual	FY ending Mar. 2015 Plan	FY ending Mar. 2016 Plan	FY ending Mar. 2017 Plan	FY ending Mar. 2018 Plan
Personnel expenses (Note 1)	136.5	136.0	136.5	136.0	138.0
Non-personnel expenses (Note 2)	180.3	180.0	179.5	180.0	178.5
Non-personnel expenses (ex. mechanization-related cost) (Note 2)	129.0	128.5	128.0	129.2	127.7
Personnel and non-personnel expenses (Note 2)	316.9	316.0	316.0	316.0	316.5
OHR (Note 3)	59.90	60.14	59.57	59.12	56.33
Number of employees (Note 4)	14,948	14,920	15,080	15,160	15,260

(Note 1) Includes personnel expenses of Resona Holding's directors (expenses that are treated as "management guidance expenses" of non-personnel expenses at group banks).

(Note 2) Management guidance expenses from group banks to Resona are deducted.

(Note 3) Group banks total

(Note 4) The sum of clerical staff and administrative staff. Includes staff on loan. Excludes non-regular, part-time and temporary employees.

(b) Subsidiaries and affiliates

Under group governance by Resona Holdings, the Group aims to maximize the corporate value of the Group through the contribution of subsidiaries and affiliates to the Group based on their characteristics.

Resona Bank will make "thorough" efforts to expand its operating base while continuing to be centered on regions and retail where it can exercise its strengths. Furthermore, it will strive to become "No.1 retail bank" by enhancing the Group's consolidated operations and overcoming fierce competition by establishing a system that can take full advantage of the Group's customer base and managerial resources.

Saitama Resona Bank aims to become a "bank that is trusted by the people of Saitama and develops together with the local Saitama community" as a locally based regional financial institution. Through the acceleration of sales and service reforms centered on "relation," "speed" and "differentiation," it will pursue a business style that will generate joy of customers together.

Kinki Osaka Bank is a regional financial institution that has a strong operating base in Osaka. It is making efforts in vitalizing the regional economy by actively promoting locally based finance that values a trust relation with customers as well as accelerating assistance of the growth and revival of customers. We will make group-wide efforts to contribute to the development of the region.

Domestic subsidiaries and affiliates other than group banks will strive to achieve sustainable growth and improvement of corporate value through increased specialization and efficiency as well as close cooperation with the group banks.

2. Chart 1 Digest

[Earnings] (Group banks' sum: Resona Bank + Saitama Resona Bank + Kinki Osaka Bank)

Unit: JPY billion	FY ended Mar. 2014 Actual	FY ending Mar. 2015 Plan	FY ending Mar. 2016 Plan	FY ending Mar. 2017 Plan	FY ending Mar. 2018 Plan
Gross operating profits	555.2	557.0	564.0	570.0	600.0
Expenses	332.6	335.0	336.0	337.0	338.0
Actual net operating profit (Note 1)	222.6	222.0	228.0	233.0	262.0
Credit-related expenses (Note 2)	(27.1)	(10.0)	18.5	19.0	20.5
Net gains (losses) on stocks	22.3	23.5	9.0	10.5	9.0
Ordinary profits	276.8	258.0	218.5	213.5	240.0
Net income	196.8	172.0	145.0	145.0	163.0
OHR (Note 3)	59.90%	60.14%	59.57%	59.12%	56.33%

(Note 1) Net operating profit before transfer to general reserve for possible loan losses and amortization of the trust account

(Note 2) Credit-related expenses represent the amount of reversed credit expenses within transfer to general reserve for possible loan losses + losses from NPL disposal + amortization of the trust account – extraordinary profit

(Note 3) Expenses/net operating profit before amortization of the trust account

3. Measures for establishing a responsible management system

(1) The decision-making process of management and a mutual supervision system

As the formulation of a corporate governance code is expected in the near future, the Group has been establishing an effective governance structure. Going forward, we will strive to constantly realize excellent corporate governance without losing sight of the significance of the capital infusion of public fund.

Resona became the first Japanese banking institution to adopt the Committees Governance Model. We have separated management oversight and operation functions, shifting certain responsibilities to the executive officers to enable quick decision making while bolstering the Board of Directors' supervisory function. We increased management transparency and objectivity by appointing a majority of outside directors to the Board of Directors in the interest of realizing highly transparent as well as sound and efficient management.

Resona Holdings and its group companies sincerely regret the substantial capital infusion of public funds and have established basic policies for internal control, the validity of which we are striving to secure, in order to prevent the recurrence of such circumstances.

(2) Control structure for customer protection, etc.

As the environment surrounding financial institutions face significant changes such as the rise in customers' investment needs, the sophistication of information control required at companies, and the development of legislation such as the Financial Instruments and Exchange Act, we have been making efforts to appropriately respond to customers and to improve convenience so that customers can use our services at ease.

Going forward, the Group will actively seek to develop a system related to ensuring appropriate response to customers and improving convenience such as through appropriate solicitation and sale including careful explanation to customers, appropriate response to consultation and complaints from customers, control toward subcontractors and control of conflict of interest in business with customers.

(3) Adopting the Japanese version of the stewardship code

In April 2014, Resona Bank agreed to the purport of the Japanese Stewardship Code, the principles of a "responsible institutional investor", and expressed its adoption of the Code in asset management of trust assets. With the adoption, we will clarify our stance to act as a responsible institutional investor as well as seek further improvement in our efforts.

In addition, Resona Bank has set "basic policies in responsible investment" in the asset management of trust assets and others, in order to make explicit our stance to seek the increase in customers' profits from a medium- to long-term perspective.

4. Measures to prevent the outflow of profits through dividends, etc.

For our dividend policy, etc., please refer to (3) Dividend policy in 2. On new capital management policies for after the full repayment of public funds in II. Full repayment of public funds and new capital management policy.

The level of directors' compensation is decided upon rigorous validation and discussion at Resona Holding's Compensation Committee in accordance with the Group's business conditions, economic environments and other factors.

5. Measures to ensure smooth lending and other credit facilities

Recognizing that smooth provision of necessary funds to customers who run and lead sound businesses and lives is the most important social role expectation required to a financial institution, the Group intends to make its utmost efforts to facilitate finance while giving due consideration to securing sound and appropriate operation of business.

6. Measures to secure financial resources for cancellation, refunding, redeeming or repaying, at a profit, shares and borrowings related to the issue of shares

For responses to cancelling, refunding, redeeming or repaying and the securing of financial resources, please refer to II. Full repayment of public funds and new capital management policy.

7. Measures to ensure financial strength and sound and appropriate business operation

In light of our regret of the substantial capital injections with public funds, the Group has established principles related to risk control to seek sophistication of our control system and methods, and are making efforts in risk control to improve earning power while securing sound business management.

Ends