The Fundamental Approach to Corporate Governance

The Resona Group has never lost sight of the significance of the public fund injection the Resona Bank received in June 2003. Exerting our capabilities as a financial mediator and consulting institution, we strive to realize excellent corporate governance in order to meet the expectations of stakeholders and society have of us as a bank by cultivating soundness and user-friendliness.

Resona Holdings 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 independent directors not only to the Nominating Committee, Audit Committee, and Compensation Committee, but also to the Board of Directors in the interest of realizing highly transparent as well as sound and efficient management.

In addition, all Group banks, which are wholly owned subsidiaries of the Company, shifted to a company with auditors structure. By unifying their basic approach to corporate governance, the members of the Resona Group have further strengthened corporate governance at all Group banks in line with the aim of ensuring and enhancing autonomous management at each bank.

Toward the full repayment of public funds, we will work to maintain the soundness of the current management structure and promote corporate management in line with the Resona Group Corporate Mission, thereby maximizing our corporate value.

Activities at Resona Holdings

Board of Directors

The Board of Directors, with ten directors, six of whom are independent directors, fully ensures that management employs thorough discussion in making decisions about the Group’s important management issues and supervising the execution of business activities by executive officers and directors. One of the unique features of the
Committees Governance Model is that, while the Board of Directors makes decisions regarding important management issues and supervises the execution of operations, clearly defined roles give executive officers responsibility for the execution of operations, thus strengthening the Board of Directors’ supervisory function and accelerating the execution of operations. In fiscal 2011, the Board of Directors met 15 times. In June 2005, a system was adopted under which the presidents of all subsidiary banks became executive officers of Resona Holdings, and steps are being taken to enhance the supervisory functions of the holding company vis-à-vis subsidiary banks.

Nominating Committee
The Nominating Committee comprises three directors, including two independent directors, one of whom chairs the committee. The committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the General Meeting of Shareholders, based on the specific qualities that the Group should seek in its directors as well as the Standards for Election of Candidates for Outside Directors, both of which have been discussed and decided at the committee’s meetings. In fiscal 2011, the committee met five times. Please note that, to accelerate the Group’s management reforms and attain sustained increases in corporate value, the Nominating Committee introduced a succession plan in June 2007, which serves as a mechanism to ensure that the most appropriate candidates are selected to fill top management roles and responsibilities.

Audit Committee
The Audit Committee comprises three directors, including two independent directors, one of whom chairs the committee. In addition to auditing the execution of operations by executive officers and directors, the committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors. In addition, the committee works with the Internal Audit Division, Compliance Division, Risk Management Division, Financial Accounting Division, and other internal control related divisions to supervise and verify internal control systems and make the necessary responses, urging executive officers and other responsible persons to make necessary improvements. This committee met 14 times in fiscal 2011.

Compensation Committee
The Compensation Committee comprises three directors, including two independent directors, one of whom chairs the committee. The committee makes decisions regarding policies for compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals. In addition, the committee considers the role a director compensation system should play in enhancing the Group’s corporate value. In fiscal 2011, the committee met four times. Please note that the committee chose to eliminate the directors’ retirement benefit system in fiscal 2004 and introduced a performance-based compensation system. In fiscal 2010, the committee introduced a stock purchase based compensation system.

Executive Committee
Resona Holdings has set up an Executive Committee as a body to deliberate and report on generally important management items and important matters in the execution of operations to support the decision-making process in the execution of operations. The Executive Committee consists of representative executive officers as well as executive officers and employs serious debate to ensure the transparency of decisions regarding significant management issues. In fiscal 2011, this committee met 40 times.

Internal Auditing Council
As a body to deliberate and report on important matters related to internal audits, Resona Holdings has established an Internal Auditing Council that is independent from the Executive Committee, which serves as a body for the execution of operations. The council is composed of all representative executive officers, the executive officer in charge of the Internal Audit Division, and a general manager of the Internal Audit Division. Contents of deliberations and reports are reported to the Board of Directors and the Audit Committee.

The council met 15 times in fiscal 2011 and, in addition to discussing the internal auditing plan, it reported on the results of internal audits.

Management Supervision of Group Companies
Resona Holdings, as the Group holding company, supervises the management of its subsidiary banks and other Group companies, with the objective of raising corporate value. The Company has established a system for
managing and controlling Group companies, clearly identifying items for which prior discussion with Resona Holdings is necessary and items that require reporting.

**Subsidiaries' Corporate Governance Systems**

Subsidiary banks, which are managed as Group members by Resona Holdings, work together to raise corporate value. The Board of Directors, which includes independent directors, fully ensures that management employs thorough discussion in making decisions regarding the execution of operations and supervises the execution of operations by directors and executive officers.

The Corporate Auditors Meeting, which comprises the corporate auditors, was established to carry out solid auditing functions in the subsidiary banks’ operations.

In addition to this are the Executive Committee, a body that deliberates generally important issues related to management as well as important issues related to the execution of operations; the Credit Committee, which deliberates important items related to credit operations; and the Audit Committee, which deliberates important themes related to internal auditing.

**Internal Control**

**Basic Stance**

The Resona Group will continue to implement its strategies of “Business-domain selection and focus” and “Establishment of a distinctive Resona Style,” while “Exertion of trust banking functions” will be set as the core differentiation strategy in addition to “Area management,” “Alliances,” and “Operational reform.” By enhancing an approach of responsively catering to customer needs to realize customer-centric operations, we aim to become a “smart” and customer-friendly “True Retail Bank Group.”

Moving toward the attainment of these business goals, Resona is working to secure greater efficacy and efficiency in its operations and to clarify processes related to compliance in its business activities. We are aiming to construct internal control systems befitting the Resona Group—systems that are understood and followed by the entire Group.

**Basic Policy**

To enhance corporate value, the Resona Group has established a basic policy on internal control, which has been passed by the Board of Directors, to realize an internal control system that is appropriate for the Group.

**Status of Internal Control Systems**

In accordance with its basic policy in Group internal control systems, the Resona Group is striving to ensure the efficacy of its internal control systems through appropriate development and operations of all internal control systems, including the Internal Auditing System, the Compliance System, and the Risk Management System.

**Other Matters Related to Corporate Governance**

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

The scope of the succession plan covers various candidates, from those who are candidates for the next generation of top leadership to those who are new candidates for directorships. The process of selection and nurturing successors is carried out steadily according to a schedule, matching qualified candidates to the appropriate rank. The Group retains the objectivity of this process by drawing on the advice of external consultants. Evaluations of candidates undergoing the process are reported to the Nominating Committee. In addition to receiving reports on candidate evaluations, members of the Nominating Committee come into direct contact with candidates as part of the process, evaluating candidates’ characters from various aspects.

The activities of the Nominating Committee are reported to the Board of Directors, of which outside directors are the majority, and are discussed from diverse perspectives. Through the entire process, which is highly transparent, each potential director’s capabilities and competencies are closely studied and enhanced where appropriate.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Institution/University</th>
<th>Time in current position</th>
<th>Message to Stakeholders</th>
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<tbody>
<tr>
<td><strong>Tsutomu Okuda</strong></td>
<td>Chairman and CEO of J. FRONT RETAILING Co., Ltd.</td>
<td>Six years</td>
<td>The Resona Group is seeking to adapt to the changing times and become a true retail bank. It will grow as it works to maintain good communication with its stakeholders, which include customers, shareholders, employees, and members of regional communities as it strives to make a profit and continue to increase its corporate value.</td>
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<tr>
<td><strong>Shusai Nagai</strong></td>
<td>Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School</td>
<td>Six years</td>
<td>I am supervising the conduct of management based on my mandate from investors and working to increase the Company’s corporate value in the medium-to-long term. Based on my experience in a private-sector bank, I am monitoring integrated risk management and earning management primarily. I want the Resona Group to be a corporate group that is truly useful to its customers and contributes to society.</td>
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<tr>
<td><strong>Emi Osono</strong></td>
<td>Professor of Hitotsubashi University Graduate School of International Corporate Strategy</td>
<td>One year</td>
<td>In my role as an independent director, I ask myself the following questions over and over. Are the self-reform activities of the Resona Group, which is aiming to be a financial service company, responding to what customers really want? All these activities attaining a superior level that customers will sense are different from other financial institutions? Are the management and employees working together for the shared goal?</td>
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<tr>
<td><strong>Toshio Arima</strong></td>
<td>Chairman of the Board, Global Compact Japan Network</td>
<td>One year</td>
<td>As an independent director coming from the IT industry and with a background in manufacturing and marketing, in addition to guiding directions and making judgments at the management level, I want to fulfill my mission by looking at issues and making suggestions from a broad perspective. This includes such issues as organizational operation, personnel training and selection, markets and customers, the use of IT, and the social mission of corporations.</td>
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<tr>
<td><strong>Yoko Sanuki</strong></td>
<td>Representative of NS Law Office</td>
<td>Since June 22, 2012</td>
<td>We cannot deny that the duties of independent directors are somewhat abstract and that their accomplishments may not be visible. I am always searching for ways to fulfill our mission. First, I have to read the materials the Company provides, and I think we have to build relationships of constructive mutual ten- sion with the executive departments through discussion in the Board of Directors and other meetings.</td>
</tr>
<tr>
<td><strong>Yasuhiro Maehara</strong></td>
<td>Professor, School of International and Public Policy, Hitotsubashi University</td>
<td>Since June 22, 2012</td>
<td>As the trends toward globalization and demographic aging of the population become significantly more pronounced, it has become even more important than before in finance to secure trust. With this basic awareness, I would like to devote my efforts to establishing the “Resona Style” through stronger corporate governance.</td>
</tr>
</tbody>
</table>

Note: For periods of service of less than one month between the appointment of outside directors and July 1, 2012, the time in the current position has been rounded off. (As of July 1, 2012)