

Corporate Governance

Basic Approach to Corporate Governance

Resona Holdings, Inc. (hereinafter the “Company”) has established the “Basic Corporate Governance Policy” with the aim of facilitating the sustained growth and improvement of the corporate value of the Resona Group (hereinafter the “Group”) over the medium and long terms.

Basic Approach to Corporate Governance

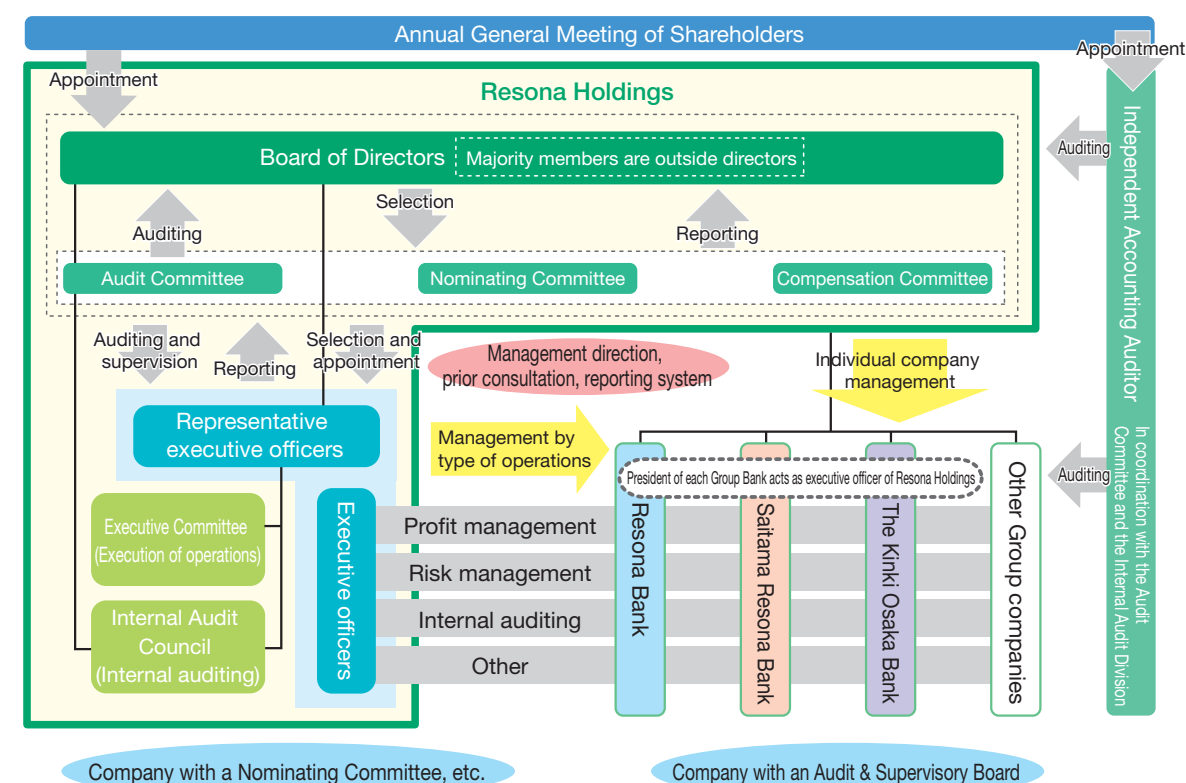
- The Company, as the holding company of the financial services group, including Resona Bank, Limited, Saitama Resona Bank, Limited and The Kinki Osaka Bank, Ltd. (hereinafter the “Group Banks”), shall maximize the corporate value of the Group.
- The Company shall respect all stakeholders, including shareholders, and aim at achieving excellent corporate governance so that the Company can make decisions rapidly and decisively in response to environmental changes, including economic and social changes.
- The Company shall establish the “Corporate Mission (Resona Group Management Philosophy),” a general philosophy of management of the Group, and the “Resona Way (Resona Group Code of Conduct),” a specific form of the philosophy, under which the Group shall implement business operations in a concerted manner.

The Company’s Corporate Governance System

- Based on the above-mentioned basic approach to corporate governance, the Company shall clearly separate the management supervision function from the business execution function, and adopt the form of a “company with a nominating committee, etc.” as a corporate governance system because the Company determines that this system can enhance the supervision and decision-making functions of the Board of Directors.
- The Company shall fully utilize external views in its business management and secure transparency and fairness in management by making the Board of Directors, on which highly independent outside directors constitute a majority, and the three committees (the Nominating Committee, the Compensation Committee and the Audit Committee) fulfill their functions.

The Company shall ensure the autonomy of its subsidiaries and instruct the subsidiaries to manage their business activities based on the above-mentioned basic approach to corporate governance so that the Group will grow together with regional communities.

[Group Corporate Governance Framework]



Activities at Resona Holdings

Management body	Expected role	Composition	Number of meetings held
Board of Directors	The Board of Directors fully ensures that management engages in substantial discussion in fulfilling its responsibilities for decision-making on important Group management issues and supervising the execution of business activities by executive officers and directors.	10 Directors (including 6 Outside Directors) male: 8 female: 2	17 times in FY2015
Nominating Committee	The Nominating Committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the annual general meeting of shareholders, based on the specific qualities that the Group should seek in its directors as well as the “Standards for Electing Director Candidates,” both of which have been discussed and decided at the committee’s meetings.	3 Directors (All of the members are Outside Directors) The committee chairman is an Outside Director	6 times in FY2015
Audit Committee	The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors that are submitted to the annual general meeting of shareholders in addition to auditing the execution of operations by executive officers and directors.	3 Directors (including 2 Outside Directors) The committee chairman is an Outside Director	13 times in FY2015
Compensation Committee	The Compensation Committee makes decisions regarding policies for compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals.	3 Directors (All of the members are Outside Directors) The committee chairman is an Outside Director	7 times in FY2015
Executive Committee	Resona Holdings has set up the 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.	Representative executive officers and executive officers	42 times in FY2015
Internal Audit Council	As a body to deliberate and report on important matters related to internal audits, the Company has established the Internal Audit Council that is independent from the Executive Committee, which serves as a body for the execution of operations.	All representative executive officers, full-time Audit Committee member, executive officer in charge of the Internal Audit Division and general manager of the Internal Audit Division, etc.	15 times in FY2015

Internal Control

To enhance corporate value, the Company has established a basic policy on internal control, which has been passed by the Board of Directors, to establish a system to ensure that the Group’s operations are conducted in an appropriate manner and realize an internal control system that is appropriate for the Group.

Summary of “Basic Policies for Group Internal Control Systems” (Revised on April 1, 2016)

1. Purpose of Internal Control Systems (Basic Principles)

In accordance with generally accepted evaluation standards for internal control systems, the Company and each Group company shall adopt as the Group’s basic principles on internal controls the fulfillment of the following four goals.

- Improve efficacy and efficiency of operations
- Assure reliability of financial disclosure
- Comply with legislation
- Maintain the soundness of assets

2. Constructing Internal Control Systems

The Company shall develop internal control systems composed of the basic elements required for the systems to fulfill their purposes, including a control framework, risk evaluation and response system, internal control activities, information and communication systems, monitoring standards, and IT systems. Upon establishment of the Corporate Mission shared throughout the Group and based on these policies, the Company shall determine the following basic guidelines in constructing systems to ensure that the Group’s operations are conducted in an appropriate manner.

- Guidelines to ensure that business operations of the Company’s Executive Officers and employees as well as Directors, Executive Officers and employees at each Group company are executed in compliance with legislation and Group regulations
- Guidelines to store and manage information related to the execution of operations by Executive Officers
- Guidelines to govern the management of loss risk that may arise at the Company or its Group companies and related systems
- Guidelines to ensure that the responsibilities of the Company’s Executive Officers and each Group company’s Directors and Executive Officers are carried out effectively
- Guidelines to ensure that operations of the corporate group, consisting of the Company and all Group companies, are conducted appropriately (including a system to ensure that the execution of operations by Directors and Executive Officers at each Group company is reported to the Company)
- Guidelines concerning assistants to the operations of the Audit Committee
- Guidelines to ensure the independence of the specialist personnel mentioned above in relation to Executive Officers and that instructions to said personnel are carried out effectively
- Guidelines concerning a reporting system for the Company’s Directors (excluding those concurrently serving as members of the Audit Committee), Executive Officers and employees and each Group company’s Directors, Audit & Supervisory Board Members, Executive Officers and employees as well as persons who received reports from the foregoing personnel to report to the Audit Committee
- Guidelines concerning a system to ensure that a person who made the abovementioned reporting is not treated disadvantageously
- Guidelines concerning the treatment of expenses incurred in connection with the execution of duties by the members of the Audit Committee
- Guidelines to ensure that audits by the Audit Committee are conducted effectively

Corporate Governance System at Group Banks

The Group Banks, as members of the Group, work together to increase corporate value under the supervision of Resona Holdings. For the Board of Directors, the Group banks invite outside directors and define the Board as the place to make decisions for businesses and supervise performance of duties of directors and

executive officers. The Group banks also operate the Board meetings to ensure substantive discussions.

The Group banks ensure robust auditing function for the management by establishing the Audit & Supervisory Board, which comprises the Audit & Supervisory Board Members.

Other Matters Related to Corporate Governance

Resona Succession Plan

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 at the Company and each Group bank 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.

Self-evaluation of the Board of Directors

The Company's Board of Directors conducts an annual analysis and evaluation of its effectiveness as a whole based on the opinions of each director with regard to their assessment of the operations and functionality of the Board as well as matters discussed at the Board of Directors meetings. The Board of Directors utilizes the results of the evaluation to make improvements in its operations and to enhance its supervisory and decision-making functions.

The evaluation of the fiscal 2015 concluded that the operations of the Board were deemed appropriate on the whole and the overall effectiveness of the Board of Directors was confirmed. In addition, there was some improvement made regarding the selection of meeting agendas and the preparation of meeting materials, both of which were identified as issues requiring improvement in the fiscal 2014 self-evaluation. However, the Board recognizes the existence of room for further improvement. The Board believes that it needs to draw up agendas in a more efficient and systematic manner, and enhance the content of meeting materials. Going forward, the Company's Board of Directors will enhance the content of discussions through the improvement of its operations based on such input as the opinion of each director.

Risk Appetite Framework

Framework for Formulating and Executing Strategies to Support Sustainable Growth

To realize the strategy of becoming "the No. 1 Retail Bank," the Resona Group organically correlate "earnings," "risk," "capital," etc. and develop an organization and systems that is capable of formulating a plan that ensures consistency and establish a framework (PDCA) to support the formulation and execution of strategies.

Formulation of Management Strategies and Plans

In formulating management strategies, the Company clarifies the business areas that actively take risks based on the analysis of internal and external environments.

Based on multifaceted and sufficient discussions, management strategies are decided at the Board of Directors meeting of Resona Holdings, Inc., the majority of which consists of outside directors. The divisions in charge of business execution then formulate the detailed plans based on such resolution.

More specifically, based on the characteristics and strengths of the Group's businesses and taking into consideration the short-term and medium- to long-term

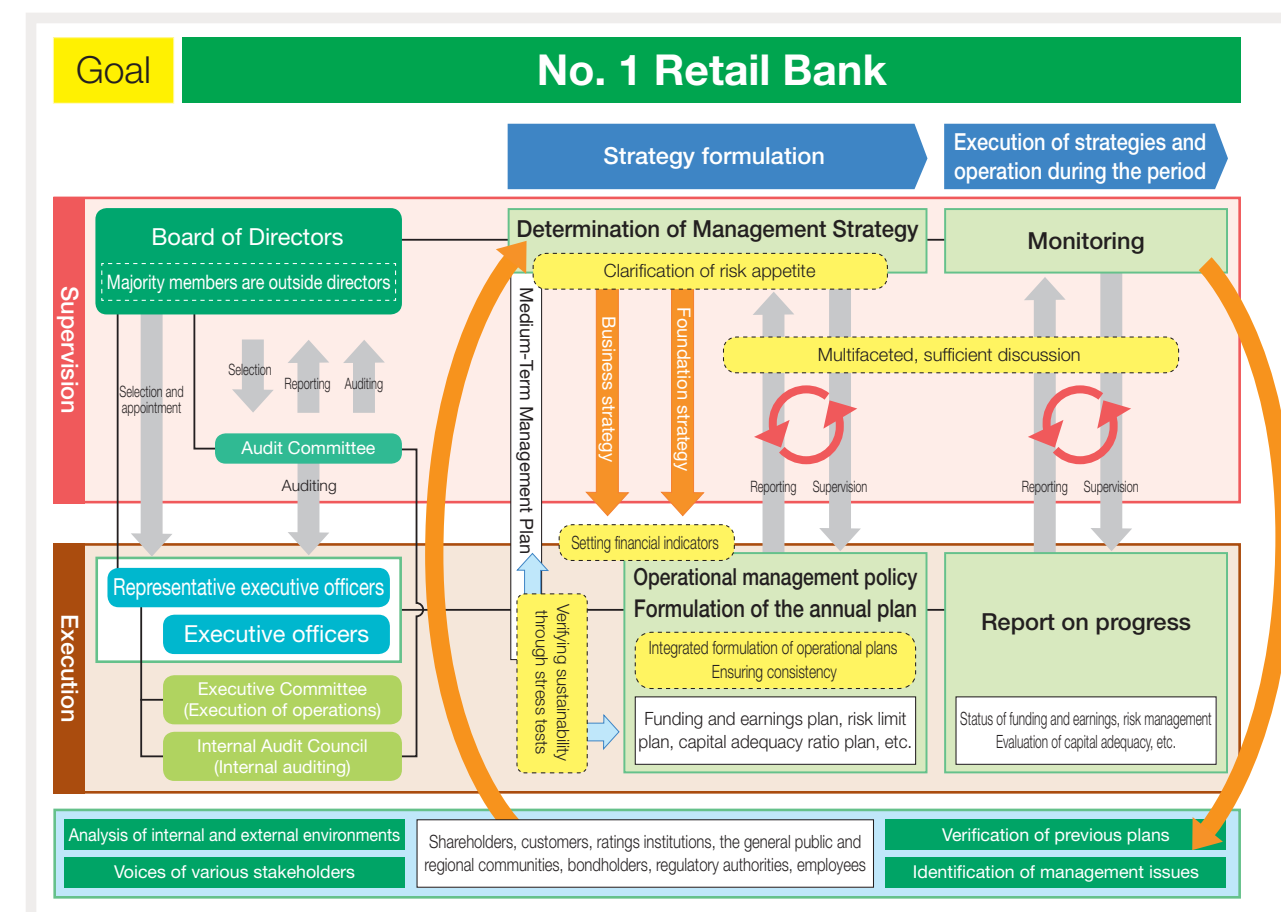
issues, and ensuring that the operational policies formulated by the Group companies and business divisions are consistent within the Group, the "funding and earnings plan," "risk limit plan," and "capital adequacy ratio plan," etc. are defined.

Through risk management division's stress tests, these plans undergo potential sustainability verification to confirm that risk-taking and risk-control during the plan period are possible.

Operation and Management of Plans

During the plan period, progress and verification results of these plans are regularly reported to the Board of Directors. At the Board of Directors meeting, vigorous and in-depth discussions are held in an effort to realize the strategies.

To ensure the feasibility of the strategy, the results of the discussion are reflected in the strategies, flexible review of operational management during the period and review of organizational structures.



Risk Management

Risk Management Systems

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the injection of public funds in June 2003 caused the people of Japan, our customers, and other stakeholders. Consequently, we have established the risk management principles below to enhance our risk management systems and methods as well as risk control. The Resona Group conducts its risk management activities with an eye to securing the soundness of operations and enhancing profitability.

1. We will not assume levels of risk in excess of our economic capital.
2. We will deal promptly with losses that we have incurred or expect to incur.
3. We will take risks appropriate for our earnings power.

Risk Management Policies and Systems

The Company has established the Group Risk Management Policy that serves as the Group's basic risk management policy.

Based on the Group Risk Management Policy, each Group Bank has established its own risk management policy that is tailored to its operations, unique characteristics, and the risks it must address.

The risk management policies of the Company and the Group Banks create a basic framework for managing risk by defining the types of risk that must be managed and establishing organizations or systems that manage risk.

The Company and the Group Banks have established risk management departments for managing different types of risk, along with a Risk Management Division, to integrate the management and control of all types of risk. Principal risk categories are outlined below, and each risk is managed using a method that is tailored to its characteristics.

Principal Group companies, other than the banks, have also established risk management policies that are tailored to their own operations, special characteristics, and risks. In addition to establishing risk management systems and frameworks, these policies establish guidelines for avoiding risks outside their fundamental

business areas. These Group companies have also established risk management departments for managing different categories of risk and risk management divisions for comprehensive risk management.

Comprehensive Risk Management

Comprehensive risk management divisions have been formed within the Company and the Group Banks, and each of these divisions is responsible for comprehensive risk management of the Group and the banks, respectively.

Each Group Bank measures the volume of credit risk, market risk, and operational risk using the risk management indicator value at risk (VaR*) and establishes risk limits (make risk capital allocations) on these types of risk. Risk management is conducted to control risk within these established limits.

When the Group Banks set their risk limits, the Company holds prior consultation with each bank and verifies the details of the limits to be established to confirm the soundness of the Group as a whole. In addition, the Company receives periodic reports from the Group Banks regarding the status of risk management and confirms the status of comprehensive risk management of the Group.

In addition, although the Company is constantly working to improve the quality of risk measurement through various means, including the application of the VaR method, there are risks that cannot be quantified by statistical risk management methods. Based on this fact, the Company and Group Banks strive to study and understand the incompleteness and specific weak points of the VaR method, thereby assessing and recognizing the impact of such limitations of their risk measurement. For risks that cannot be identified or quantified by the VaR method, the Company and the Group Banks conduct qualitative assessment through various stress testing and the use of risk-assessment mapping. In this way, the Group aims to enhance the quality of its comprehensive risk management.

* VaR, or value at risk, is a risk management indicator that is calculated using statistical methods to measure the maximum loss that may occur with a specified confidence interval (probability) and over a specified period.

Group Management by Resona Holdings

The Company provides common guidance and direction to all Group companies regarding risk management policies, standards, and systems.

The Group management framework requires that Group companies confer with the Company in advance of making decisions on important matters related to risk management and base their decisions on those consultations.

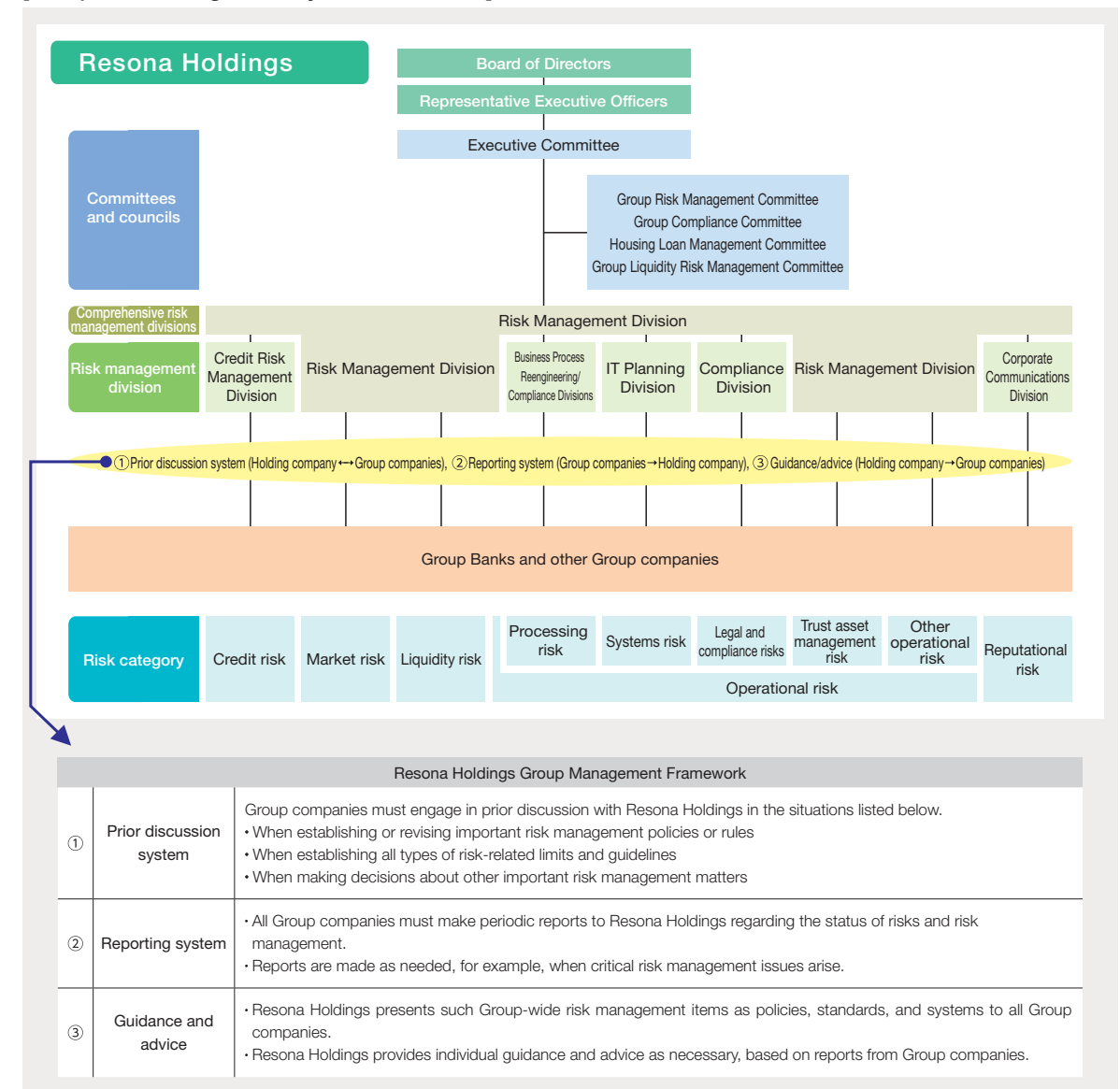
In addition to providing direction to Group companies regarding risk management policies as well as rules, standards, and systems, the Company verifies risk management policies, rules, standards, and systems

at all Group companies through prior consultation, thus controlling the Group risk management framework.

Furthermore, the Company controls risk taking by Group companies by requiring prior discussion of their limits and guidelines. Group companies must make reports to the Company regarding the risk conditions and their management on a regular and as-needed basis so that the holding company can provide guidance and direction as necessary.

As shown by the chart below, we have formed risk management divisions within the Company for managing each type of risk on a Group-wide basis.

[Group Risk Management Systems in Outline]



Risk Category	Definition	Risk Management Methods
Credit risk	Risk of losses that arises when the value of assets (including off balance sheet assets) declines or is destroyed as a result of the deterioration of the financial position of obligors	Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, etc.) Setting risk limits, credit rating system, portfolio management, credit analysis and management, etc.
Market risk	Risk of losses that may occur when the price of assets and liabilities (including off balance sheet assets and liabilities) change because of fluctuations in market risk factors, including interest rates, foreign currency exchange rates, and stock prices	Setting risk limits, setting loss limits, setting position limits, etc.
Liquidity risk	Risk of losses that may occur when a party has difficulty in raising the necessary funds or is forced to raise such funds at higher than normal rates	Recognition of liquidity emergencies, response system for emergencies, guidelines for liquidity risk management indicators, etc.
Operational risk	Risk of losses that may occur when internal processes, personnel, and/or systems function improperly or fail to function and when external factors result in such losses	Control self-assessments (CSAs), analysis of loss data, risk indicators, etc.
Reputational risk	Risk of losses that may occur when reports in the media, rumors, false information, and unfounded reports have a detrimental effect on a company's reputation	Dissemination of timely and appropriate information, monitoring of media, etc., preparation of crisis management systems.

Compliance

Basic Activities

The Resona Group defines compliance as the strict observance not only of laws and regulations, but also social norms and has positioned compliance as a key management issue.

As the basic activities to put compliance into practice, the Resona Group has established its Corporate Mission, which forms the basis for the judgments of directors and employees; the *Resona Way* (the Resona Group Corporate Promises), which outlines the basic stance, based on the Corporate Mission, that directors

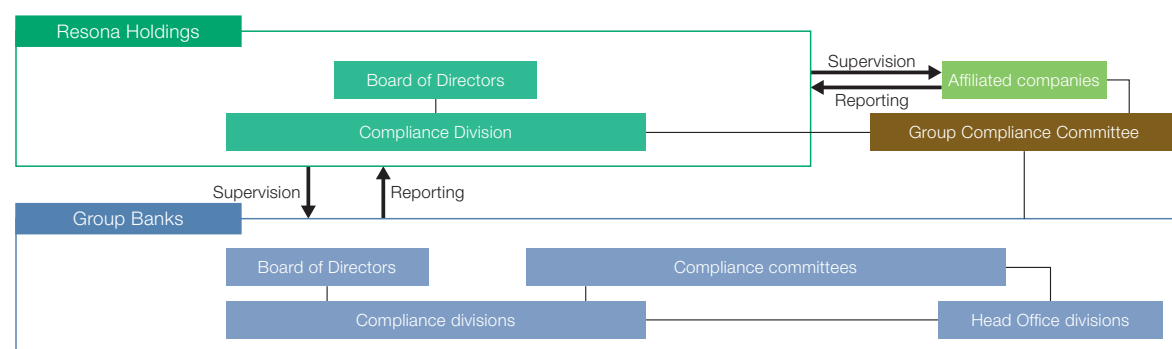
and employees should take toward all Group stakeholders; and the *Resona Standards* (the Resona Group's Behavior Guidelines), specific guidelines about behavior expected from directors and employees under the Corporate Mission and the *Resona Way*. The Corporate Mission, the *Resona Way*, and the *Resona Standards* are applied uniformly across Group companies, and the related handbook are distributed to all directors and employees, and trainings are regularly arranged at all workplaces.

Group Management Systems

Group Compliance Management Systems

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems

groupwide. In addition, the Group has formed a Group Compliance Committee composed of the Company and Group companies as a member, which discusses and evaluates all issues related to Group compliance.



Systems for Protecting Group Customers

The Company and Group banks are proactively working to make improvements in the quality of explanations to customers, responses to customer inquiries and complaints, the management of customer information, the management of

conflicting interests in banking transactions, and other areas so that we can provide better responses and more convenience for customers. Specifically, we discuss and deliberate initiatives with responsible divisions and individuals in the Group Compliance Committee, etc.

Management of Customer Information

The protection of customer information is one of the most important factors in enabling customers to use the Group with peace of mind. We strive to properly manage customer information by publicizing the Promise to

Protect Personal Information of All Group Companies, establishing a framework for protecting against leakage or loss of personal information, and conducting ongoing and thorough employee education.

Elimination of Anti-Social Forces

The Resona Group believes that preventing and eradicating transactions with anti-social forces are critically important to its public mission and social responsibility as a financial institution. Our basic approach is not to engage in transactions with anti-social forces and to prevent them from intervening in transactions with customers through the corporate

activities of Group companies. The Group has set specific internal rules and regulations, as well as providing ongoing training and education on these compliance issues for directors and employees. In addition, we have formed cooperative relationships with law-enforcement agencies such as the police to prevent and nullify transactions with anti-social forces.

Internal Auditing

Group Internal Auditing

We believe that the role of the internal auditing is extremely important in to attain the Resona Group's Corporate Mission of "live up to customers' expectations" and "implement transparent management". Accordingly, we have established internal audit divisions at Resona Holdings and Group companies.

In order to ensure sound and appropriate operations and to gain social trust in the business management

systems established by the Company and Group companies, the internal audit divisions serve the essential function of facilitating improvements in corporate value by verifying and evaluating the systems from an independent standpoint and promoting improvements as needed in all management activities.

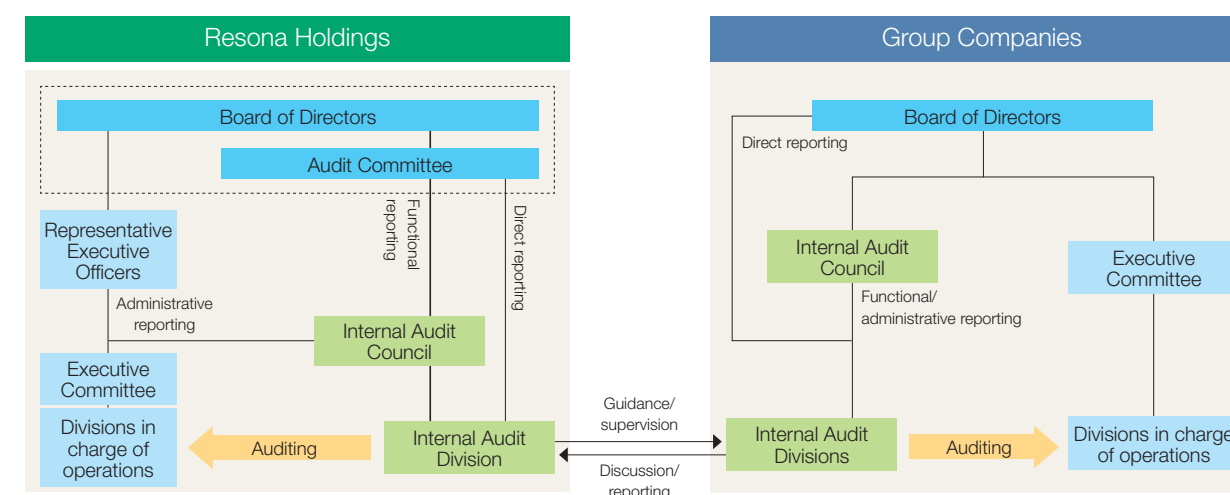
Organization

The Company and Group companies have established independent internal audit divisions under each board of directors.

Moreover, we have formed an "Internal Audit Council" in the Company and Group companies, separate from the "Executive Committee," to discuss important matters related to internal auditing.

The Internal Audit Division of the Company reports to the Board of Directors and the Audit Committee for its function and to the Representative Executive Officers for

its administration. In addition, by ensuring direct reporting line from the Audit Committee to the Internal Audit Division, we strengthen the monitoring and check-and-balance functions performed over the Representative Executive Officers and Representative Directors of the Group companies.



Functions and Roles

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

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

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

The results of internal audits of the Company are reported to its Board of Directors, the Audit Committee, and Representative Executive Officers, etc. The results of internal audits of the Group companies are reported to their respective boards of directors and auditors as well as the Company.