

Initiatives for a Better Society

To contribute to the betterment of society, the Resona Group is engaging in various social contribution activities and providing educational programs that promote financial and economic literacy.

Initiatives to Provide Financial and Economic Education

So far, approximately 37,000 elementary school students have completed either Resona Kids' Money Academy (since 2005) or Mirai Kids' Money Academy (since 2018). Also, we launched Teens' Money Academy for junior high school students as part of efforts to offer more practical educational opportunities for learning finance and economy to each age group.



Resona Kids' Money Academy



Teens' Money Academy

“Re: Heart Club” Run by Employee Volunteers



To show our gratitude to regional societies, employee volunteers participate in various local events and activities. This is one way Resona Group members contribute to regional vitalization and the promotion of sports and cultural activities in a manner optimized to help address issues individual communities are confronting.



Hosting tree planting projects titled “Resona cultivates bonds” to support disaster-hit communities



Holding an “Award Ceremony at the All Japan Culture Festival for the Special Needs School”



Dispatching employee volunteers to support “The 4th SAITAMA INTERNATIONAL MARATHON”



Sponsoring a cleaning campaign titled “Namba Bridge Washing and Brush-up”



Helping organize “The 53rd OHME 30 & 10 km ROAD RACE”



Participating in a campaign entitled “Suma Coast Clean-up”

“The Resona Foundation for Future”

The Resona Foundation for Future, through which the Resona Group contributes funds, provides scholarships, organizes exchange events involving camping programs, track and field classes and other activities. In addition it provides single-parent households with face-to-face specialist consultation for job seekers. These activities help ensure that each child is allowed to realize their potential regardless of their economic status.



A Graduation Party for “Resona Foundation for Future Scholarship Program”

So far, the program has provided 180 scholarships and 87 scholarship recipients have graduated. In March 2019, a graduation party was held for the most recent graduates to meet with, and receive encouragement from, the previous year's recipients.



Hosting a Track and Field Class

In collaboration with the Athlete Society, we held a track and field class, utilizing donations made by Group banks via Nationwide Private Placement CSR Bonds—the SDGs Promotion Fund.

Resona Group Governance



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Resona Holdings Directors

Outside Directors (6 members)

Expertise of Outside Directors: ■ Company management ■ Finance ■ Legal



Outside Director and Chairperson of Audit Committee

Yoko Sanuki ■

Number of Resona Holdings shares held
Common stock: 14,800 shares

Registered as attorney-at-law in 1981. Assumed the office of Representative of NS Law Office (incumbent) in 2001, and then assumed the current position of Outside Director of the Company in 2012.



Outside Director and Chairperson of Compensation Committee

Mitsudo Urano ■

Number of Resona Holdings shares held
Common stock: 3,000 shares

Joined Nichirei Corporation in 1971. Assumed the office of Representative Director and President in 2001. Joined the Company in 2013 as Outside Director, up to the present.



Outside Director, Chairperson of Nominating Committee and Member of Compensation Committee

Tadamitsu Matsui ■

Number of Resona Holdings shares held
Common stock: 20,700 shares

Joined THE SEIYU Co., Ltd. in 1973. Assumed the office of Director of Ryohin Keikaku Co., Ltd. in 1993, and then President and Representative Director in 2001. Assumed the office of President and Representative Director of MATSUI Office Corporation in 2010 (incumbent), and then assumed the current position of Outside Director of the Company in 2014.



Outside Director, Member of Nominating Committee and Member of Audit Committee

Hidehiko Sato ■

Number of Resona Holdings shares held
Common stock: 7,500 shares

Joined National Police Agency in 1968. Assumed the office of Commissioner General of National Police Agency in 2002. Registered as Attorney-at-law in 2011, and currently belongs to Hibiki Law Office (incumbent). Joined the Company as Outside Director in 2015, up to the present.



Outside Director and Member of Audit Committee

Chiharu Baba ■ ■

Number of Resona Holdings shares held
Common stock: 8,500 shares

Joined The Industrial Bank of Japan, Limited in 1973. Assumed the office of Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. in 2005. Assumed current position of Outside Director of the Company in 2017.



Outside Director, Member of Nominating Committee and Member of Compensation Committee

Kimie Iwata ■

Number of Resona Holdings shares held
Common stock: 0 shares

Joined the Ministry of Labour in 1971. Assumed the office of Representative Director, Executive Vice President of Shiseido Company, Limited in 2008. Assumed current position of Outside Director of the Company in 2019.

Internal Directors (5 members)



Director, President and Representative Executive Officer

Kazuhiro Higashi

Number of Resona Holdings shares held
Common stock: 101,200 shares

Assumed the office of Executive Officer and General Manager of Financial Accounting Division of the Company in 2003, and then Director, Deputy President and Executive Officer in 2009, before assuming the current position of Director, President and Representative Executive Officer in 2013. (Concurrently serves as Chairman of the Board, Representative Director, President and Executive Officer of Resona Bank, Ltd.)



Director and Representative Executive Officer

Shoichi Iwanaga

Number of Resona Holdings shares held
Common stock: 10,700 shares

Assumed the office of Executive Officer of Resona Bank, Ltd. and General Manager of Sales Support Division in 2016. Assumed the current office of Director and Representative Executive Officer in charge of Group Strategy Division of the Company in 2018. (Concurrently serves as Executive Officer of Resona Bank, Ltd.)



Director and Representative Executive Officer

Satoshi Fukuoka

Number of Resona Holdings shares held
Common stock: 8,000 shares

Assumed the position of General Manager of Sales Support Division of Saitama Resona Bank, Ltd. in 2013. Assumed the office of Executive Officer in charge of Finance and Accounting Division of the Company in 2017. Assumed the current office of Director and Representative Executive Officer in charge of Finance and Accounting Division of the Company in 2018.



Director and Executive Officer

Masahiro Minami

Number of Resona Holdings shares held
Common stock: 6,600 shares

Assumed the office of Executive Officer and General Manager of Omni-Channel Strategy Division and Group Strategy Division of the Company in 2017. Assumed the current position of Director and Executive Officer in charge of Omni-Channel Strategy Division and a deputy supervisor of Corporate Governance Secretariat in 2019. (Concurrently serves as Executive Officer of Resona Bank, Ltd.)



Director and Member of Audit Committee

Kaoru Isono

Number of Resona Holdings shares held
Common stock: 38,700 shares

Joined Long-Term Credit Bank of Japan in 1978. Assumed the office of Executive Officer in charge of Risk Management Division and Compliance Division of the Company in 2004, and then assumed the current position of Director of the Company in 2009. (Concurrently serves as Director of Kansai Mirai Financial Group, Inc.)



A Glass-Walled Board Room

Resona Holdings boasts outside directors who account for the majority of the Board of Directors and was the first domestic banking group to adopt the company with a nominating committee system. We are striving to upgrade our governance structure to secure management transparency and fairness.

Messages from Outside Directors

- Q1** Please share your thoughts on strengths Resona Holdings has in the area of corporate governance.
- Q2** In light of recent changes in the business environment, what challenges must Resona Holdings tackle going forward?
- Q3** To help the Company counter these changes, what roles do you intend to fulfill and how do you draw on your experience?



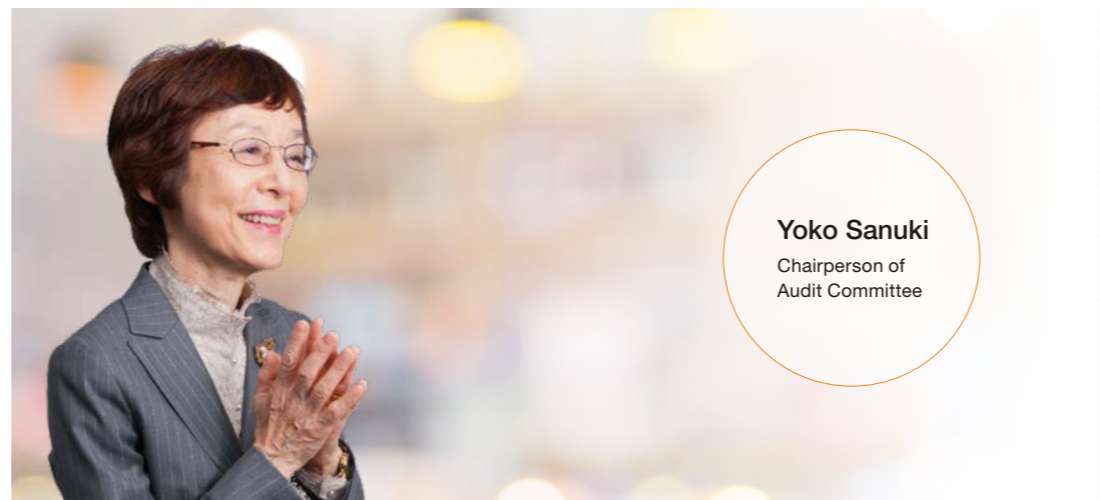
Tadamitsu Matsui
Chairperson of
Nominating Committee

A1 The most notable strength of Resona Holdings' corporate governance systems lies in its corporate structure, that is, a company with a nominating committee. Although the post of president at a business corporation, excluding any directly managed by the owner, is successively taken over by new candidates after a certain period of service, there is a tendency for people who have made major contributions, such as achieving a turnaround from stagnation, and people who are overconfident to insist on staying longer in position. On many occasions, their rationale is that, based on their past accomplishments, they are the best leaders available for their companies. We should be vigilant, however, against this phenomenon; this kind of reasoning is often driven by personal ambitions and may lead to significant mistakes. Power corrupts. Accordingly, the aforementioned system is absolutely necessary to prevent it from happening.

A2 Today, the financial industry is facing an unprecedented crisis. It is hardly exaggerating to classify this sector as structurally depressed. Specifically, changes in the business environment, such as market maturation, low growth, globalization, and advances in IT, are making it difficult to sustain the traditional banking business model that secures revenues from interest rates. That being said, the importance of interest rate income from banking operations is unchanged. In order for the Company to secure greater revenues from these operations, it must enhance its ability to analyze customer

needs in depth while building a stronger cost structure. Also, Resona will have to develop strategies to accommodate diverse needs, such as business succession and will trusts. To this end, the Company needs to foster a corporate culture supporting the thoroughgoing execution of reform measures.

A3 As the leader of Ryohin Keikaku, I have spearheaded structural reforms. These reforms involved upgrading the product development process, which represents the core function of that company, in order to adapt to radical changes in customer needs that are proceeding at a pace that conventional processes cannot respond to. I focused on making it easier to check development status while streamlining operational flows via the consolidation of insights offered by business units across organizations. The latter move was also intended to allow staff to better realize creativity. Moreover, I have positioned enhancing execution skills as a primary target for the company as these skills represented an area of weakness. I have thus facilitated a corporate culture supporting a thoroughgoing stance toward business execution. Radical changes in the environment require accurate and, above all, decisive responses. Superficial maneuvers will not work. In order for Resona to stand out among competitors handling financial products, securing an even stronger corporate culture and business structure is of critical importance. To this end, I will draw on my experience to help it push ahead with reforms.



Yoko Sanuki
Chairperson of
Audit Committee

A1 Since the Resona reform in 2003, Resona Holdings adopted the company with a nominating committee system and thereby strengthened its governance structure. Reflecting this history, I feel that a governance-oriented attitude is being embraced by people throughout organization. I believe that good governance requires the robust involvement of outside directors, shareholders, and other governance system components, allowing them to realize their full functionality and potential to support corporate management. When a specific function is disproportionately empowered, the soundness of the entire organization is affected and it may be derailed from a sustainable growth track. In this light, Resona is able to strike an optimal balance. I believe that none of its governance system components are hindered from realizing their functionality or potential.

A2 It is obvious that under a negative interest-rate environment, any financial institution depending on the lending-centered model would eventually be unable to sustain its operations. Such businesses need to incorporate innovative insights and unconventional ideas to secure more diversified and broader ranges of profit sources. They also have to invest strategically. The Company has already incorporated digital technologies such as smart accounts and a cashless settlement platform. In addition, it must tackle the pressing task of nurturing Omni-Advisors capable of accommodating the consulting needs of retail customers and

SMEs and offering solutions. I am aware of the Company's success in nurturing some outstanding individuals through the trial-basis implementation of various training methods. Looking at the broader picture, however, Resona is only halfway through completing this task. I expect its future initiatives to yield more solid results.

A3 As a member of the Audit Committee, I believe that my mission is to provide timely advice and ensure that none of the various risks arising in the course of reforms go unchecked. To utilize advancing digital technologies, Resona must rely largely on external vendors, and the scope of outsourcing has become larger than ever. Therefore, I think securing robust coordination and communications between internal auditors and accounting auditors is essential. Also, I can easily imagine the challenges Resona staff charged with customer counseling may face as I have handled inheritance and guardianship issues myself as a lawyer. The keys to successful counseling defy documentation. Ultimately, what matters most is developing each counselor's communication skills, cultural literacy, and personality. Moreover, becoming too close to a specific customer may pose a different kind of challenge. I will pay close attention to how Resona will address these issues.



Mitsudo Urano
Chairperson of
Compensation Committee

A1 Good corporate governance involves, I believe, robust collaboration between a company and its stakeholders, and the ultimate purpose of governance is to achieve sustainable growth and the medium- to long-term enhancement of corporate value. To achieve this purpose, securing excellent managerial human resources is extremely important. Among a number of Resona's strengths in terms of governance, its top management personnel succession plan stands out. Resona has dedicated considerable resources over the years to develop it. This plan is designed to ensure fair and transparent selection and to provide a number of candidates with various educational opportunities and train them in quasi-management positions. The plan also mandates multilateral evaluation to be carried out over the course of several years with the involvement of outside directors so that the best candidates are rightfully selected by the Nominating Committee.

A2 Today's businesses are exposed to an environment characterized by growing volatility, uncertainty, complexity, and ambiguity—a situation popularly referred to as "VUCA World." Nevertheless, businesses are being called upon to stay committed to improving people's well-being. To this end, they must ceaselessly strive to create new products and improve productivity. Resona is no exception and is also expected to remain relevant amid a growing trend toward digitization and to tailor its products to better accommodate consumer

lifestyles while achieving higher productivity. Traditionally, Japan's financial institutions have been criticized for their deep-seated lockstep mentality. Resona must take on the challenge of standing out with innovative products and services.

A3 It is important for Resona to empower its employees to bring to bear diverse perspectives and ideas, to develop new products, and to improve productivity. I will help facilitate the kind of culture that supports these pursuits by drawing on my experience at a food manufacturer, where I engaged in marketing assignments, including product development, and productivity improvement. Also, I believe that the top executives should be encouraged to not avoid taking risks altogether. This is an important role borne by the Board of Directors. As the chair of the Compensation Committee, I will do my best to ensure that Resona's compensation system incentivizes these individuals to pursue sustainable growth for the Company.

Corporate Governance

Basic Approach to Corporate Governance

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

- The Company, as the holding company of the financial services group, including Resona Bank, Limited, Saitama Resona Bank, Limited and Kansai Mirai Financial Group, Inc. 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 Corporate Promises),” 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 aforementioned 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 (Nominating Committee, Compensation Committee and 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 aforementioned basic approach to corporate governance so that the Group will grow together with regional communities.

Operations of the Board of Directors

In addition to directors, Board meetings are attended by the presidents of Saitama Resona Bank and Kansai Mirai Financial Group to ensure the effective management of Group operations. Discussions are active at Board meetings, with each director bringing his/her frank opinions. Also, sufficient time is allocated to question and answer sessions. In FY2018, the Board of Directors met 16 times, and the average meeting length was two hours and 29 minutes per meeting.

Questions, opinions, and other feedback from outside directors, all of whom receive prior briefings on agenda items, are shared among all directors and relevant departments, helping activate

discussion by the Board of Directors. Moreover, outside directors’ opinions and requests regarding the operations of the Board of Directors are collectively managed by a corporate governance secretariat that, in turn, regularly reports to the Board of Directors on the status of measures being or that have been taken to address issues raised by these inputs.

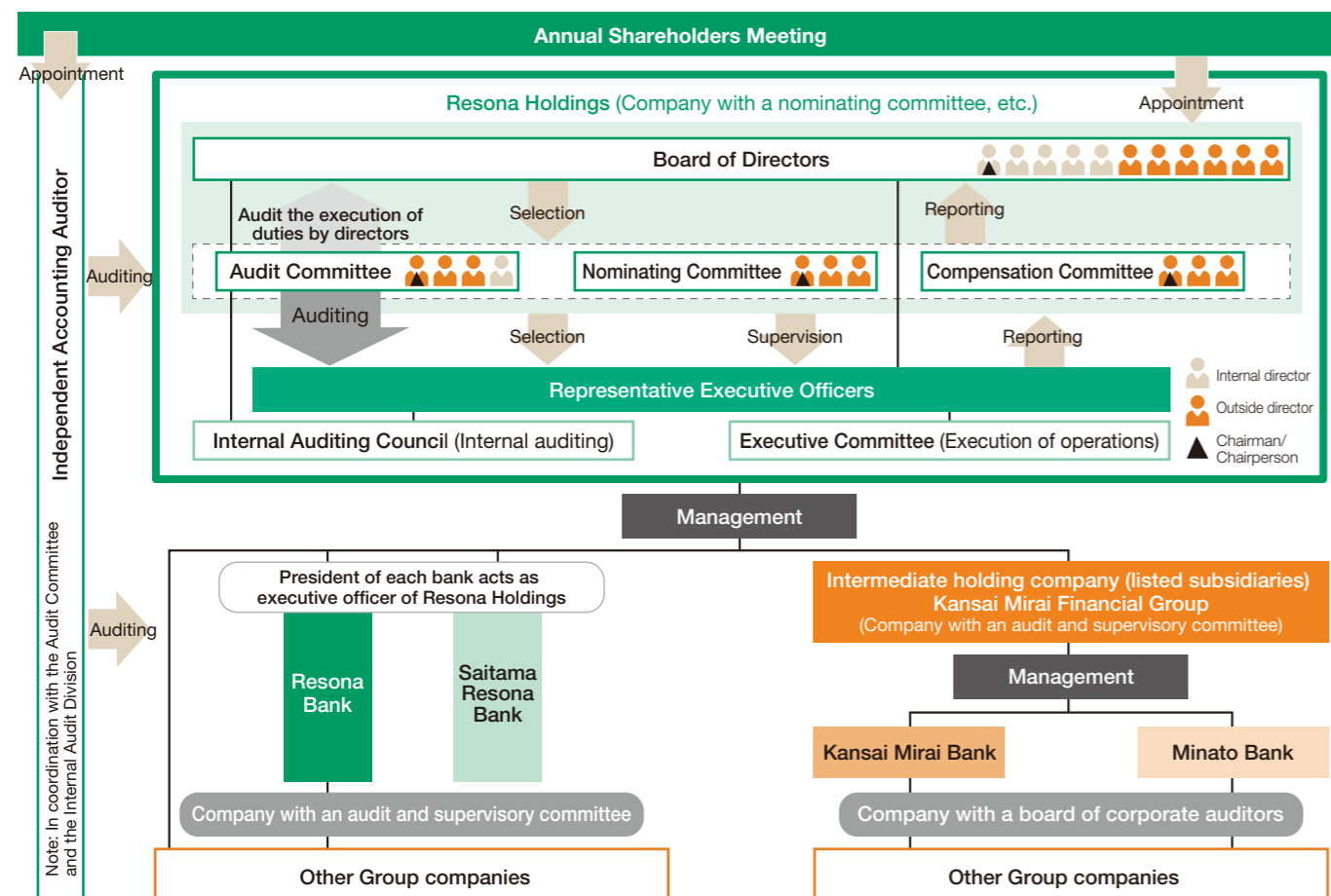
Without the attendance of internal directors, outside directors engage in separate meetings to deliberate results of the self-evaluation of the Board of Directors’ operations and address such matters as the Chairman’s handling of discussions, with the goal of helping the Board of Directors operate more effectively.

Key Subjects Discussed by the Board of Directors (fiscal 2018)

	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Business planning and financial results	Financial results			Financial results		Business planning	Financial results			Financial results		Business planning
Business strategies		Corporate division	Consumer division	Settlement business				Succession business (trust and real estate)	Omni-Channel Strategy International business			
Foundation reforms, etc.				Systems		Digitization	Markets division				HR management	

Subjects other than those listed above (on an as needed basis)	Outside directors’ meetings	Free discussion sessions	Study sessions and onsite tours
	<ul style="list-style-type: none"> • Outside directors deliberate on the results of the self-evaluation of the Board of Directors’ operations to enhance its effectiveness 	<ul style="list-style-type: none"> • Utilize input from outside directors into such key activities as business strategies • Key subjects <ul style="list-style-type: none"> - Status of B to C businesses - Operations of the Board of Directors 	<ul style="list-style-type: none"> • Provide outside directors with essential knowledge of and timely updates regarding matters addressed by the Board of Directors to ensure meaningful discussions • Facilitate understanding of the Resona Group’s business operations via visits to branches and other bases as well as dialogue with frontline employees • Recent visits <ul style="list-style-type: none"> - Resona Bank Tokyo Marketing Dept. and Real Estate Dept. - Nishinomiya Branch (Resona Bank and Minato Bank)

Group Corporate Governance Framework



Overview of Three Committees

	Outside Directors						Internal Director
	Yoko Sanuki	Mitsudo Urano	Tadamitsu Matsui	Hidehiko Sato	Chiharu Baba	Kimie Iwata	Kaoru Isono
Nominating Committee (met 13 times*) 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.			○	○		○	
Audit Committee (met 13 times*) 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.	○			○	○		○
Compensation Committee (met five times*) 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.		○				○	

* Fiscal 2018 total

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 analysis and evaluation to make further improvements in its operations and to enhance its supervisory and decision-making functions. The evaluation of FY2018 concluded that the operations of the Board were “Adequate” on the whole and the overall effectiveness of the Board of Directors was confirmed. In addition, the Board made improvements in comparison with FY2017 with regard

to ongoing issues associated with the sufficiency of information being provided to outside directors, agenda items presented at Board meetings, the content of reporting to the Board of Directors and the better utilization of free discussion sessions. However, the Board determined that it needs to make further improvements regarding the clarification of issues to be discussed in light of medium- to long-term management challenges and maintaining even more effective discussion vis-à-vis the overall strategies for the Resona Group. The Company’s Board of Directors will address these and other issues while enhancing the content of discussions through the improvement of its operations based on such input as the opinions of individual directors.

Resona Succession Plan

Aiming for sustained improvements in corporate value, Resona Holdings, Resona Bank, and Saitama Resona Bank 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, Resona Bank, and Saitama Resona Bank and secure the transparency of the process of selecting and nurturing directors.

The scope of the succession plan covers various candidates for Resona Holdings, Resona Bank, and Saitama Resona Bank, ranging from those who are presidents to those who are new candidates for executive officer positions. The process of selecting and nurturing successors is carried out at a measured pace according to a schedule, with qualified candidates matched 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.

Compensation for Directors and Executive Officers

Overview of Compensation Policy for Directors and Executive Officers

The Company's compensation policy is as follows.

Basic Approach

- Remuneration for directors and executive officers is determined by the Compensation Committee following objective and transparent procedures.
- Compensation systems for directors are focused on rewarding the performance of their primary duty of providing sound supervision of executive officers.
- Compensation systems for executive officers are designed to maintain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation. In addition, with the aim of promoting the Group's sustainable growth and strengthening incentive systems for executive officers on a medium- to-long-term basis to enhance its corporate value, the Company has adopted Performance Share Units.

1. Compensation System for Directors (non-executive)

Compensation for non-executive directors consists of position-based compensation and a duty-based additional portion in cash. In order to further ensure sound supervision of executive officers, performance-based compensation was abolished as of June 2017.

2. Compensation System for Executive Officers

Compensation for executive officers consists of position-based compensation and performance-based compensation. Performance-based compensation comprises cash compensation determined on the basis of the Company's annual operating results as well as Performance Share Units (introduced in July 2017; hereinafter "PSUs"), which reflect medium-to-long-term results. In order to maintain and increase motivation to fully carry out business, a significant percentage of compensation is accounted for by performance-based compensation (details below). Furthermore, the composition of compensation paid to executive officers who take senior positions places a greater emphasis on the performance-based variable portion.

Any executive officer holding a concurrent position as director is paid only the amount of compensation due an executive officer.

Position-based compensation (Fixed compensation)	Performance-based (Standard amount) (Variable compensation)		Total
	Cash (Annual incentive)	PSUs (Medium-to-long term incentives)	
50 to 60%	20 to 25%	20 to 25%	100%

Basis for the calculation of performance-based compensation (variable compensation) for executive officers

(1) Cash compensation (annual incentive)

Determined based on the Company's annual operating results and individual achievements in the previous fiscal year, with the allocable amount varying from as low as zero to as high as 1.5 times the standard amount.

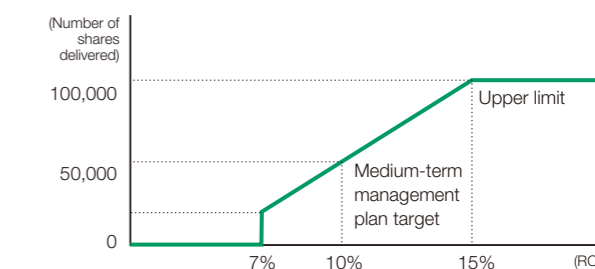
(2) PSUs (medium-to-long-term incentives)

The term of the PSU plan coincides with the term of the medium-term management plan (April 2017 to March 2020). Shares of the Company and other compensation will be delivered in a single lump sum once the delivery ratio is fixed. The delivery ratio may be any amount between 0% and 100%, depending upon the consolidated ROE (based on shareholders' equity) for the fiscal year ending March 2020, the final year under the medium-term management plan. Shares will account for 60% of the overall value of PSUs and cash compensation will account for the remaining 40% of the value of PSUs, considering the income taxes borne by the recipients.

Simulated content of PSUs delivered to representative executive officers

PSUs for the three fiscal years:

- ROE: 15% (1.5 times the value of the targeted ROE); 112,500 shares (upper limit)
- ROE: 10% (the targeted ROE); 50% of the upper limit
- ROE: less than 7%; no shares delivered



Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors

The Resona Group has established the Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors to proactively promote constructive dialogue with shareholders and investors from the perspectives of generating sustainable growth and increasing corporate value over the medium-to-long term. The key points of the policy are as follows.

Purposes

The Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors, etc. (hereinafter "Shareholders") (hereinafter the "Basic Policy"), determines the policy concerning systems and initiatives of the Company for the following purposes:

- (1) Obtain the accurate understanding, confidence and fair evaluation of the Group's management strategy and financial condition from Shareholders; and
- (2) Facilitate the Group's sustained growth and improve corporate value over the medium-to-long term through constructive dialogue with Shareholders.

Personnel Having Dialogue with Shareholders

The President and Representative Executive Officer and the Executive Officer in charge of Finance and Accounting Division shall supervise the overall dialogue with Shareholders and make every effort to ensure that it is constructive. In addition to the foregoing persons engaging in shareholder dialogue themselves, they may appoint others to join in such dialogue when it is deemed appropriate and necessary to do so in order to properly address shareholders' requests and interests in light of subjects up for discussion.

Internal Arrangements for Supporting Dialogue

To make dialogue with Shareholders constructive, the Finance and Accounting Division shall support the persons having dialogue with Shareholders in coordination with various departments of each Group company so that such persons can provide Shareholders with accurate information based on their interests over the medium-to-long term.

Efforts to Diversify Forms of Dialogue

Constructive dialogue with Shareholders shall be conducted in various forms, including general shareholders' meetings, individual interviews, financial results briefings, phone conferences concerning financial results briefings and shareholder seminars. Dialogue shall be conducted from diversified viewpoints to make it substantial in consideration of Shareholders' interests over the medium-to-long term.

Feedback to the Company

The Executive Officer in charge of Finance and Accounting Division shall submit a report on Shareholders' opinions, interests and concerns to the Board of Directors on a regular and timely basis and in an appropriate manner. The Board of Directors may, at any time, ask the Executive Officer in charge of Finance and Accounting Division to explain the details of dialogue with Shareholders.

Management of Insider Information

On the occasion of dialogue with Shareholders, undisclosed important information shall not be disclosed to any specific persons in accordance with the "Information Disclosure Regulations" to be separately established.

Risk Appetite Framework

Framework for Formulating and Executing Strategies to Realize “Retail No. 1”

The Resona Group has defined the purpose of its risk appetite framework as maximizing returns on risk and cost via the optimal allocation of management resources. The Group has thus positioned this framework as an essential component of its governance and management structure supporting the formulation and execution of its strategies aimed at realizing “Retail No. 1.”

Formulation of Management Strategies and Plans

In formulating management strategies, the Company clarifies the business areas that actively take risks based on its social mission and 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 act on such resolutions, formulating various plans associated with such matters as funding and earnings, investments and costs, staffing, risk limits, and the capital adequacy ratio.

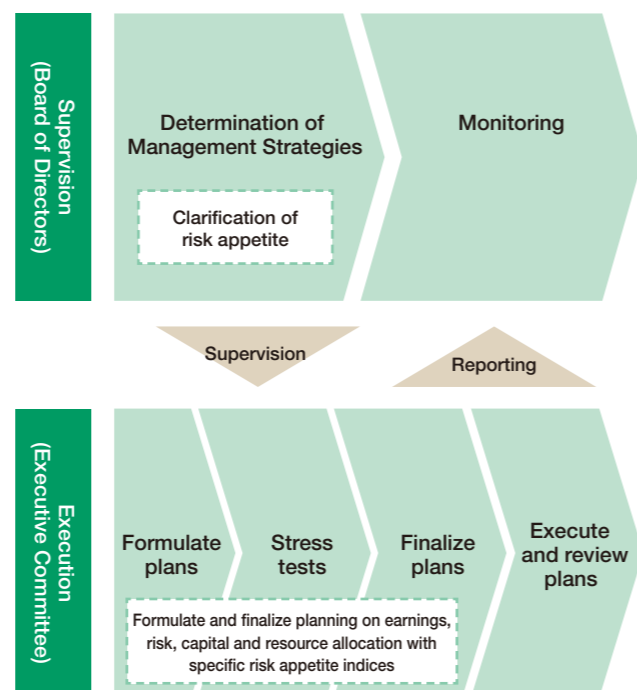
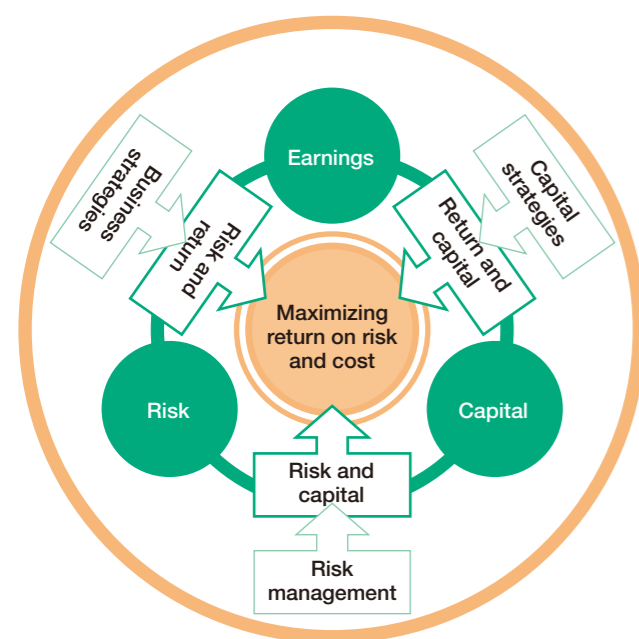
Before each plan is finalized, risk appetite indices are set to confirm that management resources are optimally allocated to maximize returns on risk and cost and that stress tests are sufficiently carried out to establish a rationale for risk taking and the feasibility of risk control.

Operation and Management of Plans

Progress under these plans is regularly reported to the Board of Directors. In an effort to realize management strategies, the Board of Directors then engages in vigorous and in-depth discussion of these plans.

To ensure the feasibility of the strategies, the results of discussions are reflected in flexible reviews of risk appetite and operational management during the period.

Operational Process of the Risk Appetite Framework



Risk Management

Risk Management System

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the application for an injection of public funds in May 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, Resona Bank, Saitama Resona Bank, and Kansai Mirai Financial Group and its group companies (the “Group banks”) have established risk management policies that are tailored to their operations, unique characteristics, and the risks they must address.

These risk management policies 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 these divisions are each responsible for the comprehensive risk management of their respective Group company or bank.

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 (makes 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 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. The Group strives to study and understand the incompleteness and specific weak points of the VaR method, thereby assessing and recognizing the impact of such limitations on risk measurement. For risks that cannot be identified or quantified by the VaR method, the

Risk Category, Definition and Management Methods

Risk Category	Definition	Risk Management Methods
		Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, etc.)
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	Setting risk limits, credit rating system, portfolio management, credit analysis and management, etc.
Market risk	Risk of losses that may occur when the prices 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

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 direction and suggestions to all Group companies regarding risk management policies, standards, and systems.

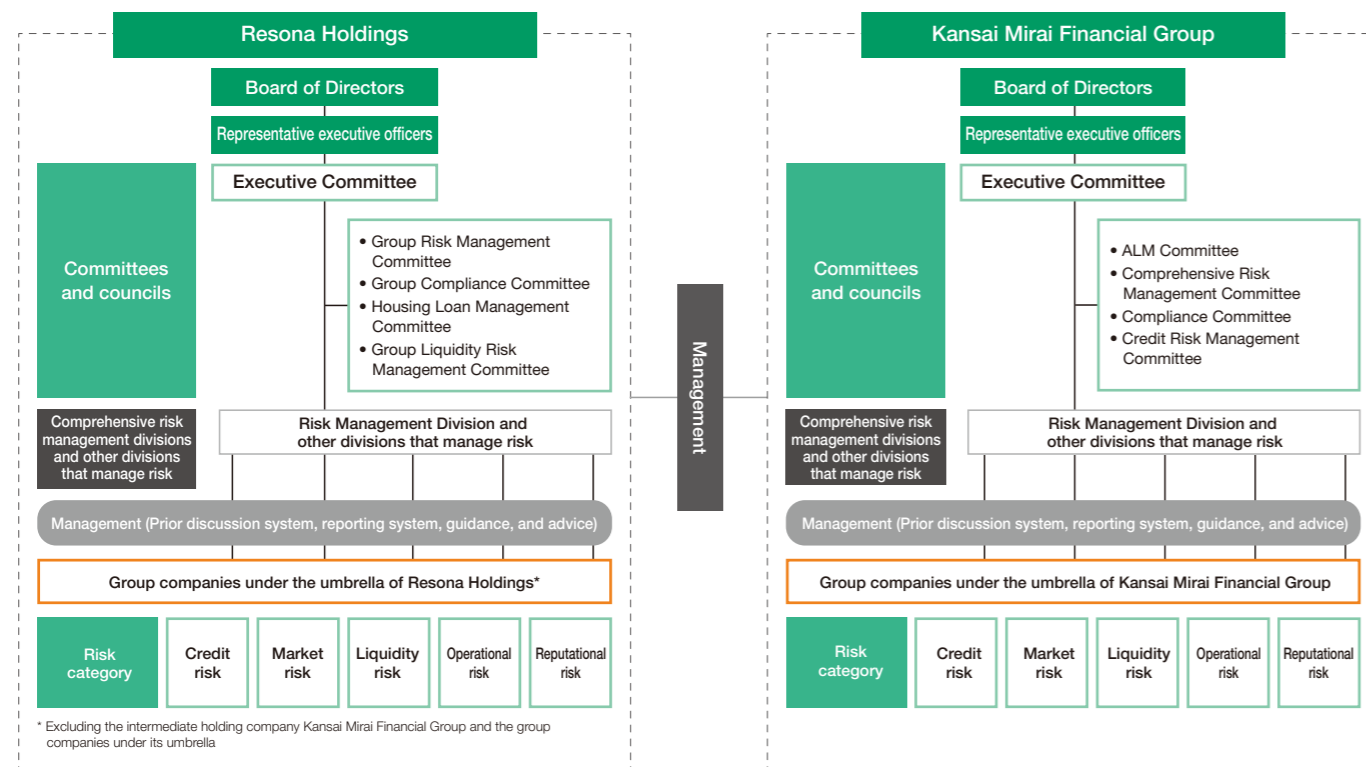
When making decisions on important matters related to risk management, Group companies confer with the Company in advance and base their decisions on those consultations or decide matters through the exchange of opinions, and report those decisions to the Company.

Based on the above, the Company maintains the risk management framework of Group companies by providing direction and suggestions to Group companies regarding risk management policies, as well as rules, standards, and systems or by providing verification through prior consultation.

Furthermore, the Company manages the risk-taking policies of Group companies through prior consultation on limits and guidelines or through the exchange of opinions.

Group companies must report 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 advice as necessary. As shown by the figure below, we have formed risk management divisions by risk category within the Company for managing each type of risk on a Group-wide basis.

Group Risk Management System



Compliance

Basic Activities

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

As 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 (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 (Resona Group's Behavior Guidelines), specific guidelines about the behavior expected from directors and employees under the Corporate Mission and the Resona Way.

Group Management System

Group Compliance Management System

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems Group-wide. In addition, the Group has formed a Group Compliance Committee that discusses and evaluates all issues related to Group compliance.

System 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, and 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.

Management of Customer Information

The protection of customer information is one of the most important factors that enable customers to use the Group's services 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.

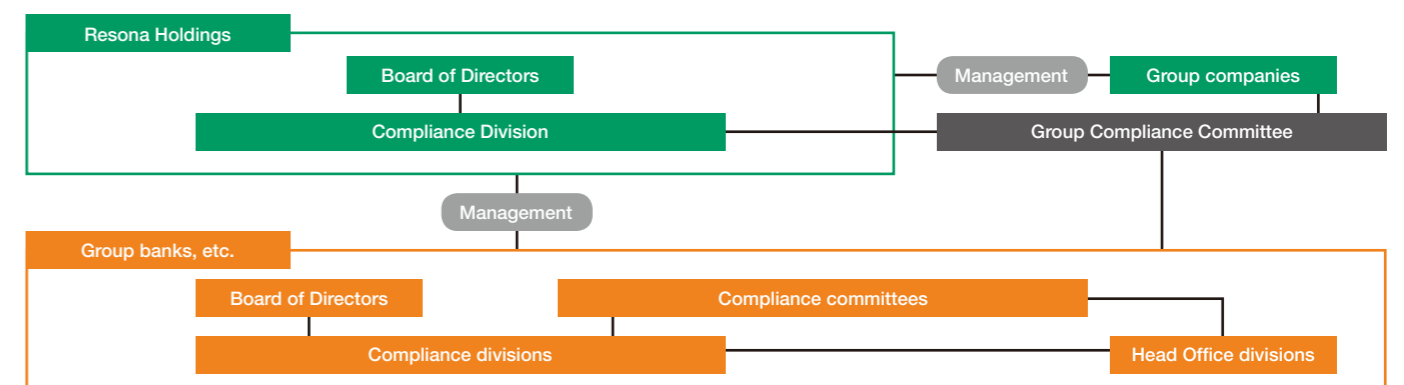
Initiatives to Prevent Money Laundering and Other Financial Crimes

The Resona Group considers the prevention of money laundering and financing for terrorism to be important management issues. Accordingly, the Group has developed an effective operational structure aimed at confirming the identity of transactional counterparts, preventing transactions with terrorists and other individuals subject to their assets being frozen and ensuring the systematic detection and reporting of suspicious transactions.

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. It also provides 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 terminate transactions with anti-social forces.

Group Compliance Management System



Internal Auditing

Group Internal Auditing

We believe that the role of internal auditing is extremely important if we are to “live up to customers’ expectations” and “implement transparent management” as set forth in the Resona Group’s Corporate Mission. 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 and other bodies 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 functions and to the representative executive officers for its administration. In addition, by ensuring a direct reporting line from the Audit Committee to the Internal Audit Division, we strengthen the monitoring and check and balance functions the Company exerts 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 the business management policies of the Internal Audit Division of the Company and secures the approval of the respective board of directors.

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

The results of internal audits of the Company are reported to the Board of Directors, the Audit Committee, and representative executive officers. The results of internal audits of Group companies are reported to their respective boards of directors and auditors as well as the Company.

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Resona Holdings’ Internal Auditing Systems

