

Resona Holdings Directors

Outside Directors (6 members)

Area of Expertise: ■ Company management ■ Finance ■ Legal ■ Marketing



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

Mitsudo Urano ■

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

Joined Nichirei Corporation in 1971. Assumed the position of Representative Director and President in 2001. Assumed the current position of Outside Director of the Company in 2013.



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

Tadamitsu Matsui ■

Number of Resona Holdings shares held
Common stock: 26,400 shares

Joined THE SEIYU Co., Ltd. in 1973. Assumed the position of Director of Ryohin Keikaku Co., Ltd. in 1993, and then President and Representative Director in 2001. Assumed the position 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: 8,900 shares

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



Outside Director and Chairperson of Audit Committee

Chiharu Baba ■■

Number of Resona Holdings shares held
Common stock: 11,400 shares

Joined The Industrial Bank of Japan, Limited in 1973. Assumed the position of Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. in 2005. Assumed the 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: 2,600 shares

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



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

Setsuko Egami ■

Number of Resona Holdings shares held
Common stock: 0 shares

Became the chief editor of *Travail*, a job magazine issued by Recruit Co., Ltd. in 1983. Became Professor at Faculty of Sociology of Musashi University in 2009 (incumbent). Assumed the current position of Outside Director of the Company in 2020.

Internal Directors (4 members)



Chairman of the Board

Kazuhiro Higashi

Number of Resona Holdings shares held
Common stock: 113,800 shares

Assumed the position 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. Assumed the position of Director, President and Representative Executive Officer in 2013. Stepped aside from the position of President to assume the current position of Chairman of the Board in 2020. (Concurrently serves as Chairman of the Board of Resona Bank, Ltd.)



Director, President and Representative Executive Officer

Masahiro Minami

Number of Resona Holdings shares held
Common stock: 10,000 shares

Assumed the position of Executive Officer and General Manager of Omni-Channel Strategy Division and Group Strategy Division of the Company in 2017. Assumed the position of Director and Executive Officer in 2019. Assumed the current position of Director, President and Representative Executive Officer in 2020. (Concurrently serves as Director of Resona Bank, Ltd.)



Director and Executive Officer

Mikio Noguchi

Number of Resona Holdings shares held
Common stock: 6,000 shares

Assumed the position of Executive Officer in charge of Information Technology Planning Division of the Company in 2017. Assumed the current position of Director and Executive Officer in charge of Information Technology Planning Division, Omni-Channel Strategy Division and Group Strategy Division (System Innovation) in 2020. (Concurrently serves as Managing Executive Officer of Resona Bank, Ltd.)



Director and Member of Audit Committee

Takahiro Kawashima

Number of Resona Holdings shares held
Common stock: 23,010 shares

Assumed the position of Executive Officer in charge of Tokyo Metropolitan Area (East Block) of Resona Bank, Ltd. in 2012. Assumed the position of Audit & Supervisory Board Member of Resona Bank, Ltd. in 2018. Assumed the position of Director and Audit & Supervisory Committee Member of Resona Bank, Ltd. in 2019. Assumed the current position of Director of the Company in 2020.



A Glass-Walled Board Room

Resona Holdings boasts a Board of Directors with a majority of outside directors as members 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.

A Message from an Outside Director



Tadamitsu Matsui
Chairperson of
Nominating Committee

The Process for Choosing the New President

In 2018, the Nominating Committee launched a discussion about Resona Holdings' leadership succession. Back then, Kazuhiro Higashi, who has now moved on to become Chairman of the Board, had just begun his fifth year in the office of president. That discussion first concluded that the Company should change its president in 2020. The committee then initiated the process of selecting successor candidates in June 2019.

In line with the Company's succession plan, committee members used selection programs and interviews to narrow down the candidate list. Eventually, the committee identified three candidates for the final selection process: Masahiro Minami; Shoichi Iwanaga (President of Resona Bank); and Satoshi Fukuoka (President of Saitama Resona Bank). The

committee then focused on how to best allocate these candidates to leadership positions at Resona Holdings, Resona Bank and Saitama Resona Bank based on their competencies. In the end, the committee members agreed that Masahiro Minami was the best choice for President of Resona Holdings.

Although I believe that a "company with a nominating committee" system is an excellent governance framework, the effectiveness of this system is, in the end, dependent on the abilities of the people who run it. As for the recent process of leadership succession, Resona demonstrated the effectiveness of its governance systems. We can say that Resona is one of representative corporations whose governance system work very well.

Points Discussed in the Course of Selecting the President Candidate

First, the committee was looking for a younger individual to lead the Group following Kazuhiro Higashi's seven-year term as president and decided to choose someone from among a generation who had joined the Company in the *Heisei* period.

Second, the committee intended to help form the best possible top management team for spearheading the new medium-term management plan (the MMP), which was launched in fiscal 2020. All three of the aforementioned candidates were deeply involved in the formulation of the MMP. The committee believed that the candidate for president must be the best individual to spearhead the launch and

execution of the MMP and, therefore, should be one of the key drafters who helped hammer out its details.

Third, given the radical changes the financial industry is now undergoing, banks will no longer be able to survive depending only on conventional business models. The MMP is therefore strongly focused on pushing ahead with structural reforms. Resona needs to be decisive in executing management reforms; therefore, the new president must be able to adapt policies to flexibly address changes in external conditions and, of course, possess sufficient conventional financial business expertise.

What We Are Expecting of the New President

The new president is expected to take the lead in reforms at the organizational level while keeping an eye on the changing industry landscape. This is essential to the success of any reform. In short, he needs to be able to inspire a sense of common purpose in employees and must proactively communicate his policies to this end.

In this light, we know that Masahiro Minami is a resolute person and have confidence in his business execution skills

and ability to shape and communicate his vision. Moreover, he is a good listener and quite open to the voices of his colleagues at all levels.

A corporate leader should tackle difficult tasks, such as facilitating changes in corporate culture and employee value systems, to accomplish structural reforms. I expect Masahiro Minami to strongly promote these challenges.

The Link Between Nurturing and Selecting Future Top Management Candidates

Resona boasts a succession plan covering candidates, from those who are candidates for the president to those who are new candidates for executive officers. This plan includes a variety of selection and nurturing programs designed to match qualified candidates to the appropriate ranks.

In nurturing programs, candidates acquire corporate management competencies by being transferred to a variety of business units, thus ensuring they build broad experience. They also attend external seminars to learn about subjects that

are not covered within the Group. Every year, the Nominating Committee discusses who should enter these programs.

The committee members also interview each candidate face to face, multilaterally examining the individual's qualities in a variety of assumed circumstances. The selection process is thus designed to identify top management candidates who satisfy certain criteria. As such, we operate both nurturing and selection cycles, with the aim of ensuring that Resona has always a robust pool of future top management candidates.

How I Employ My Experience and Expertise as a Committee Chair

Although companies differ in size, I believe that nearly 80% of the problems one may face are common to all companies. The remaining 20% may be unique to a company's particular market sector. For example, the finance industry faces different issues than the automotive or apparel industries. And, as an industry outsider, I may not be any better at addressing finance industry-specific issues. However, I

believe I can certainly contribute to the resolution of problems that are not specific to Resona but common to all industries. Of course, other outside directors also have diverse experience and knowledge as well as concept-building capabilities. I hope that my experience in the business sector will help Resona push ahead with management reforms under the MMP.

Discussions at the Board of Directors with Regard to the MMP

In the course of formulating the MMP, the Board of Directors did not wait for a well-thought-out draft of the plan to fall from the sky. Rather, the Board began by deliberating on a quite rough draft and engaged in a series of free-wheeling discussions in which they hammered out the details. The Board deliberately chose to not let internal officers, who might feel constricted by financial industry norms, monopolize the formulation process. Thus, from the initial stage, the process of drafting the rough plan incorporated the viewpoints of multiple external individuals with diverse experience. I believe this approach worked quite well.

For example, the MMP defines issues customers are confronting as a starting point. Of course, Resona staff are well aware of these issues. In addressing them, however, they might be tempted to start from, for example, business issues they themselves are confronting. As long as they are constrained by the conventional norms prevailing in the banking industry, it will be hard for them to understand what

really troubles customers. Unless a perspective of this kind is incorporated, the MMP could end up becoming a mediocre series of piecemeal initiatives that focus too narrowly on specialized fields and are thus insufficient to address broader issues. That's why the Board of Directors spent so many hours discussing the MMP. I think, however, that the formulation process has provided the outside directors with a good opportunity to contribute their insights and ideas.

As a Board member, I personally strive to weigh in with opinions that reflect industrial norms in sectors outside the financial field when the Board of Directors discusses the MMP. We also regularly discuss what must be done today to ensure the success of future reforms. Excellent ideas do not conveniently emerge when we just sit down at a desk and think. We strive to seek out business seeds and identify Resona's unique strengths by closely assessing what is really happening on the operational frontlines. I believe that Resona is in the process of finding ways to align these strengths to accurately meet customer needs.

Corporate Governance

Basic Approach to Corporate Governance

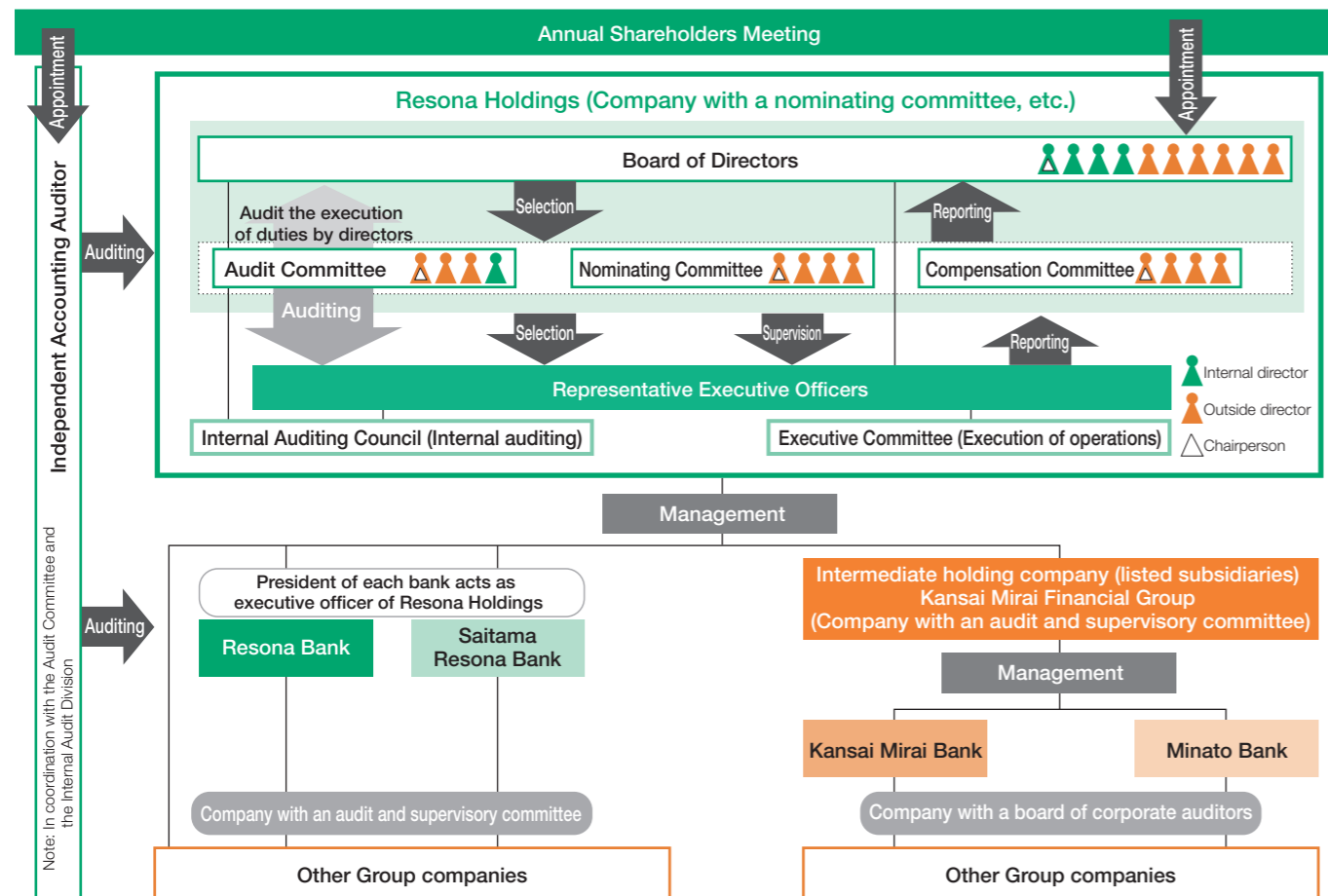
Resona Holdings, Inc. (hereinafter the “Company”) has established the “Basic Corporate Governance Policy” to facilitate the sustained growth and improvement of the corporate value of the Resona Group (hereinafter the “Group”) over the medium and long term.

- The Company, as the holding company of the financial services group, including Resona Bank, Ltd. Saitama Resona Bank, Ltd. 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.

Group Corporate Governance Framework



Operations of the Board of Directors

In addition to directors, Board meetings are attended by the presidents of Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group as observers to ensure the effective management of Group operations, which leads to active discussions at Board meetings. Also, sufficient time is allocated to question and answer sessions. In FY2019, the Board of Directors met 20 times, with an average attendance rate among the directors of 98.6%. The average meeting length was two hours and 21 minutes, and the average number of agenda items discussed per meeting amounted to 9.1.

Prior to each Board of Directors meeting, outside directors receive briefings on the outline and points of agenda items. Questions, opinions, and other feedback from outside directors

are shared among all directors and relevant departments, helping spur discussion by the Board of Directors.

Fiscal 2019 Initiatives

The Board of Directors’ fiscal 2019 initiatives included clarifying matters to be discussed in light of medium- to long-term management challenges and pursuing more effective discussion regarding the overall strategies for the Resona Group as it endeavored to tackle issues identified in the course of self-evaluation carried out a year earlier. To this end, the Board of Directors utilized free discussion sessions and strove to maintain a vigorous level of discussion addressing such themes as the formulation of the next medium-term management plan (MMP). Detailed content of fiscal 2019 initiatives is as listed below.

Free Discussion Sessions

Themes	2019/April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	2020/Jan.	Feb.	March
Direction of the next MMP				Positioning of the next MMP and the recognition of the business environment			Concepts behind the MMP	Outline of the MMP (1)	Outline of the MMP (2)			Formulation of the MMP
Review of the previous MMP and the identification of issues				AUM (asset formation) business		Treasury Planning Div.	Succession business	SME, international and individual loan businesses				
Other		Board of Directors’ annual agenda item schedule		HR strategy to enhance competitiveness		Ideal HR management practices to be adopted going forward	Omni-Channel Strategy	Digitalized Operations Div.	Settlement business			Management supervision over Group companies

Other sessions (held on an as-necessary basis)

Outside directors’ meetings <ul style="list-style-type: none"> • Outside directors hold discussions on the results of the self-evaluation of the Board of Directors’ operations and the identification of future candidates for Chairman of the Board, to enhance its effectiveness 	Study sessions <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 • Examples of themes <ul style="list-style-type: none"> - Advance of digital transformation and growing threats of cyber attacks - The Resona Group’s cyber security measures 	Onsite tours <ul style="list-style-type: none"> • 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"> - Laboratory in which a next-generation branch system is verified - Development base in charge of Resona Group App - Business Plaza Tokyo - Nanba Branch of Resona Bank and Kansai Mirai Bank
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Overview of Three Committees

	Roles	Composition	(○: Chairperson)	Number of meetings held in fiscal 2019 (average attendance rate)
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. Furthermore, the committee decides on matters necessary to ensure the succession of roles and responsibilities of officers, such as presidents of Resona Bank and Saitama Resona Bank, to this end deliberating the content of the succession plan.	<ul style="list-style-type: none"> • In general, membership consists only of three or more outside directors who are highly independent from management • The chairperson is selected from among the outside directors 	○ Tadamitsu Matsui Hidehiko Sato Kimie Iwata Setsuko Egami	11 (93.9%)
Audit Committee	The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors in addition to auditing the execution of operations by executive officers and directors.	<ul style="list-style-type: none"> • The committee consists of three or more members, including outside directors who make up the majority • In general, a chairperson is selected from among the outside directors 	Mitsudo Urano Hidehiko Sato ○ Chiharu Baba Takahiro Kawashima (internal)	13 (100%)
Compensation Committee	The committee makes decisions regarding policies for the compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals. It also discusses such matters as compensation systems that should be adopted to help enhance corporate value of the Resona Group.	<ul style="list-style-type: none"> • In general, membership consists only of three or more outside directors who are highly independent from management • A chairperson is selected from among the outside directors 	○ Mitsudo Urano Tadamitsu Matsui Kimie Iwata Setsuko Egami	8 (95.8%)

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.

For the fiscal 2019 self-evaluation, a third-party evaluation agency was commissioned to review in full the content of the questionnaire to be completed by each director in the self-evaluation process. The results of the fiscal 2019 self-evaluation indicated that the Board deserved high evaluations for a number of items, including its composition and the importance it places on discussion, while suggesting a few

items that need improvement. It was also confirmed that continued improvement has been made with regard to matters identified as needing attention in the fiscal 2018 self-evaluation thanks to initiatives undertaken by the Board in fiscal 2019. In sum, the latest self-evaluation determined that the Board of Directors' operations remain highly effective.

On the other hand, it was suggested that the content and quality of meeting materials needs to be improved and that the Board must take on discussions regarding such issues as the medium- to long-term allocation of management resources and the monitoring of the status of and progress in initiatives aimed at achieving medium- to long-term goals.

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 the Company, 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 ensures 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 for 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

Compensation for directors consists of position-based compensation and a duty-based additional portion in cash.

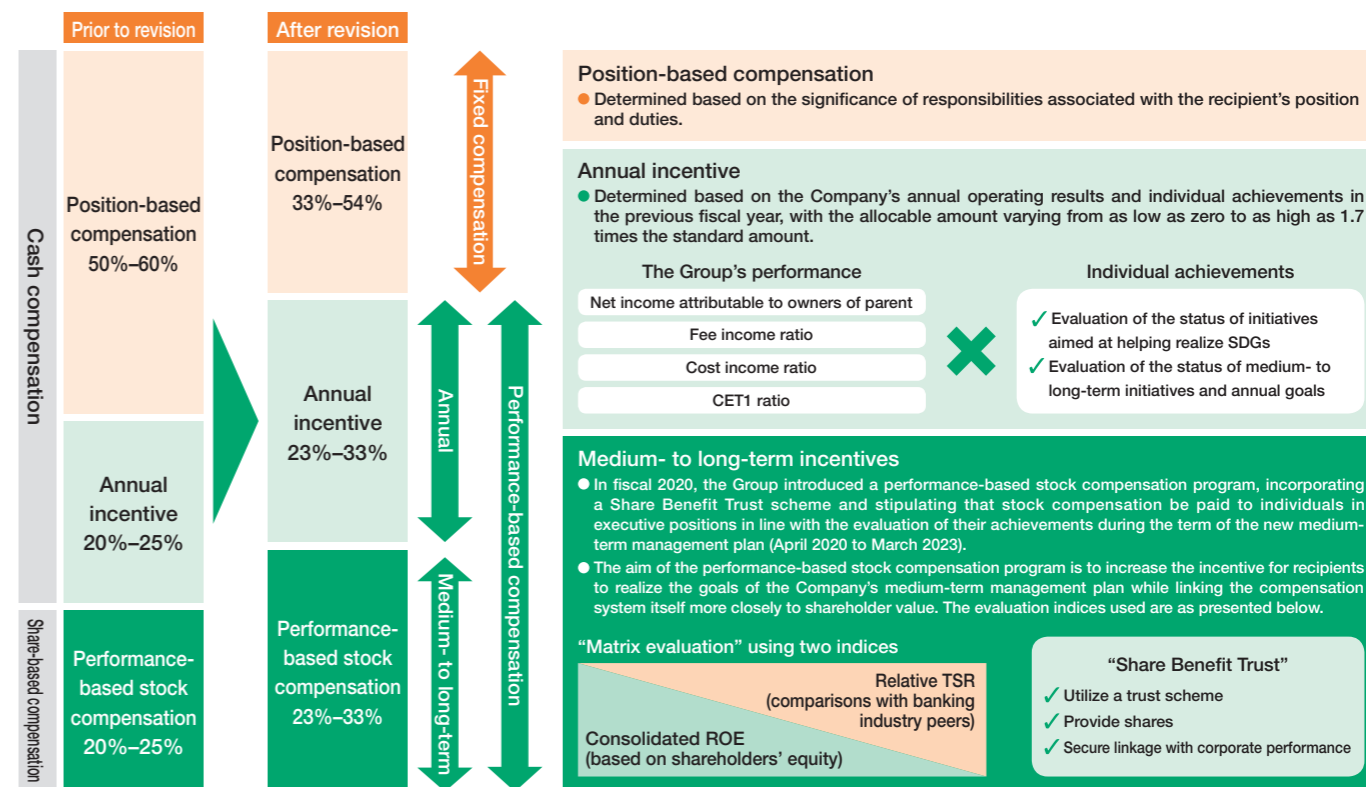
2. Compensation System for Executive Officers

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-based stock compensation that reflects 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 are presented in the chart on the next page). 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.

Compensation System for Executive Officers

Example: Composition of Compensation for Executive Officers, Including the President



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 the 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 aforementioned 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 the 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 the Finance and Accounting Division to explain the details of its 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 Group 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, 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.

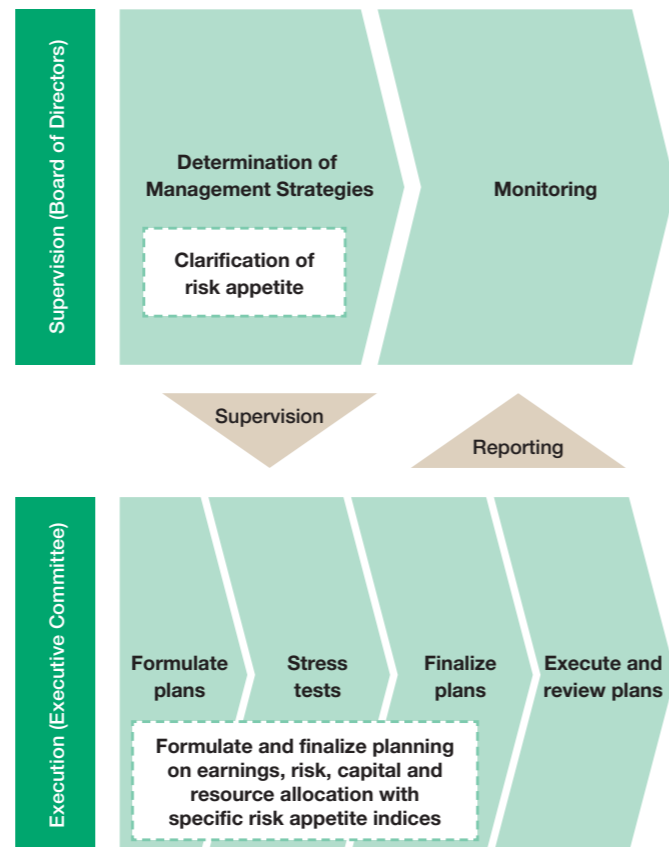
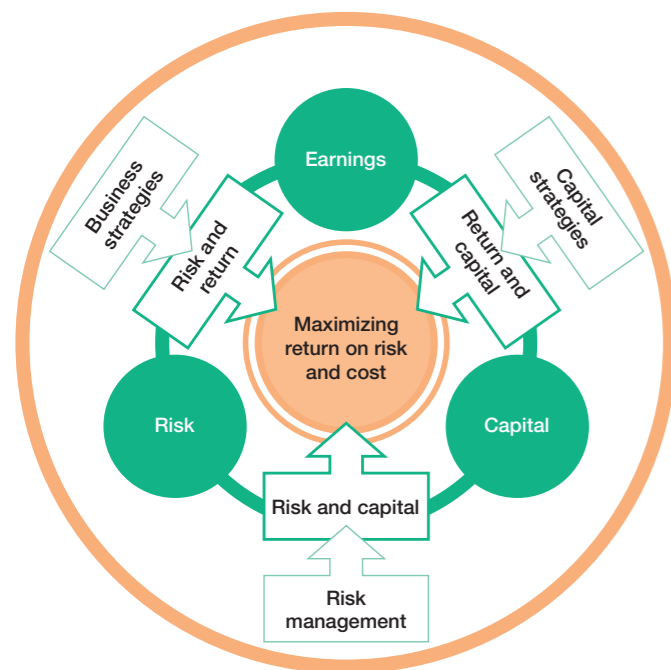
Before each plan is finalized, risk appetite indices are set to confirm that management resources are optimally allocated to maximize returns on risk and cost and that stress tests are sufficiently carried out to establish a rationale for risk taking and the feasibility of risk control.

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 three 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.

Three Risk Management Principles

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 Resona Group is exposed to various types of risk, including those associated with business strategies, the violation of laws and regulations and systems failures as well as those related to business outsourcing (e.g., suspensions of operations and information leaks involving vendors).

As it aims to appropriately handle these risks in adherence to the three risk management principles, Resona Holdings has established the Group Risk Management Policy. This policy is intended to clarify types and definitions of risks to be

managed and the organizational structure for risk management as well as the fundamental risk management framework, with the aim of developing a robust risk management system for the Group.

Specifically, the policy classifies risks as shown in the table below, and stipulates that risk management divisions specializing in each risk category must be in place in addition to divisions tasked with comprehensively managing enterprise risks (comprehensive risk management divisions), ensuring that optimal risk management methods are used by these divisions in light of risk characteristics.

As stipulated by the Group Risk Management Policy, Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group and its group banks (the “Group banks”) have established risk management policies that are tailored to their operations, unique characteristics and the risks they must address while maintaining risk management divisions handling risks in each risk category as well as comprehensive risk management divisions.

Principal Group companies, other than the banks, have also established risk management policies that are tailored to their own operations, special characteristics and risks. 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.

Primary Risk Category, Definition and Management Methods

Risk Category	Definition	Risk Management Methods
		Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, stress tests, 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

Group Management by Resona Holdings

Qualitative Risk Management

The Company provides Group companies with direction and suggestions regarding risk management policies, standards, and systems that must be shared by all Group members.

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 framework described above, the Company maintains a firm grip on risk management policies, standards and systems in place at each Group company, thereby ensuring qualitative risk management for the Group.

Quantitative Risk Management

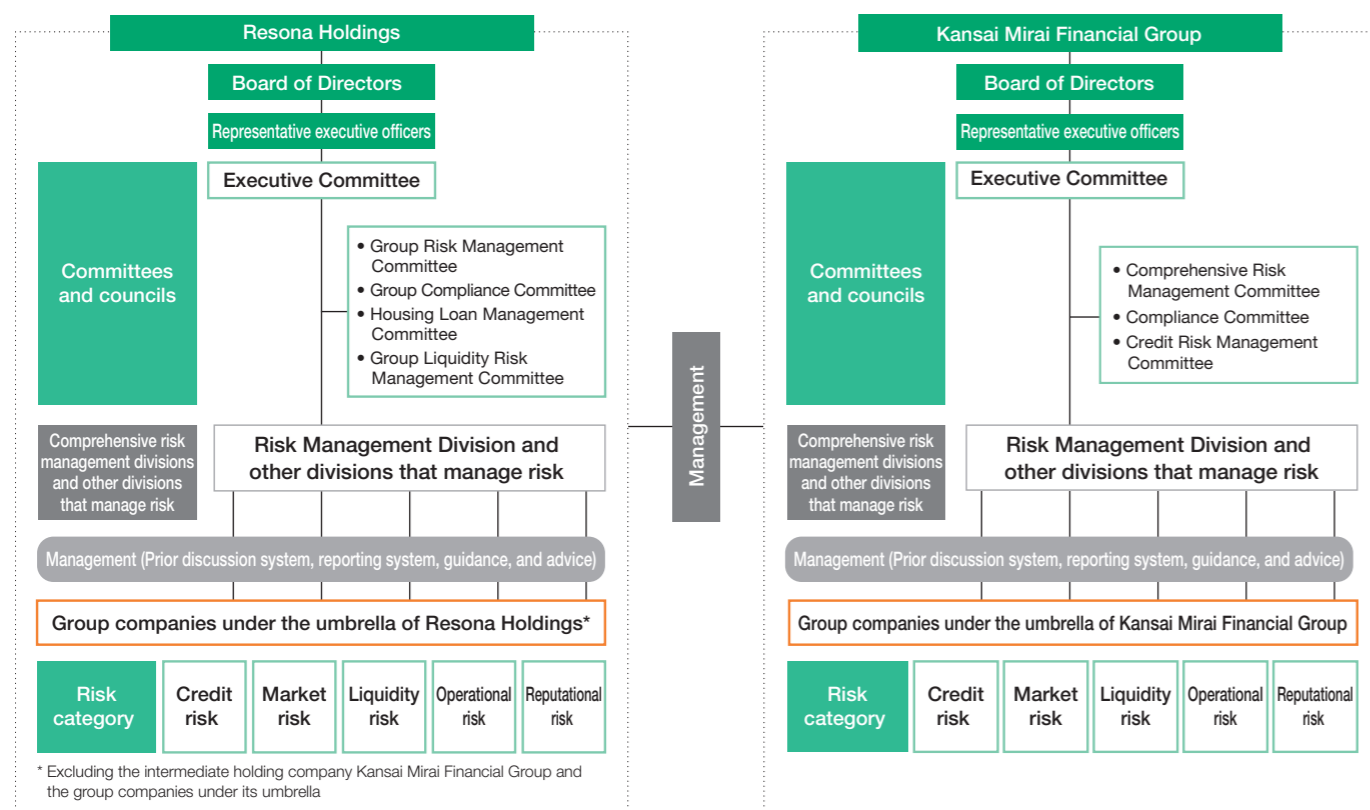
The Company and the Group banks have in place comprehensive risk management systems with the aim of quantitatively assessing risks and controlling them within the tolerable limits.

Furthermore, the Company maintains the quantitative management of risks each Group company is handling 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



Top Risk

The Company has positioned risks that are deemed to possess a high possibility of impacting heavily on the Resona Group as top risks in order to develop a consistent risk management structure placing the foremost emphasis on managing these risks.

Among this category are "risks that could have a grave impact on the Resona Group's operations and are highly likely to materialize or are expected to gain a high possibility of materialization within a period of approximately one year going forward." In addition to quantifiable risks, top risks include

risks arising from the execution of strategies, deterioration in the Group's reputation and other factors. In line with these definitions, top risks are determined via discussion at the Executive Committee, the Board of Directors and other important bodies.

Through top risk management, the Company helps Group members share risk recognition while striving to enhance risk governance, prevent the emergence of significant risks, ensure swift response to risk materialization and curb the spread of risk repercussions.

Top Risks for the Resona Group

Top risks	Risk scenarios
Changes in the competitive environment (social and industrial structures)	Changes in social and industrial structures in the face of rapid advances in technological innovation, etc., the nullification of the effect of strategic investment due to evolving conditions in the competitive environment and a lack of human resources to support the execution of business strategies
Changes in regulations, laws and other legal frameworks as well as government policies	Changes in the earnings structure and deterioration in profitability due to the introduction or revision of laws, regulations and accounting standards and the prolongation of monetary easing policies
Growth in credit-related expenses	Deterioration in the corporate performance of major clients to which the Group extends credit, the deterioration of performance in sectors to which the Group extends massive credit and the resulting negative repercussions on the performance of those in supply chains associated with these clients or sectors due to such factors as a shift in credit cycle
Deterioration in unrealized gains on available-for-sale securities	Deterioration in unrealized gains on available-for-sale securities due to economic deceleration, turmoil in financial markets or the materialization of geopolitical risk leading to stock price plunges and interest rate hikes
Destabilization of foreign currency funding	Growth in costs associated with foreign currency funding and other detrimental financing conditions arising from turmoil in financial markets, the materialization of geopolitical risks, unexpected cash outflows, the deterioration of market liquidity, etc.
Occurrence of major systems-related incidents resulting in service suspension or other serious consequences	Major systems failures, including those induced by cyberattacks, suffered by the Group or third parties handling its systems and resulting in the suspension of settlement and other services or the leakage of customer information
Operational suspension due to the violation of laws and regulations and compliance-related failure, etc.	<ul style="list-style-type: none"> • Cancellation of contracts and the need to pay fines due to flaws in the Group's countermeasures aimed at preventing money laundering and funding for terrorism • Deterioration of the Group's reputation due to the violation of social ethics
Occurrence of natural disasters that lead to operational suspension, etc.	Operational suspension or other serious consequences, including a threat to human life, due to a major natural disaster, such as an earthquake, massive wind or flooding, or a pandemic

Comprehensive Risk Management and Capital Allocation

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 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.

Stress Tests

The Group carries out a variety of stress tests, each assuming a massive economic deceleration, turmoil in financial markets or other similar scenarios aimed at confirming its resilience against and capital adequacy in a stressful environment and thereby verifying the appropriateness of its management plan and assessing the impact of differing risk factors on its operations.

Stress tests being carried out in the course of formulating a management plan employ multiple stress scenarios, including some deemed highly likely to materialize and some that would gravely impact the Group's operations. In this way, the Group measures the possibility of an increase in losses associated with its risk-weighted assets and fluctuations in profit due to deterioration in revenues over a period spanning multiple fiscal years. Stress tests are utilized to evaluate the stability of the Group's revenues, assess how its capital adequacy would be impacted by the assumed stresses and prevent excessive risk-taking.

* 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.

Compliance

Basic Activities

The Resona Group defines compliance as the strict observance not only of laws and regulations, but also of social norms, and it 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

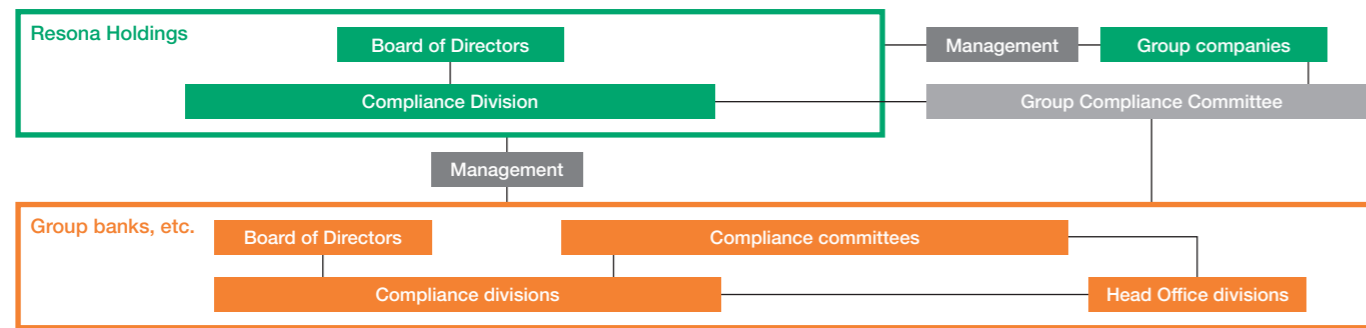
Group Compliance Management System

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 the Group Compliance Committee, which discusses and evaluates all issues related to Group compliance.

System for Protecting Group Customers

The Company and Group banks are working proactively 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.

Group Compliance Management System



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 to not 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.

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.

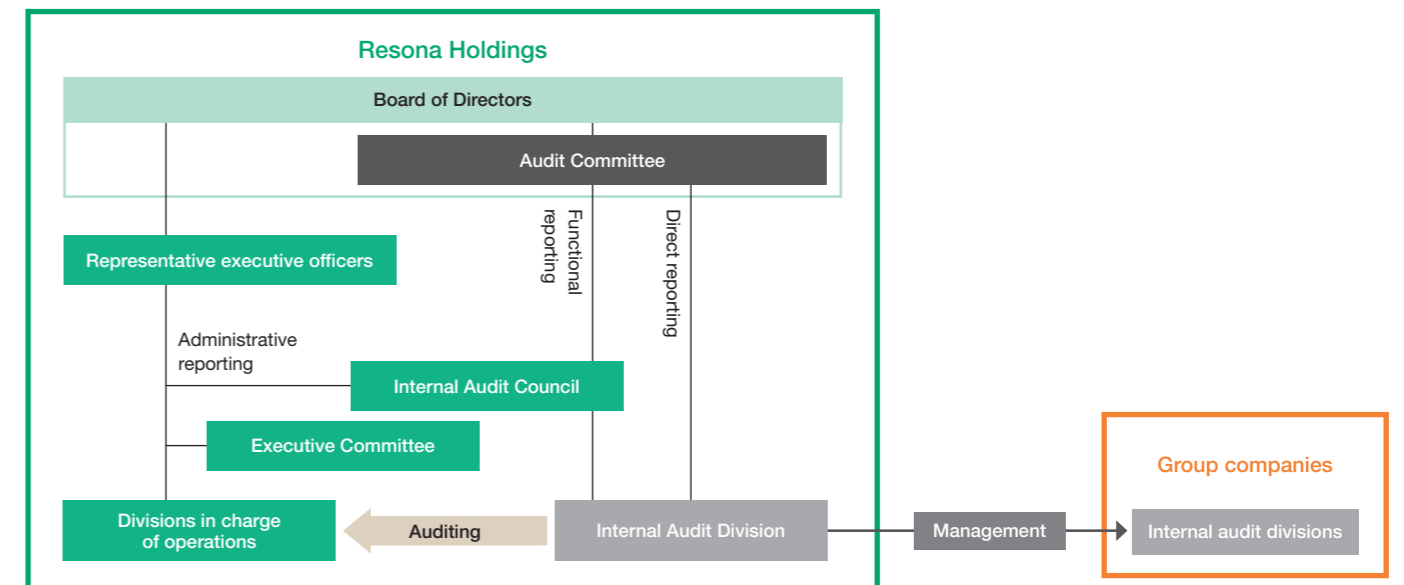
Organization

The Company and Group companies have established independent internal audit divisions and other bodies under each board of directors. Moreover, we have formed the Internal Audit Council, separate from the Executive Committee, to serve the Company and Group companies by discussing 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.

Resona Holdings' Internal Auditing System



Functions and Roles

To guide the drawing up of plans for internal auditing, the Internal Audit Division of the Company formulates the Annual Internal Audit Basic Plan for 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 each 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.