

A Message from the Chairman of the Board

Resona Holdings' Board of Directors at a Point of Transition

My Impressions of the Past Year since Assuming the Office of Chairman of the Board

It seems to me that the year since I became Chairman of the Board has passed so quickly. When I assumed the office, the first issue I became aware of was the need to determine an ideal image of what Resona Holdings' Board of Directors should look like.

Immediately after my appointment was finalized, I gathered all the outside directors for a discussion of what our Board of Directors should look like. With each attendee bringing to bear their insights backed by diverse experience, we confirmed that there was no clear-cut set of ideals describing what a holding company's board should look like. Following the injection of the public funds, which we call the "Resona Shock," the repayment of those funds was the Resona Group's foremost management issue. In fact, the Group's current Resona Bank-centric governance system seems to be aligned with initiatives undertaken to achieve the full repayment of public funds and its development to date reflects this. However, it has been eight years since the Group accomplished the full repayment. And, over the course of these eight years, the Group has made significant progress in capital accumulation. Because of this achievement, it is time, I believe, for the Resona Group to take a step forward toward a new phase. Against this back-

How I Handle Discussions as Chairman

First and foremost, I strive to always stay conscious of providing a place for and fostering an atmosphere supporting constructive discussions focused on truly essential matters. This is my role as Chairman responsible for the facilitation of discussions. As Resona Holdings' outside directors are equipped with abundant experience and a wealth of expertise, they don't have to be nudged by Chairman to speak. Rather, all of them

Status of Discussions at Board of Directors Meetings

Over the past year, we spent the greatest amount of time on discussing the formulation of the Purpose and how to achieve transition under the new MMP to make a step forward toward a new phase. Taking advantage of free discussion sessions, members of the Board engaged with executives to address the aforementioned subjects from the draft proposal stage. Our discussions were thus intensive and constructive, with more time spent on these issues than spent on the deliberation of legally mandatory agenda items. In addition, we received multiple rounds of follow-up reporting from executives until the Board's resolution was finalized. In summary, it is my judgement that the Board was able to engage in high-quality discussions.

Although the Board of Directors now boasts greater abilities



Fumihiko Ike
Chairman of the Board

drop, my hope for our Board of Directors is that it adopts an overarching perspective that takes the entire Group into account and fulfills its roles and functions as the holding company's board to the greatest possible extent. In this light, the new medium-term management plan (MMP) places great emphasis on developing governance functions like those described above. Moreover, the formulation of the new MMP reflects discussions over the past year that have focused strongly on the profound issue of how to navigate the Group in times of transition like this moment.

have been proactive in contributing their opinions and have delivered a number of constructive suggestions. Accordingly, as a Chairman, I focus on summarizing points to be addressed going forward to ensure that discussions under way will continue to address essential issues and yield specific conclusions even as I keep an eye on the schedule.

to utilize a long-term perspective and address strategic subjects, we need to monitor the status of the new MMP on an ongoing basis to confirm whether its execution is effective. This is essential as the Group is confronting radical changes in the operating environment, social structure and other various areas. For the time being, this monitoring will remain the most important issue in connection with the Board of Directors' effectiveness.

Due to the breakout of the COVID-19 pandemic, the trend toward non-face-to-face, contactless and other digital transactional channels has gained significant momentum, leading to major changes in people's behavior as well as the socio-economic structure. I believe that our Group employees are assiduously taking on their day-to-day operations with a keen

awareness of the changes of the times and a sense of shared crisis. However, I also assume that many of those at Group banks may think that there will never be a day in which banks become completely obsolete. I would say that, in reality, the ongoing viability of banks as they are now is not guaranteed, considering that fast-advancing digital technologies are now empowering one new player after another to enter the financial

industry. To effectively devise the Group's future growth strategies, the Board needs to be capable of adopting the consumer perspective in its in-depth discussions and to send alerts to management based on its acute recognition of major changes in society. This, in my opinion, is another of the essential functions to be fulfilled by the Board of Directors.

Promoting In-Depth Discussions at Resona Holdings' Board of Directors

The role of Resona Holdings is to formulate overarching strategies that each Group company can coordinate their own strategies under and to determine the direction of business management for the entire Resona Group. One of the Group's strengths lies in the finely tuned business approach each subsidiary bank employs to accommodate the circumstances of the region in which it operates. While leveraging this strength, Resona Holdings needs to fulfill the primary functions of clearly determining the direction the entire Group needs to take and demonstrating leadership via transformative actions that align the Group with the changing times. Although I can see that Resona's executive officers have begun to take on a fresh perspective with regard to navigating the Group through changing

waters, it falls on outside directors, including myself, to monitor the status of discussions to ensure that the issues described above are regularly deliberated and, if necessary, correct the course of the Board's discussions. This will, in turn, enable the Board of Directors to play a significant role in enhancing the effectiveness of the integrated management of the Group.

Recently, Resona Holdings appointed a Group Chief X Officer (CXO), a highly commendable move. By making this appointment, the Company is signaling that it has set its sights higher, updating its previous focus on the integrated management of Resona Holdings and Resona Bank to the integrated management of the entire Group.

My Future Goals as Chairman

I am the Resona Holding's first ever Chairman chosen from among outside directors. In the course of facilitating discussions at the Board room as Chairman, I strive to lead the Board away from simply hurling a barrage of opinions and requests at executives, which would serve only to weigh them down and hamper their ability to proceed with their execution of duties. Despite the constraints arising from informational asymmetry, directly managing executives is not a genuine role of the Board. For the Board to function effectively, it is of course important to provide outside directors with sufficient explanations of agenda items through Board of Directors meetings. At the same time, I believe that the Board shouldn't get in the way of the daily execution of business even if its Chairman is an outside director. As a Board in place at a company with nominating committee, we should delegate authority over the execution of business to executives and focus on monitoring their duties. Nevertheless, I also believe that, based on the aforementioned premise, the Board should not only put a halt to ill-advised decisions to avoid foreseeable emergencies but also robustly support the Company's endeavors, even those that involve some risk, to step forward beyond the scope of finance. As the Resona Group has identified "Beyond Finance" as a key component of its Purpose, a major role of our Board of Directors is,

I believe, to navigate the Company accordingly in this pivotal era of change. To this end, leading the Board of Directors to focus even more strongly on addressing truly essential matters through constructive discussion is my mission as Chairman.

The full repayment of public funds was a major success for Resona and a great accomplishment. On the other hand, I believe that the Resona Group has been under various constraints that impeded it from taking on challenges for long enough. I assume that the Group's management had to be strongly focused on being patient until those funds were fully repaid. Such a level of determined patience may well have become embedded in Resona's corporate culture. Although it has been quite a while since the Group finished the repayment of public funds, I sometimes feel that many people at Resona are still influenced by this deeply entrenched culture. I know that executives are, day in and day out, very serious about their duties. However, although the Resona Group has announced its policy of going beyond finance in line with the new MMP, I feel that its measures to that end could have been even bolder in light of radical changes in the environment. Looking ahead, I hope to contribute to the Board of Directors' discussions to explore the future direction of efforts to achieve a bold transformation and formulate specific measures to be undertaken.

Final Words

I believe that the Chairman is responsible for enhancing the Board of Directors' effectiveness, which, in turn, helps improve corporate value. The Chairman is also positioned to communicate the Board's collective opinions to executives. Accordingly, I would like to hear frank opinions from a variety of stakeholders, including shareholders and market participants, be it their

expectations for the Resona Group or concerns regarding issues it is now facing. These inputs can only help improve the Board of Directors' effectiveness and, ultimately, the Group's corporate value. Looking ahead, I ask for their continued support and cooperation.