

Roundtable Discussion among Outside Directors



Chiharu Baba
Chairperson of
Compensation Committee

Kimie Iwata
Chairperson of
Nominating Committee

Masaki Yamauchi
Chairperson of Audit Committee
Member of Nominating Committee

Unique Functions of Resona's Three Committees and How the Board of Directors Operates

Director Baba's Resolution as the Newly Appointed Chairperson of the Compensation Committee

—Please describe the activities undertaken by the Compensation Committee.

Baba Over the past year, the committee has been engaged in ongoing discussions regarding the revision of the Company's compensation system under the leadership of its former chairperson, Ms. Iwata. This revision will update the Company's compensation system for the first time in three years, bringing it in line with the most recently formulated medium-term management plan (MMP). Although the committee's current discussions address a diverse range of factors, I personally place emphasis on the following two points. First, we have incorporated a perspective aimed at securing the integrated management of the Group. Second, we have updated the criteria by which executive performance is evaluated via the addition of items associated with sustainability management. The inclusion of the latter is due to growing public calls for sustainability management.

Corporations' business activities now include an extremely diverse scope of operations, with each customer having unique needs. Accordingly, the Company aims to address this diversity of needs by rallying the Group's overall strengths. Moreover,

with Kansai Mirai Financial Group (KMFG) having become a wholly owned subsidiary, each subsidiary bank is being called upon to be keenly conscious of practicing a unified mode of business management in order to secure robust coordination throughout the Group. These are among the factors that informed our discussions of the revision of the compensation system. Consequently, the revised system allocates greater weight to a variable portion of compensation linked with consolidated business performance.

In summary, this revision was clearly intended to ensure that the incentives linked with the Company's success in executing business strategies formulated under the new MMP are firmly embedded in the new system, with all executives on the same page about the significance of these strategies.

—Please elaborate on topics that were discussed most intensively.

Iwata With regard to securing the integrated management of the Group, compensation systems in place at Resona Holdings, Resona Bank and Saitama Resona Bank were identical when we began. The systems in place at KMFG and its

subsidiary banks differed somewhat, despite the consolidation of KMFG, which was made a wholly subsidiary in April 2021. The revision of the compensation system was thus deliberated intensively in a way that took into account the history of each Group company and its background in order to identify its ideal configuration and to secure our ability to practice integrated Group management.

We also engaged in multiple rounds of discussion regarding the incorporation of sustainability elements into the compensation system. These discussions encompassed such issues as which evaluation indicators to adopt and whether we should employ external evaluation agencies to finalize the details of the updated evaluation criteria.

—Please share your resolution as the chairperson of the Compensation Committee.

Baba I believe that securing a robust understanding of the objectives of the revision among recipients is an immediate matter of importance. In addition, I deem it essential to ensure that the new system takes root and operates properly as a mechanism for evaluating executive performance.

Meanwhile, the operating environment surrounding financial institutions has been constantly evolving. Accordingly, I anticipate that the Company will need to consider revising its business strategies and structures as well as addressing other matters. I believe that executive compensation systems should

Director Iwata's Resolution as the Newly Appointed Chairperson of the Nominating Committee

—Please describe the activities undertaken by the Nominating Committee.

Iwata Although I have experience as an outside director at other companies and thus served as a member of several advisory bodies, including nominating committees, Resona Holdings' Nominating Committee's extremely in-depth involvement in the development and evaluation of future top management candidates clearly sets itself apart from others. This was what surprised me most when I assumed the office of outside director at the Company. The committee spends a great amount of time in discussion, sometimes even meeting on a Saturday or Sunday, while interviewing a number of officers every year. These interviews provide the committee with a



be closely linked with business strategies. In other words, the objective of such compensation systems is to ensure that the direction of management is translated into tangible actions that further business strategies. Accordingly, in a way that as much as possible employs a future-oriented perspective, I intend to lead the committee's discussions and examination of the appropriateness of systems and modes of evaluation.

I also think that the status of the revised system needs to be monitored via a PDCA cycle so that we can determine whether said system works as well as intended.

basis for the evaluation of current top management and the development of proposals on next top management candidates. Interviewing officers thus constitutes a significant part of the committee's duties. In addition, committee members have to date engaged in such activities as taking part in training programs for officers, joining attendees in discussion.

—Please explain the Board of Directors' future composition. How do you intend to proceed with discussions regarding the skill matrix?

Iwata Prior to selecting specific candidates, we annually review the skill matrix. In the course of this review, the committee addresses a variety of opinions from members, including whether the skill matrix should remain the same and, if it should not, what areas should be strengthened.

That being said, the Board of Directors comprises a limited number of directors and is not designed to include specialists from each and every field. Accordingly, our discussions focus on determining the types of backgrounds that should be found among members of the Board of Directors.

—Please share your approach as the chairperson of the Nominating Committee.

Iwata Formulating a CEO succession plan is the most important aspect of the committee's duties. My personal ideal for CEO succession goes like this. First, a list of candidates for the next CEO is prepared at the earliest possible juncture after the appointment of a new CEO. The Nominating Committee then promotes the ongoing development and evaluation of candidates by focusing on those listed while reviewing their lineup



annually. In this way, we can ensure that candidates are narrowed down to one person before the acting CEO steps aside from his position. To further enhance the effectiveness of the

Director Yamauchi's Resolution as the Newly Appointed Chairperson of the Audit Committee

— Please describe the activities undertaken by the Audit Committee.

Yamauchi It has been just one year since I became an outside director, but I can conclude that Resona Holdings' Audit Committee is taking an impressively detailed approach to audits while robustly addressing truly essential issues that require attention. I believe that the committee's secretariat has been serving as a strong supporter of these activities. Moreover, executives are supported by the internal audit division, while the Audit Committee is in place at Resona Holdings and similar committees at Group companies. These bodies work in collaboration to share essential information and set agenda items that must be addressed collectively. This collaboration is a noteworthy feature of the Resona Group's audit structure.

Within this structure, our Audit Committee's role is to exercise supervision and, from the perspective of maintaining management soundness, to confirm whether the Company (1) mitigates risks that must be avoided and (2) takes risks that must not be avoided. Over the past year, I felt that the Company has been more focused on mitigating risks than taking them.

Also, in terms of supervising the soundness of the Company's business itself, it is important to understand diverse aspects of

CEO succession plan, I intend to work to establish the various evaluation and development processes described above so that they are stably implemented as the committee's routines.

its business activities, including how it carries out business and the status of frontline operations. In this regard, the committee should set its sight beyond the scope of audits. The committee is able to confirm the presence or absence of risks and problems that could potentially affect business operations through monthly reports from the heads of each division. In sum, the Audit Committee is being operated in a way that prevents it from losing touch with the frontlines. I feel that this is quite heartening.

— What are matters you believe the committee needs to discuss in context of enabling the Company to take risks?

Yamauchi I consider the new MMP to be a turning point for Resona. Although the Resona Group has built up a strong financial position since the full repayment of public funds, it is now time for the Group to answer calls to not only solidify its existing bases but also develop foundations to move forward toward a next growth stage. I feel that it is high time for the Group to switch from defense to offence.

With regard to the types of risks that the Group should proactively take on, the Audit Committee needs to exercise robust supervision over risk factors that require close monitoring and to define areas where the Company should adopt a risk-mitigation approach. That is my personal vision regarding how the Audit Committee should function to support the execution and promotion of business strategies.

— Looking ahead, the Resona Group will face a variety of risks. Could you share your personal principles for addressing business risks?

Yamauchi The Resona Group has identified "Beyond Finance" as a key component of its Purpose. Banks operating in today's society are being called upon to deliver solutions that transcend the conventional scope of financing. They need to maintain a keen awareness of various changes in industries across society and should strive to share their insights among them. Although Resona needs to base its initiatives on this urgent call for solutions that go beyond finance, I believe that the Company is well-equipped with the capabilities it needs to do so. Accordingly, I would like to lead the committee in a way that helps the Company fully realize such capabilities.

Formulation of the New MMP and the Purpose

— The recent announcement of the new MMP and the Purpose clarified the new direction the Resona Group aims to take. Please describe how the discussions undertaken by the Board of Directors went.

Baba I believe that the new MMP we have formulated will serve as a profoundly important plan that will enable the Group to navigate amid a radically and ever faster changing business environment. With regard to the discussions that led to the formulation of this plan, we focused on three areas. First, we

established the Purpose. Our Purpose was formulated by reorganizing the relationship of the Corporate Mission, which has long been cherished since the "Resona Reform" initiated by Mr. Eiji Hosoya (now deceased former Chairman), with Resona's latest definitions of how to best contribute to society. This reorganization, I believe, represents a significant step forward in terms of transitioning to a new direction in business management. Second, we engaged in discussions focused on clearly determining the allocation of management resources aligned with business

strategies from both the human resources and capital perspectives. Third, we redefined our concepts regarding how to best secure the integrated management of the Group from the viewpoint of updating the management structure and governance systems.

Iwata The new MMP has a quite easy-to-understand structure consisting of two pillars, namely, the strengthening of value creation capabilities and the development of next-generation management platforms supporting such capabilities. As our human resource strategies constitute one of key components of the latter, we have dedicated multiple rounds of Board of Directors meetings to addressing said strategies. The Resona Group is currently moving toward a new stage of development and this makes the positioning of the new MMP profoundly unique. Specifically, the Resona Group has concluded the stage of rehabilitation and normalization and is about to shift its focus to how to utilize accumulated capital to

secure growth and how to use a portion of surplus to deliver robust shareholder returns. These things are clearly stipulated in the new MMP. I have repeatedly stated at Board of Directors meetings that the new MMP should include a policy of robustly rewarding employees for their dedication. I am glad to see that these proposals came to fruition in the form of the MMP.

Yamauchi Our discussions of the new MMP developed from the earliest phases of basic concept design with the incorporation of a variety of opinions. Taking a look at issues that must be tackled by the Board of Directors going forward, the MMP's execution must be robustly monitored and every effort should be made to enable the Company to achieve the MMP targets. And, of course, we will highly likely encounter changes in the environment in the future. Therefore, the Board needs to remain flexible and take a proactive stance toward altering the course of the MMP in line with such changes.

How We Contribute to the Resona Group and the Roles We Fulfill

Baba For the Resona Group, proving the effectiveness of its business model will be a quite challenging endeavor. I feel proud of being a part of such endeavor as a member of the Resona Group. Although the Group is now confronting radical changes in the business environment, some of the changes we are seeing now are akin to those witnessed in the past. With this in mind, I would like to inform the Board's collective decision making associated with diverse matters as a specialist in the financial industry and, to this end, contribute as much insight as possible. Furthermore, I hope to take advantage of my knowledge of the industry to serve as a translator able to resolve gaps in awareness between external stakeholders and internal executives regarding various issues.

Iwata My experience in corporate management has long been centered on human resource management and sustainability. I believe that I have contributed to the advancement of the Group in these areas, and will continue to work to make contributions. In recent years, the positioning of a corporation's management activities in non-financial fields has changed.

These activities are now considered to be essential to corporate growth strategies. Although the Resona Group has been a top runner in this regard, the Group will be quickly outraced by other companies if it becomes content with its current status. Accordingly, I would like the Group to set its sights higher. Taking advantage of insights I have accumulated thus far, I aim to help the Resona Group improve its corporate value through the integration of its financial and non-financial value.

Yamauchi The Resona Group boasts a quite unique standing as a banking group that does not belong in either the megabank or regional bank category. This lends the Group the potential to accomplish what other banks cannot do. As the new MMP opens a pathway for the Group to move forward toward a new stage, I have great expectations for future endeavors of the Resona Group. I would like to leverage my experience in the retail logistics industry to contribute my opinions to help the Board determine what is needed and what must be done via the use of the corporate and individual customer perspectives.

