

Corporate Governance

Cutting-Edge Corporate Governance Structure

In 2003, Resona Holdings became the first domestic banking group to adopt the company with a nominating committee system, aiming to secure management soundness and transparency. Upon the transition to the new system, Resona Holdings appointed individuals from outside the Group to the post of Chairman and six outside director seats. This ensured that a sufficient number of highly independent outside directors were assigned membership in the Board of Directors and the three committees (the Nominating, Audit and Compensation committees) so as to constitute a majority in all of these bodies. Since thus renewing its management structure, Resona Holdings has striven to upgrade its governance systems by, for example, promoting young individuals to executive officer positions and introducing a highly transparent and objective framework for the evaluation of director performance based on assessments and interviews conducted by a third-party agency.

In May 2015, the Company formulated the “Basic Corporate Governance Policy,” which defines Resona Holdings’ fundamental approach to, framework for and practice of corporate governance. This policy stipulates that “The Board of Directors shall consist of directors having diversified and extensive knowledge” and that “in principle, highly independent outside directors shall constitute a majority of the Board.” With regard to the Nominating and Compensation committees, the policy mandates that these bodies shall consist of, in principle, highly independent outside directors and be

chaired by outside directors. Similarly, the policy requires outside directors to constitute the majority of the Audit Committee, which, in principle, shall be chaired by an outside director.

Of the 12 directors currently constituting the Board of Directors, eight are independent outside directors, who together account for the majority and possess extensive knowledge and/or experience in corporate management. The Resona Group aims to avoid making decisions based solely on established norms within the banking industry. Instead, it seeks to incorporate external perspectives and engage in multifaceted discussions to reach the right conclusions through the exchange of a diverse range of opinions. By doing so, the Group strives to achieve sustainable growth and improvement in corporate value.

Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group (KMFG) have similarly secured clear separation between management supervision and business execution by adopting the company with an audit and supervisory committee system. All three of these companies have appointed to their boards multiple qualified individuals as highly independent outside directors.

Not content with establishing the governance systems described above, Resona Holdings strives to enhance its role and functions as a company with a nominating committee, to this end taking advantage of such input as findings from the annual evaluation of the Board of Directors’ effectiveness.

Overview of Upgrading of Resona Holdings’ Corporate Governance Structure

2003–2023	
Form of governance structure	<ul style="list-style-type: none"> 2003 Became the first in the domestic banking industry to transition to a company with a nominating committee, etc. 2015 Formulated a Basic Corporate Governance Policy
Board of Directors	<ul style="list-style-type: none"> 2003 Independent outside directors formed majority in the Board of Directors 2020 Appointed Chairman of the Board of Directors from among non-executive directors 2022 Appointed Chairman of the Board of Directors from among independent outside directors
Nominating Committee	<ul style="list-style-type: none"> 2006 Established “Standards for Electing Director Candidates” for the selection of outside director candidates 2007 Introduced a succession plan 2012 Committee members consist solely of independent outside directors
Compensation Committee	<ul style="list-style-type: none"> 2004 The directors’ retirement benefit system was abolished, and the Board of Directors introduced a performance-based compensation system 2010 Introduced a share-based compensation system 2012 Committee members consist solely of independent outside directors 2017 Introduced Performance Share Units (PSUs) 2020 Introduced a Share Benefit Trust as an incentive for executive officers 2023 Adopted ESG indicators to evaluate executive performance
Audit Committee	<ul style="list-style-type: none"> 2016 Established a dual-reporting line system that designates the Audit Committee as the primary body to receive reporting from the internal audit divisions
Other	<ul style="list-style-type: none"> 2005 Presidents of Group banks began concurrently serving as executive officers at Resona Holdings 2015 Named a “Winner Company” under the Corporate Governance of the Year program sponsored by the Japan Association of Corporate Directors 2019 Resona Bank and Saitama Resona Bank adopted the company with an audit and supervisory committee system

Basic Approach to Corporate Governance

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

- The Company, as the holding company of the financial services group, including Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group, shall maximize the corporate value of the Group.
- The Company shall respect all stakeholders, including shareholders, and aim at achieving excellent corporate governance

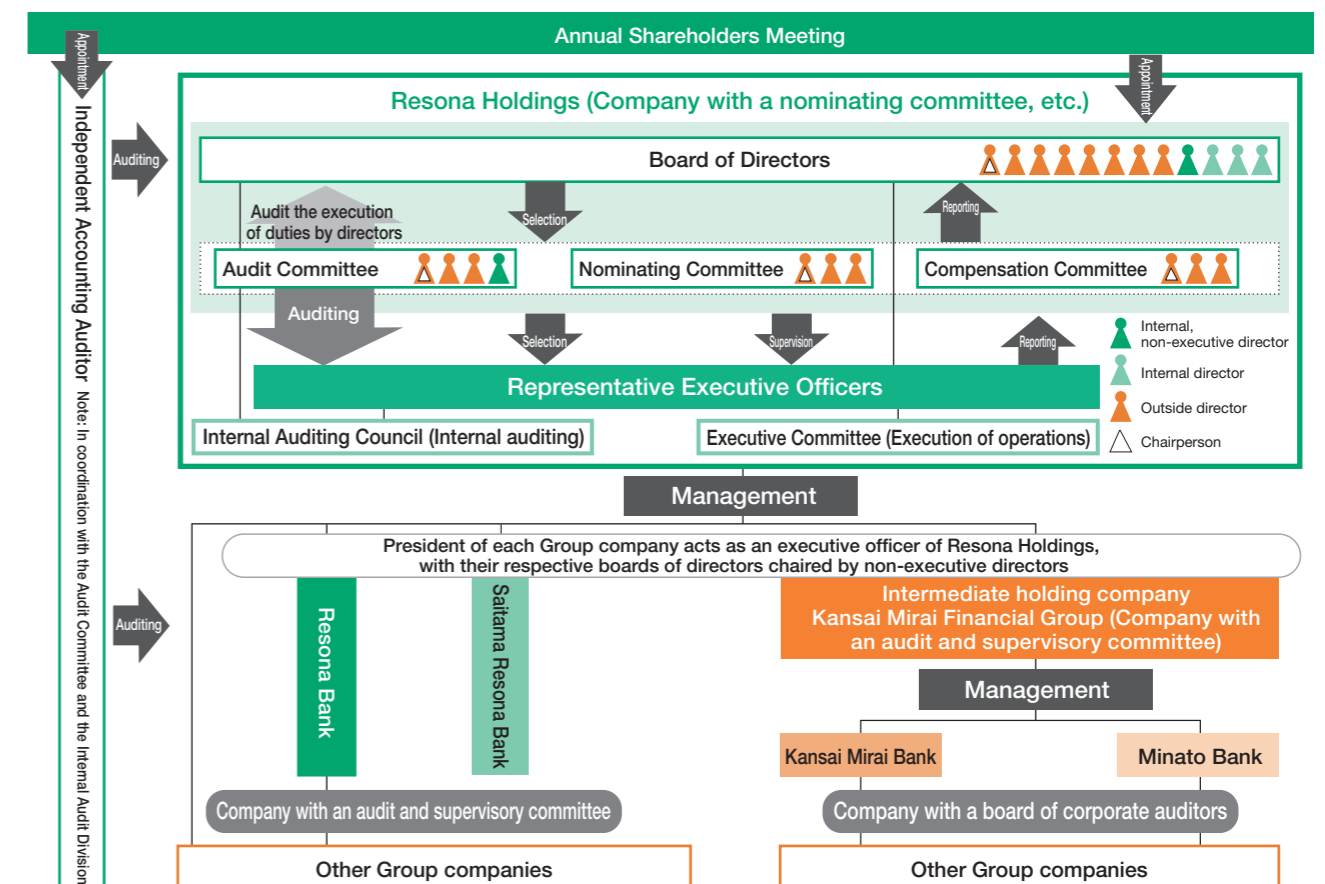
The Company’s Corporate Governance System

- 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.

so that the Company can make decisions rapidly and decisively in response to environmental changes, including economic and social changes.

- The Company shall develop a structure to enable the Group to rally its overall capabilities to pursue business operations that embody the Purpose and the Corporate Mission, which together constitute the cornerstone of business management, and realize the Long-Term Vision, which defines ideals regarding what it should look like in the long term.
- The Company shall fully utilize external views in its business management and secure transparency and fairness in management by ensuring 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

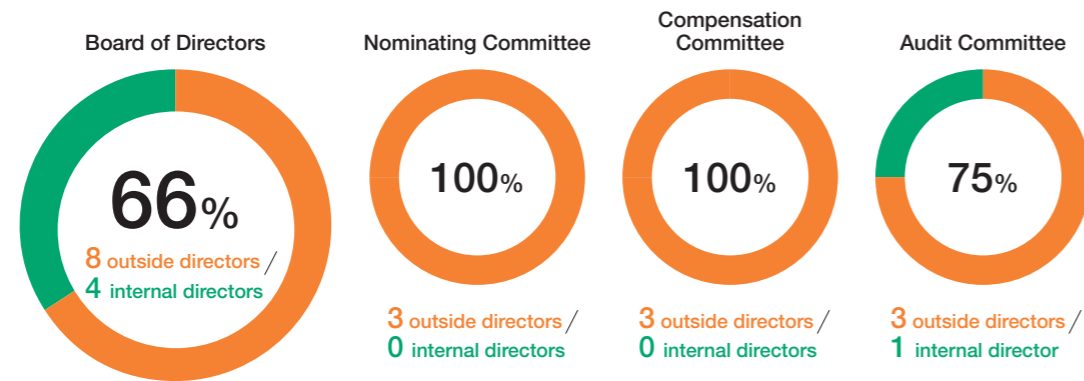


Supervisory Structure

Chairman of the Board and Chairpersons of each committee are appointed from among independent outside directors

Board of Directors	<ul style="list-style-type: none"> Independent outside directors form the majority of the membership Ratio of female directors 25% Chairman of the Board Since June 2022, an independent outside director has been serving as Chairman 	Nominating Committee <ul style="list-style-type: none"> Committee members consist solely of independent outside directors <ul style="list-style-type: none"> 2007 Introduced a succession plan Set forth the competencies that define the ideal candidate for the position of director and has since striven to implement the succession plan in an objective manner, drawing on input from external consultants, etc.
	Compensation Committee <ul style="list-style-type: none"> Committee members consist solely of independent outside directors <ul style="list-style-type: none"> 2017 Introduced Performance Share Units (PSUs), a full-fledged share-based compensation plan 2020 Converted PSUs to a Share Benefit Trust as an incentive for executive officers 2023 Adopted ESG indicators to evaluate executive performance 	
	Audit Committee <ul style="list-style-type: none"> Independent outside directors form the majority of the membership <ul style="list-style-type: none"> 2016 Established a dual-reporting line system 	

Ratio of Outside Directors



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.

Operations of the Board of Directors

In FY2020, Resona Holdings made it a rule to assign the position of Chairman to an internal director holding no concurrent position as an executive officer of the Company, with the aim of securing even clearer functional separation between management supervision and business execution. Furthermore, since June 2022, an independent outside director has been serving as Chairman.

In addition to directors, Board meetings are attended by the presidents of Resona Bank (RB), Saitama Resona Bank (SR), Kansai Mirai Financial Group, Kansai Mirai Bank and Minato Bank 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 FY2022, the Board of Directors met 16 times, with an average attendance rate among the directors of 97.4%. The average meeting length was one hour and 23 minutes, and the average number of agenda items discussed per meeting amounted to 6.5.

From April 2021 onward, joint explanation meetings have been held prior to each Board of Directors meeting, with representatives from departments in charge of relevant matters directly providing outside directors with briefings on the outline and points of agenda items. These briefings also address questions, opinions, and other feedback gleaned from outside directors in advance, with the aim of helping spur discussion by the Board of Directors.

FY2022 Initiatives

Over the period spanning April to June 2022, the Board of Directors engaged in intensive discussions regarding such subjects as what the Board of Resona Holdings should look like. After the close of the Board of Directors meeting convened on the day of the Ordinary General Meeting of Shareholders in June 2022, the latter meeting approved the new appointment of a Chairman of the Board from among the outside directors. Said individual subsequently began taking the lead in deliberations on various agenda items to ensure that all Board members are aware of issues to be addressed in the course of the Board's operations and on the same page regarding concepts to be applied to this end. Moreover, Board members engaged in free exchanges of opinions

with regard to future policies for the Board's initiatives.

Furthermore, in July 2022 the Board of Directors engaged in an analysis of the Company's competitiveness and assessment of progress under the previous medium-term management plan (MMP), with the formulation of the new MMP being the foremost topic discussed by the Board over the course of FY2022. From October 2022 onward, the Board focused on discussing various business strategies as well as human resource strategies supporting such business strategies, applying a Group-wide, medium- to long-term perspective to ongoing deliberations of key management issues.

In addition, please refer to (▶ p. 52) for the status of the Board's discussions regarding the promotion of sustainability.

Main Initiatives (FY2022)

	2022/Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	2023/Jan.	Feb.	Mar.
Agenda items (other than those related to financial results)	FY2021 self-evaluation of the Board of Directors' effectiveness	Financial performance trend of other banks	Status of credit risk management			Initiatives that take an integrated approach in which KMFG is involved	Issues confronting the market division and responses to said issues	Financial performance trend of other banks	Status of credit risk management		How the stock price is trending and the status of IR activities	Formulation of the Purpose
		Sustainability-related initiatives				Results of verification of policy-oriented stockholdings		Status of IT governance initiatives			Status of compliance and employee awareness surveys	Formulation of the new MMP
		Issues confronting the market division and responses to said issues				Management status of policy-oriented stockholdings		Status of risk management and risk countermeasure implementation				Further enhancement of group governance
MMP related				Competitiveness analysis			Direction of strategies relating to individual customers	Direction of strategies relating to corporate customers	Outline of the next MMP	Direction of DX strategies	Formulation of the next MMP	
				Status of discussions regarding the formulation of the next MMP and the Purpose				Direction of private banking operations	Direction of international strategies		Human resource strategies	
Other	Initiatives undertaken by the Kansai Strategy Office (Expo 2025 related)		What Resona Holdings' Board should look like				Direction of discussions regarding the enhancement of group governance					
Facility tours and networking meetings		Joint tours of RB's Shinbashi, Toranomon and Akasaka branches attended by RB's outside directors				Networking meetings in which outside directors from RB and SR interacted with each other			Joint facility tours attended by KMFG's outside directors			

May 2023 Announcement of the current MMP

Self-Evaluation of the Board of Directors

The Company's Board of Directors conducts an annual analysis and evaluation of its overall effectiveness based on the assessments of individual directors with regard to the operations and functionality of the Board as well as matters discussed at the Board of Directors meetings.

The Board's FY2022 self-evaluation revealed that it has earned high marks with regard to the majority of the items related to its roles and functions. Moreover, the Chairman's handling of discussions was highly appreciated. Accordingly, it was concluded that functions of the Company's Board of Directors remain robust. Looking at areas requiring improvements, the self-evaluation suggested that the Board needs to continuously strive to identify and clarify points up for discussion and thereby better enable its members to engage in in-depth deliberations. It must also work to further invigorate communications among internal and outside directors and between these directors and representatives of divisions in charge of business execution. It was also suggested that in order for the Resona Group to adapt to radical changes in its internal and external environments and sustainably improve its corporate value, the further enhancement of its group governance functions is of importance. In this light, the self-evaluation determined that Resona Holdings' Board of Directors, which plays a

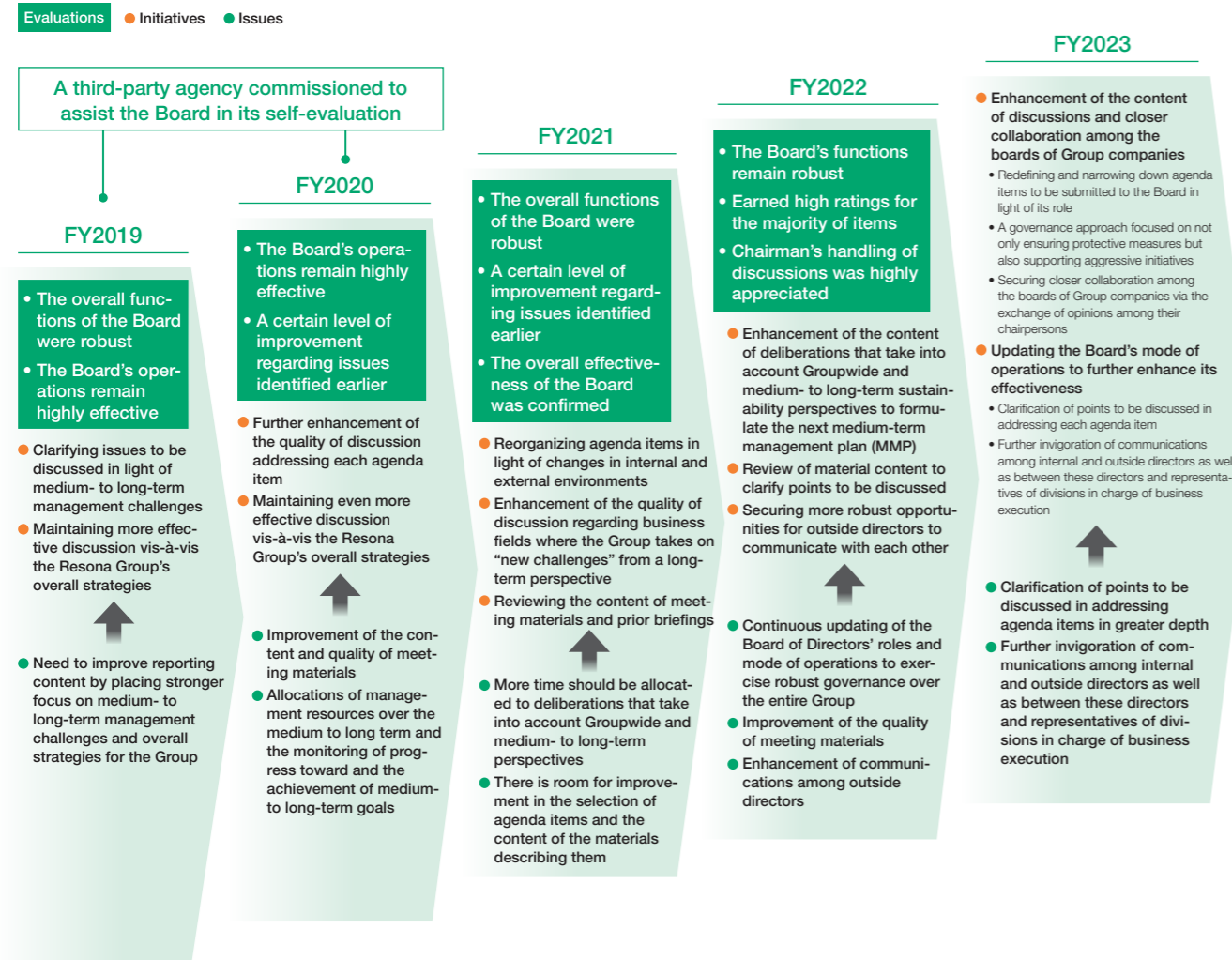
central role in group governance, should achieve further improvement in its effectiveness. Therefore, the Board of Directors will continue to implement a proper PDCA cycle through the self-evaluation of its effectiveness.

Also, the Board of Directors aims to further improve its effectiveness and, to this end, promote in-depth deliberations based on conclusions reached via intensive discussions it has engaged in thus far to identify the ideals describing what Resona Holdings' Board should look like. With this in mind, the Board has redefined the roles to be borne by itself as the Board of Resona Holdings and by the boards of Group subsidiary banks as described below.

- Resona Holdings: Discussions placing greater emphasis on medium- to long-term issues, the monitoring of governance for the entire Group and deliberations on the future direction of its operations and management resource allocations
- Group subsidiary banks: The execution of their various business- es and engagement in deliberations on how to improve profit

In line with the above definitions, in FY2023 the Board of Directors will 1) work to improve the quality of its discussions and secure closer collaboration among boards of Group companies while 2) striving to update the mode of its operations to further enhance its effectiveness.

Initiatives to Enhance the Board of Directors' Effectiveness



Resona Succession Plan

Aiming for sustained improvements in corporate value, the Company, KMFG and their subsidiary banks introduced succession plans in June 2007 that serve as a mechanism to ensure the successions of the top management roles and responsibilities at these Group entities and secure the transparency of the process of selecting and nurturing directors.

The scope of the succession plans covers various candidates for the Company, KMFG and their subsidiary banks, 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. 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, the Company 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

The Company's compensation policy is determined by the Compensation Committee, which consists solely of independent outside directors. The current compensation policy is as outlined below

1. Basic Approach

- Compensation systems in place at the Resona Group are designed to provide recipients with sound incentives for supporting its sustainable growth and a medium- to long-term improvement in corporate value in addition to securing proper supervisory functions.
- Remuneration for directors and executive officers is, in principle, determined by the Compensation Committee, which consists only of outside directors who are independent from management, following objective and transparent procedures.

2. Policy for the Determination of the Composition of Compensation and Other Benefits for Individual Directors and Executive Officers

- (1) Position-based compensation
The position-based portion is determined by the nature and scope of responsibilities held by each individual.
- (2) Annual incentive
Executive officers are offered an annual incentive in line with the Resona Group's annual performance and individual achievements.

In principle, the performance-based portion of this incentive is more heavily weighted for individuals in higher positions than it is for those in lower positions.

- (3) Medium- to long-term incentive
Executive officers are also offered a medium- to long-term incentive in line with the Group's performance over the medium-term management plan (MMP) period.

In principle, the performance-based portion of this incentive is more heavily weighted for individuals in higher positions than it is for those in lower positions.

- (4) Duty-based additional compensation
Directors who concurrently serve as executive officers or act as members of the Nominating, Compensation or Audit Committee are offered duty-based additional compensation based on responsibilities associated with the recipient's duties. This compensation is also paid to directors and executive officers who concurrently serve as directors or corporate auditors at Group banks, etc.

- (5) Additional allowance
Outside directors who chair the Board of Directors, the Nominating Committee, Compensation Committee or Audit Committee are offered additional allowance based on the burdens arising from these responsibilities.

Compensation System for Directors

Name	Type	Calculation methods, etc.	Payment method
Position-based compensation	Fixed compensation	<ul style="list-style-type: none"> • Determined based on responsibilities associated with the recipient's position and duties 	Paid monthly

In addition to the compensation described above, officers named below are eligible to receive the following compensation.
 Duty-based additional compensation: Fixed compensation paid to individuals who are appointed to act as members of the Nominating, Compensation or Audit Committee or concurrently serve as directors or corporate auditors at Group banks, etc.
 Additional allowance: Fixed compensation paid to outside directors who are appointed to chair the Board of Directors, the Nominating Committee, Compensation Committee or Audit Committee

Compensation System for Executive Officers

Name	Type	Calculation methods, etc.	Payment method
Position-based compensation 33%-65%	Fixed compensation	<ul style="list-style-type: none"> • Determined based on responsibilities associated with the recipient's position and duties 	Paid monthly
Annual incentive 19%-33%	Variable compensation (performance-based compensation)	<ul style="list-style-type: none"> • Calculated based on assessments of 1) the Group's financial and 2) non-financial performance as well as 3) individual achievements in the previous fiscal year • Allocable amount varies from as low as zero to as high as 1.7 times the standard amount (1) The Group's financial performance: Assessed based on the degree of achievement relative to the following assessment indices stipulated for annual plans <ul style="list-style-type: none"> · Resona Holdings' net income attributable to owners of parent · Resona Holdings' consolidated core income Note: Allocable amount will be reduced to zero if the Common Equity Tier (CET) 1 ratio falls short of a certain level (2) The Group's non-financial performance: Assessed based on annual corporate achievements relative to Long-Term Sustainability Targets <ul style="list-style-type: none"> · Medium- to long-term targets · Annual targets · Initiatives to foster and spread a risk culture (3) Individual achievements: Assessed based on annual individual achievements and other factors $(1) \text{ Financial performance assessments } 50\% + (2) \text{ Non-financial performance assessments } 10\% + (3) \text{ Individual performance assessments } 40\% = \text{Annual incentive}$	Paid annually Paid based on assessments of corporate and individual performance achieved in the previous fiscal year
Medium- to long-term incentive 16%-33%	Non-cash compensation	<ul style="list-style-type: none"> • Calculated in line with a performance-linked coefficient determined based on consolidated ROE, relative TSR and ESG indices in the final year of the MMP The performance-linked coefficient varies from as low as zero to as high as 170% $\text{Consolidated ROE} \times \text{Relative TSR} + \text{ESG indices} = \text{Medium- to long-term incentive}$	Paid once every three years (In principle, upon the closure of the MMP period)

In addition to compensation described above, officers named below are eligible to receive the following compensation.
 Duty-based additional compensation: Paid in a fixed amount to individuals who concurrently serve as directors at Resona Holdings or directors or corporate auditors at Group banks, etc.

Resona Holdings Directors

Outside Directors (8 members)



Outside Director and Chairperson of Compensation Committee

Chiharu Baba

Number of Resona Holdings shares held
Common stock: 19,000 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 the current position of Outside Director of the Company in 2017.



Outside Director and Chairperson of Nominating Committee

Kimie Iwata

Number of Resona Holdings shares held
Common stock: 10,200 shares

Joined the Ministry of Labour in 1971. Assumed the office 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: 16,400 shares

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



Outside Director and Chairman of the Board

Fumihiko Ike

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

Joined Honda Motor Co., Ltd. in 1982. Assumed the position of Chairman and Representative Director in 2013. Assumed the current position of Outside Director of the Company in 2021.



Outside Director and Member of Compensation Committee

Sawako Nohara

Number of Resona Holdings shares held
Common stock: 1,700 shares

Joined Mitsubishi Petrochemical Co., Ltd. in 1980. Assumed the position of Representative Director, President and President of IPSe Marketing, Inc. in December 2001 (incumbent). Assumed the current position of Outside Director of the Company in 2022.



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

Masaki Yamauchi

Number of Resona Holdings shares held
Common stock: 1,700 shares

Joined Yamato Transport Co., Ltd. in 1984. Assumed the position of Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. in 2011 and Representative Director, Executive Officer and President of Yamato Holdings Co., Ltd. in 2015. Assumed the current position of Outside Director of the Company in 2022.



Outside Director and Member of Audit Committee

Katsuyuki Tanaka

Number of Resona Holdings shares held
Common stock: 0 shares

Registered as attorney-at-law in 1993. Currently acting as Partner at Tokyo Seiwa Sogo Law Office. Assumed the current position of Outside Director of the Company in 2023.



Outside Director and Member of Audit Committee

Ryuji Yasuda

Number of Resona Holdings shares held
Common stock: 19,500 shares

Joined McKinsey & Company, Inc. in 1979. Became a Professor of the Graduate School of International Corporate Strategy of Hitotsubashi University in 2004. Assumed the position of Outside Director of Kansai Mirai Financial Group, Inc. in 2018. Assumed the current position of Outside Director of the Company in 2023.

Internal Directors (4 members)



Group CEO, Director, President and Representative Executive Officer

Masahiro Minami

Number of Resona Holdings shares held
Common stock: 45,500 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.



Group CSO, Group CRO, Deputy President and Executive Officer

Shigeki Ishida

Number of Resona Holdings shares held
Common stock: 14,400 shares

Assumed the position of Executive Officer in charge of Credit Risk Management Division of the Company in 2017. Assumed the current position of Group CSO, Group CRO, Deputy President and Executive Officer in charge of Group Strategy Division, Risk Management Division, Credit Risk Management Division and Group Strategy Division (corporate and lending business reform) of the Company in 2023. Concurrently serving as Director of Resona Bank, Ltd.



Group CIO, Group CPRO, Director and Executive Officer

Mikio Noguchi

Number of Resona Holdings shares held
Common stock: 18,200 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 (systems reform) of the Company in 2020. Concurrently serving as Senior Managing Executive Officer of Resona Bank, Ltd.



Director and Member of Audit Committee

Hisahiko Oikawa

Number of Resona Holdings shares held
Common stock: 15,300 shares

Assumed the position of Executive Officer in charge of Compliance Division in 2018. Assumed the current position of Director and member of Audit Committee in 2022. (Concurrently serves as Director of Resona Bank, Ltd.)

CEO: Chief Executive Officer
CIO: Chief Information Officer

CSO: Chief Strategy Officer
CRO: Chief Risk Officer

CRO: Chief Risk Officer

Skills Expected of Directors

The basic policy for corporate governance provides that the Board of Directors shall consist of Directors possessing diversified and extensive knowledge.

In line with this policy, the Company has defined the skills, experience and knowledge expected of each candidate for Director as described below.

		Organizational management	Legal/ Compliance/ Risk management	Finance/ Accounting	Areas of focus in terms of the pursuit of the "Retail No. 1" financial services group			
					IT/Digital	Sustainability	Diversity & Inclusion	Globalization
Masahiro Minami		●	●	●	●	●	●	●
Shigeki Ishida			●					
Mikio Noguchi					●			
Hisahiko Oikawa			●					
Chiharu Baba	Outside Director	●	●	●				●
Kimie Iwata	Outside Director	●				●	●	
Setsuko Egami	Outside Director		●			●	●	
Fumihiko Ike	Outside Director	●	●		●			●
Sawako Nohara	Outside Director		●		●		●	
Masaki Yamauchi	Outside Director	●				●		
Katsuyuki Tanaka	Outside Director		●					
Ryuji Yasuda	Outside Director		●	●				●

Risk Appetite Framework

Framework for Accelerating the Formulation and Execution of 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

Formulation of Management Strategies and Plans

In formulating management strategies, the Group clarifies the business areas in which it actively takes risks in line with its role in solving the increasingly diverse issues requiring ever more sophisticated solutions that its customers and regional societies are confronting. This strategic formulation process is also informed by the results of analyses of internal and external environments as well as top risks.

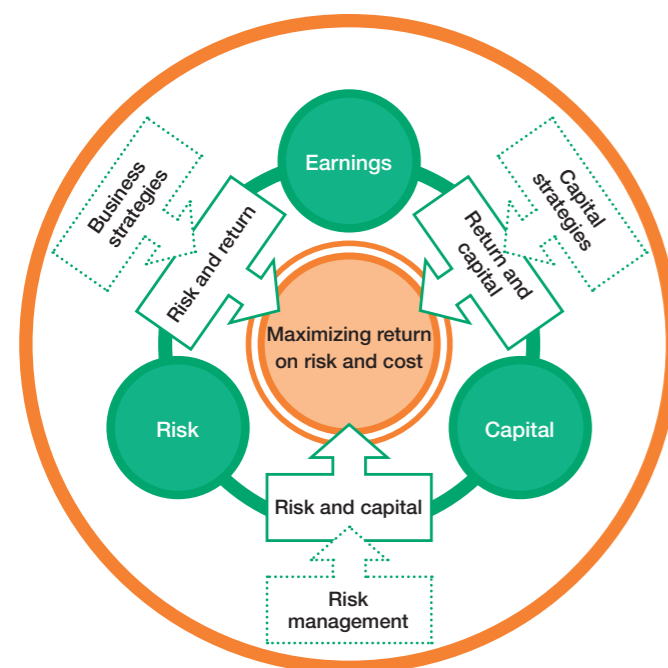
Based on multifaceted and sufficient discussions, management strategies are decided at the Board of Directors meeting of Resona Holdings, the majority of which consists of outside directors.

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 in-depth discussion of these plans.

In FY2022, the Board analyzed the current status of the Resona Group's competitiveness and evaluated progress under the previous medium-term management plan (MMP) while promoting discussions to establish its Purpose. The Board also engaged in intensive discussions regarding various business strategies as well as human resource strategies, the

Operational Process of the Risk Appetite Framework



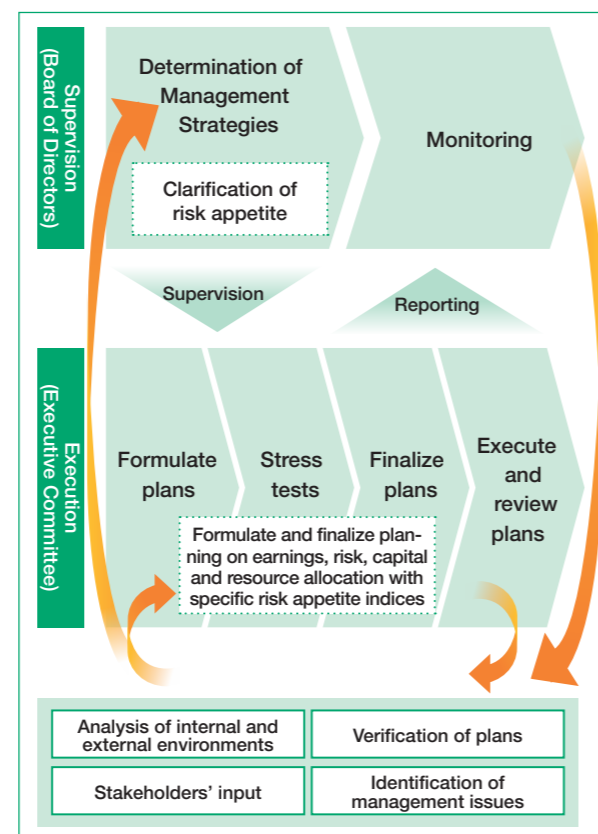
governance and management structure for accelerating the formulation and execution of its strategies aimed at realizing “Retail No. 1.”

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.

latter of which serve as a supportive foundation for the former, while deliberating such key topics as the formulation of the new MMP and the Purpose. In addition, the Board has been focused on monitoring the status of the market division's operations and its initiatives to address various issues.

To enhance the feasibility of business strategies, the results of discussions are reflected in flexible reviews of risk appetite under the new MMP and operational management during the period.



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 three risk management principles 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.

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

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.

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 the media reports rumors, false information or unfounded assertions have a detrimental effect on a company's reputation	Dissemination of timely and appropriate information, monitoring of media, etc., preparation of crisis management systems

Risk Management

Group Management by Resona Holdings

Qualitative Risk Management

The Company provides Group banks and other Group companies (hereinafter collectively "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 as necessary.

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

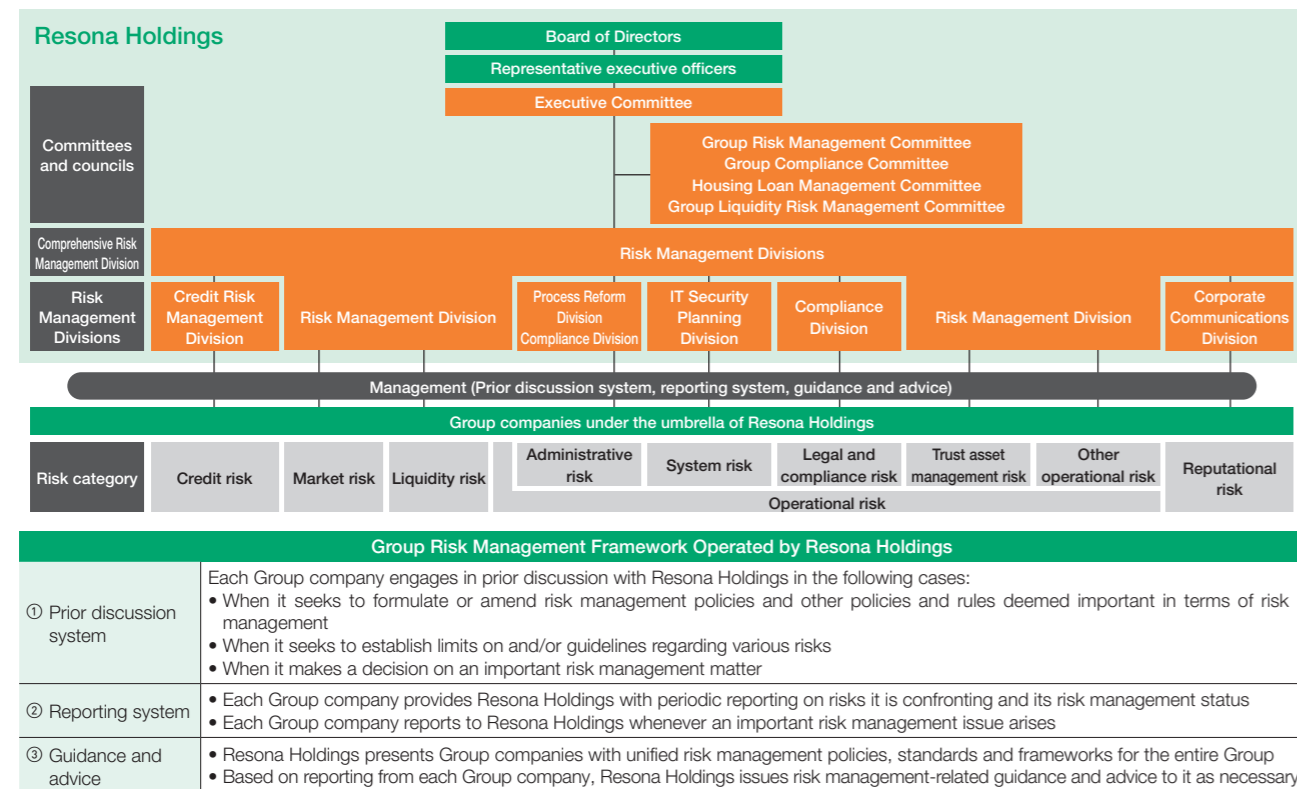
The Company and the Group banks have in place comprehensive risk management systems, as described later, with the aim of quantitatively assessing risks and controlling them within the tolerable limits.

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	Main risk scenarios
Deterioration in competitiveness, etc., due to changes in social and industrial structures	<ul style="list-style-type: none"> The nullification of the effect of strategic investment executed thus far due to evolving conditions in the competitive environment Deterioration in the Group's strategic execution capabilities due to a lack of essential human resources Loss of growth opportunities and the deterioration of corporate value due to delays in the response to climate change, etc.
Changes in the earnings structure and deterioration in profitability, etc., due to the revision of laws, regulations, government policies, etc.	<ul style="list-style-type: none"> Changes in the earnings structure due to the introduction or revision of laws and regulations as well as shifts in monetary policies Deterioration of corporate value due to the absence of information disclosure practices that can be considered by external stakeholders to be sufficient
Increase in credit-related expenses	<ul style="list-style-type: none"> Deterioration in the corporate performance of transactional clients in the face of radical shifts in monetary and economic environments, the enforcement of economic sanctions upon the materialization of geopolitical risks, disruption of supply chains, etc. The deterioration of performance in sectors to which the Group extends massive credit and the resulting decline in the corporate performance of transactional clients operating in such sectors
Deterioration in unrealized gains on available-for-sale securities	<ul style="list-style-type: none"> Deterioration in unrealized gains on available-for-sale securities due to stock price plunges, interest rate hikes or other phenomena arising from a shift in monetary and economic environments, the absence of timely monetary policy revisions or growth in geopolitical risks
Destabilization of foreign currency funding	<ul style="list-style-type: none"> Increase in costs associated with foreign currency funding and other detrimental financing conditions arising from turmoil in financial markets, growth in geopolitical risks, unexpected cash outflows, the deterioration of market liquidity, etc.
Operational suspension, etc., due to the emergence of a serious incident at the Group's own key bases or vendor facilities	<ul style="list-style-type: none"> The suspension of settlement and other services or the leakage of customer information as a result of a failure of important infrastructure, including third-party owned infrastructure, due to human error, system failure, cyberattack, etc.
Operational suspension, etc., due to the violation of laws and regulations, compliance-related failure	<ul style="list-style-type: none"> The receipt of an operational suspension order due to flaws in the Group's countermeasures aimed at preventing money laundering, etc. The deterioration of corporate value due to corporate conduct that runs contrary to the Group's policy of pursuing customer-centric business management or improper response to human rights-related issues
Operational suspension, etc., due to the occurrence of natural disasters	<ul style="list-style-type: none"> 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 within 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. This includes striving to live up to the expectations of our customers and society as a whole. Based on these concepts, the Group has positioned compliance as a key management issue.

Moreover, we have established the Resona Way and the

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

System for Protecting Group Customers

The Company, Group banks and other Group companies 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

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

Initiatives to Prevent Money Laundering and Financing for Terrorism and to Ensure Compliance with Economic Sanctions

The Resona Group is well aware of the growing risk of criminal activities that exploit financial services along with the growing public call for the prevention of such activities. Accordingly, the Group considers the prevention of money laundering and financing for terrorism as well as compliance with economic sanctions (hereinafter collectively referred to as "financial crime countermeasures") to be important management issues.

To facilitate compliance with domestic and international legal regulations and to support our efforts to counter financial

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. Based on this belief, the Group's basic approach is to not engage in transactions with anti-social forces and to prevent them from intervening in transactions with customers through

Initiatives to Prevent Corruption

Having clarified its approach to the prevention of corruption as part of efforts to fulfill its corporate social responsibilities, the Resona Group established the Policy on the Prevention of Corruption to provide a set of action guidelines to be thoroughly observed by all Group members.

The Resona Standards stipulate such precepts as "Do not misuse your position or authority for personal gain or advantage" (III-2), "Refrain from offering gifts or entertainment that

Resona Standards, which together represent our corporate philosophy structure and are designed to provide specific guidance regarding the actions we take to embody our Purpose (how we contribute to society) and Corporate Mission (what we aim to be in society), with the aim of realizing our Long-Term Vision (what we should look like in the future).

addition, the Group has secured a robust structure for discussing and evaluating all issues related to Group compliance by, for example, forming the Group Compliance Committee.

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

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.

crimes, we have formulated a financial crime countermeasures policy for the Group. At the same time, we have continued to develop our organizational structure as well as training and personnel systems to educate our directors and employees and nurture a robust pool of human resources.

Looking ahead, we will constantly upgrade the structure supporting these countermeasures in a manner that properly aligns with changes in the internal and external environments.

our corporate activities or by imposing unjust demand on us. 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 external specialist organizations to prevent and terminate transactions with anti-social forces.

could possibly induce public distrust or draw suspicion" (VII-2) and "Maintain transparent and clean relationships with politicians and government officials" (VII-3) in addition to featuring specific examples of desirable ways of thinking and situations that require caution. As such, the Group is striving to ensure that its prohibition against any form of corrupt act, including the provision or receipt of bribes, is upheld by all.

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 at main 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.

The Company's Internal Audit Division has introduced auditing methods in conformity with the Institute of Internal Auditors (IIA),* a leading international association in the field of internal audits, thereby practicing risk-based audits and ensuring that its peers at Group companies follow suit. In addition, the division monitors the activities of internal audit divisions at such

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.

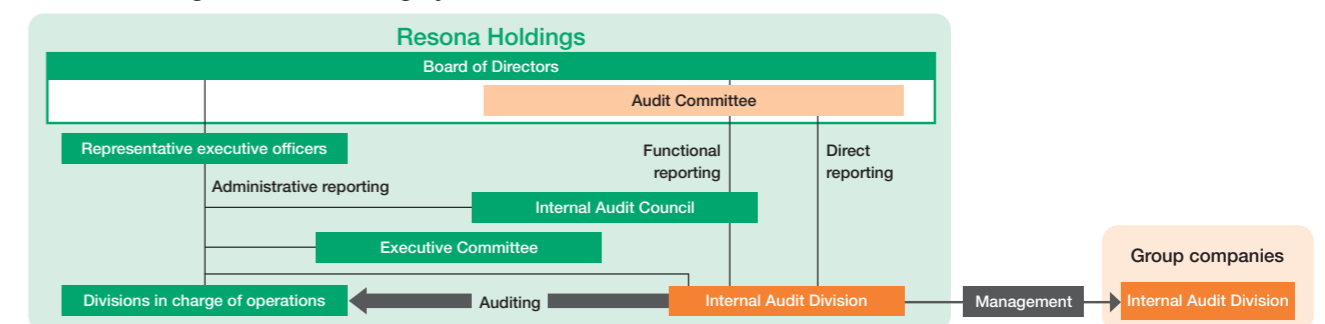
companies while striving to improve the quality of internal audits by, for example, providing various information and training and supporting employees seeking qualification as certified internal auditors and/or to acquire other audit-related certification.

In September 2021, Resona Holdings was chosen by the Institute of Internal Auditors (IIA)–Japan to receive the 35th IIA Japan Chairman's Award (Internal Audit Excellence Award).

The winning of this award reflects high ratings granted by the IIA Japan's review committee regarding the Company's enthusiastic initiatives to upgrade its internal audit system as part of efforts to strengthen corporate governance, backed by its keen awareness of the importance of internal audits as a component of essential governance functions. At the same time, this is a testament to IIA Japan's growing expectations regarding the Company's future initiatives in light of the current circumstances surrounding Japan's business community in which corporations are being called upon to assign more significant roles to their internal audit functions in securing robust corporate governance.

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

* An organization that formulates professional standards for internal auditors, engages in the research of theories and practices associated with internal auditing and promotes other activities aimed at providing leadership for the global profession of internal auditing.