

**Business Report for the 12<sup>th</sup> Term**  
**(from April 1, 2012 to March 31, 2013)**

(English Translation of the Japanese Original)

# Business Report for the 12<sup>th</sup> Term

## (from April 1, 2012 to March 31, 2013)

### 1. Current Status of the Company

#### (1) Business Developments and Results of the Corporate Group

##### (A) Principal Business Activities of the Corporate Group

The Group is a financial service provider centered on banking and trust banking business with a capacity to also provide services in other financial-related businesses such as factoring, credit card administration and venture capital operations.

##### (B) Financial and Economic Environment

During the fiscal year ended March 31, 2013, the global economy suffered a slowdown until summer but subsequently returned to a recovery path in the latter half of the period, backed by monetary easing policies pursued in a continuous manner by various countries. In the U.S., improvements were seen in the housing sector and in consumer confidence indicators, and the unemployment rate declined. The Chinese economy turned upward in autumn and managed to achieve the government's GDP growth rate target for full-year 2012. On the other hand, the European economy fell behind the rest of the world, as economic indicators reflected stagnant conditions even in major countries such as Germany.

Meanwhile, in Japan, the post-disaster restoration demand continued to support the economy. However, with sluggish growth in exports to China and Europe, the Japanese economy could not quite benefit from the uplift of the global economy. Yet from November onwards when the country's parliament was dissolved ahead of elections and the new administration was launched, signs of improvement in corporate and consumer sentiments began to appear in anticipation of the new measures introduced by the government.

In the financial market, the U.S. Federal Reserve Board (FRB) continued to take a monetary easing policy, while the European Central Bank (ECB) maintained its low-interest rate policy for the European market and reinforced measures to resolve the sovereign debt problems. Consequently, the U.S. and European stock prices turned upward and funds began flowing also into emerging and commodity markets. In Japan, the Bank of Japan (BOJ) expanded the size of its asset purchase fund. Further, anticipation heightened for more aggressive additional easing policies as the central bank was preparing for the shift to a structure under the new governor effective March. The yen continued to depreciate on the foreign exchange market, and at one point, the dollar rose to the 96-yen level. As market sentiment perked up, the Nikkei average price returned to the level of 12,000 yen.

##### (C) Business Developments and Results of the Corporate Group

Under the financial and economic conditions described above, the Group has been striving to establish its presence as a "True Retail Bank" that is highly trusted by customers and the local community through accelerating its management reforms. Such reforms focus on demonstrating "All Resona", fully promoting "Cross-selling activities" and promoting "Low-cost operations".

In the strategic areas where the Group concentrates its management resources, the Group establishes four leading fields ("Solution", "Funding business", "Succession business" and "Customer Asset Management (CAM) business"). By pursuing the optimum combination of these four fields in accordance with the characteristics of the local community, needs of customers and other factors, we work to become a financial services company that is strongly supported by customers.

—Solution—

The Group recognizes the importance of understanding customers' concerns and anxieties as well as their increasingly diverse and sophisticated needs by identifying the underlying issues in a multi-dimensional manner, and continuing to provide optimal solutions from a medium- and long-term perspective.

With our operational style based on close and mid-to-long term relationships with customers, we offer a one-stop service that includes a full lineup of trust and real estate solutions, in addition to the banking function of "Resona" as a commercial bank, as we make efforts to fulfill the needs of as many customers as possible.

—Funding business—

Despite constant changes in the financial services environment, the traditional role of indirect finance in society, i.e., to stand by and support the development of customers and local communities and the rise of new industries and growing sectors, remains unchanged.

Providing a smooth supply of funds is the most critical mission of a local community-oriented financial institution, and the expansion of general transactions with customers from those funding is the basis for growth for the Group. It is based on this perception that we will exert further efforts in the area of loans to individuals and small and midsize enterprises. Concurrently, the Group continues to aim at maintaining and enhancing the quality of its loan portfolio.

—Succession business—

We expect that the needs of customers to "leave behind" assets, such as transferring their assets or business from one generation to the next, will further increase, while at the same time becoming more diversified and sophisticated. Taking this into consideration, the Group offers a full lineup of products, including will trust and estate planning, asset inheritance trust, owner stock succession trust, and real estate functions. We focus on providing extensive consulting services that respond to our customers' needs in an aim to establish the most trusted inheritance business brand.

—Customer Asset Management (CAM) business—

In order to respond appropriately to the diversified and sophisticated needs of customers to "increase", "entrust" and "leave behind", we have set in place the core, consisting of the solution offering business and the life planning support business. It is based on this platform that we offer proposals to accommodate these situations of customers and provide optimal solution functions, products and services in response to customers' potential and apparent needs. Such products and services include deposit transactions, various investment trust and insurance products that have been reinforced through business alliances, and trust and real estate administration services that support our differentiation strategy.

(Results for Consolidated Fiscal Year Ended March 31, 2013)

Consolidated net income increased ¥21.4 billion from a year earlier to ¥275.1 billion, due to the considerable improvement of credit costs and the decrease in tax expenses, etc. Specifically, consolidated gross profit dropped ¥18.0 billion year-on-year to ¥637.1 billion, due to the favorable sales of financial products and

the record of security-related income, while interest income declined due to the decrease of loan-deposit interest margin. Operating expenses totaled ¥361.6 billion, up ¥0.7 billion from a year earlier. In respect of credit costs, ¥13.0 billion of reversal of allowance for doubtful receivables was recorded, down ¥26.8 billion year-on-year. Tax expenses, etc. declined to ¥9.2 billion, down ¥10.4 billion year-on-year, due to the review of company classification relating to the tax effects.

Consolidated total assets decreased ¥89.2 billion from a year earlier to ¥43,110.6 billion. Consolidated net assets totaled ¥2,189.3 billion, up ¥345.9 billion year-on-year, owing to the record of net income.

Ratio of non-performing loans (total of affiliated banks, including trust accounts with a contract clause for covering the principal) based on the Financial Revitalization Law was 2.06% and trust assets totaled ¥23,377.3 billion, a decrease of ¥596.2 billion compared with the results of the previous fiscal year.

#### (D) Issues to be Addressed by the Corporate Group

##### (1) Basic Strategies

###### (i) Selection and concentration of business domains

We aim to boost profitability and realize "Maximization of the corporate value of the Group" by allocating management resources efficiently and effectively. To this end, we will strive to establish competitive advantages through focusing the "geographical axis" in two large urban areas (the Osaka-centered "Kansai Area" and the "Greater Tokyo Area" centered on Tokyo and Saitama) and the "customer axis" on retail.

###### (ii) Pursuit of a distinctive Resona Style

"Resona Style" serves as a basis to support reforms and improve competitiveness so that the Group can achieve evolution to a financial service provider, which is free from the traditional common practices and customs of the banking industry. As we move forward, we will continue exerting efforts to become a "True Retail Bank" while working consistently on our themes of "Creating a New Corporate Culture", "Focusing on Individuals" and "Striving to Become the Most Trusted Company" toward the establishment of a distinctive Resona Style and our evolution.

##### (2) Priority Measures

###### (i) Creating and excavating new business opportunities with an eye towards future "Change"

We will actively develop new business opportunities stemming from various changes while maintaining our close relationships with customers and sophisticated solutions as key drivers. To do so, we will endeavor to expand and deepen our sales activities by exploring deeper and more thoroughly the needs of customers.

###### (ii) Strategic enhancement of customer contacts

Amid the changes observed in customers' financial behaviors and transaction styles due to various changes in the business environment, we have now returned to the starting point to review and strategically enhance our customer contact points. This will be done from various viewpoints, including "area", "marketing", "human resources" and "channels".

###### (iii) Further acceleration of low-cost operations

We intend to extend our know-how on operational reforms that we have accumulated to date in the field of deposits also to the loan and housing loan businesses with the aim of further improving the quality of services and achieving low-cost operations.

In addition, from the perspective of selection and concentration of management resources, we, as a financial services company, will enhance our comprehensive capabilities through effective alliances and other means in response to the diverse and sophisticated needs of customers.

(iv) Maintaining the robust financial base to support sustainable growth

Recognizing that the establishment of a robust financial base is indispensable to achieving sustainable growth, we will continue to maintain and reinforce our financial base. Such base generates stable profits from sound assets, consisting of small lots of loans, stable procurement of deposits, and risk-controlled asset management on the market.

(2) Operating Performance of the Corporate Group and the Company

A. Operating performance of the Corporate Group

(Billions of yen)

	FY2009	FY2010	FY2011	FY2012
Consolidated ordinary income	875.1	859.8	850.3	832.1
Consolidated ordinary profit	152.3	210.2	274.8	285.1
Consolidated net income	132.2	160.0	253.6	275.1
Consolidated comprehensive income	—	132.5	300.8	398.6
Consolidated net assets	2,271.8	1,592.5	1,843.3	2,189.3
Consolidated total assets	40,743.5	42,706.8	43,199.8	43,110.6

Note: Amounts less than one hundred million yen have been rounded down.

B. Operating performance of the Company

(Billions of yen)

	FY2009	FY2010	FY2011	FY2012
Operating income	39.0	31.3	158.3	244.5
Dividends from subsidiaries and affiliates	32.0	24.7	151.5	238.0
Subsidiaries in the banking business	32.0	24.7	149.4	237.9
Other subsidiaries	—	0	2.1	0
Net income	34,979 million yen	26,223 million yen	151,165 million yen	237,832 million yen
Net income per share (or net loss per share)	1.33 yen	-25.17 yen	54.74 yen	90.43 yen
Total assets	1,809.1	1,260.2	1,350.3	1,519.8
Shares of subsidiaries in the banking business, etc.	1,092.3	1,092.3	1,092.3	1,092.3
Shares of other subsidiaries, etc.	26.6	30.0	28.8	23.8

Notes:

1. Amounts less than the specified unit have been rounded down.
2. Net income per share (or net loss per share) was derived by deducting from net income, the amount of dividends on preferred shares for the period and the amount of retirement difference associated with the preferred shares and dividing the result by the average number of ordinary shares issued during the period (excluding treasury shares and shares of the Company held by ESOP-type Stock Benefit Trust for the Employee Shareholding Association).

(3) Employees of the Corporate Group

A. Number of employees of the Corporate Group

	As of March 31, 2013		As of March 31, 2012	
	Banking and trust banking business	Other businesses	Banking and trust banking business	Other businesses
Number of employees	16,479	347	16,520	361

Note: Figures represent the number of employees on duty.

B. Number of employees of the Company

	As of March 31, 2013	As of March 31, 2012
Number of employees	533	533
Average age	44 years and 2 months	43 years and 9 months
Average number of years of employment	19 years and 7 months	19 years and 3 months
Average monthly salary	541 thousand yen	541 thousand yen

Notes:

1. All employees of the Company have been seconded from Resona Bank, Ltd., Saitama Resona Bank, Ltd., The Kinki Osaka Bank, Ltd. and five other companies.
2. "Average age" and "average monthly salary" do not include data on employees seconded from companies other than Resona Bank, Ltd., Saitama Resona Bank, Ltd. and The Kinki Osaka Bank, Ltd. "Average number of years of employment" include the average number of years of employment also at Resona Bank, Ltd., Saitama Resona Bank, Ltd. and The Kinki Osaka Bank, Ltd. respectively prior to the seconding.
3. "Average age", "average number of years of employment" and "average monthly salary" are presented with amounts less than the specified unit respectively rounded down.
4. "Average monthly salary" represents the average salary for March including overtime and does not include bonus.

(4) Principal Sales Offices of the Corporate Group

A. Principal sales offices of the Corporate Group

(i) Banking and trust banking business

Resona Bank, Ltd. Osaka Office, Tokyo Office and 347 other offices (347 offices as of March 31, 2012)

Saitama Resona Bank, Ltd. Saitama Office and 130 other offices (132 offices as of March 31, 2012)

The Kinki Osaka Bank, Ltd. Head Office and 127 other offices (128 offices as of March 31, 2012)

(ii) Other businesses

Resona Kessai Service Co., Ltd. Head Office and four other offices

Resona Card Co., Ltd. Head Office and one other office

Resona Capital Co., Ltd. Head Office

B. Offices of the Company

Name of Office	Location	Date Established
Tokyo Head Office	Fukagawa Gatharia W2 Bldg. 5-65, Kiba 1-Chome, Koto-ku, Tokyo	May 6, 2010
Osaka Head Office	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka	December 12, 2001

(5) Capital Investment by the Corporate Group

A. Total capital investment

(Millions of yen)

	Banking and trust banking business	Other businesses
Total capital investment	22,436	236

Note: Amounts less than 1 million yen have been rounded down.

B. Principal new establishments

(Millions of yen)

	Description	Amount
Banking and trust banking business	Installation and renewal of software	8,111
	Establishment of new branches (Chofu branch of Resona Bank and others)	2,199
	Renovation of head offices (Head office of Saitama Resona Bank and others)	968
	Sales of head offices (Resona Ochanomizu building of Resona Bank and others)	

Note: Amounts less than 1 million yen have been rounded down.



## (6) Principal Status of Parent Company, Subsidiaries and Affiliates

## A. Parent Company

Not applicable.

## B. Subsidiaries and affiliates

Name of Company	Location	Principal Operations	Date Established	Capital (Millions of yen)	Company's Voting Rights Ratio in Subsidiary/Affiliate (%)	Dividends to the Company (Millions of yen)
Resona Bank, Ltd.	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka	Banking and trust banking business	May 15, 1918	279,928	100.00	186,599
Saitama Resona Bank, Ltd.	4-1, Tokiwa 7-Chome, Urawa-ku, Saitama	Banking business	August 27, 2002	70,000	100.00	35,720
The Kinki Osaka Bank, Ltd.	4-27, Shiromi 1-Chome, Chuo-ku, Osaka	Banking business	November 24, 1950	38,971	100.00	15,635
Resona Guarantee Co., Ltd.	13-10, Tokiwa 10-Chome, Urawa-ku, Saitama	Credit guarantee	May 8, 1975	14,000	100.00 (49.02)	—
Daiwa Guarantee Co., Ltd.	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka	Credit guarantee	July 23, 1969	6,000	100.00 (100.00)	—
Kinki Osaka Shinyo Hosho Co., Ltd.	4-27, Shiromi 1-Chome, Chuo-ku, Osaka	Credit guarantee	March 17, 1995	6,397	100.00 (100.00)	—
Resona Kessai Service Co., Ltd.	10-5, Nihonbashi Kayabacho 1-Chome, Chuo-ku, Tokyo	Factoring	October 25, 1978	1,000	100.00	—
Resona Card Co., Ltd.	2-20, Toyo 2-Chome, Koto-ku, Tokyo	Credit card administration and credit guarantee	February 12, 1983	1,000	77.58	28
Resona Capital Co., Ltd.	10-5, Nihonbashi Kayabacho 1-Chome, Chuo-ku, Tokyo	Venture capital business	March 29, 1988	5,049	100.00	—
Resona Research Institute Co., Ltd.	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka	Consulting business	October 1, 1986	100	100.00	—
Resona Business Service Co., Ltd.	25-11, Ueno 5-Chome, Taito-ku, Tokyo	Back office and other entrusted operations, personnel dispatch	October 2, 1987	60	100.00	42
Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	Banking and trust banking business	June 20, 2000	51,000	33.33 (33.33)	—
P.T. Bank Resona Perdania	JL.Jend.Sudirman Kav. 40-41, Jakarta,	Banking business	February 15, 1956	285 billion	43.41	—

	Indonesia			Indonesia n Rupiah (¥2,764 million)	(43.41)	
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Notes:

1. Amounts less than 1 million yen have been rounded down.
2. The yen amount of capital was computed using the foreign exchange rate as of the fiscal closing date.
3. "Company's voting rights ratio in subsidiary/affiliate" is presented with the figure rounded down to the nearest two decimal points.
4. The figure in parenthesis under "Company's voting rights ratio in subsidiary/affiliate" is inclusive and represents the ratio of voting rights indirectly held by the Company.
5. Kinki Osaka Shinyo Hosho Co., Ltd. relocated its head office on May 28, 2012.

(7) Principal Lenders

Lender	Loan Balance	Investment in the Company	
		Number of Shares in Holding	Voting Rights Ratio
Resona Bank, Ltd.	Million yen 192,817	—	—

(8) Business Transfers

Not applicable.

(9) Other Principal Matters Relating to the Status of the Corporate Group

Not applicable.

## 2. Matters Relating Directors and Executive Officers of the Company

### (1) Directors and Executive Officers

#### Directors

(As of March 31, 2013)

Name	Role	Key Concurrent Responsibilities
Seiji Higaki		Deputy Chairman and Director of Resona Bank, Ltd.
Kazuhiro Higashi		Representative Director, Deputy President and Executive Officer of Resona Bank, Ltd.
Kaoru Isono	Member of Audit Committee	
*Tutomu Okuda	Chairman of Compensation Committee	Chairman & CEO of J. Front Retailing Co., Ltd.; Outside Director of Japan Exchange Group, Inc.
*Shusai Nagai	Chairman of Audit Committee; member of Nomination Committee	Outside Director of Saitama Resona Bank, Ltd.; Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School
*Emi Osono	Member of Nomination Committee	Professor of Hitotsubashi University Graduate School of International Corporate Strategy; Outside Director of Lawson, Inc.
*Toshio Arima	Chairman of Nomination Committee; member of Compensation Committee	Chairman of the Board, Global Compact Japan Network; Outside Director of Kirin Holdings Company, Limited.; Outside Director of Fuji Heavy Industries Ltd.
*Yoko Sanuki	Member of Audit Committee	Representative of NS Law Office; Outside Director of Meiji Holdings Co., Ltd.
*Yasuhiro Maehara	Member of Compensation Committee	Professor, School of International and Public Policy, Hitotsubashi University

Note: \* Outside director as set out in Article 2, Item 15 of the Companies Act.

## Executive Officers

(As of March 31, 2013)

Name	Position & Role	Key Concurrent Responsibilities
*Seiji Higaki	President	As described in the previous page.
*Kazuhiro Higashi	Deputy President; in charge of Corporate Communication Division, Human Resources Division and Corporate Governance Office	As described in the previous page.
Naoki Iwata	In charge of Group Strategy Division (corporate management of Resona Bank, Ltd.)	Representative Director and President of Resona Bank, Ltd.
Masahito Kamijo	In charge of Group Strategy Division (corporate management of Saitama Resona Bank, Ltd.)	Representative Director and President of Saitama Resona Bank, Ltd.
Hiroyuki Ikeda	In charge of Group Strategy Division (corporate management of The Kinki Osaka Bank, Ltd.)	Representative Director, President and Executive Officer of The Kinki Osaka Bank, Ltd.
Kazuyoshi Ikeda	In charge of Operational Reform Division, Purchasing Strategy Division and Information Technology Planning Division	Director and Senior Managing Executive Officer of Resona Bank, Ltd.; Outside Director of Saitama Resona Bank, Ltd.
Koichi Matsui	In charge of Risk Management Division and Credit Risk Management Division	Managing Executive Officer of Resona Bank, Ltd.
Hisashi Saito	In charge of Compliance Division	Managing Executive Officer of Resona Bank, Ltd.
Makoto Nomura	Manager of Financial Accounting Division; in charge of Group Strategy Division (Finance, Group ALM and IR)	
Masanao Kuzuno	Manager of Credit Risk Management Division; Deputy Manager of Risk Management Division	Executive Officer of Resona Bank, Ltd.
Yasunori Uno	Manager of Internal Audit Division	Executive Officer of Resona Bank, Ltd.
Kenichiro Masuda	Manager of Group Strategy Division; in charge of Institute for	Outside Director of The Kinki Osaka Bank, Ltd.

	Financial Marketing	
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Notes:

1. \* Representative Executive Officer
2. Seiji Higaki and Kazuhiro Higashi each serve concurrently as a director.

Personnel changes of directors and executive officers during the fiscal year ended March 31, 2013

Name	Position	Other
Kunio Kojima	Outside Director	Resigned as of June 22, 2012 at the expiry of his term of office
Hideo Iida	Outside Director	Resigned as of June 22, 2012 at the expiry of his term of office
Masatoshi Noguchi	Executive Officer	Resigned as of June 22, 2012 at the expiry of his term of office
Eiji Hosoya	Director, Chairman and Executive Officer	Resigned as of November 4, 2012

(For reference)

Directors and executive officers of the Company as of April 1, 2013 are as follows.

Directors

(As of April 1, 2013)

Name	Role	Key Concurrent Responsibilities
Seiji Higaki		
Kazuhiro Higashi		Representative Director, President and Executive Officer of Resona Bank, Ltd.
Kaoru Isono	Member of Audit Committee	
*Tutomu Okuda	Chairman of Compensation Committee	Director and Senior Advisor of J. Front Retailing Co., Ltd.; Outside Director of Japan Exchange Group, Inc.
*Shusai Nagai	Chairman of Audit Committee; member of Nomination Committee	Outside Director of Saitama Resona Bank, Ltd.; Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School
*Emi Osono	Member of Nomination Committee	Professor of Hitotsubashi University Graduate School of International Corporate Strategy; Outside Director of Lawson, Inc.
*Toshio Arima	Chairman of Nomination Committee; member of Compensation Committee	Chairman of the Board, Global Compact Japan Network; Outside Director of Kirin Holdings Company, Limited.; Outside Director of Fuji Heavy Industries Ltd.
*Yoko Sanuki	Member of Audit Committee	Representative of NS Law Office; Outside Director of Meiji Holdings Co., Ltd.
*Yasuhiro Maehara	Member of Compensation Committee	Professor, School of International and Public Policy, Hitotsubashi University

Note: \* Outside director as set out in Article 2, Item 15 of the Companies Act.

## Executive Officers

(As of April 1, 2013)

Name	Position & Role	Key Concurrent Responsibilities
*Kazuhiro Higashi	President	As described in the previous page.
*Toshiki Hara	In charge of Human Resources Division	Director and Executive Officer of Resona Bank, Ltd.
*Tetsuya Kan	In charge of Group Strategy Division and Purchasing Strategy Division	Director and Executive Officer of Resona Bank, Ltd.
Masahito Kamijo	In charge of Group Strategy Division (corporate management of Saitama Resona Bank, Ltd.)	Representative Director and President of Saitama Resona Bank, Ltd.
Koji Nakamae	In charge of Group Strategy Division (corporate management of The Kinki Osaka Bank, Ltd.)	Representative Director, President and Executive Officer of The Kinki Osaka Bank, Ltd.
Koichi Matsui	In charge of Risk Management Division and Compliance Division	Senior Managing Executive Officer of Resona Bank, Ltd.; Outside Director of The Kinki Osaka Bank, Ltd.
Toru Muraki	In charge of Operational Reform Division and Information Technology Planning Division	Senior Managing Executive Officer of Resona Bank, Ltd.; Executive Officer of Saitama Resona Bank, Ltd.
Makoto Nomura	In charge of Financial Accounting Division	Outside Director of Saitama Resona Bank, Ltd.
Yasunori Uno	Manager of Internal Audit Division; in charge of Internal Audit Division	Executive Officer of Resona Bank, Ltd.
Kenichiro Masuda	In charge of Corporate Communication Division, Institute for Financial Marketing and Corporate Governance Office	Executive Officer of Resona Bank, Ltd.; Outside Director of The Kinki Osaka Bank, Ltd.
Takayuki Torii	In charge of Credit Risk Management Division	Executive Officer of Resona Bank, Ltd.

## Notes:

- \* Representative Executive Officer
- Kazuhiro Higashi serves concurrently as a director.

## (2) Remuneration of Directors

Remuneration of directors for the fiscal year ended March 31, 2013

(Number of persons; millions of yen)

Classification	No. of Officers	Total Amount of Remuneration		
			Basic Compensation	Performance-Based Compensation
Director	9	88	81	7
Executive Officer	11	150	80	70
Total	20	239	161	77

Notes:

1. Amounts less than 1 million yen have been rounded down.
2. The above includes two directors and one executive officer who resigned as of June 22, 2012, one executive officer who resigned as of November 4, 2012 and four executive officers who resigned as of March 31, 2013.
3. There were 9 directors and 12 executive officers as of March 31, 2013, with 2 individuals holding concurrent positions as director and executive officer.
4. Individuals holding concurrent positions as director and executive officer are not paid the portion of compensation for the director. Three executive officers holding concurrent positions as representative director and president of subsidiary banks are not given the portion of compensation for executive officer.
5. Basic compensation includes the fixed compensation based on position and the additional fixed portion based on duty.
6. There is no provision of share-based compensation.
7. No director receives ¥100 million or more in total consolidated remuneration.

### Policy for Determination of Individual Remuneration, etc. for Directors and Executive Officers

The Compensation Committee defines the policy on determining individual remuneration for directors and executive officers of the Company as follows and decides on the remuneration amounts based on this policy.

Remuneration for directors and executive officers of the Company shall be structured to include performance-based compensation with the aim of increasing motivation to raise corporate value and to clarify accountability.

Furthermore, remuneration for executive officers shall be structured to include share-based compensation with the aim of increasing motivation to achieve sustainable growth of the Resona Group and enhance shareholder value on a mid-to-long-term basis (introduced in June 2010.)



(1) Compensation system for directors

Remuneration for directors consists of fixed compensation based on position, variable compensation based on performance and additional fixed compensation based on duty.

In order to ensure sound supervision over executive officers, the ratio of position-based compensation and performance-based compensation (standard amount) is set at 95 to 5, with higher weight placed on position-based compensation.

(i) Position-based compensation (fixed compensation)

Position-based compensation is provided in accordance with the magnitude of the responsibility by position.

(ii) Performance-based compensation (variable compensation)

Performance-based compensation of a director is provided based on the operating results of the Company for the previous fiscal year.

(iii) Additional duty-based compensation (fixed compensation)

Each outside director serving as a member of the Nomination Committee, Compensation Committee or Audit Committee is paid an additional portion based on the respective duty of a member.

(2) Compensation system for executive officers

Remuneration of executive officers consists of fixed compensation based on position, variable compensation based on performance and share-based compensation.

In order to maintain and increase motivation to fully carry out business, the ratio between position-based compensation and performance-based compensation (standard amount) is set at 60 to 40, with a suitably enhanced percentage of the performance-based compensation.

(i) Position-based compensation (fixed compensation)

Position-based compensation is provided in accordance with the magnitude of the responsibility by position.

(ii) Performance-based compensation (variable compensation)

Performance-based compensation of an executive officer is provided based on the operating results of the Company and the personal performance in the previous fiscal year.

(iii) Share-based compensation (variable compensation)

In the event income before income taxes of the previous fiscal year under the medium-term management plan exceeds a certain level, share-based compensation is provided for the purpose of acquiring shares of the Company. An executive officer receiving this compensation acquires the shares of the Company by contributing a certain amount to the Directors' Shareholding Association on a monthly basis, and holds the shares for up till one year after retirement from his or her position.

A certain amount of each type of compensation is paid by cash on a monthly basis.

Any officer holding concurrent positions as a director and executive officer is given only the portion of compensation for an executive officer.

An executive officer holding a concurrent position as a representative director and president of a subsidiary bank is not given the portion of compensation for an executive officer.

The retirement benefit plan for directors and executive officers was terminated effective June 25, 2004.

### 3. Matters Relating to Outside Directors

#### (1) Concurrent positions and other status of outside directors

Name	Concurrent Positions and Other Status
Tsutomu Okuda	Chairman & CEO of J. Front Retailing Co., Ltd. Outside Director of Japan Exchange Group, Inc.
Shusai Nagai	Outside Director of Saitama Resona Bank, Ltd.* Professor, Faculty of Business Administration of Toyo Gakuen University Graduate School
Emi Osono	Professor of Hitotsubashi University Graduate School of International Corporate Strategy Outside Director of Lawson, Inc.
Toshio Arima	Chairman of the Board, Global Compact Japan Network Outside Director of Kirin Holdings Company, Limited. Outside Director of Fuji Heavy Industries Ltd.
Yoko Sanuki	Representative of NS Law Office Outside Director of Meiji Holdings Co., Ltd.
Yasuhiro Maehara	Professor, School of International and Public Policy, Hitotsubashi University

#### Notes:

1. \*Saitama Resona Bank, Ltd. is wholly owned subsidiary of the Company.
2. There are no business relationships to note between other principal companies in which the directors hold concurrent positions, and the Company.
3. Tsutomu Okuda was Chairman & CEO of J. Front Retailing Co., Ltd. As of April 1, 2013, he resigned that position and assumed the position of Director and Senior Advisor.
4. The above six outside directors are not related to executive officers and directors of the Company or the specified related business operators of the Company.
5. The above six outside directors are independent director(s)/auditor(s) under the provisions of the Tokyo Stock Exchange and the Osaka Stock Exchange.

(2) Principal Activities of Outside Directors

Outside directors provide timely and appropriate comments on the management of the Company based on broad perspectives at meetings of Board of Directors, etc.

Name	Period in Office	Attendance at Meetings of Board of Directors, etc.	Comments at the Meetings of Board of Directors and Other Activities
Tsutomu Okuda	6 years and 9 months	Board of Directors: 16 of the 17 meetings Compensation Committee: 6 of the 6 meetings	With a wealth of insight and experience as management in the retail sector, Tsutomu Okuda proactively offers opinions and advice across a wide spectrum of areas focusing particularly on sales strategies and business management innovation.
Shusai Nagai	6 years and 9 months	Board of Directors: 17 of the 17 meetings Nomination Committee: 4 of the 4 meetings Audit Committee: 10 of the 10 meetings	As an expert in finance with a wealth of knowledge and experience, Shusai Nagai proactively offers opinions and advice across a wide spectrum of areas focusing particularly on comprehensive risk management and earnings management.
Emi Osono	1 year and 9 months	Board of Directors: 15 of the 17 meetings Compensation Committee: 1 of the 2 meetings Nomination Committee: 4 of the 4 meetings	As an expert in business management with a wealth of knowledge and experience, Emi Osono proactively offers opinions and advice across a wide spectrum of areas focusing particularly on business strategies and business reform.
Toshio Arima	1 year and 9 months	Board of Directors: 17 of the 17 meetings Nomination Committee: 5 of the 5 meetings Compensation Committee: 3 of the 3 meetings	As a manager of manufacture business and sales business with a extensive idea and experience, Toshio Arima proactively offers opinions and advice across a wide spectrum of areas focusing particularly on customer service and CSR.
Yoko Sanuki	9 months	Board of Directors: 13 of the 13 meetings Audit Committee: 10 of the 10 meetings	As an expert in law with a wealth of knowledge and experience, Yoko Sanuki proactively offers opinions and advice across a wide spectrum of areas focusing particularly on legal system and compliance.
Yasuhiro Maehara	9 months	Board of Directors: 9 of the 13 meetings Compensation Committee: 3 of the 4 meetings	As an expert in finance with a wealth of knowledge and experience, Yasuhiro Maehara proactively offers opinions and advice across a wide spectrum of areas focusing particularly on financial market and risk management.

Notes:

1. "Period in office" represents the period from the day on which the outside director assumed office to March 31, 2013, with any period of less than one month omitted.

2. There is no written resolution that assumes a Board resolution based on Article 370 of the Companies Act was reached.

(3) Liability Limitation Agreement

The Company has entered into an agreement with outside directors, Tsutomu Okuda, Shusai Nagai, Emi Osono, Toshio Arima, Yoko Sanuki and Yasuhiro Maehara respectively, which limits the outside directors' indemnity liability under Article 423, Paragraph 1 of the Companies Act to the aggregated amounts provided for in each of the items of Paragraph 1 in Article 425 of the Companies Act.

(4) Remuneration for Outside Directors

(Number of persons; millions of yen)

Number of Directors	Total Amount of Remuneration	
	Basic Compensation	Performance-Based Compensation
8	65	5

Notes:

1. Amounts less than 1 million yen have been rounded down.
2. The above includes 2 directors resigned as of June 22, 2012.
3. "Basic compensation" includes fixed compensation based on position and the additional fixed portion based on duty.
4. Remuneration, etc. for outside directors from subsidiaries are as follows.

Number of directors paid: 1

Amount of remuneration, etc.: ¥7 million

#### 4. Information on Shares of the Company

##### (1) Number of Shares

###### Total number of authorized shares

Ordinary Shares	7,300,000 thousand shares
Preferred Shares	274,520 thousand shares
(including Class C Preferred Shares:	12,000 thousand shares)
(including Class F Preferred Shares:	8,000 thousand shares)
(including Class 3 Preferred Shares:	225,000 thousand shares)
(including Class 4 Preferred Shares:	2,520 thousand shares)
(including Class 5 Preferred Shares:	4,000 thousand shares)
(including Class 6 Preferred Shares:	3,000 thousand shares)
(including First Series of Class 7 Preferred Shares:	10,000 thousand shares)
(including Second Series of Class 7 Preferred Shares:	10,000 thousand shares)
(including Third Series of Class 7 Preferred Shares:	10,000 thousand shares)
(including Fourth Series of Class 7 Preferred Shares:	10,000 thousand shares)
(including First Series of Class 8 Preferred Shares:	10,000 thousand shares)
(including Second Series of Class 8 Preferred Shares:	10,000 thousand shares)
(including Third Series of Class 8 Preferred Shares:	10,000 thousand shares)
(including Fourth Series of Class 8 Preferred Shares:	10,000 thousand shares)

Note: The total number of authorized shares in each class with respect to the First through Fourth Series of Class 7 Preferred Shares shall not exceed 10,000 thousand shares in the aggregate and the total number of authorized shares in each class with respect to the First through Fourth Series of Class 8 Preferred Shares shall not exceed 10,000 thousand shares in the aggregate, respectively.

###### Total number of issued shares

Ordinary Shares	2,514,957 thousand shares
Preferred Shares	254,520 thousand shares
(including Class C First Issue Preferred Shares:	12,000 thousand shares)
(including Class F First Issue Preferred Shares:	8,000 thousand shares)
(including Class 3 First Issue Preferred Shares:	225,000 thousand shares)
(including Class 4 Preferred Shares:	2,520 thousand shares)
(including Class 5 Preferred Shares:	4,000 thousand shares)
(including Class 6 Preferred Shares:	3,000 thousand shares)

Note: Numbers of shares less than 1 thousand have been omitted for simplicity.

##### (2) Number of Shareholders as of March 31, 2013

Ordinary Shares	323,322 shareholders
Class C First Issue Preferred Shares	1 shareholder
Class F First Issue Preferred Shares	1 shareholder
Class 3 First Issue Preferred Shares	1 shareholder
Class 4 Preferred Shares	1 shareholder

Class 5 Preferred Shares	1 shareholder
Class 6 Preferred Shares	3 shareholders

Note: The number of shareholders of Ordinary Shares above includes 17,534 shareholders who only hold shares less than one unit.

### (3) Principal Shareholders

#### (i) Ordinary Shares (top 10 shareholders)

Name of Shareholder	Investment in the Company	
	Number of Shares in Holding (Thousand shares)	Shareholding Ratio (%)
Deposit Insurance Corporation of Japan	503,262	20.53
Japan Trustee Services Bank, Ltd. (trust account)	105,986	4.32
The Master Trust Bank of Japan, Ltd. (trust account)	90,342	3.68
The Dai-ichi Life Insurance Company, Limited	55,241	2.25
CACEIS BANK FRANCE/ CREDIT AGRICOLE SA	39,483	1.61
Japan Trustee Services Bank, Ltd. (trust account No. 9)	39,095	1.59
JP MORGAN CHASE BANK 380055	28,794	1.17
Japan Trustee Services Bank, Ltd. (trust account No. 4)	27,320	1.11
STATE STREET BANK AND TRUST COMPANY 505225	26,646	1.08
MSCO CUSTOMER SECURITIES	24,590	1.00

Notes:

1. Numbers of shares less than 1 thousand have been omitted in the column of "number of shares in holding".
2. "Shareholding ratio" was calculated by deducting treasury shares (64,194 thousand shares) and rounding down to the nearest two decimal points. The number of treasury shares does not include 7,618 shares of the Company held by ESOP-type Stock Benefit Trust for the Employee Shareholding Association.
3. Of the shareholders above, Japan Trustee Services Bank, Ltd. has 340 thousand or 33.33% of its shares held by Resona Bank, Ltd.
4. According to the large-scale holding (revised) report dated January 10, 2013 issued by The Resolution and Collection Corporation and one other shareholder, Deposit Insurance Corporation of Japan held 511,039 thousand shares (shareholding ratio of 20.85%) as of December 19, 2012. However, the Company is unable to confirm the number of shares of substantial shareholders as of March 31, 2013, and hence the number of shares in holding based

on the shareholder register is recorded herein.

(ii) Class C First Issue Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
The Resolution and Collection Corporation	12,000 thousand	100.00%

(iii) Class F First Issue Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
The Resolution and Collection Corporation	8,000 thousand	100.00%

(iv) Class 3 First Issue Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
Deposit Insurance Corporation of Japan	225,000 thousand	100.00%

(v) Class 4 Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
Shinkin Trust Bank, Ltd. (trust account) No. 8260041	2,520 thousand	100.00%

(vi) Class 5 Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held	Shareholding Ratio
The Dai-ichi Life Insurance Company, Limited	4,000 thousand	100.00%

(vii) Class 6 Preferred Shares

Name of Shareholder	Investment in the Company	
	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
Nippon Life Insurance Company	2,000	66.66
Meiji Yasuda Life Insurance Company	800	26.66
Daido Life Insurance Company	200	6.66

Note: Preferred Shares above are shown with any shares less than 1 thousand omitted, and the shareholding ratios have been rounded down to the nearest two decimal points.

(4) Other Important Share Information

Acquisition, sale and holding of treasury shares

(i) Acquisition of treasury shares

Ordinary Shares                      10,219 shares



Total acquisition price 3,695 thousand yen

Note: The acquisition price is presented with amounts less than 1 thousand yen rounded down.

(ii) Disposal of treasury shares

Ordinary Shares	688 shares
Total amount of disposal	930 thousand yen

Note: The total amount of disposal is presented with amounts less than 1 thousand yen rounded down.

(iii) Treasury shares held as of March 31, 2013

Ordinary Shares	64,194,590 shares
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The above treasury shares do not include shares of the Company that were acquired or disposed of by the ESOP-type Stock Benefit Trust for the Employee Shareholding Association.

### Content of the employee stock ownership plan

With the purpose of giving an incentive to enhance corporate value on a medium-to-long term basis, the Company adopts an employee incentive plan, "ESOP-type Stock Benefit Trust for the Employee Shareholding Association" (hereafter, "ESOP Trust").

An outline of the ESOP Trust is as provided below. The treasury shares indicated on this page do not include 7,618 thousand shares of the Company held by the ESOP Trust as of the end of the fiscal year ended March 31, 2013.

The Company sets up a trust whose beneficiaries are the employees who belong to the Employee Shareholding Association of Resona Holdings, Inc. (hereafter, "the Company's Shareholding Association") and fulfill certain conditions (the Company's subsidiary, Resona Bank, Ltd. is the trustee of the trust). The trust acquires the number of shares of the Company that the Company's Shareholding Association is expected to acquire during the trust period, within the purchase period determined in advance.

Subsequently, the trust sells the shares of the Company to the Company's Shareholding Association at a certain date of every month.

If as of the end of the trust period, a trust profit is recognized as a result of a rise in the stock price and other factors, the profit is distributed in cash to the employees and others who are beneficiaries of the trust in proportion to the number of shares purchased during the period and other factors.

If a transfer loss arises due to a decline in the stock price and a liability on the trust assets remains, the Company is responsible for fully settling the liability based on the indemnity clause stipulated in the non-recourse loan agreement.

#### Outline of the trust agreement

- (i) Trustor: The Company
- (ii) Trustee: Resona Bank, Ltd.
- (iii) Beneficiaries: Persons who belong to the Company's Shareholding Association and fulfill the conditions for beneficiaries
- (iv) Date of trust agreement: April 9, 2012
- (v) Trust period: April 9, 2012 to March 31, 2017 (plan)
- (vi) Exercise of voting rights: The trustee exercises the voting rights of the shares of the Company in accordance with the custodian's instruction, which reflects the status of

exercise of voting rights by the Company's Shareholding Association.

\* If the Company's Shareholding Association sells the shares and as a result the trust contains no shares of the Company, any trust profit is distributed among the beneficiaries of the trust prior to the end of the trust period, and the trust is closed before the end of the trust period.

Total amount of shares scheduled to be purchased by the employee shareholding association:

3,444 million yen

Scope of persons who can receive the beneficiary right under the employee stock ownership plan and other rights:

Persons who are part of the Company's Shareholding Association and who fulfill the conditions for beneficiaries

## 5. Matters Relating to the Accounting Auditor

### (1) Status of Accounting Auditor

(Millions of yen)

Name	Remuneration, etc. Associated with the Fiscal Year Ended March 31, 2013	Other
Deloitte Touche Tohmatsu LLC Shigeru Omori, designated limited liability partner Mitsuo Kimura, designated limited liability partner Ayako Makino, designated limited liability partner	147	—

Notes:

1. Amounts less than 1 million yen have been rounded down.
2. Money and other profit to be paid by the Company and its subsidiaries amount to a total of ¥654 million.

### (2) Liability Limitation Agreement

Not applicable.

### (3) Other Matters Relating to the Accounting Auditor

#### A. Policy on determining dismissal or non-reappointment of the accounting auditor

In the event the accounting auditor is recognized to fall under any of the items in Paragraph 1 of Article 340 of the Companies Act, the Audit Committee will dismiss the accounting auditor based on unanimous consent from members of the Committee.

In addition to the above, we will primarily review the qualifications of the accounting auditor, the status of a system to ensure that the duties of the accounting auditor are carried out properly, and the eligibility as the accounting auditor of the Group and determine the proposal concerning dismissal or non-reappointment of the accounting auditor to be submitted to the general meeting of shareholders by also taking into account the reporting made by the accounting auditor and the executive officers of the Company and mutual understanding between the accounting auditor and the management of the Group including auditors of subsidiaries.

#### B. Policy on exercise of rights given to the Board of Directors as set forth in the Articles of Incorporation pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act

The Group adopts the basic policy of promoting management reforms toward improving corporate value and placing a higher priority on accumulating retained earnings and restraining outflow of profits to realize prompt repayment of public funds. We will continue to provide stable dividend distribution.

With respect to the acquisition of treasury shares, we will exert efforts to secure an adequate level of capital and take action properly based on discussions with the respective authorities in order to manage appropriately our capital strategies toward repayment of public funds.

#### C. Audit of financial documents of principal subsidiaries and affiliates of the Company by certified public accountants or an accounting auditor other than the accounting auditor of the Company

The accounting auditor of P.T. Bank Resona Perdania for the fiscal year ended December 31, 2012 was

Osman Bing Satrio & Eny (member of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee).

## 6. System to Ensure Appropriateness of Operations

To establish a system that ensures appropriate operations and realize an internal control system befitting the Resona Group, the Company has established the "Basic Policies on Group Internal Control", which has been approved by the Board of Directors.

### Overview of "Basic Policy on Group Internal Control"

#### (1) Statement

The Company and other companies of the Group seriously view the fact that the Group had to reinforce capital through injecting a massive amount of public funds. In order to prevent the recurrence of such a situation, the Group hereby formulates the Basic Policies on Group Internal Control (hereafter, the Basic Policies).

In accordance with the Basic Policies, the Group aims to establish an internal control system most befitting the Group and strives to manage and maintain control systems in optimal condition to ensure their efficacy, with a view to enhancing the Group's corporate value.

#### (2) Purpose of Internal Control (Basic Principles)

The Company and other companies of the Group adopt as the Group's basic principles, the fulfilling of the following four objectives in accordance with the generally accepted standards for evaluation of internal control systems.

##### (i) Enhancement of effectiveness and efficiency of operations

Promote enhancement of effectiveness and efficiency of operations for the purpose of ensuring soundness of business operations and improving corporate value.

##### (ii) Ensuring reliability of financial reporting

Exert efforts to ensure reliability of financial statements and information that can possibly have a material impact on financial statements for the purpose of attaining trust from investors and promoting transparency and fairness of information disclosure.

##### (iii) Legal and regulatory compliance

Adhere compliance with laws, regulations and other norms associated with the business activities in light of the public nature of the banking business and also with strong awareness for "Social Responsibility and Public Mission" of the Company and each of the Group companies. In addition, exert efforts to prevent and promptly detect any unauthorized actions.

##### (iv) Safeguarding of assets

Promote safeguarding of assets to ensure that acquisition, use and disposal of assets are appropriately performed and authorized, and pursue business activities based on the fundamental principles of exercising risk-taking suitable for management strength and earnings and promptly handling any inherent or expected losses, in light of the importance of managing risks in the banking business.

### (3) Development of a Framework of Internal Control Systems (Basic Provisions)

In order to achieve the objectives of internal control, the Company shall develop a framework of internal control systems comprised of basic components: control environment, risk assessment and response, control activities, information and communication, monitoring, and response to information technology (IT), and make efforts to ensure the effectiveness of the framework. In accordance with this policy, the Company will ensure the "Resona Group Corporate Mission" is shared throughout the Group to serve as the foundation for the following basic guidelines, set forth to ensure appropriate operations of the Group.

#### (i) Guidelines concerning a system to ensure that duties of executive officers and employees are executed in compliance with laws, regulations and the Articles of Incorporation

In order to ensure strict compliance with respective laws and regulations, the "Basic Compliance Policy" shall be defined, based on which the compliance system will be established and managed. In accordance with the Policy, a standard compliance structure is to be clearly identified and a compliance system is to be established by defining the roles of executive officers and employees. A compliance division shall be put in place to oversee legal and regulatory compliance, and the division reviews any matters requiring a certain degree of important decision-making and verify the lawfulness and other aspects of the matter in advance to ensure that duties executed by executive officers and employees are appropriate.

Furthermore, in order to protect customers and enhance their convenience, the "Group Policy on Providing Explanations to Customers", "Group Policy on Customer Service Quality Management", "Basic Policy on Handling of Information", "Group Risk Management Policy", and "Group Policy on Conflicts of Interest Management" shall be defined. Based on these policies, the Group shall establish and operate appropriate and adequate controls to manage responses to inquiries and complaints from customers, handle customer information, administer customer data and responses to customers when outsourcing operations, and manage conflicts of interest.

#### (ii) Guidelines concerning a system for retention and management of information relating to the execution of duties by executive officers

In order to ensure that information on execution of duties by executive officers is appropriately retained and managed, executive officers follow certain rules on areas including methods of retention and management of information under the "Regulations of Executive Officers", and ensure that the rules are strictly enforced. In addition, the "Basic Policy on Handling of Information" shall be set forth to ensure that handling, retention and management of information associated with the execution of duties by executive officers and employees is properly performed.

#### (iii) Guidelines concerning management of risk that may cause losses and other related controls

In order to establish a risk management system for the Company and each of the Group companies, the "Group Risk Management Policy" shall be formulated and a risk management division shall be established for comprehensively managing various risks. The risk management division is to exercise comprehensive risk management by overseeing the category-specific risk management performed by each risk managing department.

In addition, to secure adequate levels of capital and capital adequacy ratio, the "Basic Policy on Group Capital Management" is to be formulated so as to establish an effective system to manage capital.

Furthermore, the "Basic Policy on Group Crisis Management" shall be established based on which proper crisis management controls are to be established and exercised even under normal conditions. In this way, even in the event any risk identified materializes due to a disaster, system failure or other cause and expands beyond the scope of risk management and develops into a crisis, it will be possible to promptly respond and take risk-mitigating measures to quickly restore the operations (continuation or recovery of operations).

(iv) Guidelines concerning a system to ensure that duties of executive officers are carried out efficiently

The "Regulations on Segregation of Duties" and "Regulations of Executive Officers" relating to executive officers and the organizational structure shall be formulated to clearly define the scope of coverage, roles and authority, and responsibilities of each organ, and a system shall be put in place to ensure duties are executed properly and efficiently. In addition, the "Regulations of the Board of Directors" and other internal regulations on important meetings are defined to secure a system to ensure that decisions are made properly and efficiently.

(v) Guidelines concerning a system to ensure that operations of the Corporate Group, consisting of the Company and all Group companies, are executed appropriately

The Company and each company of the Group shall, based on the "Resona Group Corporate Mission", endeavor to win trust from customers, accept challenges in pursuing innovation, secure transparency of management, and contribute to the development of local communities, and set forth the following policies, aiming to ensure appropriate operations of the corporate group.

(1) In accordance with the "Group Business Management Regulations" separately defined, the Company shall manage the businesses of Group companies, aiming to maximize the corporate value of the Group. Operationally, business management standards are to be established, and matters requiring adequate discussions in advance between the Company and each of the Group companies and those that must be reported by Group companies to the Company shall be defined.

(2) The Company shall set forth the "Basic Policy on Information Disclosure and Financial Reporting" and promote fair, timely and appropriate information disclosure and reliable financial reporting while also maintaining effectiveness of controls on information disclosure including internal control over financial reporting in the Company and each company of the Group.

(3) The Company shall formulate the "Basic IT Policy regarding IT", which is the source of competitiveness that helps the Company and other Group companies enhance their corporate value, and exert efforts to ensure that IT functions including the effectiveness of internal control is continuously and appropriately maintained and that the practicability of IT strategies is secured.

(4) In order to put in place an internal audit system in the Company and each of the Group companies, the "Basic Policy on Group Internal Audit" shall be formulated, and internal audit departments

independent of business operations departments must be established. The internal audit departments shall examine and evaluate the status of execution of various business activities of the Company and Group companies respectively and promote improvements as necessary.

(vi) Guidelines concerning employees to assist the duties of the Audit Committee

The Company establishes the Office of Audit Council as a unit directly reporting to the Audit Committee, and also formulates the "Regulations Concerning Assistants to the Operations of the Audit Committee" and has employees assisting the duties of the Audit Committee belong to the Office. Employees with the sufficient expertise to properly validate the various operations shall be assigned to the Office of Audit Council.

Regulations on the operations of the Office shall be separately defined by the Audit Committee.

(vii) Guidelines to ensure the independence of employees in the preceding paragraph from executive officers

In order to secure the independence of employees serving as assistants in the preceding paragraph from executive officers, the "Regulations Concerning Assistants to the Operations of the Audit Committee" provided in the preceding paragraph shall define, with regard to transfers and other activities of the employees, that discussions are to be held in advance with the Audit Committee or the Office of Audit Council.

Executive officers must exercise due care so as not to unfairly place any restriction on the said discussions or the execution of operations of the aforementioned employees.

(viii) Guidelines concerning a system for executive officers and employees to report to the Audit Committee and other reporting to the Audit Committee

All executive officers and employees shall abide by the "Regulations Concerning Reporting to the Audit Committee" and report in writing or orally to the Audit Committee any incident that has or may have material damage on the Company or Group companies, a situation that may considerably impair the credibility of the Group, a major deficiency or problem concerning the framework or procedures of internal control, a legal or regulatory violation or unfair act, and any other similar incidents.

Notwithstanding the aforementioned, the Audit Committee may, if deemed necessary, request an executive officer or an employee to report at any time.

(ix) Guidelines concerning a system to ensure that audits by the Audit Committee are conducted effectively

To ensure that audits by the Audit Committee are effectively performed, internal audit departments shall report the results of internal audits and of the status of improvements based on the comments calling for improvements to the Audit Committee in accordance with the "Basic Policy on Group Internal Audit" separately provided. Departments associated with internal control, such as internal audit, finance and accounting, risk management, and legal and regulatory compliance, shall promote smooth mutual understanding and collaboration with the Audit Committee.

7. Other

Not applicable.