



April 28, 2017

Company Name: Resona Holdings, Inc.

Director, President and Representative Executive Officer: Kazuhiro Higashi

(Code No.: 8308, 1st Section of the Tokyo Stock Exchange)

New Medium-term Management Plan

Resona Holdings, Inc. (hereinafter, “Resona”) hereby announces that today it has formulated a new Medium-term Management Plan (Change to the “Next”) covering the three-year period beginning from fiscal year 2017.

In Japan, structural changes that have a tremendous impact on financial businesses are accelerating, including a changing demographic structure, further maturation of society, changes in the financial sector accompanying technological advancement, and the advent of a new era of competition across industry boundaries.

In these circumstances, Resona recognizes that for the Resona Group (hereinafter, the “Group”) to win the trust of customers and maintain sustainable growth, it is essential to consider these changes an excellent opportunity and promptly construct a “Next-generation Retail Financial Services Model” adapted to changes in the financial behaviors of customers.

In the new Medium-term Management Plan (hereinafter, the “Plan”), we have established the basic strategies of 1) evolving the “Omni-channel”, 2) developing 26,000 “Omni-advisors”, and 3) establishing an “Omni-regional” platform, and lay out a roadmap to the future of retail financial services that the Group envisions beyond changes and chart a path towards sustainable growth for the Group.

Under the Plan, we will continue to focus the collective efforts of the Group on becoming the “Retail No. 1” while remaining true to our basic stance that “Customers’ happiness is our pleasure.”

Summary of the Plan

I. Basic Concept

- Customers' happiness is our pleasure

II. Vision

- "Retail No.1"
A "financial services group" that is most supported by regional customers as it walks together with them into the future

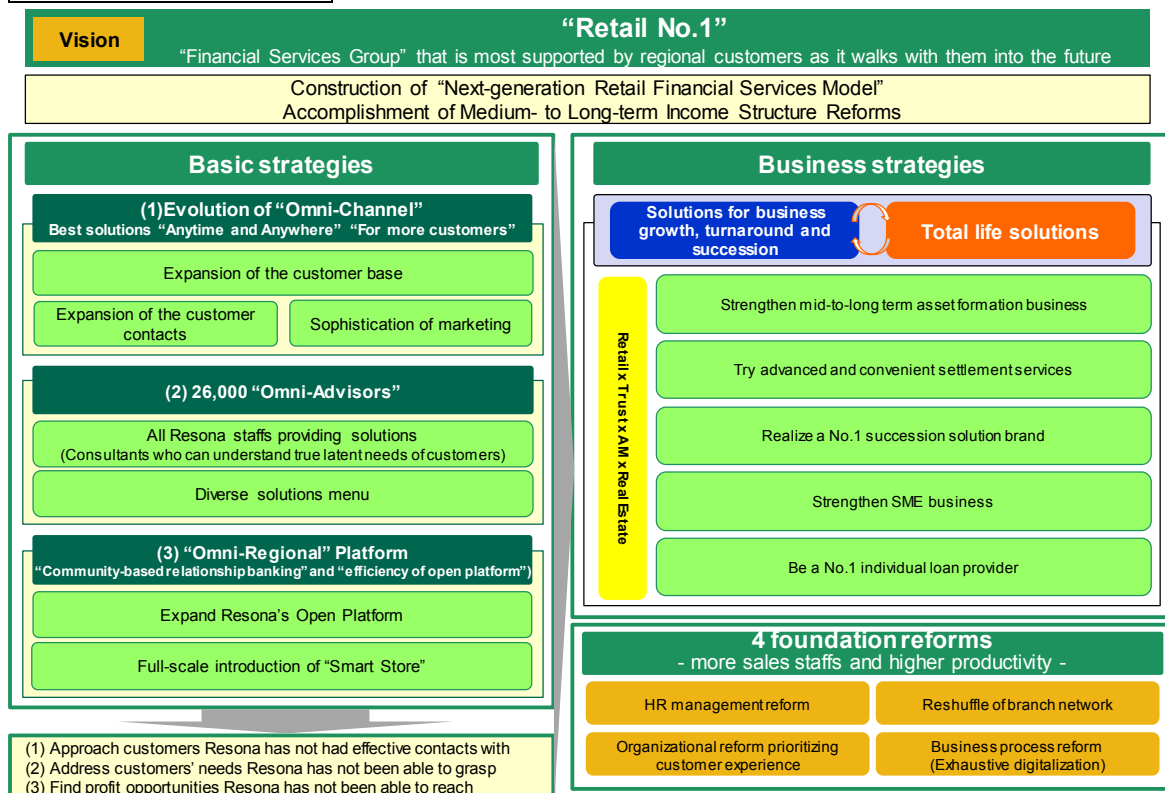
III. Plan Period and Name

- FY2017 to FY2019 (FY ending March 31, 2018 to FY ending March 31, 2020)
- Change to the "Next"

IV. Aims of the Plan

- Construction of a "next-generation retail financial services model" adapted to the changing times and changes in customers' financial behaviors
- Accomplishment of medium- to long-term income structure reforms centering on augmentation of recurring fee income based on development of profound relationships with customers and further productivity improvement

V. Overview of the Plan



VI. Basic Strategies

- By implementing the three basic strategies described below, develop a “next-generation retail financial services model” supported by a broad base of retail customers in Japan that makes it possible to: 1) approach customers that the Group have not had effective contact with; 2) address needs that the Group have not been able to grasp; and 3) find profit opportunities that the Group have not been able to reach.

(1) Evolution of “Omni-channel”

- Best solutions anytime and anywhere for more customers -

○ Expansion of the customer base

- ✓ Transformation to a business model dealing not only with “accessible” customers but with those who Resona Group were unable to have effective contact

○ Expansion of customer contacts

- ✓ Further strengthening of face-to-face solutions and establishment of digital interactive communication methods (non-face-to-face)
- ✓ Integration of face-to-face and digital approaches

○ Sophistication of marketing

- ✓ Sophistication of a marketing model based on customer financial and non-financial information

(2) Development of 26,000 “Omni-advisors”

○ All Resona staff providing solutions

- ✓ Making sure that personnel who can understand true latent needs of customer
- ✓ Development and expansion of employees providing solutions

○ Diversification of solutions

- ✓ Wider variety of solutions areas based on customer needs and segments
(Enhancement of advanced solutions capabilities through face-to-face services and provision of simple, convenient solutions that deliver perception of good value for money through digital services)

(3) Establishment of “Omni-regional” Platform

- “Community-based relationship banking” and “high efficiency of Resona’s Open Platform”

○ Open platform expansion

- ✓ Expansion of customer base through the creation of “Win-Win” relationships via various tie-ups with regional banks (economies of scale for the Group and fine-tuned operations by being community-based)
- ✓ Further enhancement of a highly-efficient, outstanding business operation framework through operational reforms and other measures
- ✓ Creation of “new revenue opportunities” from expansion of functions highly compatible with the banking business

○ Full-scale introduction of “Smart Store” (Internet Branch)

- ✓ Nationwide customer base expansion through the development of smart store strategy

VII. Business Strategies

- Resona will continue to rigorously implement “Growth, turnaround, succession solutions” and “Total life solutions,” solutions-driven sales styles closely adapted to customers’ growth stages and life stages, as the basic concept for its business strategies.
- Under this basic concept, Resona will undertake expansion of the SME business and loans business through raising capability to assess clients’ business (feasibility assessment capability), diversification of solutions, and the provision of high-value-added products and will substantially increase recurring fee income by reinforcing initiatives such as asset formation support (assets under management) and succession solutions that leverage the strength of affiliation with Japan’s largest commercial bank utilizing trust capabilities and asset management companies, and advanced, highly convenient settlement services that respond to rapid technological innovation.

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| Growth, turnaround, succession solutions | <ul style="list-style-type: none"> ● Accomplish the aim of making Resona the financial services group most trusted by SME customers by rigorously implementing a solutions-driven sales style of providing, with optimal timing, optimal solutions to various business challenges that arise according to the growth stages of companies and further deepening medium- to long-term win-win relationships with SME customers. |
| Total life solutions | <ul style="list-style-type: none"> ● At a time of diversification in the lifestyles of individual customers as times change, accomplish the aim of making Resona the financial services group most trusted by individual customers by meeting wide-ranging needs for asset formation in the customer’s life stage and for asset management, settlement, borrowing, and succession by rigorously implementing a solutions-driven sales style closely adapted to customers’ day-to-day lives through continuous communication via optimal channels . |

Asset Formation Support Business

- Substantially expand the balance of assets under management by expanding the customer base through means including convenience enhancements such as the seamless fusion of face-to-face channels and non face-to-face channels, provision of simple products and procedures, and entirely web-based and smartphone-based services and by taking maximum advantage of differentiated functions such as trust and asset management functions.

Settlement Business

- Realize advanced, highly-convenient settlement services through measures such as bolstering initiatives aimed at integrated Group involvement in the settlement business, collaboration with FinTech companies and other partners, and taking on the challenges of AI and other new technologies.

Succession Business (Business and Asset Succession)

- Realize “No. 1 in succession solutions” brand by demonstrating advanced problem-solving capabilities in succession solutions through demonstration of uniqueness utilizing trust and real estate functions and strengthening of the business structure, including a substantial increase in the number of solutions consultants with advanced knowledge and establishment of a dedicated organization.

SME Business

- Further expand the SME business through such measures as providing solutions aligned with companies’ growth stages (startup stage, growth stage, transformation stage, etc.), raising the capability to assess clients’ businesses, and strengthening the international business, centered on Asia.

Individual Loans Business

- Establish a position as “No. 1 in the loans business” by means of differentiation through screening and execution on holidays, the provision of high-value-added products including *Danshin Kakumei*, greater sophistication in promotion, and convenience enhancements such as entirely web-based and smartphone-based services.

VIII. Foundation Reforms in Four Areas

- Resona will engage in the management foundation reforms described below with the aim of realizing both enhancement of business capabilities and productivity improvement.

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|-------------------------------------|---|
| HR management reform | <ul style="list-style-type: none">● Reinforce development of personnel who support a solutions-driven sales style closely adapted to customers’ growth stages and life stages and promptly recruit and develop specialists in anticipation of an “era of discontinuous change,” such as the rapidly evolving and spreading ICT(Information and Communication Technologies) sector.● Transition to a lean structure by both increasing the number of staff providing solutions (+1,000 persons) and holding down of total headcount in anticipation of changes in the business environment. |
|-------------------------------------|---|

| | |
|-----------------------------------|---|
| Network reform | <ul style="list-style-type: none"> ● To expand customer contacts, undertake expansion of holiday sales bases, development of new non face-to-face channel through smartphones and other digital devices, and utilization of call centers as a sales channel and endeavor to further enhance customer convenience through means such as branch location improvement through a review of the role of branches and optimization of the branch network on a Groupwide basis. |
| Organizational reform | <ul style="list-style-type: none"> ● Develop an organizational structure that supports a new business model, such as establishment of systems that emphasize the customer experience and strengthening of solutions capabilities to cope with diversification and sophistication of customer needs. ● Realize both sophistication of Group business management functions and streamlining and simplification of the headquarters organization by further pressing ahead with integrated Group operation of headquarters planning and administrative tasks. |
| Business processing reform | <ul style="list-style-type: none"> ● Realize dramatic enhancement of customer convenience through exhaustive digitization to realize “simplicity and convenience” (such as entirely web-based and smartphone-based services) based on a customer-oriented way of thinking. ● Realize further business processing efficiency by promoting transformation of existing business processes and undertaking fundamental efficiency improvement in headquarters operations utilizing ICT through steady execution of “Operational Reform 3rd Stage,” beginning with seal-less transactions. |

IX. Direction for Capital Management Policy

- Resona will pursue an optimal balance between financial soundness, profitability, and shareholder returns and endeavor to realize corporate value enhancement.

1. Reinforcement of Financial Soundness

- With regard to the target level of the capital adequacy ratio in the final year of the Plan, in light of the three points described below, we will secure sufficient equity capital under the Japanese standard currently applied and aim for a common equity Tier 1 ratio (excluding net unrealized gains on available-for-sale securities) of approximately 9.0% under the international standard.
 - 1) Further contributing to local communities and economic development through the steady supply of funds and the provision of services, etc.
 - 2) Securing capital as a trusted financial institution from a global perspective and realizing sustainable growth
 - 3) Securing strategic flexibility in preparation for responding to investment opportunities and financial regulations

2. Reinforcement of profitability

- We will continuously engage in financial management that reflects consciousness of capital efficiency and risk, cost, and return and continue to aim to secure ROE exceeding 10%.

3. Reinforcement of shareholder returns

- Subject to approval of the regulatory authorities, we will acquire and cancel Class 5 Preferred Stock in the amount 100.0 billion yen during the period of the Plan and further increase the dividend by applying the dividend for preferred stock with respect to this Class 5 Preferred Stock to ordinary shareholders. Our policy is to promptly implement this dividend increase before acquiring and canceling the Class 5 Preferred Stock.
- After implementing the dividend increase, we will continue to pay stable dividends.
- At the same time, we will consider further expansion of shareholder returns while considering the balance between financial soundness and profitability and opportunities for growth investment.

X. Key Performance Indicators

- Key performance indicators in the final year of the Plan are as described below.

| Key Performance Indicators (KPIs) | FY2019 |
|---|------------|
| Net income attributable to owners of the parent | JPY 165 bn |
| Consolidated fee income ratio | Over 35% |
| Consolidate cost income ratio | Below 60% |
| ROE ^{*1,2} | Over 10% |
| CET1 ratio ^{*1,3} | 9% level |

*1. Reflect the impacts of integrating regional banks in the Kansai region on which related parties reached basic agreement on March 3, 2017

*2. (Net income – Preferred dividends) / (Total shareholders equity – balance of outstanding preferred shares)

*3. Exclude unrealized gain on available-for-sale securities, net of tax effect

To increase the incentive to achieve plan objectives, Resona is planning to introduce during fiscal 2017 a performance-linked stock compensation scheme in which Resona Holdings shares are granted to executive officers of Resona and the Group banks, i.e. Resona Bank, Saitama Resona Bank and Kinki Osaka Bank, according to the level of ROE in the final fiscal year of the plan.