



May 12, 2020

Company Name: Resona Holdings, Inc.

Director, President and Representative Executive Officer: Masahiro Minami

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

New Medium-term Management Plan

Resona Holdings, Inc. (“Resona”) hereby announces that today it has formulated a new Medium-term Management Plan that aims to establish “Resonance Model” and covers the three-year period beginning from fiscal year 2020.

In Japan, irreversible changes in the social structure are accelerating. These include demographic decline and graying, rapid digitalization, and the continued diversification of customer behavior. Moreover, in addition to the prolongation of a negative interest rate policy, the novel coronavirus pandemic, which has severely affected the global economy, is also having a major impact on economic trends in Japan. Currently, domestic economic activities, including consumption and production, have largely fallen into stagnation due to travel and social restrictions.

The environmental changes described above are expected to extend over the medium and long terms, with businesses facing a growing need to ensure their responsiveness in the face of unexpected situations. Given this, the Resona Group (the “Group”) has designated “contributing to the creation of a sustainable society while achieving sustainable corporate growth” as its medium- to long-term vision. Starting from this vision, the Group has taken a backcasting approach to formulate the new medium-term management plan.

In the new Medium-term Management Plan (the “Plan”), we have positioned establishing “Resonance Model” as our basic policy. This means starting from the issues confronting customers and society, we will provide new value to customers through diverse resonance generated by moving beyond conventional banking frameworks.

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.”

I. Vision

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

II. Basic Stance

- Customers’ happiness is our pleasure

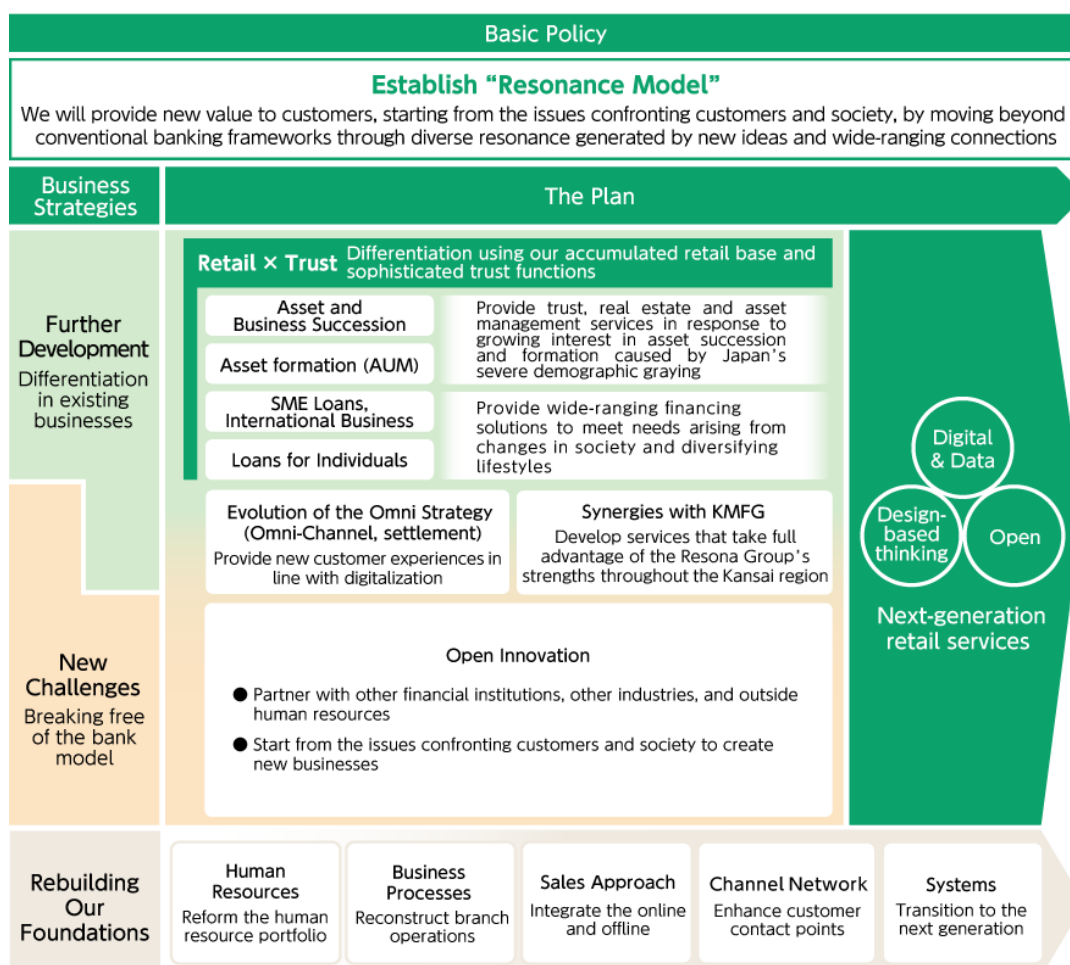
III. Plan Period

- FY2020 to FY2022 (FY ending March 31, 2021 to FY ending March 31, 2023)

IV. Key Points of the Plan

- We have designated as our medium- to long-term vision (for 2030) “contributing to the creation of a sustainable society” by adapting to changes in the environment and social structures while simultaneously “achieving sustainable growth” for the Group through resonance with customers and society
- To achieve this vision, we have designated as our basic policy establishing “Resonance Model” that provides new value to customers through diverse resonance generated by new ideas and wide-ranging connections

V. Overview of the Plan



VI. Basic Policy

- Establishing "Resonance model" means we will adapt to changing times and provide new value to customers, starting from the issues confronting customers and society, by moving beyond conventional banking frameworks through diverse resonance generated by new ideas and wide-ranging connections. By positioning the resonance model as a central axis of thinking and action for every employee, we will achieve the aims of the Plan.

1. Starting from the Issues Faced by Customers and Society

- Reexamine all the Group's business activities with a focus on addressing both the many-layered issues our customers are confronting and social issues.
- In addition to focusing on "what is troubling the customer," pay close attention to "why" in a continuous effort to examine how to solve such issues.
- Reexamine our customer relationships with an eye to changing the dynamic from a series of points of intersection to a continuous line based on lifestyles, life cycles, life events, and everyday changes in circumstances and thereby provide diverse services that go beyond finance.

2. Diverse resonance generated by new ideas and wide-ranging connections

- In light of accelerating digitalization and other changes in social structures, we will merge our conventional business model with three drivers* to adapt it and our management foundations to the changing times.
- Aware that the pace of change is now faster than previously anticipated, we will look for mechanisms, organizations, human resources, and methods that will enable us to implement strategy and concrete measures faster than ever before.

*Three drivers

- Building on the solid customer relationships the Group has established over the years under its focus on retail financial services, we will innovate our business model and management foundations using the drivers “Digital & Data,” “Design-based Thinking,” and “Open.”

Digital & Data	<ul style="list-style-type: none"> ● The area of foremost priority in adapting to change (Integrate human resources and technology to align our approach with the evolving perspectives of our customers) • The starting point for shifting fixed management resources and for five foundational rebuilding aimed at innovation
Design-based Thinking	<ul style="list-style-type: none"> ● Integrate high-quality face-to-face data with wide-ranging digital data from high-frequency sources (Quickly grasp customer needs and changes, provide new insights, integrate with experience and professional wisdom) ● Data-based ⇒ Innovate sales approaches, standardize sales procedures, improve sales productivity
Open	<ul style="list-style-type: none"> ● Innovate problem-solving processes to create new possibilities (break free of the typical banker perspective) ● Establish and maintain rapid cycles of problem-solving that make thorough use of customer/user perspectives, communication, hypotheses, testing, verification, correction and improvement
Open	<ul style="list-style-type: none"> ● Handling everything in-house limits our ability to provide new value and enhance customer experience based on the customer’s perspective ● Actively bring in new ideas and outstanding insight and know-how while fostering co-creation with external partners

VII. Business Strategies

- We will work to thoroughly differentiate our traditional indirect financing operations (trust and commercial banking) through further development. At the same time, we will take on new challenges by pursuing new businesses based on innovative ideas to break free of the bank model. By doing so, over the medium to long term, we will evolve into a group that offers next-generation retail services and reform our earnings structure.
1. Further Development
 - We will upgrade our succession business, which takes full advantage of the Resona Group’s retail sales capabilities and base, sophisticated trust services. At the same time, we will focus efforts on further evolving the Omni Strategy that we pushed forward under the previous medium-term management plan.
 - Throughout the Kansai region, where the Kansai Mirai Financial Group (“KMFG”) maintains its operating base, we will develop services and functions supported by Resona’s distinctive strengths in pursuit of synergy with the entire Resona Group.

Asset and Business Succession	<ul style="list-style-type: none"> ● Offer the Resona Group’s trust and real estate functions to respond to growing interest in asset and business succession caused by Japan’s severe demographic graying ● To serve as many customers as possible, concentrate management resources in asset and business succession while taking full advantage of informational assets provided by our retail base
Asset Formation (AUM)	<ul style="list-style-type: none"> ● Provide optimized consulting to ensure the trust and assurance of each customer in response to growing needs for asset formation in preparation for the coming “age of centenarians” ● Qualitatively reinforce human resources engaged in asset management consulting and sales while investing management resources in improving relevant departments’ capabilities related to long-term, stable asset management
SME Loans, International Business, Loans for Individuals	<ul style="list-style-type: none"> ● Utilize a sales approach focused on identifying issues to provide diverse solutions in response to needs related to responding to structural changes in society, procuring funding to deal with unforeseen circumstances, or supporting overseas expansion aimed at business growth

	<ul style="list-style-type: none"> ● Develop sophisticated human resources to handle wide-ranging solutions and maximize time spent on sales activities through operational reforms
<p>Omni-Channel, Settlement</p>	<ul style="list-style-type: none"> ● Provide new customer experiences through more convenient and useful services in response to needs related to digitalization's enhancement of lifestyles and productivity ● Invest management resources in digital fields to stay ahead of the curve, thereby accelerating the pace of business development and expanding our digital economic zones

2. New Challenges (Open Innovation)

- Through new ideas and wide-ranging connections, we aim to provide new value to customers and society while expanding the scope of the Resona Group's business and diversifying opportunities for earning profit.
- Starting from the issues customers and society are now confronting, we will leverage partnerships with other financial institutions, other industries, outside human resources and communities. We will also employ our corporate frameworks, which enable us to maintain a position as an "advanced banking service company" as defined under the Banking Act, as well as dedicated cross-functional teams that span multiple organizational units. In these ways, we will create new businesses in which we can effectively exercise the Resona Group's advantages.

VIII. Rebuilding Our Foundations

- To successfully further develop and take on new challenges in our businesses, we must deconstruct the high-cost structure of our retail businesses and effectively allocate management resources. Focusing on the three drivers, we will rebuild our business model and management foundations as we work to reinforce our sales capabilities and raise productivity.

Human Resources	<ul style="list-style-type: none"> ● Reform the human resource portfolio with an emphasis on diversity and specialization (adopt a multi-path personnel system: develop and hire specialized professionals, implement Omni-Advisor training for consultants for all as well as recurrent training) <ul style="list-style-type: none"> · 1,000 digital & IT specialists
Business Processes	<ul style="list-style-type: none"> ● Thoroughly streamline business processes and reconstruct them by shifting mindsets and digitalizing (Branch operations, corporate and lending operations) <ul style="list-style-type: none"> · Change the mission of the over 10,000 administrative staff that have supported Resona's growth <ul style="list-style-type: none"> ⇒ Shift everyone to consulting · Reduce operational costs through productivity improvement
Sales Approach	<ul style="list-style-type: none"> ● Transition to a system in which all employees are involved in sales and consulting in three years ● Integrate high-quality data from existing face-to-face business with wide-ranging digital data from high-frequency sources about customers' daily behavior in real time, and link these between channels <ul style="list-style-type: none"> ⇒ Secure new insights and timely negotiation opportunities, and evolve communication
Channel Network	<ul style="list-style-type: none"> ● Enhance customer contact points and reduce channel-related costs at the same time ● Based on the further development of area operations (reorganize areas and adjust each branch's mission), establish an even more robust network of manned channels that prosper alongside local communities while looking toward innovation through the integration of digital technologies and data ● Lower the break-even point through operational process reform, downsizing and replacement

Systems	<ul style="list-style-type: none"> ● Integrate management and IT as well as strategy and IT ⇒ Shrink existing systems with an eye to technological advancement. Build next-generation systems to meet the needs of changing times · Greatly increase speed, flexibility and applicability in strategy implementation · Greatly reduce Group system costs
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IX. Capital Management Policy

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

1. Financial Soundness

With regard to the target capital adequacy ratio in the final year of the Plan, while prioritizing the three items described below, we will secure sufficient equity capital under the current Japanese standard and aim for a common equity tier 1 ratio (excluding net unrealized gains on available-for-sale securities; based on regulations to be effective upon the enforcement of the finalized Basel 3) of approximately 10% under the international standard.

- 1) Further contributing to the development of regional communities and economies 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 to respond to investment opportunities and financial regulations

2. Profitability

- We will continuously engage in financial management conscious of capital efficiency, risk, cost and return, and aim to secure ROE exceeding 8%.

3. Shareholder returns

- We will maintain a stable dividend stream and work to enhance shareholder returns while considering such factors as the balance between financial soundness and profitability and opportunities for growth investments.
- Specifically, we will aim for a total shareholder return ratio of middle 40% range in the medium term.

X. Key Performance Indicators

- Key performance indicator targets for the final year of the Plan are as shown below.

Key Performance Indicators (KPIs)		FY2022
Realize medium-to long-term income structure reform	Net income attributable to owners of parent	JPY 160 bn
	Consolidated fee income ratio	Over 35%
	Consolidated cost income ratio	60% level
	ROE*1	8% level
	CET1 ratio*2	10% level
Realize a sustainable society	ESG index selected by GPIF*3	Aim to be adopted for all indexes

[FY2022 assumed conditions : Overnight call rate (0.05) %, Yield on 10Y JGB (0.05) %, Nikkei 225 23,000 yen]

*1. Net income / Total shareholders equity (simple sum of the balance at the beginning and the end of the term)

*2. Based on the finalization of Basel 3. Exclude unrealized gain on available-for-sale securities

*3. FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index, S&P/JPX Carbon Efficient Index