

Resona Group

Integrated Report 2020



Customers' happiness is our pleasure.



Resona Holdings

Becoming the “Retail No. 1” Financial Services Group



Resona Group
Communication Character
“Resonya”

Corporate Mission

The Resona Group aims to become a true “financial services group full of creativity.”

Towards this goal, the Resona Group will:

- 1) live up to customers’ expectations,
- 2) renovate its organization,
- 3) implement transparent management, and
- 4) develop further with regional societies.

Resona Way (Resona Group Corporate Promises)

Customers and “Resona”

Resona cherishes relationships with customers.

Shareholders and “Resona”

Resona cherishes relationships with shareholders.

Society and “Resona”

Resona places importance on its ties with society

Employees and “Resona”

Resona highly regards employees’ dignity and personality.

Resona Brand Declaration

In 2015, the Resona Group formulated the Resona Brand Declaration as the new guiding principles of the Group for the decade following its full repayment of public funds.

Every employee of the Resona Group shares the commitment and resolution to implement the Resona Brand Declaration, and we will strive to become a financial services group that is most supported by regional customers by maintaining the fundamental stance that “Customers’ happiness is our pleasure.”

Link Together
Shape Future

Next Action
RESONA GROUP

Customers’ happiness is our pleasure.

The Resona Group links dreams and security, and contributes to creating a future beyond our customers’ expectations by taking the thoughts of each customer with care, and by being aware, thinking, and acting for ourselves.

Our aim is to deliver “a sense of excitement that exceeds mere satisfaction.”

Link Together, Shape Future

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On Issuing This Integrated Report

This publication is an integrated report that aims to explain in a simple manner to all stakeholders the Resona Group’s strengths and measures undertaken to create sustainable corporate value. Our hope is that, through this Report, readers will understand the reasoning behind the Resona Group’s goal of becoming the “Retail No. 1” financial services group.

In addition, this report is counted among the disclosure materials prepared in accordance with Article 21 (Disclosure of Explanatory Documents on the Status of Business and Property for Public Inspection, etc.) and Article 52-29 of Japan’s Banking Act.

Also, forward-looking statements contained in this report are based upon certain assumptions that may be significantly affected by the following factors: fluctuations in domestic stock prices; changes in policies enforced by the national government and the Bank of Japan, as well as laws, regulations and industrial practices and their interpretations; the bankruptcy of a major corporation(s); changes in the economic environment at home and abroad; and other factors beyond the control of the Resona Group. Accordingly, forward-looking statements contained in the report in no way

guarantee the Group’s future business performance or the realization of other trends. Readers are advised that actual results may differ materially from these statements.

Financial data, non-financial data and other detailed information are available on our website.

Resona Holdings Website

 <https://www.resona-gr.co.jp/holdings/english/>

Referenced guidelines

- The IIRC Framework issued by the International Integrated Reporting Council
- Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry

Coverage

Period: Fiscal 2019 (April 2019 – March 2020); however, the report includes some articles on the Group’s initiatives carried out in April 2020 and later.

Scope: Resona Holdings, its subsidiaries and its affiliates

Disclosure materials (including the original Japanese version of this report) prepared in accordance with the Banking Act are posted on the following section of our corporate website.

 <https://www.resona-gr.co.jp/holdings/investors/ir/disclosure/index.html> (Japanese only)



Realizing “Retail No. 1”



Masahiro Minami
Director, President and
Representative Executive Officer,
Resona Holdings, Inc.

First of all, I would like to express my sincerest gratitude to all those who support our operations. I would also like to extend my wholehearted sympathy for people the COVID-19 pandemic has affected both directly and indirectly.

In April 2020, I assumed the position of President and Representative Executive Officer of Resona Holdings. The Resona Group’s earliest precursors emerged more than 100 years ago. This means that those of us here today owe a lot to a long line of people who have supported the Group over the century. With this in mind, I believe that my mission as President is to spearhead a drive to further enhance Resona’s strengths, which are backed by an extensive track record in the retail banking business, its field of specialty. I am also determined to ensure that Resona’s “DNA of reform” is embraced by all Group members—consisting of more than 30,000 officers and employees—and underpins their fearless and unceasing determination to transform the Resona Group into a company capable of delivering new customer value amid radically changing times.

Looking ahead, the Group will remain true to its fundamental stance “Customers’ happiness is our pleasure” and stay focused on serving local communities via the retail business, with the aim of becoming the best financial service group of choice for customers and realizing “Retail No. 1.”

1. Our Analysis of the Business Environment

The current global economy is severely damaged and remains mired in an unprecedented crisis due to various restrictions—including those on the movement of people and goods—imposed by governments around the world striving to contain COVID-19. As the pandemic continues to defy forecasts regarding containment, it is highly likely that social conditions will not stabilize for some time. Similarly, economies are in no way expected to regain their previous vitality any time soon. We need to confront these realities and future uncertainties.

The fallout from the COVID-19 pandemic is expected to effect changes in daily activities and conventional norms. I believe that, based on the premise that issues customers are facing will radically evolve in step with these changes, Resona should redefine its modes of business.

In the meantime, climate change continues to generate growing risks around the globe, while Japan is confronting problems arising from an ever-lower birthrate and a rapidly aging society. As such, there are a number of important social issues requiring solutions in the medium- to long-term.

We consider these changes to be new business opportunities. Going forward, we should realize innovation with new ideas in fields never before deemed profitable and thereby help resolve social issues. This will be, I believe, where we prove the true value of our business and improve our corporate value.

2. Resona's SDG-Oriented Management: Realizing Retail No. 1 by Helping Resolve Social Issues through Business and Innovation

Resona's Value Creation Model

Our value creation model starts with issues customers and society as a whole are confronting and prompts us to think deeply about how to bring solutions to such issues through our business operations. In doing so, we aim to take full advantage of Group strengths built up over many years while cherishing our contact points with customers. This approach continues unchanged and constitutes the axis of our corporate activities.

On the other hand, we have seen radical changes in industrial and social structures amid an overwhelmingly rapid

advance in technological development. Reflecting these changes, customers' value systems, modes of business and financial behaviors are also changing significantly. Striving to adapt to this changing landscape, we will create new customer experiences and deliver new customer value, breaking free of conventional concepts of what a bank should look like.

Our Priority Themes in Resolving Social Issues

In November 2018, we announced the Resona Sustainability Challenge 2030 (RSC2030), which identifies four priority

themes that the Group should tackle: (1) local communities; (2) the low birthrate and an aging society; (3) the environment; and (4) human rights. In line with these themes, efforts are currently under way to help resolve various social issues.

These themes were chosen based on their relevance to our Corporate Mission and fields of strength. We have also collected a wide variety of feedback from all employees, ranging from those in top management to frontline staff, to ensure that the themes selected resonate with the Resona Group's operations (see also pages 18 and 19).

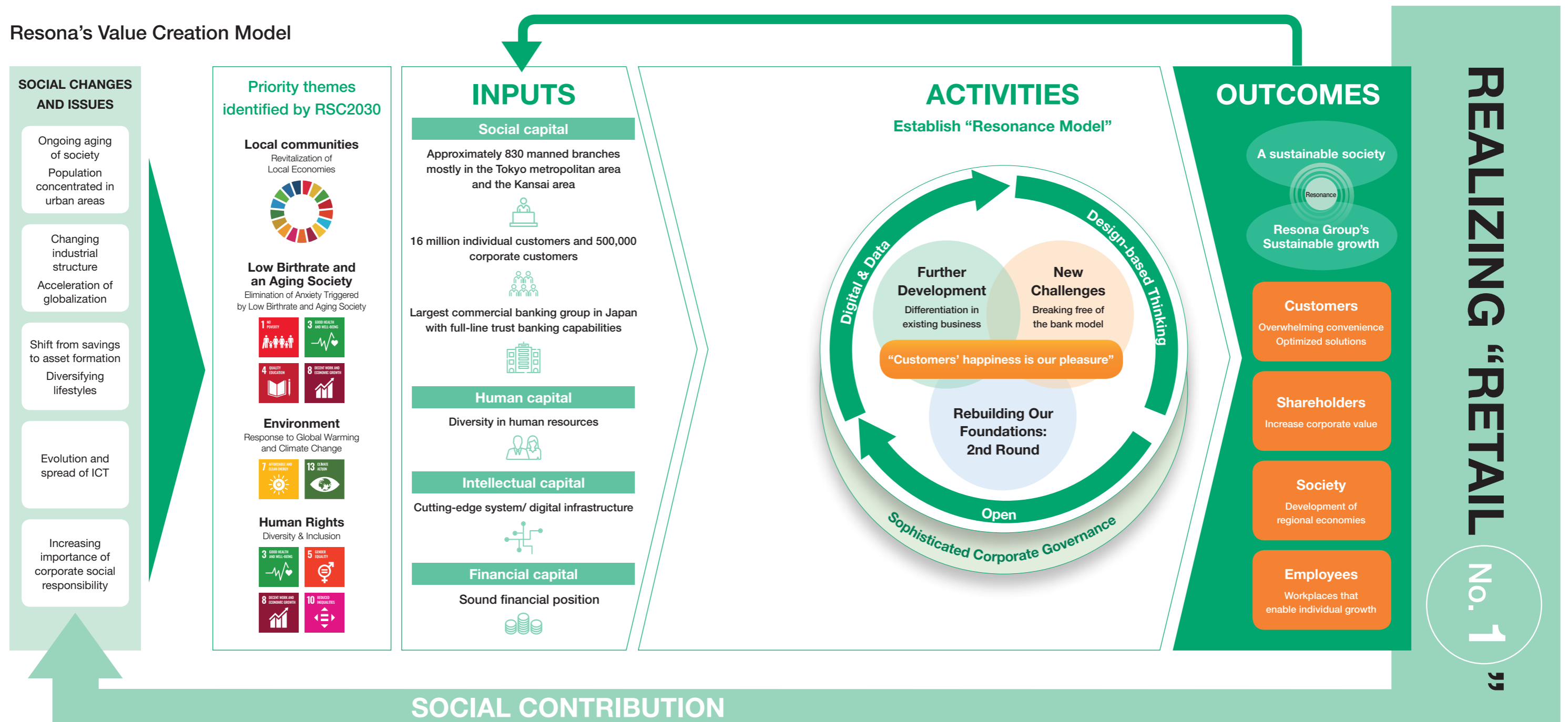
We believe that the Resona Group's raison d'être lies in its contribution to society via the provision of solutions to issues associated with these themes as said themes represent fields

in which the Group can take full advantage of its strengths. We will strive to identify new business opportunities in these fields while paying close attention to changes in social structures. By doing so, we hope to create a virtuous cycle of working hand in hand with customers to resolve social issues and thereby achieving corporate growth that will allow us to help further in finding solutions.

Resona's Strengths (see also pages 10 – 13)

Our distinctive strengths lie in a robust retail banking customer base serving mainly the Tokyo metropolitan and Kansai areas, solid customer-relations capabilities backed by a community-rooted business approach, full-line trust banking and real

Resona's Value Creation Model





estate brokerage capabilities, asset management capabilities acquired in the course of pension asset management and outstanding human resources. Going forward, we aim to innovate an even stronger Resona by employing “chemistry” arising from the resonance generated by the combination of human resources and leading-edge technologies, synergies between physical branches and digital channels, and the fusion of digital technologies and data.

Our Strengths as Japan’s Largest Retail Commercial Banking Group with Full-Line Trust Banking Capabilities

The Resona Group is composed primarily of Group banks boasting strengths in locally rooted financial services, these are, Resona Bank, Japan’s largest commercial bank equipped with full-line trust banking capabilities; Saitama Resona Bank, which commands an overwhelming share of the market in Saitama Prefecture; and Kansai Mirai Financial Group (KMFG), the largest regional financial institution of its kind in the Kansai area.

The need for solutions supporting the smooth succession of businesses and assets is expected to grow as is the need for asset management tailored to the anticipated coming “age of centenarians.” We are convinced that Resona can secure a significantly advantageous position in these fairly promising markets through the combination of three of its strengths: 1) a robust retail customer base (16 million individual customers and 500,000 corporate customers) developed over a long period of operation as a commercial bank; 2) full-line trust banking and real estate brokerage capabilities; and 3) asset management capabilities acquired in the course of pension

asset management that will allow us to better serve retail customers seeking such solutions.

Our Strengths Nurtured through the Resona Reform

In June 2003, Resona received an injection of public funds totaling ¥1,960 billion under the Deposit Insurance Act. Drawing on lessons learned in the course of thoroughly analyzing the root causes of the setback that led to this event, the Resona reform was initiated to restore the Company’s standing as a genuine retail bank. We have nurtured the “DNA of reform” to secure a resilient corporate culture that is lending us another source of strength in the face of an evolving business environment.

The Resona reform involved upgrading the governance structure as well as financial, service and operational reforms.

In upgrading the governance structure, Resona Holdings became the first domestic banking group to transition to a “company with a nominating committee” system, which made the majority of the renewed Board of Directors outside directors from a variety of industries. This composition has been maintained to the present, with the Nominating, Compensation and Audit committees all chaired by outside directors. The Board of Directors has been engaged in brisk discussion to ensure that the views of external stakeholders are deeply reflected in the Company’s business management.

Over the course of the financial reform, we disposed of non-performing loans on a thoroughgoing basis while drastically reducing our holdings of policy-oriented stocks. Furthermore, we diversified our loan portfolio to small lots and established a structure for managing securities that places greater emphasis on ensuring stability. Thanks to these efforts, our balance sheet remained sound even in the midst of the worldwide recession triggered by the Lehman Crisis, supporting our strong and stable financial position to this date.

To achieve the service reform, we strove to ensure that no customer would be asked to wait even a minute and lengthened operating hours at our branches by shifting the closing time to 5 p.m. Through engagement in these and other initiatives aimed at breaking free of the old norms long dominating the banking industry, all employees were able to embrace Resona’s fundamental stance “Customer’s happiness is our pleasure.”

Lastly, as part of the operational reform, over the course of a decade starting in 2005, we halved the volume of clerical work at branches with the aim of simultaneously enhancing customer convenience and the productivity of banking operations. Drawing on the success of our efforts to establish a platform that allows a relatively small staff to efficiently handle operations, we also increased to 30 the number of branches specializing in consultation and operating even on weekends and national holidays. Resona has thus succeeded in securing cost advantages in the field of retail banking—a type of business that is typically believed to be cost-intensive. Looking ahead, we will continue to pursue low-cost operations by, for instance, reconstructing our business process and promoting digitalization.

3 . The New Medium-term Management Plan Aimed at Establishing a Resonance Model (see also pages 14 to 41)

Resonance Model

Having refreshed its top management in May 2020, the Resona Group announced a new medium-term management plan (MMP) aimed at establishing a “Resonance Model” and spanning a period of three years. The word “resonance” is also the origin of Resona’s company name, and the new MMP stipulates a long-term vision in which the Group engages in the simultaneous pursuit of the creation of a sustainable society and sustainable corporate growth, ensuring “resonance” between these two endeavors.

Specifically, initiatives to establish the Resonance Model will include pushing ahead with “further development” aimed at differentiating ourselves and enhancing the strengths of our existing business; taking on the “new challenges” of creating new businesses in a way that breaks free of the bank model; and “rebuilding our foundations: 2nd round,” meaning the development of a next-generation business platform supporting the two strategies described above.

Furthermore, we will innovate our business model and management foundations using the drivers “Digital & Data,” “Design-based Thinking” and “Open.” Although readers are advised to turn to page 14 and later sections of this report for details of the new MMP, here I focus on describing my underlying thoughts regarding the MMP.

Rebuilding Our Foundations

Looking back, we were able to make steady progress in the execution of the Omni Strategy, which was fundamental to the former MMP. On the other hand, we are only halfway through completing our income and cost structure reform goals, and the profit target under the former MMP has not been met. All of us must squarely face these realities. We are indeed struggling with the declining profitability of the traditional, lending-centered banking business model due to changes in the flow-of-funds structure, the prolonged ultra-low interest rate environment and increasingly intense competition among existing industry players as well as against new players making entries from different sectors. We therefore need to take decisive measures to eliminate substantial discrepancies between the top-line revenues currently available from the conventional business platform and the cost structure the Company has maintained.

To this end, while steadily continuing with operational reforms, we must set our sights above merely streamlining and strive to structurally transform the banking business as a whole over the long term. This requires refreshing our focus on efforts aimed at rebuilding our foundations. In this way, we will fully dismantle the inherently high-cost structure of the retail business.

As stated above, we have been engaged in a variety of initiatives under the Resona reform, continuously striving to move beyond conventional banking frameworks. Building on the success of these initiatives, we will take full advantage of

our “DNA of reform” while employing fresh ideas and approaches in the challenging pursuit of disruptive innovation in the wake of the rapid advancement of technologies.

Currently, our back-office operations are supported by more than 10,000 dedicated clerical professionals and complicated accounting-related legacy systems. We aim to drastically change this structure. To this end, in April 2020 we launched a Cross Functional Team (CFT), a dedicated body tasked with spearheading across-the-board efforts to enhance customer convenience and thoroughly streamline and reconstruct our business processes via the proactive utilization of unconventional ideas and the incorporation of external inputs regarding digital technologies and other cutting-edge fields.

Although it may take a little longer than the period of the new MMP, our ultimate aim is to realize a branch system capable of handling all procedures in a single line and completely eliminating the need for on-site clerical work by integrating consulting services and banking procedures. Specifically, this system is expected to employ tablet terminals that enable branch staff to complete all procedures starting with making proposals. The resulting system will have no need for dedicated clerical professionals. This will allow all employees to engage in sales and consulting.

We will likewise accelerate the simplification and upgrading of other existing systems with an eye to employing ever advancing technologies. To this end, we will allocate greater funds to digitalization-related strategic investment, with the aim of significantly accelerating development speed and securing our ability to release new products and services at an even faster pace.

The drastic downsizing of branch networks has been a rising trend throughout the banking industry. In its efforts, the Resona Group is placing strong focus on maintaining customer convenience while streamlining operations. For example, we employ a “branch-in-branch” method that integrates branches operating in close proximity, mainly targeting those run by Kansai Mirai Bank.

I believe that, despite a growing shift toward digital channels, our face-to-face channels will remain a source of strength supporting our financial services. Accordingly, we will strive to update our network of more than 800 domestic branches encompassing the Tokyo metropolitan and Kansai areas into a new growth driver by lowering their break-even points and adjusting their respective missions. On the other hand, the Resona Group App, one of our digital channels, recorded more than 2,300,000 downloads, a number representing steady growth since its release. We intend to further develop such channels, creating a next-generation, data-driven network that employs a combination of face-to-face and digital channels. We will thus create a structure capable of providing as many customers as possible with hassle-free, convenient services that are accessible anytime, anywhere and designed to meticulously meet their individual needs.

Further Development

“Further development” under the new MMP means reviewing Resona’s strengths and then enhancing such strengths in a way that aligns them with changing times. This initiative will help us secure yet another source of opportunities for robust growth. For example, the succession business, on which the Group focuses, represents a field in which Resona can draw on the combined advantage of its robust customer base and full-line trust banking and real estate brokerage capabilities amid growing needs for the smooth transfer of assets and businesses to the next generation. Moreover, in anticipation of the age of centenarians, we are strengthening our asset formation support business by continuously nurturing consulting specialists over the medium- to long-term. At the same time, we aim to roll out products targeting investment professionals to retail customer segments, fully employing the asset management capabilities we have accumulated in the course of our involvement in corporate pension management over many years. To this end, in January 2020 we consolidated the Group’s asset management functions into Resona Asset Management. Looking ahead, we will continue to differentiate ourselves by taking full advantage of Resona’s unique strengths deriving from a combination of its superior capabilities in fields of the retail business, trust banking and asset management.

“Further Development” × “New Challenges”

Furthermore, we will simultaneously take on “further development” and “new challenges” in fields in which we expect to see the positive outcomes of ongoing initiatives launched under the former MMP. In the settlement business, we will deliver unique products and services to an ever-expanding cashless market, with the aim of significantly benefiting the Japanese economy as a whole. Currently, we are providing each new individual customer who opens an account with a cash card equipped with contactless debit card functions. We also offer access to the Resona Cashless Platform (RCP) fully launched in fiscal 2019 to our corporate customers. We will continue to seize new profit opportunities by reallocating sufficient management resources to growth fields and securing our ability to accommodate society’s needs.

In addition, although KMFG, which launched full-scale operations in April 2018, is only halfway toward its initially planned performance targets, it has been able to secure a solid footing toward the future realization of synergies in terms of top-line revenues and cost effectiveness. For example, Kansai Mirai Bank was inaugurated via the April 2019 merger of Kansai Urban Banking Corporation and Kinki Osaka Bank, with the subsequent integration of their administrative platforms and IT systems completed over the course of just a six-month period.

In May 2020, KMFG announced its new medium-term management plan in conjunction with Resona Holdings’ announcement of the new MMP. In line with a basic policy of maintaining a competitive, yet collaborative relationship with each other, all Group banks will be hard at work to move forward toward a new growth stage.

New Challenges/Open

As we aim to take on the “new challenges” that breaking free of the bank model entail, we have positioned “open” as an important keyword. We need to accommodate customers with ever more diverse and complex value systems and their needs for increasingly sophisticated solutions. Accordingly, we will strive to bring in new ideas that go beyond the conventional banking frameworks and employ wide-ranging connections to deliver new value to customers and society as a whole. This is a matter of crucial importance for the Resona Group. The CFT, which I touched on earlier, is also expected to play a key role in these initiatives.

Today, no bank is in a position where it can expect to win customer loyalty without working for it. Moreover, although we are called on to help resolve the issues confronting customers, we are no longer able to provide sufficient solutions by using only our in-house expertise and know-how. In order to secure our ability to satisfy diversifying customer needs, we need to proactively engage in external collaboration to incorporate fresh insights while sharing customer bases with partners.

We have also seen changes in terms of how we collaborate with regional financial institutions. The strategic utilization of APIs and other technological solutions, which enable a type of collaboration that had previously required full-scale system integration, allows Resona and such institutions to share a broader range of products and services. From the customer perspective, we will steadily incorporate open platforms and collaborate with partners from a broad range of fields, including those from different sectors, thereby delivering new customer experience.

Digital & Data and Design-based Thinking

The Resona Group is facing a growing need to ensure its capability to respond to disruptive changes in the business environment, and it is time for the Group to structurally renovate itself via digital and corporate transformation.

With regard to the outlook for customer contact points, for example, we believe that Resona must integrate digital channels and face-to-face channels via data-driven operations to secure a competitive edge in the domestic retail finance field. This is essential given the considerable variation in customers’ IT literacy due to a significant proportion of our customer portfolio being elderly. At present, we have access to high-quality data collected via robust face-to-face channels supported by more than 800 physical branches. At the same time, we are positioned to acquire data from Resona Group App, which is expected to record 5 million downloads in three years, and other digital channels that serve as high-frequency and wide-ranging data sources. We also employ a variety of insights gleaned via wide-ranging collaboration with external partners. Indeed, data and inputs from these sources will be variable tools supporting our future business development. Accordingly, we will strive to utilize data effectively to secure our ability to precisely forecast customer behavior and ensure robust customer communications in terms of quality and

quantity, with the aim of delivering easily accessible, user-friendly financial services.

“Design-based Thinking” means, in addition to breaking free of the bank model, we must thoroughly use the customer perspective in our operations. Our future success hinges on what solutions we can deliver and how we help resolve issues customers are confronting. To this end, Resona needs to shift away from its conventional, lending-centered banking

framework. We believe that these efforts will help us establish “win-win” relationships with customers and naturally position us to increase fee income. In the medium- to long-term, we aim to secure a volume of fee income robust enough to cover all expenses via the execution of income and cost structure reforms and have positioned the new MMP as the first step toward achieving this aim.

4. Final Words

Currently, countries around the world are in the middle of battling against the spread of COVID-19. As a financial institution supporting Japan’s social infrastructure, the Resona Group is committed to continuing its business operations, including smoothly providing financial services and extending fundraising assistance, in a way that places the utmost priority on helping customers maintain their livelihoods and keep their businesses going amid this crisis.

In addition, the COVID-19 pandemic has triggered major changes affecting social norms and value systems. In the post-pandemic period, our society may undergo an unprecedented, radical paradigm shift that will lead to a massive transition to alternative life- and working styles. If that is the case, we will be called upon to help resolve new issues our customers and society as a whole are confronting. Accordingly, aligning our capabilities with these changes and delivering optimized solutions is a matter of crucial importance for the Resona Group.

In this regard, I am confident that, despite the current turbulence, Resona can evolve into an even stronger and more creative company by fully taking advantage of the unique strengths it has accumulated in the course of specialization in the retail business over many years as well as its “DNA of reform.”

I sometimes meet people who ask me what “Retail No. 1” means. My answer is we want to make Resona a top-tier retail finance brand whose name immediately comes to mind. Going forward, we will continuously strive to deliver overwhelming convenience and optimized solutions to our customers while contributing to the development of regional economies. Furthermore, we will create a workplace that empowers every employee to achieve individual growth. In these ways, we will do our utmost to enhance corporate value for the Group.

We are counting on your continued support.



The Road toward “Retail No. 1”

The Resona Group is taking full advantage of a robust retail base it has developed over many years and the “DNA of reform” it has engendered through the Resona reform following the injection of public funds in 2003. This is how we push ahead with ongoing transformation from bank to financial service provider.

Daiwa Bank
(One of Resona Bank's precursors)
1918 Osaka Nomura Bank established
Merger, reorganization, etc.
1948 Renamed Daiwa Bank

Resona Holdings
2001 Daiwa Bank Holdings established
2002 Renamed Resona Holdings

Kyowa Bank
(One of Resona Bank's precursors)
1945 Japan Saving Bank established by merging nine savings banks
1948 Renamed Kyowa Bank

Asahi Bank
1991 Kyowa Bank and Saitama Bank merged
1992 Renamed Asahi Bank

Saitama Bank
(One of Saitama Resona Bank's precursors)
1943 Saitama Bank established by merging four local banks
Merger, reorganization, etc.

Kansai Urban Banking Corporation
(One of Kansai Mirai Bank's precursors)
1922 Yamashiro Mutual Bank established
Merger, reorganization, etc.
2004 Renamed Kansai Urban Banking Corporation
Merger, reorganization, etc.

Kinki Osaka Bank
(One of Kansai Mirai Bank's precursors)
1942 Kinki Mutual Bank established by merging five mutual banks in Osaka
Merger, reorganization, etc.
2000 Renamed Kinki Osaka Bank

Minato Bank
1949 Shichifuku Mutual Bank established
Merger, reorganization, etc.
1999 Renamed Minato Bank
Merger, reorganization, etc.

**Resona Bank
Saitama Resona Bank**
Daiwa Bank and Asahi Bank merged and split

Returned to profitability
Initiated “Resona Kids’ Money Academy”



2007
Business alliance with Dai-ichi Life Insurance Company

2006
Resumed payment of dividends on common stock

Accelerated service and operational reforms
Launched programs to eliminate waiting time and keep all branches open until 5 p.m. on weekdays
Introduced next-generation branches and “Quick Navi” services



Deceased former Chairman Eiji Hosoya

Injection of public funds under the Deposit Insurance Act
Public funds peaked at ¥3,128.0 billion

Governance reforms
Structured a strong governance system with a majority of outside directors and was the first banking group in Japan to become a company with a nominating committee

Financial reforms
Decisive disposal of non-performing loans, major reduction of policy-oriented stocks and sweeping reorganization of affiliated companies

At the height of the financial crisis, the Resona Group had earnings of ¥123.9 billion, highest among Japanese banks

2009
Tokyo Head Office moved Kiba in Koto-ku

2010
Began handling Visa debit cards

2011

2012

2013

2015

2017

2018
Share buybacks (¥10.0 billion)

2019
Commitments Towards Achieving the Sustainable Development Goals 2030—Resona Sustainability Challenge 2030—established
“Resona Group App” released
“Resona Cashless Platform (RCP)” made available


2020
Change to the “Next” (medium-term management plan) launched
Resona Merchant Bank Asia launched operations
Began offering “Resona Fund Wrap”

Full repayment of public funds

Resona Asset Management established

Established “The Resona Foundation for Future”

Communication character “Resonya” is born



Employee volunteer organization “Re: Heart Club” launched

Opened “Seven Days Plazas” (open 365 days a year)



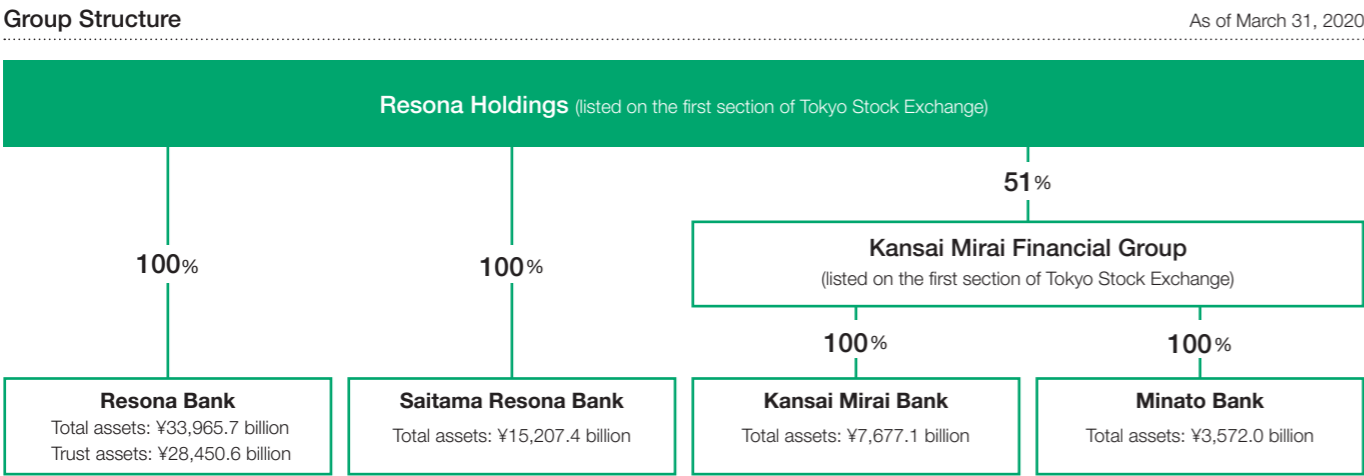
Kansai Mirai Financial Group became fully operational

Kansai Mirai Bank
Kansai Urban Banking Corporation and Kinki Osaka Bank merged and the resulting company renamed

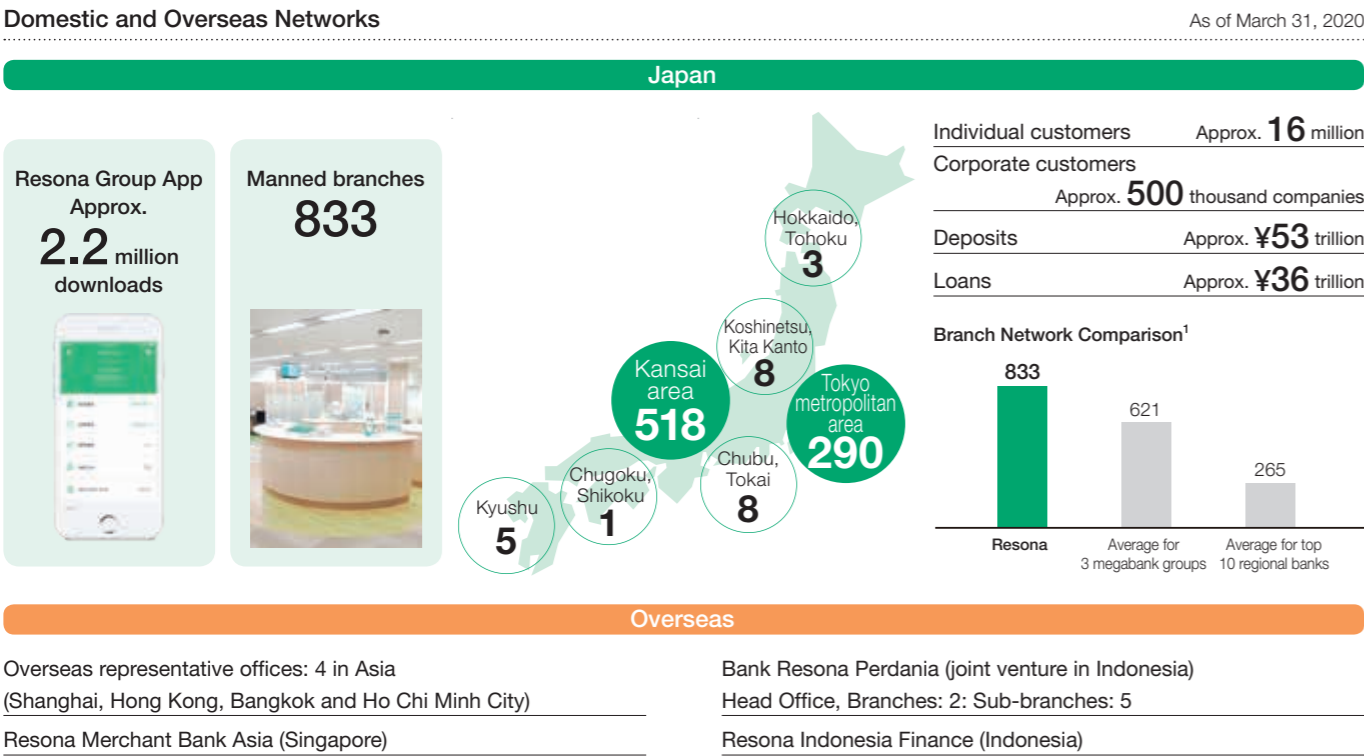
2020
New medium-term management plan aiming to establish “Resonance Model” launched

Resona Group at a Glance

Group Structure

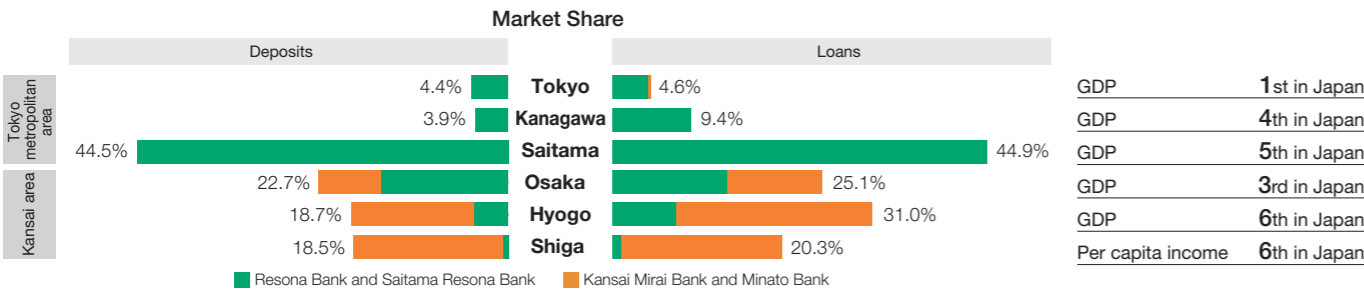


Resona Group Network and Bases

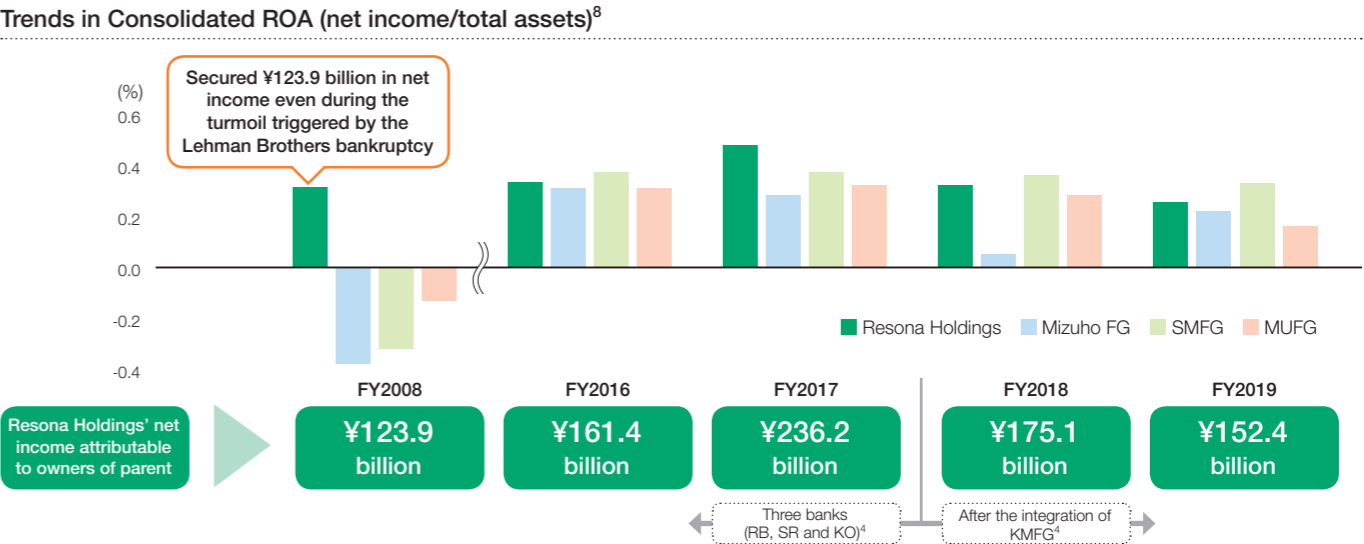
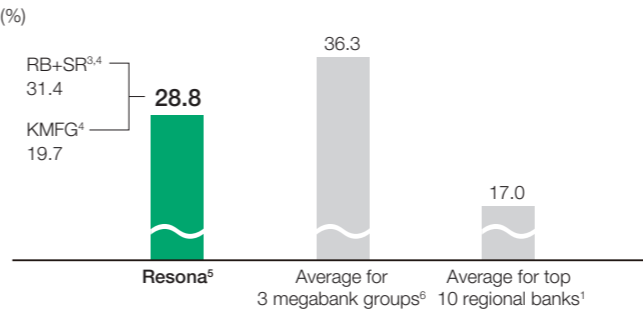
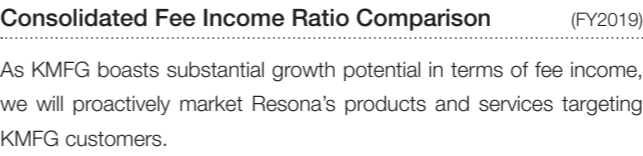
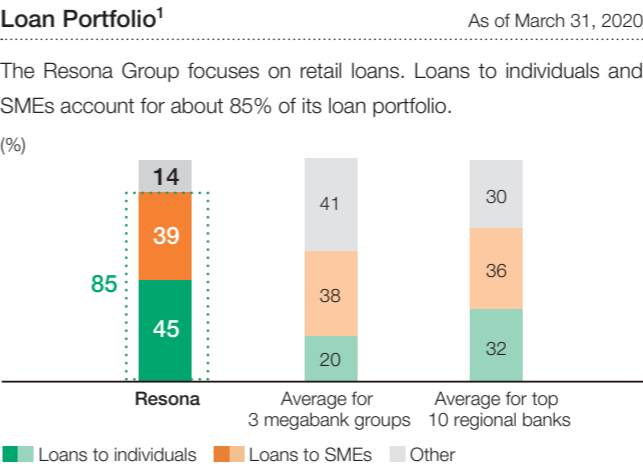


Loan and Deposit Market Share² As of March 31, 2020

The Resona Group has a strong customer base in the Tokyo metropolitan and Kansai areas, where economic activity and population are concentrated. The Group's loan and deposit market share is particularly strong in Saitama Prefecture, where it exceeds 40%, and the addition of KMFG has increased its presence in Osaka, Hyogo and Shiga prefectures.



Resona's Position



1. Resona: Total of Group banks (Resona Bank + Saitama Resona Bank + Kansai Mirai Bank + Minato Bank); 3 megabank groups: MUFG Bank + Mitsubishi UFJ Trust and Banking; Mizuho Bank + Mizuho Trust & Banking; Sumitomo Mitsui Banking Corporation and SMBC Trust Bank; Top 10 regional banking groups: Fukuoka FG, Concordia FG, Mebuki FG, Chiba Bank, Hokuohoku FG, Shizuoka Bank, Nishi-Nippon FH, Yamaguchi FG, Hachijuni Bank and Kyushu FG. Figures are based on financial statements from each company.

2. Total of Group banks, market share based on deposits, and loans and bills discounted by prefecture (domestic banks licensed by BOJ).

3. Resona Holdings' consolidated results – Kansai Mirai Financial Group's consolidated results

4. RB: Resona Bank; SR: Saitama Resona Bank; KO: Kinki Osaka Bank; KMFG: Kansai Mirai Financial Group

5. Resona Holdings

6. MUFG, SMFG and Mizuho FG

7. Consolidated cost-to-income ratio = operating expenses / gross operating profit

8. Prepared by Resona Holdings based on materials disclosed by each financial group

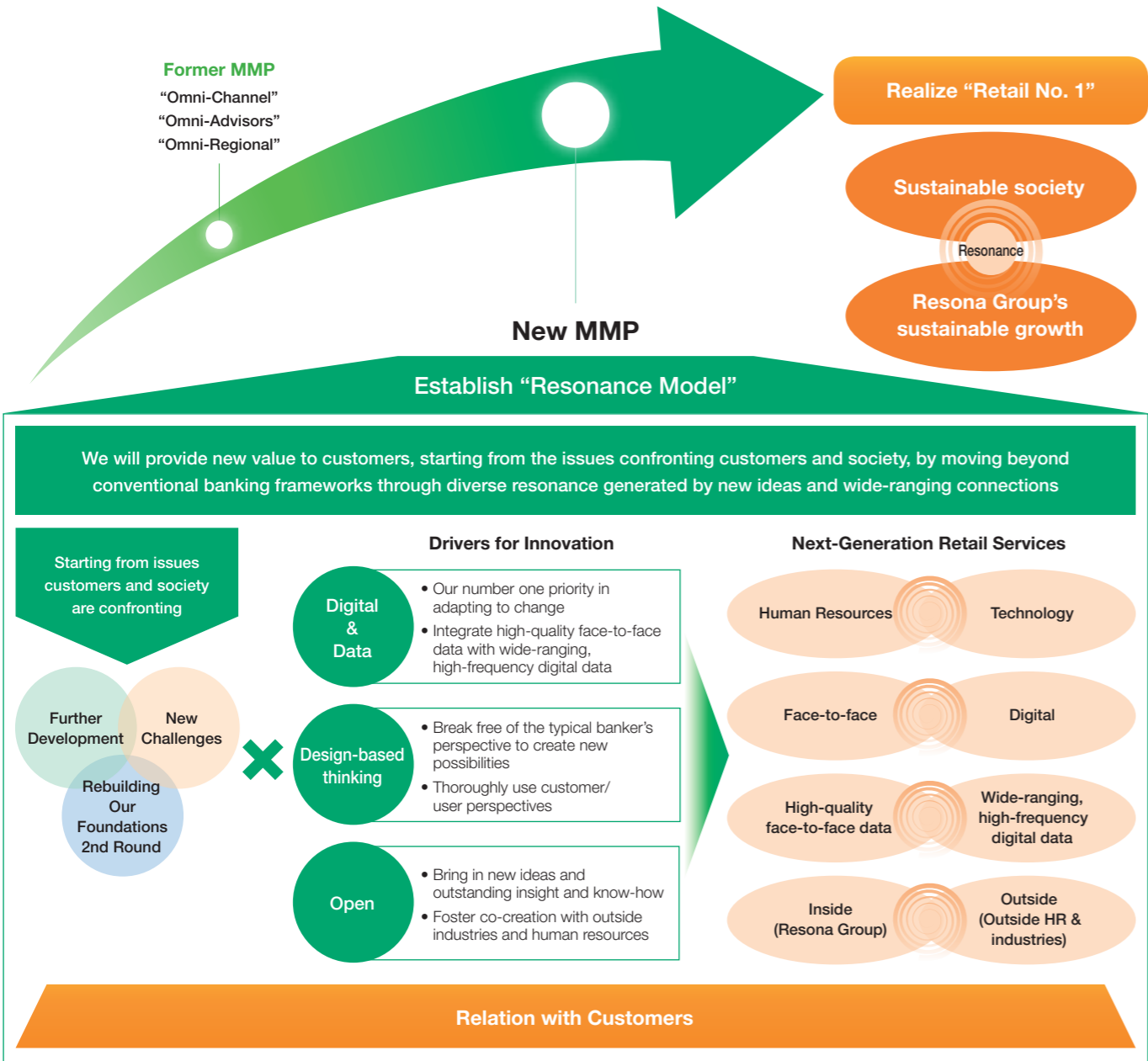
The Establishment of the “Resonance Model”

Starting with efforts to address the issues customers and society are confronting through all aspects of its business activities, the Resona Group is working to establish the “Resonance Model” to facilitate the provision of new value by moving beyond conventional banking frameworks and tapping into the diverse resonance generated by new ideas and wide-ranging connections. In the course of this endeavor, the Group aims to become “Retail No. 1.”

Our Vision under the New Medium-term Management Plan

Today, we are seeing changes in customers’ value systems and modes of behavior amid the rapid advancement of technologies and the ongoing transformation of industrial and social structure. Moreover, a growing number of businesses are being severely affected by the fallout from the COVID-19 pandemic and other unexpected situations. In line with our recognition of these circumstances, we have paired the goal of the “Resona Sustainability Challenge 2030 (RSC2030)” announced in 2018 to clarify our commitment to facilitating

global efforts aimed at achieving United Nations SDGs, namely, “the creation of a sustainable society” with “sustainable corporate growth” as our medium- to long-term vision. With this vision as a starting point, we have taken a backcasting approach to formulate a new medium-term management plan (MMP) spanning a three-year period beginning in April 2020. We have made the establishment of the Resonance Model the basic policy of the new MMP, with the aim of providing new value by moving beyond conventional banking



frameworks and employing new ideas in a way that takes full advantage of Resona’s strengths, including Japan’s largest network of manned branches—located mainly in the Tokyo metropolitan and Kansai areas—a robust customer base comprising 16 million individual customers and 500,000 SME customers, and full-line trust banking capabilities.

We have also specified “further development” and taking on “new challenges” as key business strategies supporting the establishment of the Resonance Model alongside “rebuilding our foundations,” a strategy that applies to existing banking operations. Furthermore, we have identified three drivers, namely, “Digital & Data,” “Design-based Thinking” and “Open,” to realize innovation and facilitate diverse resonance that will, in turn, help us deliver new customer value.

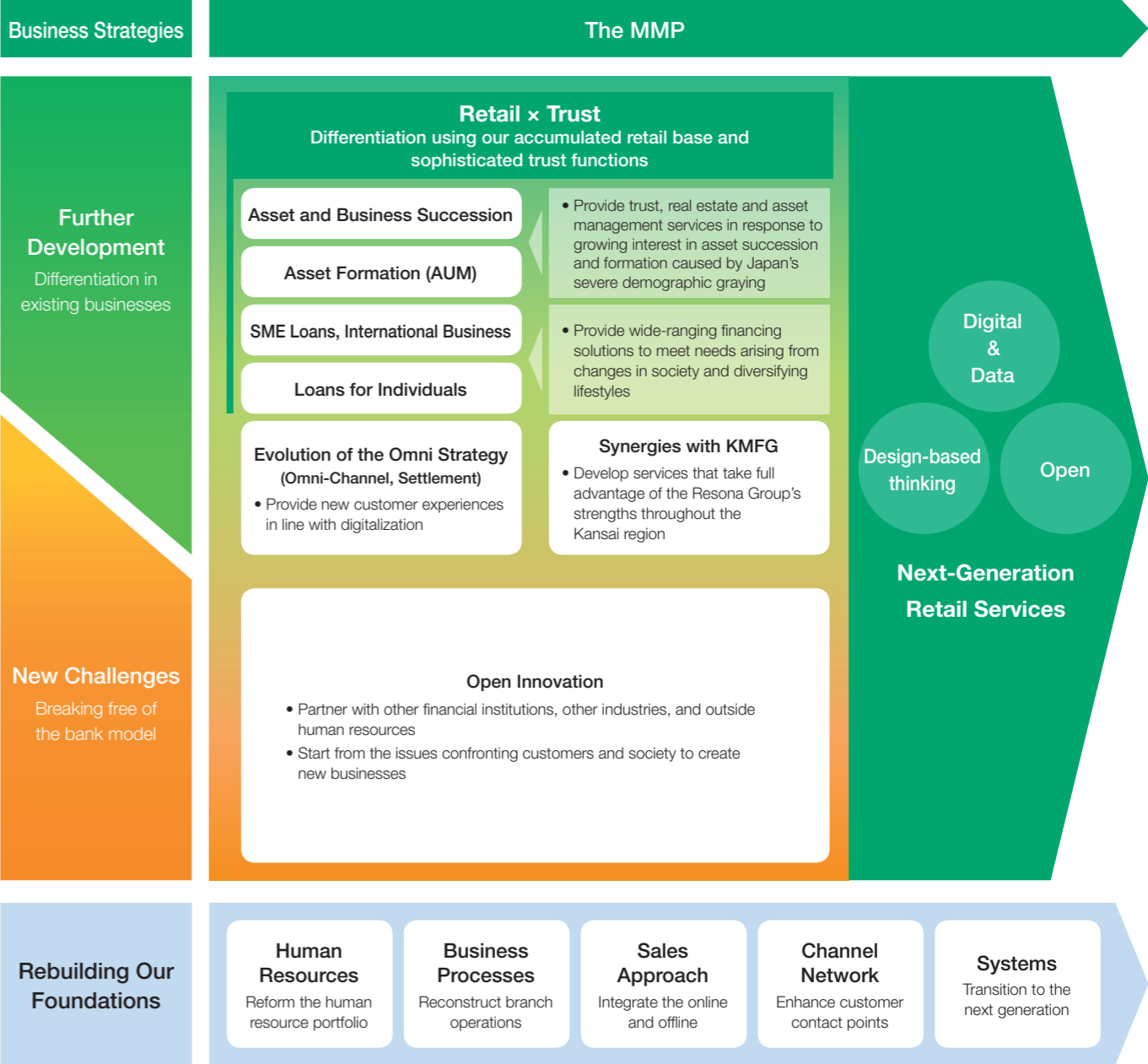
Specifically, we will further develop our retail platforms and the sophistication of our trust banking functions to enhance our capabilities in Resona’s areas of strength, namely, asset and business

succession, asset formation support and other businesses.

Furthermore, we will simultaneously take on further development and new challenges related to such endeavors as the upgrading of the Omni Strategy, a pioneering initiative that was implemented under the former MMP, and the pursuit of synergies with Kansai Mirai Financial Group (KMFG).

At the same time, we will take on the new challenges of providing new value to customers and society as a whole by employing new ideas and wide-ranging connections while expanding the scope of the Resona Group’s business and diversifying opportunities for earning profit.

To support the realization of goals of the two strategies supporting the Resonance Model described above, we will also focus on rebuilding our foundations and enhance our sales capabilities and productivity. In these ways, we will deconstruct the inherently high-cost structure of our retail businesses and effectively allocate management resources.



Review of the Former Medium-term Management Plan

During the term of the former MMP, which ended in March 2020, the economic environment remained unstable due to the prolonged trend toward ultra-low interest rates, the eruption of U.S.-China trade friction and other negative factors. Against this backdrop, the Resona Group failed to meet its profit-related key performance indicators (KPIs). On the other hand, the pace of the contraction in the loan to deposit spread has been slower than expected thanks to our quality-focused approach to lending management, while revenue from recurring fee businesses has increased. Furthermore, we achieved workforce downsizing via digitalization, reducing headcount by more than plans called for. In sum, we have made certain progress in income and cost structure reforms aimed at enabling the Group to secure greater revenues from recurring fee businesses and

achieve further cost reductions to supplement an ongoing decline in net interest income (NII) due to lower interest rates.

Furthermore, we implemented the threefold “Omni Strategy.” Specifically, we have achieved more than 2.2 million downloads of the Resona Group App, a key component of the “Omni-Channel Strategy,” as of March 31, 2020. We have also stepped up human resource development in line with the “Omni-Advisor Strategy” by, for example, opening the Resona Academy. In addition, we carried out the inauguration of KMFG while entering into strategic alliances with external partners to enhance services offered via the Resona Cashless Platform (RCP) as part of the “Omni-Regional Strategy.” Having steadily pushed ahead with these initiatives, we will take on similar endeavors at an even faster pace under the new MMP.

	FY2019 results	KPIs under the former MMP ¹
Net income attributable to owners of parent	¥152.4 billion	¥170.0 billion
Consolidated fee income ratio	28.8%	Lower half of the 30% range
Consolidated cost income ratio	63.3%	60% level
ROE ²	8.9%	Over 10%
CET1 capital ratio ³	10.54%	9% level

1 Adjustments to Resona Holdings' KPIs under the former MMP announced in April 2017 are made by combining the following ((1) and (2)).
(1) KPIs for the former MMP's final year (FY2019) adjusted to exclude Kinki Osaka Bank's targets; and
(2) KMFG's target for the second year (FY2019) of its own medium-term management plan
2 Net income /Total shareholders' equity (simple average of the balances at the end of beginning and the end of the term)
3 Excludes unrealized gains on available-for-sale securities

Income and cost structure reforms progressed steadily

- NII from loans and deposits
 - Quality-focused operations progressed
 - Contraction of loan-to-deposit spread moderated compared to the plan
- Fees
 - Recurring fee businesses expanded
 - Some issues remain regarding the monetization of the Omni Strategy
- Operating Expenses
 - Digitalization promoted
 - Succeeded in downsizing the headcount by more than plans called for

KPIs under the New MMP and the Roadmap for Securing Profit

Under the new MMP, we have identified net income attributable to owners of parent of ¥160.0 billion, consolidated fee income ratio of over 35%, and consolidated cost-to-income ratio of around 60% as KPIs to be achieved in FY2022. Simultaneously, we aim to achieve an ROE of around 8% and a Common Equity Tier 1 (CET1) capital ratio of around 10% (based on regulations to be effective upon the enforcement of the finalized Basel 3; excluding net unrealized gains on available-for-sale securities) under the international standard.

Moreover, we aim to ensure that Resona is constantly included in all domestic ESG stock indices selected by the Government Pension Investment Fund (GPIF). This target is specified as a KPI representing progress in our efforts to facilitate the realization of a sustainable society. In this way, we will accelerate SDG-oriented management initiatives aimed at helping resolve social issues through our primary business.

Also, we have formulated a roadmap for securing the realization of these KPIs. Specifically, we will systematically endeavor to increase fee income and maintain a tight grip on operating expenses to supplement a decline in NII, based on the assumption that the ultra-low interest rate environment will continue to prevail. By doing so, we aim to achieve our target of net income attributable to owners of parent of ¥160.0 billion

for FY2022, the final year of the MMP.

Amid the ongoing shrinkage in the loan to deposit spread of around 3bps per year, we will also strive to raise the balance of loans by around 1.5% in annual average, thereby keeping the decrease in NII from loans and deposits at ¥16.0 billion, much less than the ¥60.0 billion decrease estimated under the former MMP. In addition, NII from other sources is expected to decrease by around ¥8.0 billion due mainly to progress in the redemption of held-to-maturity securities, such as Japanese government bonds (JGBs).

However, we will strive to counter this profit decrease by securing annual growth in fee income totaling ¥40.0 billion, including a ¥19.0 billion increase in succession-related fee income and a ¥14.0 billion increase in settlement-related fee income. Thus, we aim to raise the consolidated fee income ratio to 35% or more.

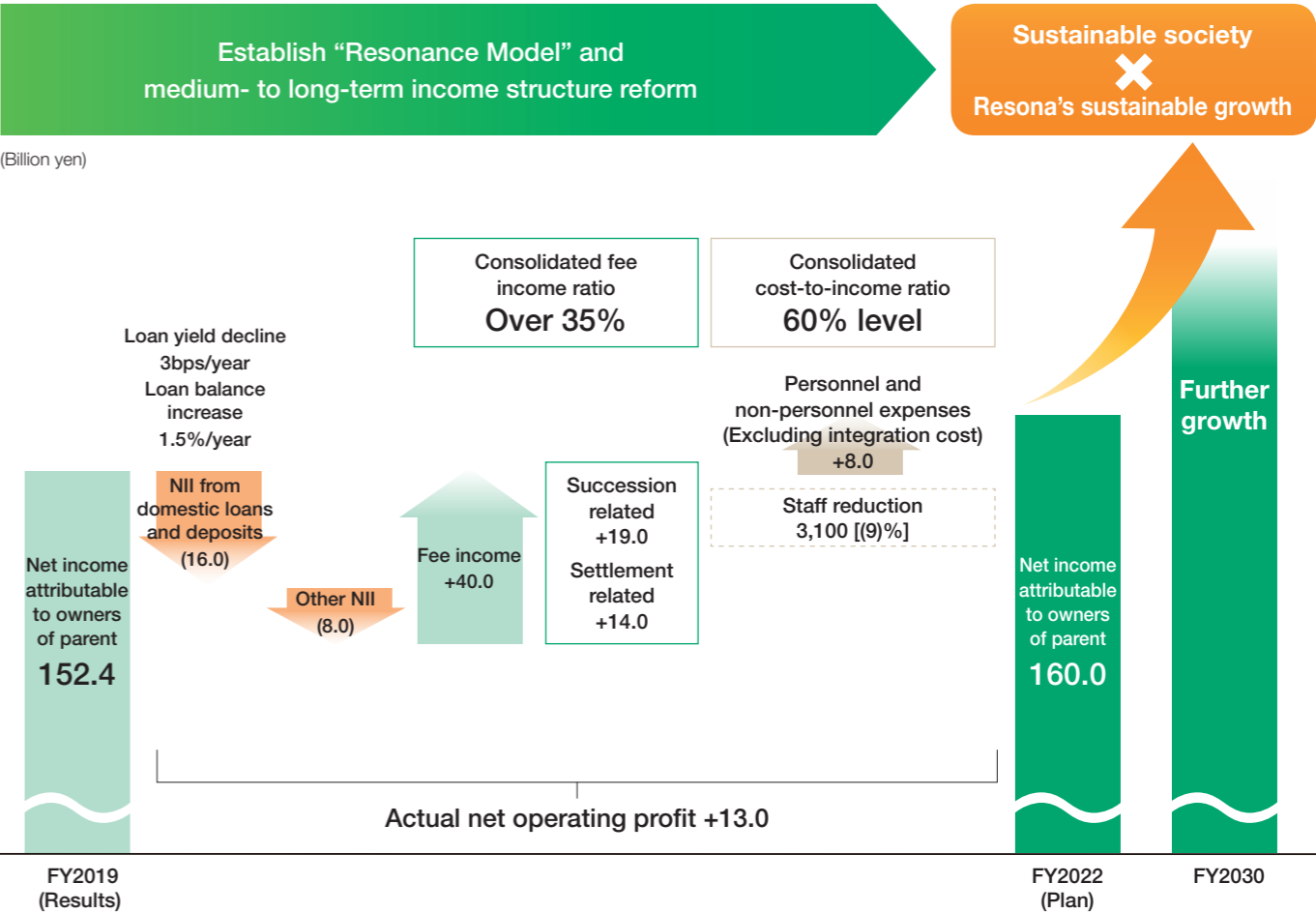
Furthermore, we will achieve an around ¥8.0 billion reduction in personnel and non-personnel expenses, excluding costs associated with management integration, by enhancing productivity via digitalization and by pushing ahead with the optimization of branch operations and the downsizing of the employee headcount. By doing so, we seek to reduce the consolidated cost income ratio to around 60%.

KPIs under the New MMP

	FY2022
Net income attributable to owners of parent	¥160.0 billion
Consolidated fee income ratio	Over 35%
Consolidated cost-to-income ratio	60% level
ROE ¹	8% level
CET1 ratio ²	10% level
ESG index selected by GPIF ³	Aim to be adopted for all indices

Note: FY2022 assumed conditions: Overnight call rate: (0.05)%, Yield on 10-year JGBs: (0.05)%, Nikkei 225: ¥23,000

Roadmap for Securing Profit



1 Net income /Total shareholders' equity (simple average of the balances at the end of beginning and the end of the term)
2 Based on regulations to be effective upon the enforcement of the finalized Basel 3; excluding net unrealized gains on available-for-sale securities
3 FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN), S&P/JPX Carbon Efficient Index Series

Identifying Material Social Issues That Should Be Tackled by Resona

Having analyzed various environmental and social issues, including those specified by United Nations Sustainable Development Goals (SDGs), we have identified four priority themes that represent fields in which Resona must actively tackle issues confronting society in light of their significant affinity with the Resona Group’s business operations. These priority themes are disclosed via the announcement of “Resona Sustainability Challenge 2030 (RSC2030)”, which represents Resona’s commitment to facilitating

global efforts aimed at achieving SDGs.
In addition, we anticipate that our initiatives to address these priority themes will affect the accomplishment of all 17 SDGs directly and indirectly due to our relationships with diverse stakeholders.

Our Process for Identifying Material Social Issues



Opportunities and Risks Associated with the Four Priority Themes and Their Relationships with Resona’s Areas of Business Focus

Priority Themes for the Resona Group	Main Opportunities and Risks		Relationships between Social Issues and Resona’s Areas of Business Focus							
	Opportunities	Risks	Asset and Business Succession	Asset Formation (AUM)	SME Loans, International Business	Loans for Individuals	Omni Channel	Settlement	Synergies with KMFG	Open Innovation
Local communities Revitalization of Local Economies	<ul style="list-style-type: none">Growing trends among SMEs toward the incorporation of SDGs into their strategiesAcceleration of digital transformation (DX) in the aftermath of the COVID-19 pandemic	<ul style="list-style-type: none">Shrinkage of regional economies due to population declineDelays in adaptation to changes in social structure	●	●	●	●	●	●	●	●
Low birthrate and aging society Elimination of Anxiety Triggered by Low Birthrate and Aging Society	<ul style="list-style-type: none">Need for solutions that ensure the smooth succession of businesses and assetsNeed for long-term asset formationNeed for solutions addressing future anxiety due to the pandemic	<ul style="list-style-type: none">Negative impact of the COVID-19 pandemic on corporate customers’ business performance	●	●		●			●	●
Environment Response to Global Warming and Climate Change	<ul style="list-style-type: none">Growing need for fund-raising aimed at realizing low-carbon business operationsGrowing need for financial products designed to address environmental concernsGrowing calls for securing preparedness against natural disasters	<ul style="list-style-type: none">Negative impact of the tightened environmental regulations on corporate customers’ business performanceCorporate customers’ existing businesses becoming obsolete due to advances in low-carbon technologies or changes in consumer preferencesOccurrence of a natural disaster causing severe damage to housing			●		●	●	●	●
Human rights Diversity & Inclusion	<ul style="list-style-type: none">Enhancement of competitiveness and productivity thanks to the consolidation of inputs from workers with diverse value systemsGrowth in market size in step with an increase in the number of women accomplishing career success	<ul style="list-style-type: none">Deterioration in product and service qualityConventional human resource skills becoming obsoleteA loss of organizational vitality					●	●	●	●
Rebuilding Our Foundations			Human Resources							
			Reform the human resource portfolio							
			Business Processes							
			Reconstruct branch operations							
			Sales Approach							
			Integrate the online and offline							
			Channel Network							
			Enhance customer contact points							
			Systems							
			Transition to the next generation							

Business Strategy

Further Development Asset and Business Succession

We will take full advantage of our platform and functional strengths as Japan’s largest retail commercial banking group with full-line trust banking capabilities.



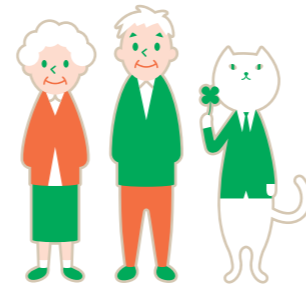
The Resona Group provides a one-stop service aimed at delivering asset and business succession solutions by taking full advantage of its strengths as a retail commercial banking group equipped with Japan’s leading branch network and full-line trust banking capabilities.

To step up these operations, Resona Bank launched the Solution Business Division in April 2020 by reorganizing its Private Banking and Corporate Finance divisions with the aim of securing the ability to accommodate future growth in the need for succession solutions among individual and corporate customers. Also, plans call for doubling staffing for real estate-related operations and thereby securing greater capabilities to collect information and handle customer requests. By the end of the new medium-term management plan (MMP) period, we will strive to double the number of M&A and real estate brokerage transactions via, for example, the reinforcement of specialist human resources, the consolidation of information and collaboration with external partners.

Meanwhile, we have seen a growing number of customers worried by issues associated with asset administration, such as being victimized by frauds exploiting the elderly. Similarly,

ensuring proper nursing care for elderly parents as well as for themselves is becoming a matter of growing concern for many. Striving to meet the needs of these customers, we will provide a variety of succession trust products designed to help protect and pass down assets to future generations. For example, our *Heart Trust* package enables customers to start from a trust unit of ¥500,000, while *My Trust*, a tailor-made trust product, is available at a minimum unit of ¥10 million. Both succession trust products garnered favorable reviews. We set a target of securing 10,000 succession-related contracts, including will trusts, in FY2022, the final year of the new MMP, thereby achieving a 60% increase in the number of such contracts from the FY2019 level.

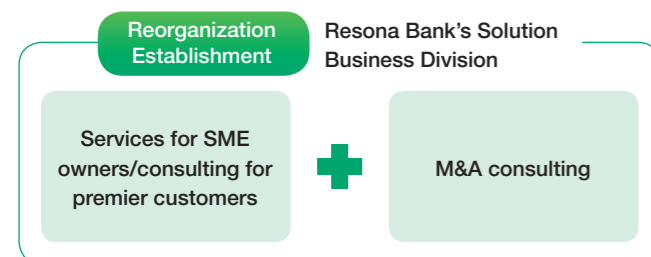
With regard to a KPI for the overall succession business, we aim to increase succession-related fee income¹ by approximately ¥19.0 billion to ¥39.0 billion in FY2022 from the FY2019 level.



KPI FY2022 (vs. FY2019) Succession-related Fee Income **¥39.0 billion** (+ Approx. ¥19.0 billion)

■ One-stop solutions provided through the concentration of HR and information

- Number of M&A contracts: FY2022 250, +Approx. 120²

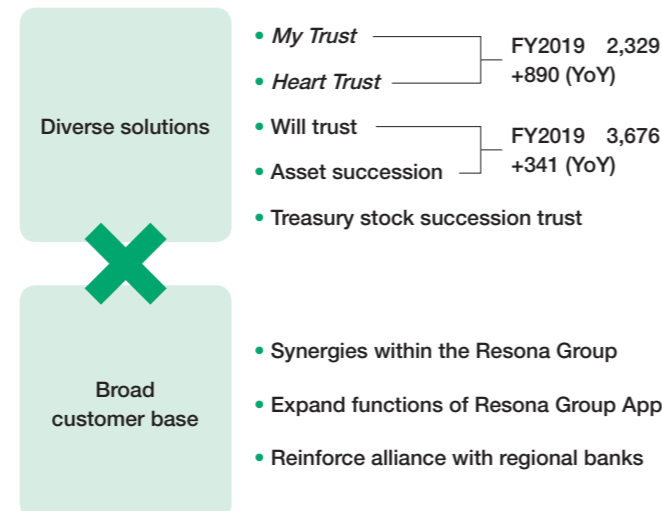


■ Reinforce real estate business

- Number of real estate brokerage transactions: FY2022 2,000, +Approx. 1,000²
- Provide succession solutions
- Double our staffing to strengthen our capability to collect information and handle customer requests
Mar. 2020 202 staff → Mar. 2023 Approx. 400 staff

■ Offer support for the protection and succession of assets

- Number of new asset succession-related contracts: FY2022 10,000, +Approx. 3,900²



1 Sum of M&A-, real estate- (excluding equities) and succession trust-related fee income
2 Compared with the FY2019 level

Further Development Asset Formation Support Business

We will provide retail customers with access to the asset management know-how we have nurtured through corporate pension asset management.



In Japan, more than half the financial assets held by individuals are accounted for by cash and deposits. With this in mind, considering the accelerating aging of society, a growing customer need for asset management and private pension plans is expected. Striving to enhance its asset formation support capabilities, the Resona Group is strategically allocating its management resources to deliver high-quality asset management products and nurture consulting professionals, with the aim of meeting individual customer needs in anticipation of the coming age of centenarians.

In January 2020, the Group consolidated Resona Bank’s asset management functions to Resona Asset Management (RAM). While enhancing RAM’s structure, the Group will focus on providing asset management products to individual customers seeking long-term, stable returns.

Employing our sophisticated asset management capabilities backed by long track records in pension asset management, we will serve a broad range of existing and new individual customers. By doing so, we aim to raise the balance of assets under management from approximately ¥21.8 trillion as of March 31, 2020, to ¥24.0 trillion by March 31, 2023.

Also, the balance of the *Resona Fund Wrap**—a flagship product designed to meet customers’ individual needs for

asset formation via a semi tailor-made scheme aimed at achieving long-term, stable asset management—has grown to approximately ¥390.0 billion (as of March 31, 2020) in the approximately three years since its February 2017 release. Approximately half of the customers who opened these fund wrap accounts did not have a balance in any of the Resona Group’s investment trusts. In addition, while around half of the customer funds used to purchase the product were from deposits in Resona Group accounts, approximately 30% were from external sources other than such accounts. These facts indicate that the fund wrap is helping facilitate a shift from savings to asset formation while attracting new customers to the Group. Thanks to the use of a dispersed investment approach, this product has also proven relatively stable in terms of performance even in a turbulent market environment affected by the COVID-19 pandemic.

To step up human resource development, we opened Resona Academy in July 2019 to nurture professionals on par with independent financial advisors (IFAs) and capable of accurately assessing customer needs and providing optimal consulting services. A total of 38 staff members completed the first annual round of the academy’s training course, and plans call for nurturing 300 others by March 31, 2023.

KPI FY2022 (vs. FY2019) Year-end Balance of AUM (RAM) **¥24.0 trillion** (+ Approx. ¥2.2 trillion)

■ Strengthening of RAM’s structure

- Number of RAM staff: Mar. 2020 147 → Mar. 2023 Approx. 175
- Offer our products to institutional investors and others handling the management of surplus assets

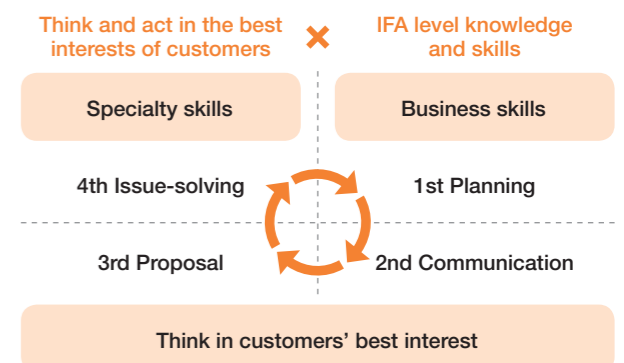
■ Seize opportunity to address growing need for stable, medium- to long-term asset management

- Make the fund wrap available at Kansai Mirai Bank (KMB) and Minato Bank (MB)
 - KMB: From Oct. 2019
 - MB: From the 2nd half of FY2020 (scheduled)
- Provide affiliated regional financial institutions with employee educational programs themed on product features and fiduciary duty



■ Nurture professionals via Resona Academy programs over the medium to long term

- FY2019 38 individuals finished the first course
 - Plan to nurture 300 professionals by Mar. 2023
 - Extend generous support to those who completed programs via periodic follow-up training



* A fund wrap account is a comprehensive investment management product in which financial institutions confirm the purpose and policies of different investments for each customer, allocate assets and invest in funds as per a discretionary investment contract, and report on investment performance

Further Development

SME Loans and International Business

In addition to helping address imminent issues customers are confronting, we will contribute to the identification and resolution of latent problems.



Aiming to serve its SME customer base comprising approximately 500,000 companies, the Resona Group maintains a lineup of diverse solutions designed to help them adapt to the evolving business environment and secure responsiveness to unexpected situations.

The typical management issues corporate customers confront vary by the customer's growth phase. For those in the startup phase, we offer a Startup Support Package that provides them with privileged user status vis-à-vis “Electronic Banking” (EB) software, corporate card and other services, while enhancing the content of online loan products and other highly convenient services available to them. For those in the growth, maturity or transition phase, our specialist human resources provide sophisticated solutions associated with M&A and business succession. In these ways, we strive to help resolve management issues corporate customers are confronting.

Moreover, we aim to help address latent issues, to this end striving to ensure that a sales approach focused on identifying issues is fully embraced by our staff. For example, in contrast to a number of large corporations stepping up their

involvement in the realization of SDGs, SMEs are often unable to implement robust measures in this field due to the lack of abundant management resources. With this in mind, we develop and popularize loan products designed to help them address SDGs while engaging in customer dialogue focused on environmental and social issues. These initiatives exemplify our efforts to assist SME customers in a way that takes full advantage of Resona's strengths.

In anticipation of the growing business impact of the COVID-19 pandemic, all Group banks have set up help desks to accommodate fundraising-related inquiries from SMEs. We have thus secured a structure for extending robust support to our corporate customers (see also page 40).

Through these initiatives, we aim to increase the balance of loans to SMEs to ¥14.6 trillion by March 31, 2023, achieving an increase of ¥800.0 billion from the balance as of March 31, 2020.



KPI FY2022 (vs. FY2019) Year-end Balance of Loans to SMEs **¥14.6 billion** (Approx. +¥0.8 trillion)

Provide diverse solutions aligned with the growth stage of each customer

Startup	<ul style="list-style-type: none"> Startup Support Package and web-based application for corporate account openings Online loans Business matching Global expansion assistance
Growth	<ul style="list-style-type: none"> Capex loans Human resource solutions Corporate pension and real estate M&A
Maturity Transition	<ul style="list-style-type: none"> Business succession assistance and other solutions supporting business transition or liquidation

A sales approach focused on identifying issues

- Assist SMEs in their efforts to achieve SDGs
 - Help customers create new opportunities and eliminate risks
 - Private placement SDGs promotion bonds: FY2019 ¥140.4 billion¹ +46% (YoY)
 - SDGs Consulting Fund: ¥39.5 billion² (Sep. 2018 ~ Mar. 2020)
 - First Green Bond issued via private placement (Feb. 2020)
- Number of business matching deals: FY2019 25,286 +14% (YoY)
 - Five business plazas³
- Support for overseas businesses (see also page 23)
 - Support for overseas expansion, financing and M&A

Support for customers affected by the COVID-19 pandemic (see also page 40)

¹ Total value of bonds issued
² Sum of Resona Bank and Saitama Resona Bank; the fund was made available at four Group banks from April 2020.
³ Tokyo, Osaka, Saitama, Kobe and Biwako (as of March 31, 2020)

The Resona Group's Overseas Network

The Resona Group is expanding its overseas network with a particular focus on Asia while securing an organizational structure that can provide overseas support finely tuned to the needs of SMEs. With Resona Group employees stationed in 15 overseas bases, we provide customer support in Japanese.

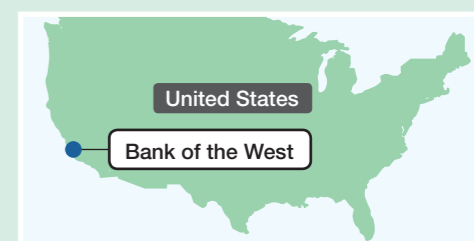
In Indonesia, Bank Resona Perdania, which boasts a business track record spanning more than 60 years, offers full-line banking services, while the Singapore-based Resona Merchant Bank Asia strives to meet the needs of customers in ASEAN nations, Hong Kong and India for fundraising and M&A solutions as well as consulting services.

In 2020, we entered a business alliance with E.SUN Commercial Bank, a Taiwan-based private bank boasting the top share of the local SME loan market, and made our financial functions available to local customers, strengthening our support structure in the country.

Looking ahead, we will continue to assist our customers in their global expansion and fundraising efforts by employing our network of local subsidiaries, representative offices and partner banks.



- Overseas representative offices
- Resona Merchant Bank Asia, Bank Resona Perdania, Resona Indonesia Finance
- Partner banks, etc.
- Offices with Resona Group employees



Management Support Initiatives for SME Customers

The Resona Group provides management support to customers. The branches of Group banks, head offices and companies cooperate with each other and collaborate with other financial institutions and external professionals to precisely

address various needs aligned with the different growth phases of customers, from the start-up and growth phases to the maturity and transition phases.

Support during the Startup and Growth Phases

When engaging with customers in the startup phase, we look at both their financial status and potential for business growth, taking a proactive approach when extending financing and operational support. During the growth phase, we also provide a diverse array of loan products and various solutions, including business matching, global expansion assistance and other support to advance their development.



Support during Maturity and Transition Phases

We address customer business succession needs based on the owner's vision for the business and thoughts about succession. We then identify optimal solutions and measures to provide comprehensive support for smooth business and asset succession.

Turnaround Support

We provide the support and expertise that a customer requires to turn their company around. This ranges from restructuring the repayment terms of loans, to overhauling management, revitalizing businesses, and restructuring operations.

TOPICS 1

“Speed on!” Resona Online Business Loan Released

In January 2020, Resona Bank released “Speed on!” a business loan product available solely through online procedures. This product does not require the borrower to provide data on business performance, instead it employs an AI-driven assessment of creditworthiness based on the transactional status of deposit accounts and other big data. Thanks to these features, the product is capable of furnishing loans in just three business days from the date of application (minimum time) completely via non face-to-face procedures. Resona Bank became the first in the industry to incorporate an AI-driven screening model that relies solely on deposit data. We will promote this product to extend smooth fundraising assistance mainly targeting corporate customers in the startup phase.

TOPICS 2

Enhancing Our Solutions to Address Human Resource-Related Issues

In May 2019, the Resona Group began expanding its operations associated with solutions that address various human resource-related issues, taking such steps as acquiring an employment placement business license. Through a dedicated help desk in place at each Business Plaza, we accommodate inquiries from corporate customers lacking leadership successors and refer them to human resource agencies capable meeting their needs for optimal candidates for core human resources, such as executives and managers. Through these and other initiatives, we are striving to deliver solutions to a variety of human resource-related issues.

Initiatives to Revitalize Communities

With a corporate mission that affirms our commitment to the further development of regional communities, we energetically support the management of SME customers and the revitalization of regional economies.

We also strive to develop a framework for collaboration aimed at revitalizing regional communities by signing comprehensive partnership agreements with prefectural and other local governments and entering industry-academia collaboration with universities.

Furthermore, in 2019 we established Business Plaza Tokyo in February and others in Kobe and Biwako in October. We are now equipped with Business Plaza facilities in five locations,

including Osaka and Saitama.

Through these facilities, we offer the following three key solutions. First, we provide business matching that takes advantage of the Group's network of approximately 500,000 corporate customers to support the expansion of customers' marketing channels. Second, we offer startup assistance to newly launched corporations. Third, we engage in solution proposals to address the various human resource-related issues customers are now facing. Going forward, we will strive to help resolve a variety of issues confronting regional communities and local SME customers by offering a wide-ranging information. In this way, we will assist in their business growth.

Further Development

Loans for Individuals

Taking full advantage of “Digital & Data,” we will simultaneously realize improved customer convenience and superior cost advantages.



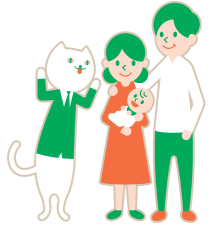
We consider the Tokyo metropolitan and Kansai areas, where the Resona Group maintains its core network, to continue to be promising markets despite the impact of an aging society and the low birth rate, due to the areas' concentration of and robust growth in the number of households

The Resona Group is a domestic industry leader in terms of outstanding housing loan balance thanks to a robust lineup encompassing diverse products and its thorough pursuit of customer convenience. For example, the lineup includes *Danshin Kakumei*,¹ a housing loan product equipped with wide-ranging coverage for risks arising from diseases and injuries. We also offer housing loans with “natural disaster support options” that exempt borrowers who have suffered damage due to a natural disaster, such as an earthquake or typhoon, from a portion of repayments. We provide these and other products boasting unique features designed to help customers secure preparedness against contingencies.

In April 2018, we began offering an e-contract service to enable customers to complete all housing loan contractual procedures without a branch visit. Going forward, we will incorporate a similar service into the Resona Group App service lineup.

We aim to eventually go paperless and digitalize our housing loan-related back-office operations while also expecting to improve the productivity of and curb environmental burdens attributable to our banking operations through these efforts.

Housing loan borrowers often keep their accounts at the bank that furnished said loans to them as their main bank. Because of this, housing loans help us secure opportunities for multifaceted transactions throughout the borrowers' lifespan. With this in mind, we offer insurance products for customers who seek to review their household finances upon the purchase of housing while extending educational loans for customers whose children are growing. Furthermore, we handle asset management products tailored to customers' loan repayment status. In this way, we secure a variety of transactional opportunities even as we strive to meet customer needs that vary by life stage. Looking ahead, we will upgrade the Resona Group App into an outlet for offering personalized and timely proposals aimed at securing an even broader range of transactions.



KPI FY2022 (vs. FY2019) Year-end Balance of Housing Loans ¥13.8 trillion (+ Approx. ¥0.9 trillion)

Expand e-contract service

- Housing loans offered solely via app-based procedures (planned)

Bidirectional customer communications via the Resona Group App

- Offer optimally timed personalized proposals
 - Great potential for the promotion of multilateral transactions starting with housing loans

Average rate of cross-sold products (as of Mar. 31, 2020)

	Housing loan borrowers	vs	Other customers ²
Payroll	50.3%		30.2%
Consumer loans ³	12.3%		3.1%
Investment trust	6.1%		3.2%
Insurance	4.1%		1.4%

Streamline and digitalize housing loan business processes

- Improve the efficiency of loan transactions obtained through real estate brokers
- Enhance digitalization of middle- & back-office operations
- Downsize loan-related administrative and planning departments

Provide contingency solutions

- Unique and distinctive products and services
 - ✓ *Danshin Kakumei*
 - ✓ Natural disaster support options
 - ✓ “Life Support Plan” card loan program
 - Help customers sign up and complete procedures solely via the website amid the enforcement of “Stay Home” protocols

Consultation Set up help desks that operate even on weekends and holidays

1 In addition to the conventional coverage provided by group credit life insurance with a rider for three specific diseases, *Danshin Kakumei* pays insurance claims when the customer matches one of 16 specific status points or has the designated status of “requiring long-term nursing care,” even if he/she is in employment during treatment. In such cases, the customer is also eligible for complete debt forgiveness.

2 Potential II and III customers

3 Including card loans

Further Development ✕ New Challenges Omni-Channel Strategy

We will strive to provide optimal solutions to customers anywhere, anytime.



Applying our Omni-Channel Strategy, we are striving to provide a greater number of customers with the best solutions anywhere, anytime and, to this end, painstakingly addressing situations in which customers feel inconvenienced by, uncertain of, dissatisfied with, or distrustful of banks. Our coordinated initiatives include strengthening and combining digital channels—which include the Internet and smartphones and offer a broader range of contact points with customers—and face-to-face channels in which we engage in dialogue with customers at branches.

Digital channel initiatives are expanding services available via smartphones. In February 2018, we released the Resona Group App for smartphones. Under the theme, “Bank in your pocket,” this app provides a simply designed interface that is easy to navigate, distinguishing itself from many other banking apps, which often draw customer criticism for the lack of user friendliness. As of March 31, 2020, the app recorded more than 2.2 million downloads and is currently used by a greater number of customers than any other channel. Looking ahead, we aim to achieve 5 million downloads during the period of the new MMP.

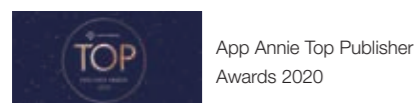
We expect that the provision of various smartphone-based functions will yield a rise in long-term frequent users of our services. At the same time, smartphone services will help us secure and nurture a stream of recurring fee revenues. Today, approximately 80% of new accounts for installment time deposits and foreign currency deposits are opened via app-based applications. Furthermore, the volume of app-based bank transfer and debit card-based transactions is increasing steadily.

In addition, the Data Science Office, which was launched in April 2019, is striving to improve customer communications by employing data analysis. We will strive to secure multifaceted customer transactions through the integration and coordination of high-quality data from face-to-face channels and wide-ranging digital data from high-frequency sources.

Fallout from the COVID-19 pandemic crisis is expected to prompt a growing need for non face-to-face transactions. Having been chosen to receive the Good Design Award 2018 and otherwise garnered praise for the Resona Group App’s features thanks to the thoroughgoing incorporation of the user perspective, we will remain sharply conscious of how to enhance user-friendliness and strive to upgrade its functions.

KPI FY2022 Number of Group App Downloads at the End of Year 5 million

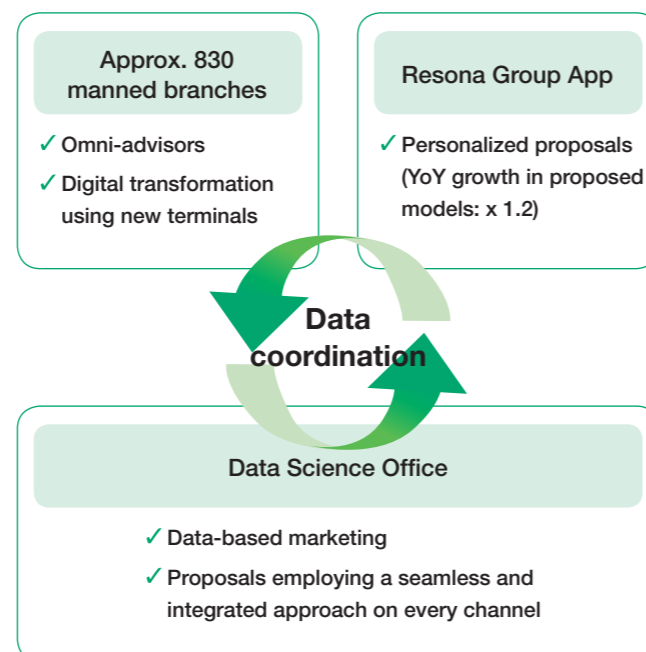
- Resona Group App:
 - 2.2 million downloads as of Mar. 31, 2020
 - Income increase per-person, per-day: +3.5 yen
 - Earned a solid reputation thanks to the thoroughgoing incorporation of the user perspective



- Our app is expected to become a main transaction channel
 - ▶ The app surpassed ATMs and became the premier channel in terms of securing customer contact points¹
 - ▶ The ratio of customers using the app²: Installment time deposits: 82%, Foreign currency deposits: 75%
- Expand functions further
 - ▶ Provide international remittance and foreign-language services (Apr. 2020 release)
 - ▶ Incorporate new functions enabling iDeCo application (May 2020 release)

1 Based on the average number of users per day by channel
2 Based on the number of account openings by channel (as of January 2020)

Integrate physical and online branch services to enhance our sales approach



Further Development ✕ New Challenges Settlement Business

Through the popularization of cashless payment, we will contribute to the reduction of social costs while helping customers enhance productivity and offering them improved user convenience.



In the settlement business, we set a target for FY2022 to raise settlement-related income to ¥80.0 billion, an increase of approximately ¥14.0 billion from the FY2019 level.

The Resona Cashless Platform (RCP), which was released in November 2018, garnered favorable reviews for its budget-friendliness in terms of initial costs and a versatility that allows multiple settlement methods, including those using non-contact settlement devices, to be handled through a single terminal. As of March 2020, the number of corporate customers and stores that have introduced or are planning to introduce RCP grew to approximately 1,100 and 14,000, respectively. For the final year of the new MMP, we aim to raise the number of such corporate customers to 4,000.



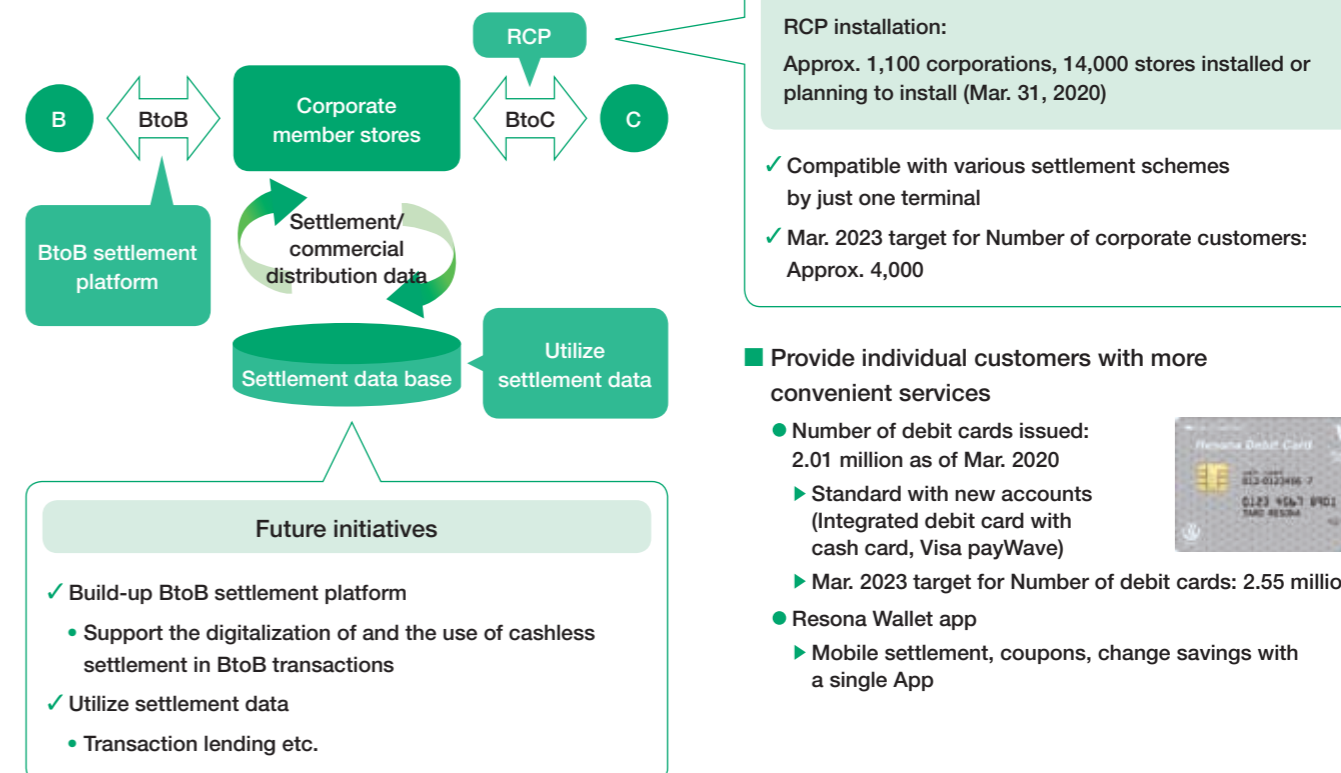
With regard to our future outlook for the post-pandemic period, an ongoing trend toward digitalization is expected to accelerate among SME customers. Building on the success of RCP in the B to C field, we will release a settlement platform specifically designed for use in the B to B field. In this way, we help customers push ahead with digitalization.

For individual customers, we will continue to offer access to cashless services by granting cash cards with debit card functions to those who open new bank accounts. Currently, the number of such cash cards exceeds 2 million. Looking ahead, we aim to increase the number to 2.55 million by the end of FY2022.



KPI FY2022 (vs. FY2019) Settlement-related Income ¥80.0 billion (+Approx. ¥14.0 billion)

Provide corporate customers with IT solutions



Provide individual customers with more convenient services

- Number of debit cards issued: 2.01 million as of Mar. 2020
 - ▶ Standard with new accounts (Integrated debit card with cash card, Visa payWave)
 - ▶ Mar. 2023 target for Number of debit cards: 2.55 million
- Resona Wallet app
 - ▶ Mobile settlement, coupons, change savings with a single App



Further Development

New Challenges

Synergies with Kansai Mirai Financial Group

In line with the new MMP, we will solidify the Kansai Mirai Financial Group brand and maximize synergies between Group companies.

Local Communities

Low Birthrate and an Aging Society

Environment

Human Rights

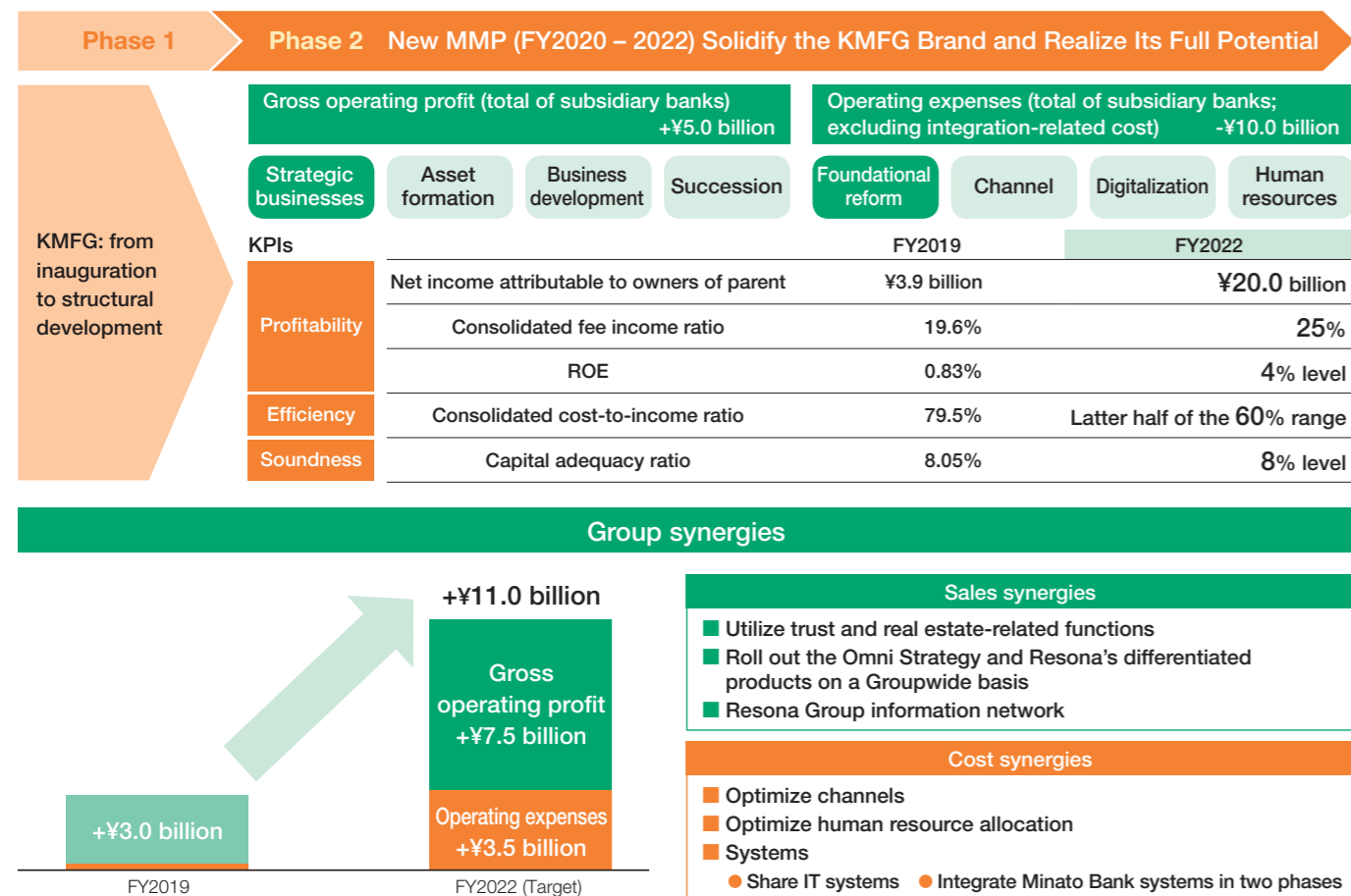
Since the full-scale launch of Kansai Mirai Financial Group (KMFG) in April 2018, we have been striving to secure a solid footing for achieving synergies, taking such steps as merging Kansai Urban Banking Corporation and Kinki Osaka Bank in April 2019 to form Kansai Mirai Bank and completing the subsequent integration of their administrative platforms and IT systems in just six months.

In conjunction with the announcement of the new MMP by Resona Holdings, KMFG announced its own new medium-term management plan, under which it is expecting to achieve ¥5.0 billion growth in gross operating profit (total for all KMFG subsidiary banks). In addition, KMFG is aiming to slim down the total operating expenses of its group banks, excluding those associated with integration, by ¥10.0 billion, and it is stepping up its sales efforts, utilizing the competitive functions, products and services available to it as part of the Resona Group. When it comes to costs, KMFG will push ahead structural reforms by executing

such measures as reorganizing its branches and downsizing its workforce via natural attrition in step with retirement.

Taking these factors into account, we expect that synergies within the Resona Group will eventually bring in around ¥7.5 billion in additional gross operating profit and help cut operating expenses by approximately ¥3.5 billion.

In addition, we revised our plan for the Minato Bank system integration, which had been planned for completion in the second half of FY2021, making it a two-phase plan. Specifically, Minato Bank will unify its customer service systems with corresponding Resona systems by the end of FY2021, and then fully integrate all other systems in or around 2025. This action is intended to keep total system costs down and to flexibly allow all Group banks to provide their customers with cutting-edge Resona products and services via the use of API platforms, with the aim of establishing a model for Resona’s open platform strategy (see also page 32).



Rebuilding Our Foundations

Human Resources

Placing emphasis on securing diverse employees boasting strengths in their areas of specialty while reallocating staff to business fields we are focusing on, we will build a human resource portfolio. In this way, we will enhance our sales capabilities and productivity.

As part of our human resource strategy, our human resource portfolio will be focused on securing diverse employees boasting strengths in their areas of specialty. To this end, we will adopt a multi-path personnel system that enables employees to choose from a range of career path options. In line with this move, we will incorporate programs designed to encourage each employee to enhance their professional skills in a particular area while offering a broader range of options with regard to retirement age so that they can remain key workforce components regardless of their age. Furthermore, we will nurture a growing number of digital and IT specialists and step up collaboration with and the hiring of outside experts. Moreover, we will continue to nurture Omni-Advisors, a core human resource asset developed under the former MMP. We will also reduce our consolidated employee headcount

by approximately 3,100 from 31,800 as of March 31, 2020 through natural attrition in step with retirement over the course of the next three years. Through this move, the Group's headcount will eventually decline to 29,000, a number on par with the level prior to the integration of KMFG. At the same time, we will boldly and flexibly reallocate our human resources to business fields we are focusing on in a way that transcends boundaries between Group companies. By doing so, we ensure that sufficient human resources will be available to strengthen such operations as asset and business succession, step up our Omni Channel Strategy and promote digitalization and IT utilization.



A Human Resource Portfolio Focused on Securing Diverse Workers Boasting Strengths in Their Areas of Specialty

Multi-path personnel system

- Transfer existing HR system to a multi-path HR system offering approximately 20 distinct career paths

Nurturing Omni-Advisors

- Building on the results of the former MMP, focus on nurturing omni-advisors who can think and act in the best interest of customers

Develop and hire specialized professionals

- Step up collaboration with and hiring of external human resources who have earned success in IT and other industries → 1,000 digital and IT specialists

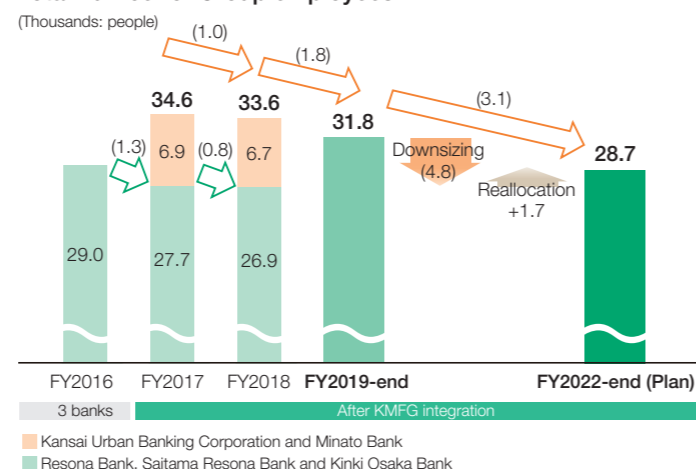
Recurrent education

- Assist all employees in their efforts to take on new career development challenges as Resona strives to build a workforce boasting more consulting specialists

Reallocate Human Resources to Business Fields We Are Focusing On

- Allow a decline to around 29,000 personnel, a staffing level equivalent to that prior to the KMFG integration (natural attrition in step with retirement)
 - Reduce total headcount 3,100 (9%)
 - Raise productivity via channel reforms and branch digitalization
- Reallocate human resources across the Group in a bold and flexible manner
 - Strengthen staffing to business fields we are focusing on (succession, Omni-Channel, etc.)
 - Strengthen new businesses (digital, IT, etc.)
 - Optimize human resource allocation among KMFG and Resona Holdings

Total number of Group employees



Business Processes, Sales Approach and Channel Network

We will strive to enhance customer contact points while pursuing low-cost operations with the aim of enabling all employees to be involved in sales and consulting.

Business Processes: We will thoroughly overhaul branch counter operations as well as lending and other services for corporate customers, with the CFT playing a key role in facilitating the incorporation of unconventional ideas and the early digitalization of these operations.

Sales Approach: As we aim to transition to a structure that allows all employees to be involved in sales and consulting, we will develop a real-time data-sharing system to ensure that they have access to high-quality data from existing face-to-face operations as well as wide-ranging digital data from high-frequency sources about customers' daily behavior, regardless of the channel they are handling. By doing so, we will enhance communications with customers and secure our

ability to provide them with timely insights, supplementing the conventional sales approach, which is dependent on individual experience.

Channel Network: Believing that our physical branches remain key to supporting customer communication, we will increase the sophistication of our geographical area-based operations and enhance our manned branch channel network. Over the course of the new MMP, we will reorganize this network, mainly targeting around 90 branches run by Kansai Mirai Bank (KMB). For example, we will employ a “branch-in-branch” (BinB) system that merges branches in locations where two or more are situated in close proximity, thereby optimizing the functions of each.

- Business Processes**
 - Reconstruction via the incorporation of unconventional ideas and digitalization
 - Change the mission of the over 10,000 administrative staff
 - Build a system that handles all procedures in a single line to relieve staff of the stress arising from back-office work
 - Reduce operational costs through productivity improvement
- Sales Approach**
 - Transition to a system in which all employees are involved in sales and consulting
 - Integrate digital data in real time and facilitate data coordination between channels
 - High-quality data from existing face-to-face business x wide-ranging digital data about customers' daily behavior from high-frequency sources
- Channel Network**
 - Enhance customer contact points and reduce channel-related costs at the same time
 - Increase the sophistication of our area-based operations
 - Reallocate the staff based on market potential
 - Integrate bases that are located near each other while optimizing the functions of each branch
 - Reorganize around 90 branches¹ by employing BinB that mainly targets those run by KMB and by converting Resona Bank and KMFG branches into joint facilities
 - Pursue thoroughgoing downsizing and ensure that each branch is able to focus on its mission

1 During the new MMP period
2 Digital Service Office
3 To be introduced by the end of FY2020 (Resona Bank and Saitama Resona Bank)

What a branch looks like after the introduction of the new branch system

No back office space



Complicated inquiries and consultation via teleconferencing (DSO²)

“Self-service” terminal³



Screen layouts like that of the Resona Group App make navigation easy

Location free



Consultation services and banking procedures completed via the use of tablets

Our Systems

With an eye to employing technological advances, we will streamline and downsize existing systems and transition to next-generation systems.

Breaking away from dependence on accounting-related legacy systems, we will transition to open-platform systems while downsizing existing systems. This will, in turn, enable us to significantly reduce maintenance costs associated with existing businesses and shift greater management resources to strategic investment.

Specifically, we will accelerate the pace of development by taking an agile development approach to a broader range of projects. At the same time, we will incorporate Application Programming Interface (API: technical specifications that allow the operation of one program via another program) to enhance system flexibility and transition to open-platform systems.

With an eye to promoting alliances with regional financial institutions and other external partners, we will replace our conventional accounting-related terminals, which are solely

used by banks, with more commonly used tablet terminals to enhance our system flexibility. Simultaneously, we will develop frontline platform applications that operate independently from our existing accounting-related system structure. In addition to thereby downsizing existing systems, we will take an agile development approach to accelerating strategy execution.

The initiatives described above are all aimed at ensuring our system structure is as simple as possible, and our main-frame systems will be charged only with core accounting functions associated with ledger and settlement bookkeeping to take full advantage of their robustness.

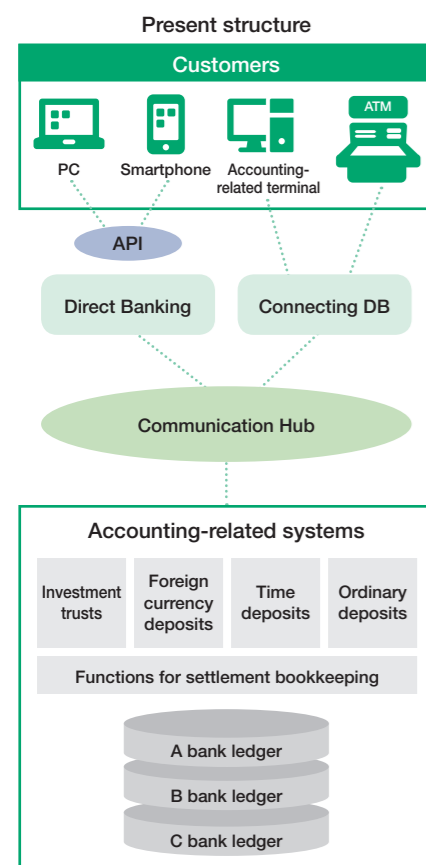
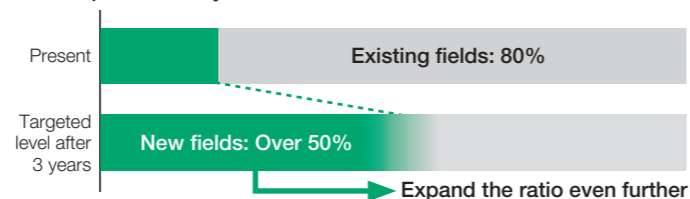
Through these initiatives, we will transform the Group’s system-related divisions from cost-intensive business units to profit contributors.



■ Structural reforms

- Significantly reduce system-related costs for the entire Group ➡ Shift more resources to strategic investment
- Greatly increase speed, flexibility and applicability in strategy implementation by using API

Composition of system-related costs



1 Break away from dependence on dedicated terminals solely used by financial institutions

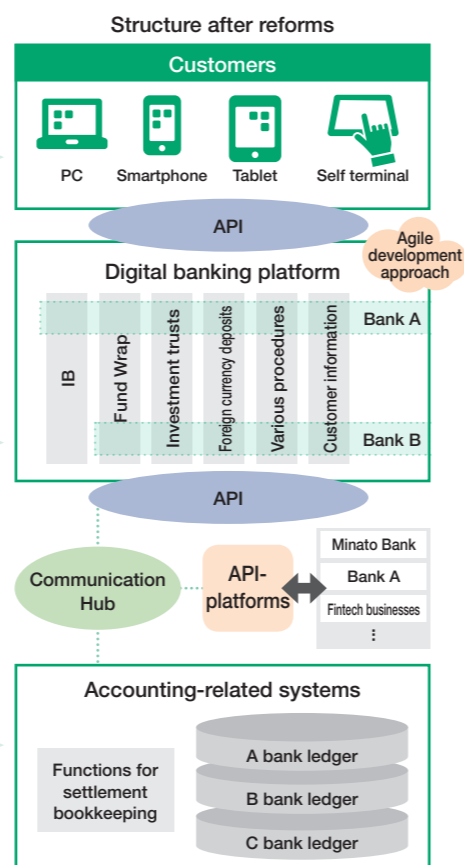
- Shift from the use of dedicated terminals to smartphones/tablets to carry out accounting-related operations

2 Make our systems available as open platforms

- Convert our non-mainframe system platforms into open platforms using API and supported by leading-edge digital technologies
- Promote an agile development approach

3 Push ahead with structural reforms involving the transition from legacy systems to open systems

- Establish frontline platforms that handle transactional procedures and are independent from accounting-related systems to simplify our system structure



Our Response to Global Warming and Climate Change

The Resona Group has identified responding to global warming and climate change as an environmental and social priority issue that it should tackle as a group. With the announcement of the “Resona Sustainability Challenge 2030 (RSC2030)”, we have declared our intention to proactively take on the reduction of environmental burdens deriving from society as a whole to help create a low-carbon, recycling-oriented society.

Governance

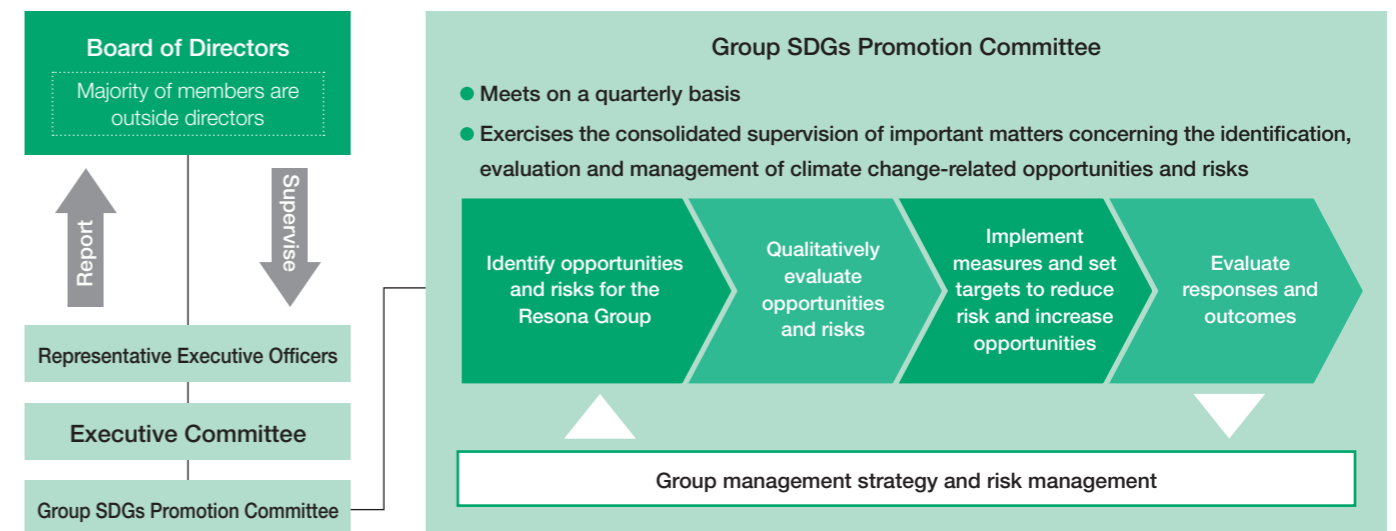
The Board of Directors receives periodic (at least once a year) reporting on the status of Group initiatives to counter climate change, with the aim of ensuring that these initiatives receive robust supervision.

In fiscal 2019, the content of such reporting included the current status and the future direction of RSC2030 initiatives. Moreover, the Board of Directors received reports on the top risks the Group may face during the MMP period. These risks were identified based on criteria that name climate change as a major impactor affecting the business environment.

The Board of Directors, including outside directors who account for the majority, engages in multifaceted discussion and reflects its conclusions in the Group’s management strategy and risk management.

Also, the Group SDGs Promotion Committee chaired by president of Resona Holdings meets on a quarterly basis to exercise consolidated supervision of important matters concerning the identification, evaluation, and management of climate change-related opportunities and risks. Members of this committee include presidents of subsidiary banks and the heads of the Corporate Administration Division and risk management divisions as well as officers in charge of corporate and retail banking sales and KMFG’s heads of departments charged with promoting SDGs.

This committee strives to identify and assess climate change-related opportunities and risks while discussing policies on and targets for the Group’s measures to reduce risks and increase opportunities. Conclusions reached by this committee are reflected in the Group’s management strategy and risk management.



Governance of Socially Responsible Loan and Investment

Loan Business

The Group Credit Policy was established by the Board of Directors to provide fundamental principles for credit risk management.

This policy clarifies the Group’s intention to give due consideration to its social responsibilities and environmental concerns. In line with this policy, the Group has developed structures and procedures for appropriately identifying and assessing the environmental impact of major projects and evaluating environmental initiatives undertaken by customers.

Trust Asset Management

Status reports on the exercise of voting rights and other responsible investment activities associated with trust assets managed by Resona Asset Management are submitted to the Board of Directors as necessary. This ensures that the Board of Directors is in position to take a top-down approach and that Resona Bank’s responsible investment activities are constantly enhanced.

Moreover, the Group has in place the Responsible Investment Verification Council chaired by an outside director of Resona Holdings, to verify the appropriateness of its stewardship activities, including the exercise of voting rights, from a third-party viewpoint.

Management Strategy

Business Opportunities and Risks Arising from Climate Change

To measure the impact of climate change, which is highly unpredictable, we have undertaken the qualitative evaluation of opportunities and risks based on two different scenarios involving, respectively, a 2°C and a 4°C rise in global temperatures.

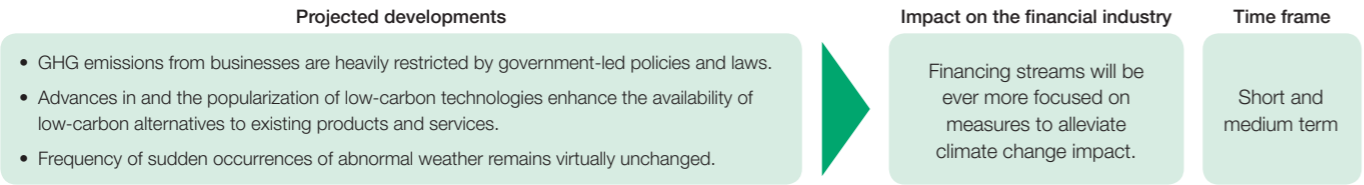
The purpose of this evaluation includes the assessment of estimated impact in the short-, medium- and long-terms,

which are defined as approximately 5-, 15- and 35-year periods, respectively.

Referenced scenarios

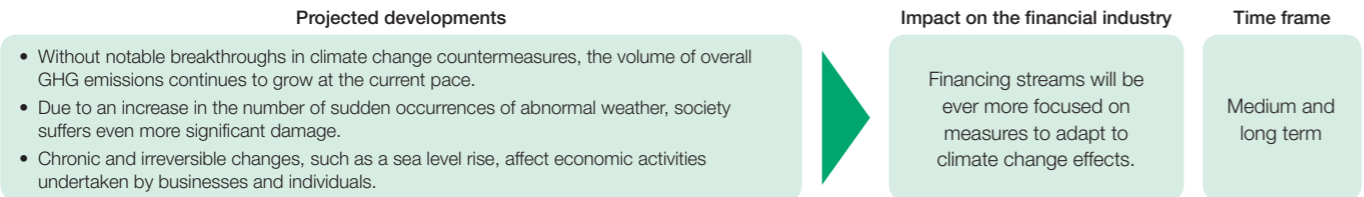
- IEA Energy Technology Perspectives 2°C Scenario
- IPCC Representative Concentration Pathways 8.5
- Japan's Intended Nationally Determined Contribution (INDC), etc.

● Outline of the Resona Group's 2°C Scenario



Projected financial impact				
Opportunities	Product and service markets		• Growing funding needs among businesses for the development of low-carbon products and services and capital expenditure aimed at reducing their GHG emissions • Increased opportunities for the Group to offer financial services due to growing public awareness of climate change	
	Resource efficiency, energy sources, and market resilience		• Reduction in business costs due to enhanced resource and energy efficiency • Shift to low-carbon energy sources and the resulting alleviation of the future impact of carbon pricing • Growth in the Group's corporate value due to the implementation of a sustainability-focused business model	
Risks	Transition risks	Policy and legal	Introduction of stringent government-led policies and regulations negatively affecting operations of corporate customers and reducing the value of the Group's loan assets	
		Technology and market	Advances in low-carbon technologies and changes in consumer preferences prompting a shift to alternative products and services and negatively affecting the operating results of corporate customers, resulting in a reduction in the value of the Group's loan assets	
		Reputation	A decline in Resona Holdings' share price due to inconsistencies between strategy and actions or insufficient disclosure of information about climate change	
	Physical risks	Acute	Virtually unchanged frequency of sudden occurrences of abnormal weather (hence, no major financial impact is expected)	
		Chronic	No chronic and irreversible climate change (hence, no major financial impact is expected)	

● Outline of the Resona Group's 4°C Scenario



Projected financial impact				
Opportunities	Product and service markets		Growing demand for funding for public projects and capital expenditure aimed at alleviating physical damage attributable to abnormal weather	
	Resource efficiency, energy sources, and market resilience		Reduction in business costs due to enhanced resource and energy efficiency	
Risks	Transition risks		No significant breakthroughs in climate change countermeasures (hence, no major financial impact is expected)	
	Physical risks	Acute	• Reduction in the value of the Group's loan assets due to the impact of climate change, such as the suspension of business induced by damage to corporate customers' facilities, the absence of such customers' employees due to damage to their homes, or a decline in the value of collateral assets due to such damage	
		Chronic	• Suspension of the Group's operations due to damage to its facilities or injuries to its employees	

Status of Carbon-Related Assets (as of March 31, 2020)

Ratio* of lending to energy and utility sectors in the entire portfolio (based on definitions under the Task Force on Climate-related Financial Disclosures (TCFD) recommendations)	1.3%
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* Total of loans and bills discounted, acceptances and guarantees, foreign exchange, etc. (sum of Resona Bank and Saitama Resona Bank)

Our Management Strategies and Initiatives

The Resona Group anticipates that climate change is highly likely to have a financial impact on its loan assets, the largest category of assets in the Group's possession. Accordingly, the Group recognizes that the opportunities and risks facing its customers will directly affect the Group through these loans.

The majority of the Group's loan assets are accounted for by loans furnished to individual and SME customers, suggesting that climate change-related lending risks are dispersed. However, compared with large corporations, SMEs are typically in a disadvantageous position. For example, they have few opportunities to study about how climate change and other social issues may impact their operations while lacking

sufficient resources to plan and execute countermeasures.

With this in mind, the Resona Group helps its individual and SME customers, first to expand their knowledge of social issues, including climate change, and then encouraging them to join efforts to resolve such issues. The Group also helps customers identify latent related issues in order to resolve their anxiety about the future. Our service lineup is designed to deal with varying customer needs arising from these actions.

We will continuously expand and step up the initiatives described above with the expectation that this approach will help the Resona Group and its customers work hand in hand to reduce future risks and increase business opportunities.

● Initiatives to Help Customers Expand Their Knowledge of Climate Change and Other Social Issues

An introductory booklet on SDGs

An easy-to-read booklet explaining the importance of tackling environmental and social issues and an overview of the SDGs and the Resona Group's relevant initiatives. This booklet is available at branches and distributed to customers.

The Significant Impact of SDGs on Businesses

Targeting SME customers, this booklet is utilized in the course of sales activities to facilitate dialogue and call attention to the impact of environmental and social issues, including those specified by SDGs, on businesses and the risk of being excluded from supply chains by failing to address them.

● Encouraging Customers to Join Efforts to Address Social Issues

Private placement SDGs promotion bonds

To support organizations pursuing SDG-related causes, we donate a portion of proceeds from the commission fees we receive upon the issuance of private placement corporate bonds. By doing so, we meet needs of corporate customers wishing to support the realization of SDGs.

Mirai E-us Project “Mirai Earth”

This investment trust project is aimed at supporting eco-friendly tech companies worldwide via the purchase of relevant stocks or green bonds. Also, a portion of proceeds earned by Group banks is donated to the Resona Foundation for Future and the Minato Bank Scholarship Society with the aim of assisting children in their pursuit of higher education and thereby nurturing future leaders.

● Initiatives to Help Customers Identify and Resolve Latent Issues

SDGs Consulting Fund

Customers who have registered for funding via this product are also eligible to receive on-the-spot consulting with Resona Research Institute. This consulting service is free of charge and includes the following three options to meet differing needs in light of the areas of customers' interest.

- Assistance in implementing supply chain risk countermeasures
- Assistance in executing a mapping method aimed at clarifying relationships between customer businesses and SDGs
- Assistance in facilitating an SDG-oriented corporate culture

Risk Management

Based on risk categories (see also page 55), such as credit risk, operational risk and reputational risk, the Group strives to address climate change-related risks via periodic Group SDGs Promotion Committee sessions aimed at identifying and evaluating the status of such risks, and renews the content of relevant risk management methods on a quarterly basis.

Having identified climate change-related risks as contributing to uncertainty, the Group began to update its existing risk management process to incorporate issues arising from

such risks into definitions and risk management methods in each risk category.

Furthermore, the Resona Group aims to mitigate risks that may affect itself, its customers and society as a whole by, for example, introducing Initiatives to Promote Socially Responsible Loans and Investments. In these ways, we are implementing a stepped up corporate management approach aimed at helping realize a low-carbon, recycling-oriented society.

Initiatives to Promote Socially Responsible Loans and Investments

<https://www.resona-gr.co.jp/holdings/sustainability/management/investment/index.html> (Japanese only)

Loan Business

In line with the Group Credit Policy adopted based on the Board of Directors resolution, “Our Fundamental Stance of Loan Business”^{*} clarifies the Group’s intention to maintain a dialogue with customers who have not yet fully committed to addressing social and environmental issues with the purpose of encouraging their involvement. In addition, it explains the Group policy of abstaining from extending new loans to projects deemed to be exerting a major negative impact on the environment. Specifically, the Group will no longer finance projects associated with coal-fired thermal power generation, except when it finds compelling reasons for financing such projects, such as to realize economic restoration following a disaster. The Group is engaged in the screening and selection of candidate projects accordingly.

Trust Asset Management

In connection with trust assets managed by Resona Asset Management (RAM), the “Responsible Investment Policy” mandates that, in addition to assessing investees’ financial performance, the Group exercise due diligence in confirming their non-financial performance, for example, the sufficiency of their initiatives aimed at addressing ESG issues to help them enhance corporate value and achieve sustainable growth from a medium- to long-term perspective. Through such endeavors, the Group is increasing the value of trust assets.

Furthermore, the Responsible Investment Committee, which is chaired by RAM’s president and attended by representatives from the Responsible Investment Division as well as outside experts, also strives to upgrade initiatives associated with responsible investment.

Metrics and Targets

Working in Tandem with Customers to Reduce Climate Change Related Risks and Create Opportunities

In line with the RSC2030 action plans, the Resona Group has formulated metrics and targets in an effort to help as many customers as possible understand the significance of climate change response and supporting their initiatives.

These action plans consist of annual action plans to secure a PDCA framework for annually evaluating the outcomes of the aforementioned efforts.

FY2020 action plans

- Promote SDG-themed dialogue with investees
- Step up the integration of ESG issues into investment judgements
- Employ an external agency to practice and promote engagement with investees, via, for example, the exercise of voting rights
- Extend a total of ¥126.0 billion in SDG-related financing
- Provide SDG-related consulting services to a total of 130 clients
- Provide a total balance of ¥31.2 billion in SDG- and ESG-related funds, including those associated with the “Mirai E-us Project,” to 28,500 clients
- Hold seminars themed on environmental concerns that should be addressed in the course of real estate management
- Proactively extend funding for the popularization of renewable energy and otherwise support environmental preservation activities

Please also visit Resona Holdings’ website to see other targets under RSC2030.

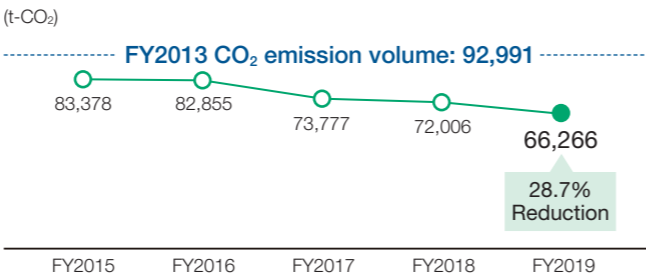
https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/commitment/actionplan_2019.html

The Resona Group’s Target for Reduction in CO₂ Emissions Attributable to Its Operations

Reduce CO₂ emissions by 26% from the FY2013 level by the end of FY2030¹

By replacing elderly facilities with energy efficient facilities, we achieved a 28.7% reduction in fiscal 2019 from the fiscal 2013 level, surpassing our target. We will continue to curb CO₂ emissions.

Trend in CO₂ Emission Volume²



1 Formulated in reference to Japan’s INDC
2 Calculated by aggregating Scopes 1 and 2 CO₂ emissions from Group banks based on methods stipulated by Japan’s Energy Saving Act for statutory periodic reporting
Note: CO₂ emissions attributable to fuel consumption by Company-owned cars are determined via a simplified calculation method using the Group’s annual fuel costs and publicized figures for the annual and national average price of gasoline and the emissions coefficient. Scope 1 emissions in fiscal 2019: 5,949 t-CO₂; Scope 2 emissions in fiscal 2019: 60,317 t-CO₂. CO₂ emissions from precursors of Kansai Mirai Financial Group companies prior to integration are retrospectively included into figures presented above.

SASB INDEX

In 2020, the Resona Group adopted an information disclosure approach as stipulated under recommended standards issued by the U.S.-based Sustainability Accounting Standards Board (SASB).

Based on this approach and in accordance with the SASB’s industry classification, the Resona Group hereby

discloses certain items defined under the categories of Asset Management & Custody Activities, Commercial Banks, and Mortgage Finance in light of their particular relevance to designated business areas. Looking ahead, we will strive to further enhance the content of information disclosure.

Topic	Accounting Metric	Code	Response
Social Capital			
Data Security	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	In line with its Cyber Security Management Declaration, the Resona Group aims to strengthen its cyber security measures under top management’s initiative and thereby counter cyber threats that have become ever more serious and sophisticated. Furthermore, the Group strives to address risks arising from cyber vulnerability and, to this end, based on its Personal Information Protection Declaration, it regularly reviews, updates and improves its policies, organizational structure and rules aimed at ensuring the proper handling of information as well as initiatives aimed at ensuring the reliable protection of information. Please also refer to our corporate website for details on the Cyber Security Management Declaration https://www.resona-gr.co.jp/holdings/about/governance/cybersecurity/index.html (Japanese only) and the Personal Information Protection Declaration https://www.resona-gr.co.jp/holdings/other/privacy/hd.html (Japanese only)
Human Capital			
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC-330a.1	The Resona Group is promoting diversity & inclusion to achieve value creation supported by diverse employees who strive to understand each other’s differences in ways of thinking, respect and inspire one another and proactively incorporate new ideas from their peers. To this end, the Group has introduced a variety of programs aimed at helping women achieve career success and encouraging employees to embrace diverse working styles. As a result, the ratio of female officers in the overall number of officers at Resona Holdings amounts to 20.0%. Moreover, the ratio of women in the total headcount is 47.1% for Group banks (Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank). In addition, the ratio of female line managers is 30.4% for Resona Bank and Saitama Resona Bank (as of April 2020). For more details, please refer to “Five-Year Summary of Non-Financial Data/Non-Financial Highlights” on page 62 of this report. As of March 2020, the ratio of people with disabilities in the Group’s workforce is 2.24%. Please refer to our corporate website for more details regarding our diversity & inclusion initiatives https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/human_rights/diversity.html
Business Model & Innovation			
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	In line with its “Responsible Investment Policy,” the Resona Group undertakes, in the course of managing trust assets, the close assessment and analysis of investees’ non-financial performance, including their response to ESG issues, in addition to assessing their financial performance. By doing so, the Group encourages investees to work to improve their corporate value and achieve sustainable corporate growth on a medium- to long-term basis. For more details, please refer to Chapter 1, “Resona’s Responsible Investment” (pages 4 to 9) of the <i>Stewardship Report 2019/2020</i> , which is available on the Resona Asset Management website https://www.resona-am.co.jp/investors/pdf/ssc_report2019-2020en.pdf
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	The Resona Group is aware of its responsibilities with regard to the improvement of investees’ corporate governance as well as the profound impact its investment activities can have on the environment and society as a whole. The Group also recognizes that these changes in the environment and society will affect investment performance. Taking the aforementioned factors into account, the Group has established the Global Governance Principles, which aim to provide standards for the exercise of voting rights associated with domestic and overseas stocks. For more details, please refer to Chapters 2 through 6 (pages 10 to 53) of the <i>Stewardship Report 2019/2020</i> , which is available on the Resona Asset Management website https://www.resona-am.co.jp/investors/pdf/ssc_report2019-2020en.pdf
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	In line with “Our Fundamental Stance of Loan Business,” the Resona Group aims to contribute to the creation of a sustainable society, and, to this end is proactively assisting customers in their efforts to tackle social and environmental issues via the development and provision of products and services designed to help them address social and environmental concerns. The Group also maintains a structure and procedures aimed at properly assessing and evaluating the environmental impact of large projects and environmental initiatives undertaken by customers. For more details, please refer to “Initiatives for Socially Responsible Investing and Lending” on Resona Holdings’ corporate website https://www.resona-gr.co.jp/holdings/english/sustainability/management/sri/
Leadership & Governance			
Business Ethics	Description of whistleblower policies and procedures	FN-AC-510a.2	The Resona Group maintains a whistleblowing system comprising both in-house and external hotlines that are accessible to all employees (including those who have resigned) and their families. The Group also prohibits the detrimental treatment of whistleblowers while taking thoroughgoing measures to ensure that the content of whistleblowing is kept secret. Furthermore, the Group is promoting the use of its whistleblowing system via posters and intranet pages designed to provide employees with the overview of the system and contacts to hotlines. For more details, please refer to “Compliance Advisory Resources” on the Compliance page of the Resona Holdings corporate website https://www.resona-gr.co.jp/holdings/english/about/compliance/index.html
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	As of March 31, 2020, the Resona Group has not been selected as a G-SIB.
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	The Resona Group believes that in order to maintain sound and stable business operations, securing sufficient capital to cover risk is extremely important. Based on this belief, the Group is engaged in capital management aimed at maintaining its capital adequacy ratio at a sufficient level. In formulating management strategies, the Company clarifies the business areas in which it actively takes risks based on its social mission. Based on multifaceted and exhaustive discussions, management strategies are decided at the Board of Directors meeting of Resona Holdings, the majority of which consists of outside directors. 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, these divisions also employ stress tests and other methods to establish a rationale for risk taking and the feasibility of risk control. For more details, please refer to “Capital Management” on the Resona Holding corporate website https://www.resona-gr.co.jp/holdings/english/about/capital/index.html and “Risk Appetite Framework” on page 54 of this report.

Initiatives for a Better Society

To contribute to the betterment of society, the Resona Group is engaging in various social contribution activities.

“Re: Heart Club” Run by Employee Volunteers



To show our gratitude to regional societies, employee volunteers participate in various local events and activities. This is one way Resona Group members contribute to regional vitalization and the promotion of sports and cultural activities in a manner optimized to help address issues individual communities are confronting.



Hosting tree planting projects titled “Resona cultivates bonds” to support disaster-hit communities



Holding an “Award Ceremony at the All Japan Culture Festival for the Special Needs School”



Dispatching employee volunteers to support “The 5th SAITAMA INTERNATIONAL MARATHON”



Dispatching employee volunteers to help with restoration efforts in regions hit by Typhoon Hagibis in 2019



Participating in the 16th *Kamonegi* Summer Festival in Ichikawa, Chiba Prefecture



Participating in a large cleanup campaign covering the entirety of Awajishima Island

Initiatives to Provide Financial and Economic Education

So far, approximately 40,000 elementary school students have completed either Resona Kids’ Money Academy (since 2005) or Mirai Kids’ Money Academy (since 2018). Also, we launched Teens’ Money Academy for junior high school students. We have also run a program that gives children in every age group the opportunity to join work experience programs as part of efforts to offer more practical educational opportunities for learning finance and economy.



Resona Kids’ Money Academy



Resona Teens’ Money Academy

“The Resona Foundation for Future”

The Resona Foundation for Future, through which the Resona Group contributes funds, provides scholarships, organizes exchange events involving camping programs, track and field classes and other activities. In addition, it provides single-parent households with face-to-face specialist consultation for job seekers. These activities help ensure that each child is allowed to realize their potential regardless of their economic status.



A Graduation Party for “Resona Foundation for Future Scholarship Program”

So far, the program has extended more than ¥55 million to provide 213 scholarships and 132 of the scholarship recipients have graduated.



Hosting a Track and Field Class

In collaboration with the Athlete Society, we held a track and field class, utilizing donations made by Group banks via Nationwide Private Placement CSR Bonds—the SDGs Promotion Fund.

External Recognitions and Initiatives

Resona’s efforts aimed at becoming “Retail No. 1” have earned it significant external recognition.

Areas Where Resona’s Efforts Draw Attention

The Minister of the Environment Award under the Principles for Financial Action for the 21st Century (PFA21) award program (Resona Holdings, fiscal 2018)



The Prime Minister Award for 2018 to Commend Leading Companies where Women Shine (Saitama Resona Bank)



“A+” rating under the Principles for Responsible Investment (PRI) comprehensive rating program for the fifth consecutive year (Resona Bank and Resona Asset Management)

Signatory of:



“B” rating under the CDP rating program (a climate change-related evaluation program), securing the top rating among domestic banks, for the second consecutive year (Resona Holdings)



Ranked first in the Japan Pension Service’s Customer Satisfaction Questionnaire Survey under the 2020 R&I Customer Satisfaction Award program (pension category) in terms of total customer satisfaction rating (Resona Bank)¹



Prizewinner in investment trust category (Resona Asset Management)² and defined benefit pension plan category (Resona Bank)³ under the 2020 R&I Fund Award program



Gold Prize under the 2019 Gomez IR Website Ranking program for the second consecutive year (Resona Holdings)



Acquired “Platina *Kurumin*” certification (four Group banks as of March 31, 2020)



Chosen as one of the “White 500” in the large corporation category (Resona Holdings) and SME category (Resona Guarantee; second consecutive year) under the Certified Health & Productivity Management Organization Recognition Program



Status of Inclusion in Major ESG Indices⁴ As of June 30, 2020

FTSE Blossom Japan Index



S&P/JPX Carbon Efficient Index



MSCI Japan ESG Select Leaders’ Index



MSCI Japan Empowering Women Index (WIN)



Declaring Support of Various Initiatives at Home and Abroad



¹ https://www.r-i.co.jp/pension/news_flash/2020/03/news_flash_20200309_1_1.html

² https://www.r-i.co.jp/news_investment-fund-award/2020/04/news_investment-fund-award_20200423_jpn.pdf

³ https://www.r-i.co.jp/news_investment-fund-award/2020/06/news_investment-fund-award_20200615_jpn.pdf

⁴ <https://www.resona-gr.co.jp/holdings/english/sustainability/award/index.html>

Our Response to the COVID-19 Pandemic

In the face of economic stagnation due to the enforcement of measures aimed at preventing the spread of COVID-19, we are strongly determined to fulfill our social mission as a financial institution through such actions as smoothly providing customers with financial services and by

extending fundraising assistance.

Local Communities and Customers

Settlement, fundraising assistance and other financial services offered by the Resona Group constitute an integral part of social infrastructure. With this in mind, we have maintained stable operations to support society's functions amid the pandemic and help customers address issues they are confronting while placing the utmost priority on customer safety.

(As of May 2020)

Maintaining Smooth, Locally-Rooted Banking Operations

Initiatives at Branches

All domestic branches maintained the provision of deposit, domestic exchange, foreign exchange, lending and other banking services

- ▶ Temporarily rolled back bank counter closing hours from 5 p.m. to 3 p.m. to prevent the spread of the virus and maintain stable operations. (However, help desks for fundraising-related consulting services operated until 5 p.m.)
- ▶ Dispatched reinforcements from head office departments to branches

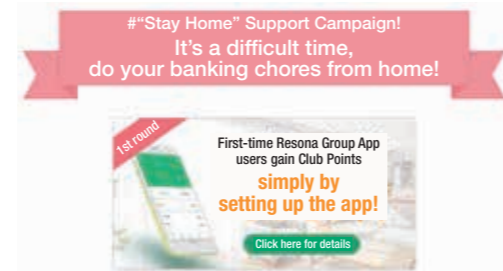
Placing a Resonya mascot doll in the middle of a three-seat sofa to encourage social distancing (an initiative undertaken at branches)



Non Face-to-Face Services

Promoted the utilization of digital channels so that customers could complete various procedures at home

- ▶ The number of app-based account openings doubled year on year
- ▶ Conducted “Stay Home” support campaigns
 - ➔ Granted points to first-time users who installed the Group App, executed a app-based bank transfer or used the app-based “Pay-easy” settlement service
- ▶ Offered “Life Support Plan” card loan services
 - ➔ All procedures ranging from service application to signing a card contract could be completed online amid the enforcement of “Stay Home” protocols



Meeting the Fundraising Needs of Customers and Otherwise Extending Fundraising Support

Consulting System

A consulting system capable of meticulously addressing customer concerns

- ▶ Set up help desks and dedicated call centers to accommodate customer needs for fundraising-related consulting even during public holidays
 - ➔ Provided customers with fundraising-related consulting even on Saturdays and Sundays and over the “Golden Week” holidays
- ▶ A dedicated team supporting stable corporate management (Saitama Resona Bank)
- ▶ A dedicated team supporting community-rooted businesses (Kansai Mirai Bank and Minato Bank)

Fundraising Support

Accommodated customers' lending needs by furnishing fresh loans and extending fundraising support in a swift and flexible manner

- ▶ Made products under the COVID-19 Response Support Fund/Loan program available at all Group banks
- ▶ Interest-free, no-collateral loans (employing prefectural loan subsidy programs)
- ▶ Delegated greater authority to branch managers to enable them to accommodate requests from borrowers with regard to the amendment of terms and conditions of loans in a swift and flexible manner
- ▶ Exempted individual loan customers who applied for the amendment of terms and conditions from the payment of amendment procedure fees

COVID-19 Related Support Funds

Name	Outlet	Date of launch	Overview
COVID-19 Response Support Fund/Loan	All Group banks (Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank)	March 12, 2020	<ul style="list-style-type: none">• Extend support to corporate customers and individual business owners whose businesses were negatively affected by the pandemic• A fund size of ¥100.0 billion (Resona Bank)
COVID-19 Prevention Measure Fund (for large corporations)	Resona Bank	April 16, 2020	<ul style="list-style-type: none">• Help large corporations secure robust funds with liquidity and promote a shift from bond-based fundraising to fund procurement from financial institutions• A fund size of ¥300.0 billion
COVID-19 Response Support Fund (for corporate customers' subsidiaries in China)	Resona Bank	April 1, 2020	<ul style="list-style-type: none">• Specifically designed to support corporate customers' subsidiaries in China• Adopt fast-tracked screening procedures while accommodating needs for cross-border loans denominated in Chinese yuan

Employees

As we aim to maintain stable financial functions over the long term, we placed great emphasis on ensuring employee safety and health and that they were not excessively burdened in the course of continuing our banking operations.

(As of May 2020)

Working Styles

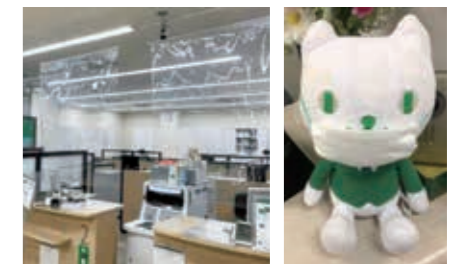
- ▶ Maintained operations via the introduction of a “split-team” system and worked shifts with smaller headcounts
- ▶ Protected employees from being exposed to infection risks by allowing them to work from home or use satellite offices
- ▶ Refrained from visiting customers even as we engaged in proactive sales activities (utilized phone, e-mail and other non in-person communications channels to provide proactive customer support)

Transparent partitions set up on branch counters to prevent infection and a Resonya doll wearing a mask on display (initiatives undertaken at branches)



Wages

- ▶ Paid wages in full to employees who left work early to help prevent the spread of infection and who took other measures aimed at maintaining operations, keeping their wages at the conventional levels
- ▶ Granted special paid leave to those who had to be absent in order to take care of their children during the school shutdown and suspension of nursery facility services



Events, Training Sessions, etc.

- ▶ Asked employees to voluntarily refrain from organizing training sessions and business trips and postponed or rescheduled Company-hosted events
- ▶ Utilized teleconferencing systems and e-learning programs (e.g. training for new recruits)

Customer Recognition of Changes in the Business Environment and Our Business Outlook for the Post-Pandemic Period

Today, our customers are facing rapidly evolving issues and needs due to changes in the business environment that reflect measures put in place to prevent the spread of the virus, such as the voluntary suspension of businesses and the self-imposition of travel restraints.

With an eye to helping our customers navigate the post-pandemic period, we will promote succession, settlement and other businesses that take full advantage of the Resona Group's strengths, thereby delivering new value.

Customer recognition of changes in the business environment conditions due to the pandemic crisis

- ✓ Growing awareness of the need to review future planning and ensure contingency preparedness
- ✓ Growing awareness of the utility of digital technologies

Business outlook for the post-pandemic period

- ✓ Growing needs for business/asset succession and asset formation support businesses as well as lending for stably securing working capital
- ✓ Increasing volume of remote transactions and cashless settlement as well as a growing number of SME customers in need of assistance in adopting IT-based infrastructure

A Message from the Executive Officer in Charge of Finance and Accounting

Narunobu Ota

Executive Officer in Charge of
Finance and Accounting Division

1. Results for the Fiscal Year Ended March 2020

In the fiscal year ended March 31, 2020 (FY2019), the business environment surrounding financial institutions grew ever harsher as the trend toward ultra-low interest rates continued and U.S.-China trade friction and other factors contributed to a rising sense of uncertainty about the global economic outlook. Moreover, the emergence of the COVID-19 pandemic in the fourth quarter caused economic activities around the globe to fall into stagnation.

Amid these circumstances, net income attributable to owners of parent was ¥152.4 billion, a ¥22.7 billion decrease compared with the previous fiscal year that reflected the absence of that year's one-off gains from the management integration of Kansai Mirai Financial Group, Inc. (KMFG) and other factors. However, when the effect of said one-off gains is excluded from the previous fiscal year's results, net income attributable to owners of parent is shown to have increased ¥17.1 billion year on year. Also, we were able to keep the pace of decline in the loan to deposit spread to almost the rate initially expected and our ongoing cost reduction efforts yielded a decrease in operating expenses. In addition, we made steady progress in the promotion of the Resona Group App, the Resona Cashless Platform (RCP) and other forward-looking initiatives. In sum, the Group's income and cost structure reforms resulted in solid outcomes in FY2019.

A more detailed look at operating results reveals that gross operating profit increased ¥14.5 billion year on year to ¥658.6 billion.

Although income from domestic loans and deposits decreased ¥11.0 billion from the previous fiscal year, the annual average balance of loans grew 1.35%, while the decline in the loan to deposit spread was contained at 0.04%. The latter two indices were thus almost exactly in line with expectations. In particular, the year-on-year pace of decline in the loan to deposit spread has steadily slowed even during the course of a lingering declining trend.

Fee income fell ¥3.5 billion year on year, with its ratio to gross operating profit amounting to 28.8%. Although fees from insurance sales declined considerably due to deterioration in product value reflecting the lower U.S. interest rates, the Group was able to achieve more robust revenues from a fund wrap, settlement-related services, corporate solutions and other areas of focus.

Net gains on bonds (including futures) increased ¥19.1 billion year on year, representing significant growth mainly due to a rebound following a temporary fall in the previous fiscal year attributable to measures undertaken to improve the soundness of the market division's securities portfolio as well as the timely accumulation of trading profits.

We have also seen improvement in expenses, with declines in both personnel and non-personnel expenses contributing to a ¥3.4 billion decrease in operating expenses.

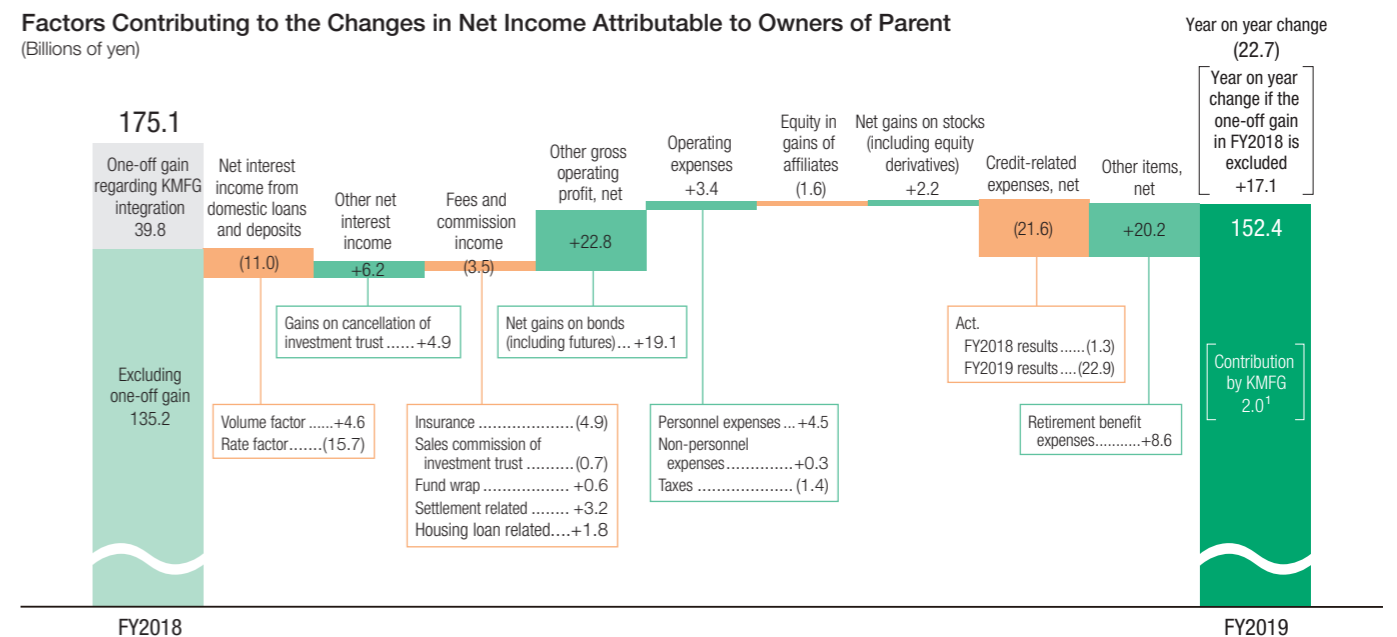
Credit-related expenses increased ¥21.6 billion year on year to ¥22.9 billion. This was mainly attributable to the absence of major reversal gains recorded in the previous fiscal year and the preemptive provisioning of loan loss reserves against certain loan portfolios.

Financial Results Overview

(Billions of yen)	FY2019	
		YoY change
Net income attributable to owners of parent	152.4	(22.7)
Gross operating profit	658.6	+14.5
Net interest income	431.1	(4.7)
Net interest income from domestic loans and deposits	342.6	(11.0)
Fee income	190.2	(3.5)
Fee income ratio (%)	28.8%	(1.2)%
Other operating income	37.3	+22.8
Net gains on bonds (including futures)	11.3	+19.1
Operating expenses (excluding Group banks' non-recurring items)	(417.1)	+3.4
Actual net operating profit	241.9	+16.3
Net gains on stocks (including equity derivatives)	9.3	+2.2
Credit-related expenses, net	(22.9)	(21.6)
Other gains, net	(16.2)	(23.3)
Net income before income taxes and non-controlling interests	212.1	(26.4)
Income taxes and other	(56.7)	+0.5
Net income attributable to non-controlling interests	(3.0)	+3.1

Factors Contributing to the Changes in Net Income Attributable to Owners of Parent

(Billions of yen)



2. Forecast for the Fiscal Year Ending March 2021 (FY2020)

For FY2020, our target for net income attributable to owners of parent is set at ¥120.0 billion, representing a decrease of ¥32.4 billion from FY2019 results. Our forecast for cash dividends per share is ¥21 per share, as we expect to be able to maintain full-year dividends at the same level as FY2019.

Moving on, I will discuss the consolidated performance targets for all Group banks taken together. Gross operating profit is expected to decline ¥24.3 billion from FY2019 results. We anticipate that profit will fall due to the ongoing decrease in net interest income amid the low interest rate environment and the inevitable fall off after particularly robust performance figures in the market division in the previous year. Moreover, we forecast only moderate growth in fee income due to such factors as restrictions on face-to-face marketing activities as part of countermeasures against the spread of COVID-19.

Operating expenses are expected to be up ¥4.1 billion compared with FY2019 results. Despite improvement in personnel expenses, we anticipate that the increase in

system-related expenses and the impact of consumption tax hikes will result in an overall increase. Net gains on stocks (including equity derivatives), however, are expected to rise ¥4.8 billion, mainly as they rebound from a decline in the previous fiscal year. We also forecast that credit-related expenses will amount to ¥42.0 billion, an increase of ¥23.2 billion from FY2019, reflecting our projection that measures being enforced to counter the COVID-19 pandemic will affect a broad range of corporate customers.

Although the impact of the COVID-19 pandemic on our FY2019 operating results was limited, our FY2020 operating results forecasts are formulated based on the assumption that the fallout from the pandemic will, as described above, significantly affect gross operating profit, credit-related expenses and other performance indices. Nevertheless, the Resona Group will place the utmost priority on extending steadfast support to its customers via the close assessment of their operational status and fundraising status.

FY2020 Performance Targets

Resona Holdings (consolidated basis)		
(Billions of yen)	Annual targets	YoY change
Net income attributable to owners of parent	120.0	(32.4)
KMFG ²	3.0	
Difference	14.5	

Common dividends per share		
	Dividends per share	YoY change
Common dividends (full-year dividend forecast)	¥21.0	—
Interim dividends	¥10.5	—

Total of Group banks		
(Billions of yen)	Annual targets	YoY change
Gross operating profit	581.0	(24.3)
Operating expenses	(397.5)	(4.1)
Actual net operating profit	183.5	(28.4)
Net gains on stocks (including equity derivatives)	23.5	+4.8
Credit-related expense, net	(42.0)	(23.2)
Income before income taxes	152.5	(43.0)
Net income ³	107.5	(35.0)

¹ Consolidated net income earned by KMFG (¥3.9 billion x 51.2% (the ratio of Resona Holdings' equity stake)).

² The figure is determined based on the ratio of Resona Holdings' equity stake in KMFG (51.2%).

³ Net income attributable to non-controlling shareholders is not deducted from net income.

3. Reduction in Policy-Oriented Stockholdings

Since the 2003 infusion of public funds, we have reduced our holdings of policy-oriented stocks by approximately ¥1 trillion via a course of financial reform, well ahead of other Japanese banks, with the intention of reducing our exposure to equity price fluctuation risk. A few years ago, we announced a target of reducing such stockholdings by approximately ¥35.0 billion over a five-year period that began in April 2016 and have made steady progress toward this goal. As of March 31, 2020, we have progressed 93% of the way to our goal and are expecting the reduction target to be accomplished well ahead of schedule. Realizing this fact, we decided to refresh our reduction target in conjunction with the formulation of a new medium-term management plan (MMP), resetting our goal and its deadline. We now aim to reduce our policy-oriented stockholdings by approximately ¥30.0 billion over the next three fiscal years, accelerating the pace of reduction. In addition, we aim to maintain the ratio of such stockholdings at approximately 15% of our CET1 capital (excluding unrealized gains on available-for-sale securities).

Looking ahead, we will strive to further reduce our policy-oriented stockholdings while undertaking risk-return



4. Capital Management

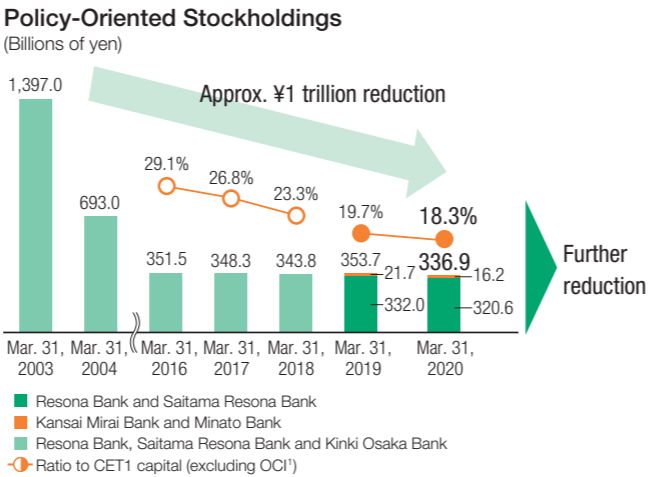
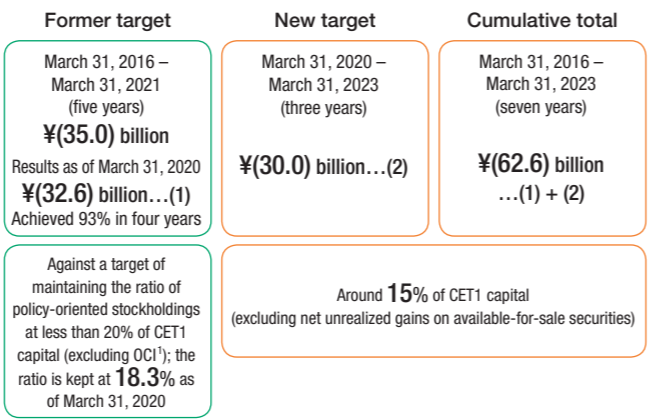
Our basic capital management policy is to strike an optimal balance between 1) investment for financial soundness, 2) profitability and 3) shareholder returns.

Under the new MMP, we strive to secure sufficient capital under the currently applicable Japanese standard. Simultaneously, we strive toward the target of raising our CET1 ratio from 9.1% as of March 31, 2020 under the international standard (based on regulations to be effective upon the enforcement of the finalized Basel 3; excluding net unrealized gains on available-for-sale securities) to around 10% by March 31, 2023. The target for our capital adequacy ratio entails the following three points.

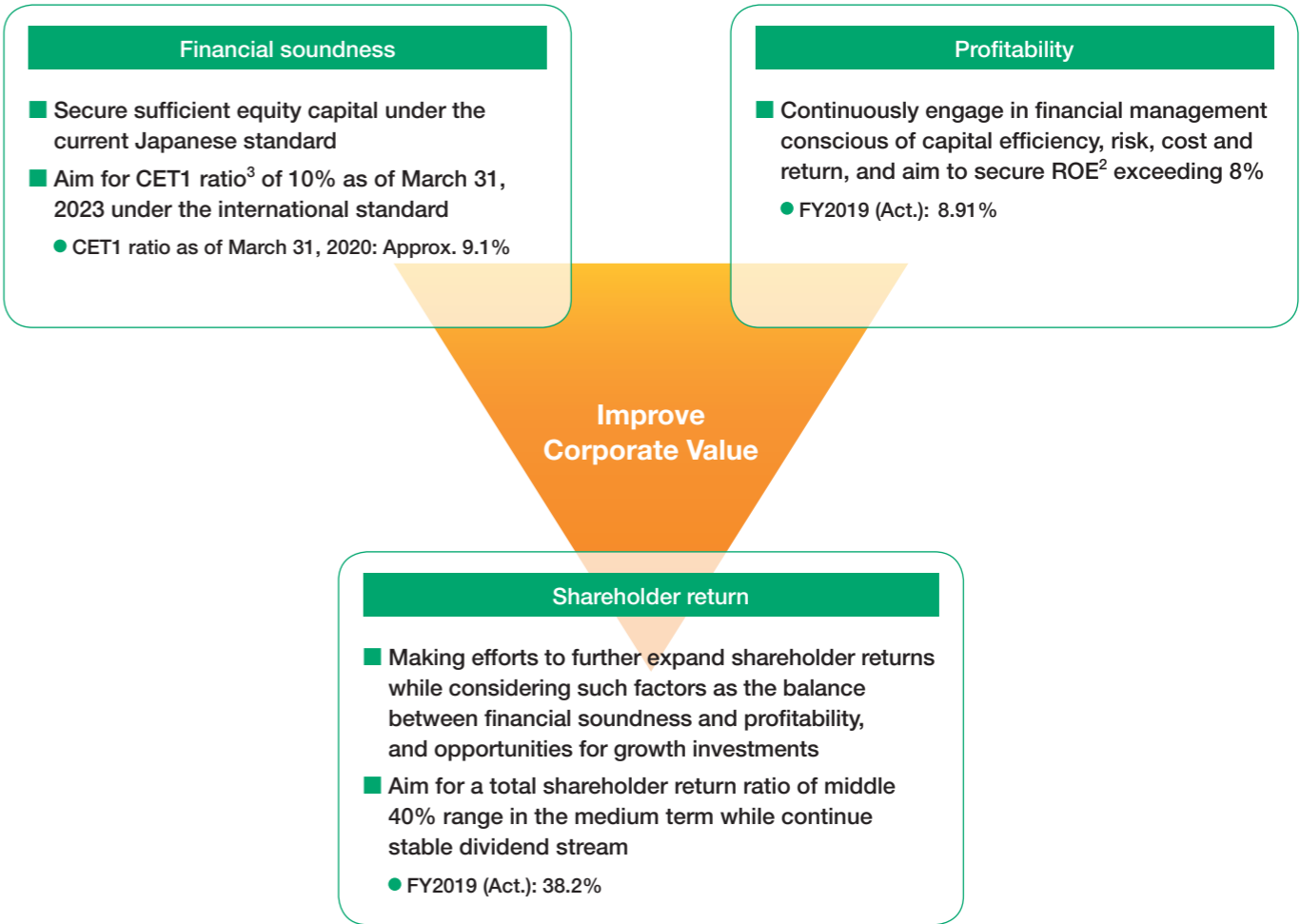
- Further contribute to regional communities and economic development by, for example, steadily supplying funds and providing services
- Secure capital as a financial institution that is trusted worldwide and generate sustainable growth
- Ensure strategic flexibility for responding to investment opportunities and changes in financial regulations

assessments based on the medium- to long-term outlook for transactions with our corporate customers.

Renewed Target for Reduction in Policy-Oriented Stockholdings under the New MMP



Direction of Capital Management



5. Dialogue with Shareholders and Investors

The Resona Group emphasizes constructive dialogue with shareholders and investors to achieve sustainable growth and increase corporate value over the medium to long term. Although we proactively sought to increase opportunities for dialogue during FY2019, the number of relevant dialogue events was down due to the cancellation of some presentation meetings as part of measures aimed at preventing the spread of COVID-19 in the fourth quarter.

Our dialogue with domestic and overseas institutional investors includes interim and full-year results briefings. We also conduct teleconferences for quarterly results, business strategy information meetings, and one-on-one interviews.

Our dialogue with individual investors encompasses online information meetings and meetings at such venues as the branches of securities companies. We also take advantage of opportunities to provide more information by hosting shareholder seminars and participating in events like the Nikkei IR Fair 2019.

We will continue to disclose information fairly and impartially and will maintain a constructive dialogue with shareholders and investors.

Overview of IR Activities during the Fiscal Year

	Number of occasions	Total participants
IR meetings for individual investors	9	1,721
IR meetings for domestic and overseas institutional investors and analysts, response to media coverage, etc.	194	549 (companies)
Shareholder seminars	1	470
Total	204	2,740

1 Other comprehensive income
2 Net income attributable to owners of parent / Total shareholders' equity (simple average of the balances at the beginning and end of the term)
3 Based on regulations to be effective upon the enforcement of the finalized Basel 3; excluding net unrealized gains on available-for-sale securities

Resona Holdings Directors

Outside Directors (6 members)

Area of Expertise: ■ Company management ■ Finance ■ Legal ■ Marketing



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

Mitsudo Urano ■
Number of Resona Holdings shares held
Common stock: 3,000 shares
Joined Nichirei Corporation in 1971. Assumed the position of Representative Director and President in 2001. Assumed the current position of Outside Director of the Company in 2013.



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

Tadamitsu Matsui ■
Number of Resona Holdings shares held
Common stock: 26,400 shares
Joined THE SEIYU Co., Ltd. in 1973. Assumed the position of Director of Ryohin Keikaku Co., Ltd. in 1993, and then President and Representative Director in 2001. Assumed the position of President and Representative Director of MATSUI Office Corporation in 2010 (incumbent), and then assumed the current position of Outside Director of the Company in 2014.



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

Hidehiko Sato ■
Number of Resona Holdings shares held
Common stock: 8,900 shares
Joined National Police Agency in 1968. Assumed the position of Commissioner General of National Police Agency in 2002. Registered as Attorney-at-law in 2011, and currently belongs to Hibiki Law Office (incumbent). Assumed the current position of Outside Director of the Company in 2015.



Outside Director and Chairperson of Audit Committee

Chiharu Baba ■ ■
Number of Resona Holdings shares held
Common stock: 11,400 shares
Joined The Industrial Bank of Japan, Limited in 1973. Assumed the position 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, Member of Nominating Committee and Member of Compensation Committee

Kimie Iwata ■
Number of Resona Holdings shares held
Common stock: 2,600 shares
Joined the Ministry of Labour in 1971. Assumed the position 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: 0 shares
Became the chief editor of *Travail*, a job magazine issued by Recruit Co., Ltd. in 1983. Became Professor at Faculty of Sociology of Musashi University in 2009 (incumbent). Assumed the current position of Outside Director of the Company in 2020.

Internal Directors (4 members)



Chairman of the Board

Kazuhiro Higashi
Number of Resona Holdings shares held
Common stock: 113,800 shares
Assumed the position of Executive Officer and General Manager of Financial Accounting Division of the Company in 2003, and then Director, Deputy President and Executive Officer in 2009. Assumed the position of Director, President and Representative Executive Officer in 2013. Stepped aside from the position of President to assume the current position of Chairman of the Board in 2020. (Concurrently serves as Chairman of the Board of Resona Bank, Ltd.)



Director, President and Representative Executive Officer

Masahiro Minami
Number of Resona Holdings shares held
Common stock: 10,000 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. (Concurrently serves as Director of Resona Bank, Ltd.)



Director and Executive Officer

Mikio Noguchi
Number of Resona Holdings shares held
Common stock: 6,000 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 (System Innovation) in 2020. (Concurrently serves as Managing Executive Officer of Resona Bank, Ltd.)



Director and Member of Audit Committee

Takahiro Kawashima
Number of Resona Holdings shares held
Common stock: 23,010 shares
Assumed the position of Executive Officer in charge of Tokyo Metropolitan Area (East Block) of Resona Bank, Ltd. in 2012. Assumed the position of Audit & Supervisory Board Member of Resona Bank, Ltd. in 2018. Assumed the position of Director and Audit & Supervisory Committee Member of Resona Bank, Ltd. in 2019. Assumed the current position of Director of the Company in 2020.



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.

A Message from an Outside Director



The Process for Choosing the New President

In 2018, the Nominating Committee launched a discussion about Resona Holdings’ leadership succession. Back then, Kazuhiro Higashi, who has now moved on to become Chairman of the Board, had just begun his fifth year in the office of president. That discussion first concluded that the Company should change its president in 2020. The committee then initiated the process of selecting successor candidates in June 2019.

In line with the Company’s succession plan, committee members used selection programs and interviews to narrow down the candidate list. Eventually, the committee identified three candidates for the final selection process: Masahiro Minami; Shoichi Iwanaga (President of Resona Bank); and Satoshi Fukuoka (President of Saitama Resona Bank). The

committee then focused on how to best allocate these candidates to leadership positions at Resona Holdings, Resona Bank and Saitama Resona Bank based on their competencies. In the end, the committee members agreed that Masahiro Minami was the best choice for President of Resona Holdings.

Although I believe that a “company with a nominating committee” system is an excellent governance framework, the effectiveness of this system is, in the end, dependent on the abilities of the people who run it. As for the recent process of leadership succession, Resona demonstrated the effectiveness of its governance systems. We can say that Resona is one of representative corporations whose governance system work very well.

Points Discussed in the Course of Selecting the President Candidate

First, the committee was looking for a younger individual to lead the Group following Kazuhiro Higashi’s seven-year term as president and decided to choose someone from among a generation who had joined the Company in the *Heisei* period.

Second, the committee intended to help form the best possible top management team for spearheading the new medium-term management plan (the MMP), which was launched in fiscal 2020. All three of the aforementioned candidates were deeply involved in the formulation of the MMP. The committee believed that the candidate for president must be the best individual to spearhead the launch and

execution of the MMP and, therefore, should be one of the key drafters who helped hammer out its details.

Third, given the radical changes the financial industry is now undergoing, banks will no longer be able to survive depending only on conventional business models. The MMP is therefore strongly focused on pushing ahead with structural reforms. Resona needs to be decisive in executing management reforms; therefore, the new president must be able to adapt policies to flexibly address changes in external conditions and, of course, possess sufficient conventional financial business expertise.

What We Are Expecting of the New President

The new president is expected to take the lead in reforms at the organizational level while keeping an eye on the changing industry landscape. This is essential to the success of any reform. In short, he needs to be able to inspire a sense of common purpose in employees and must proactively communicate his policies to this end.

In this light, we know that Masahiro Minami is a resolute person and have confidence in his business execution skills

and ability to shape and communicate his vision. Moreover, he is a good listener and quite open to the voices of his colleagues at all levels.

A corporate leader should tackle difficult tasks, such as facilitating changes in corporate culture and employee value systems, to accomplish structural reforms. I expect Masahiro Minami to strongly promote these challenges.

The Link Between Nurturing and Selecting Future Top Management Candidates

Resona boasts a succession plan covering candidates, from those who are candidates for the president to those who are new candidates for executive officers. This plan includes a variety of selection and nurturing programs designed to match qualified candidates to the appropriate ranks.

In nurturing programs, candidates acquire corporate management competencies by being transferred to a variety of business units, thus ensuring they build broad experience. They also attend external seminars to learn about subjects that

are not covered within the Group. Every year, the Nominating Committee discusses who should enter these programs.

The committee members also interview each candidate face to face, multilaterally examining the individual’s qualities in a variety of assumed circumstances. The selection process is thus designed to identify top management candidates who satisfy certain criteria. As such, we operate both nurturing and selection cycles, with the aim of ensuring that Resona has always a robust pool of future top management candidates.

How I Employ My Experience and Expertise as a Committee Chair

Although companies differ in size, I believe that nearly 80% of the problems one may face are common to all companies. The remaining 20% may be unique to a company’s particular market sector. For example, the finance industry faces different issues than the automotive or apparel industries. And, as an industry outsider, I may not be any better at addressing finance industry-specific issues. However, I

believe I can certainly contribute to the resolution of problems that are not specific to Resona but common to all industries. Of course, other outside directors also have diverse experience and knowledge as well as concept-building capabilities. I hope that my experience in the business sector will help Resona push ahead with management reforms under the MMP.

Discussions at the Board of Directors with Regard to the MMP

In the course of formulating the MMP, the Board of Directors did not wait for a well-thought-out draft of the plan to fall from the sky. Rather, the Board began by deliberating on a quite rough draft and engaged in a series of free-wheeling discussions in which they hammered out the details. The Board deliberately chose to not let internal officers, who might feel constricted by financial industry norms, monopolize the formulation process. Thus, from the initial stage, the process of drafting the rough plan incorporated the viewpoints of multiple external individuals with diverse experience. I believe this approach worked quite well.

For example, the MMP defines issues customers are confronting as a starting point. Of course, Resona staff are well aware of these issues. In addressing them, however, they might be tempted to start from, for example, business issues they themselves are confronting. As long as they are constrained by the conventional norms prevailing in the banking industry, it will be hard for them to understand what

really troubles customers. Unless a perspective of this kind is incorporated, the MMP could end up becoming a mediocre series of piecemeal initiatives that focus too narrowly on specialized fields and are thus insufficient to address broader issues. That’s why the Board of Directors spent so many hours discussing the MMP. I think, however, that the formulation process has provided the outside directors with a good opportunity to contribute their insights and ideas.

As a Board member, I personally strive to weigh in with opinions that reflect industrial norms in sectors outside the financial field when the Board of Directors discusses the MMP. We also regularly discuss what must be done today to ensure the success of future reforms. Excellent ideas do not conveniently emerge when we just sit down at a desk and think. We strive to seek out business seeds and identify Resona’s unique strengths by closely assessing what is really happening on the operational frontlines. I believe that Resona is in the process of finding ways to align these strengths to accurately meet customer needs.

Corporate Governance

Basic Approach to Corporate Governance

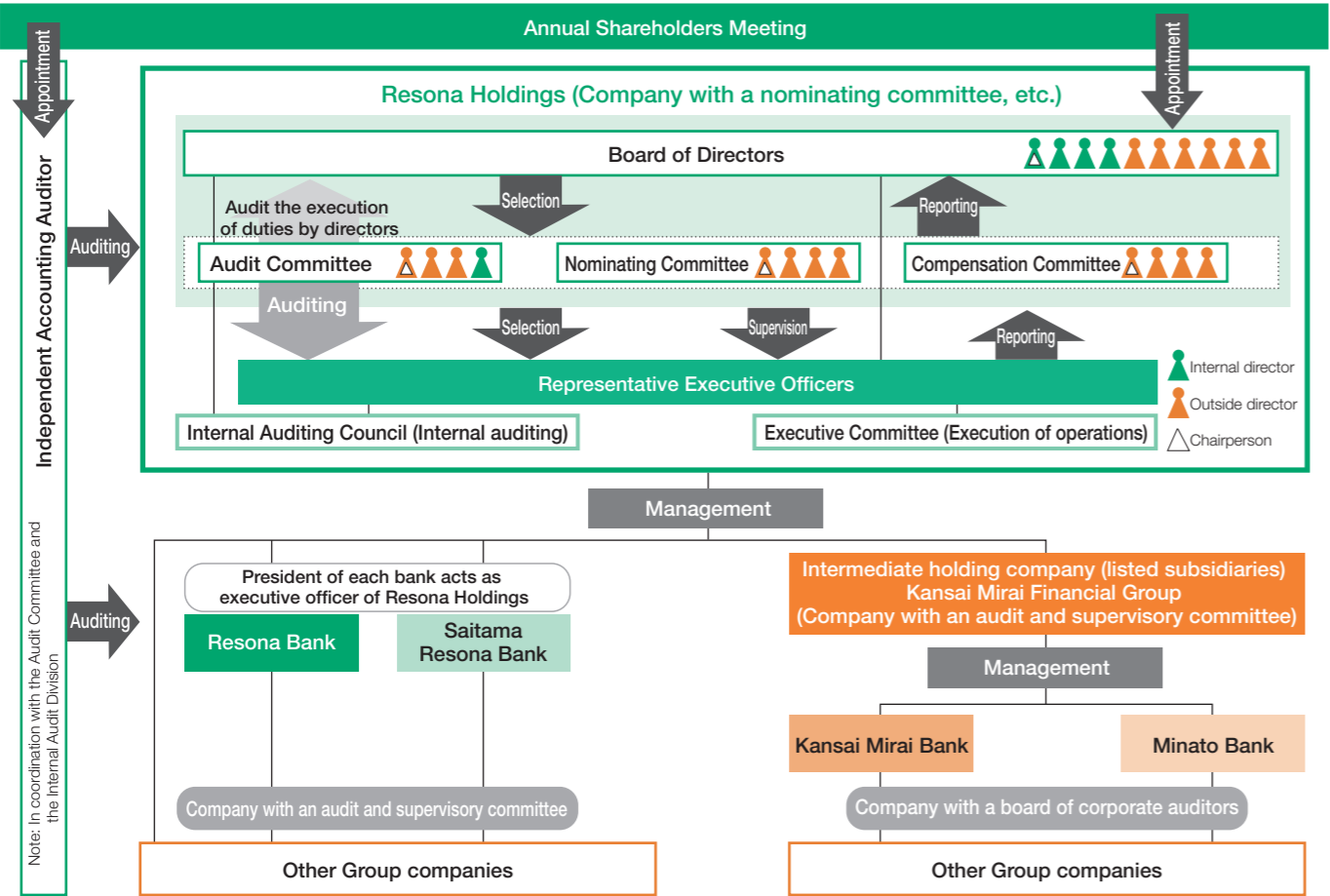
Resona Holdings, Inc. (hereinafter the “Company”) has established the “Basic Corporate Governance Policy” to facilitate the sustained growth and improvement of the corporate value of the Resona Group (hereinafter the “Group”) over the medium and long term.

- The Company, as the holding company of the financial services group, including Resona Bank, Ltd. Saitama Resona Bank, Ltd. and Kansai Mirai Financial Group, Inc. shall maximize the corporate value of the Group.
- The Company shall respect all stakeholders, including shareholders, and aim at achieving excellent corporate governance so that the Company can make decisions rapidly and decisively in response to environmental changes, including economic and social changes.
- The Company shall establish the “Corporate Mission (Resona Group Management Philosophy),” a general philosophy of management of the Group, and the “Resona Way (Resona Group Corporate Promises),” a specific form of the philosophy, under which the Group shall implement business operations in a concerted manner.

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.
- The Company shall fully utilize external views in its business management and secure transparency and fairness in management by making 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



Operations of the Board of Directors

In addition to directors, Board meetings are attended by the presidents of Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group 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 FY2019, the Board of Directors met 20 times, with an average attendance rate among the directors of 98.6%. The average meeting length was two hours and 21 minutes, and the average number of agenda items discussed per meeting amounted to 9.1.

Prior to each Board of Directors meeting, outside directors receive briefings on the outline and points of agenda items. Questions, opinions, and other feedback from outside directors

are shared among all directors and relevant departments, helping spur discussion by the Board of Directors.

Fiscal 2019 Initiatives

The Board of Directors’ fiscal 2019 initiatives included clarifying matters to be discussed in light of medium- to long-term management challenges and pursuing more effective discussion regarding the overall strategies for the Resona Group as it endeavored to tackle issues identified in the course of self-evaluation carried out a year earlier. To this end, the Board of Directors utilized free discussion sessions and strove to maintain a vigorous level of discussion addressing such themes as the formulation of the next medium-term management plan (MMP). Detailed content of fiscal 2019 initiatives is as listed below.

Free Discussion Sessions

Themes	2019/April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	2020/Jan.	Feb.	March
Direction of the next MMP				Positioning of the next MMP and the recognition of the business environment			Concepts behind the MMP	Outline of the MMP (1)	Outline of the MMP (2)			Formulation of the MMP
Review of the previous MMP and the identification of issues				AUM (asset formation) business		Treasury Planning Div.	Succession business	SME, international and individual loan businesses				
						Omni-Channel Strategy	IT Planning Div.	Settlement business				
Other		Board of Directors' annual agenda item schedule		HR strategy to enhance competitiveness		Ideal HR management practices to be adopted going forward				Management supervision over Group companies		

Other sessions (held on an as-necessary basis)

Outside directors' meetings <ul style="list-style-type: none">• Outside directors hold discussions on the results of the self-evaluation of the Board of Directors' operations and the identification of future candidates for Chairman of the Board, to enhance its effectiveness	Study sessions <ul style="list-style-type: none">• Provide outside directors with essential knowledge of and timely updates regarding matters addressed by the Board of Directors to ensure meaningful discussions• Examples of themes<ul style="list-style-type: none">- Advance of digital transformation and growing threats of cyber attacks- The Resona Group's cyber security measures	Onsite tours <ul style="list-style-type: none">• Facilitate understanding of the Resona Group's business operations via visits to branches and other bases as well as dialogue with frontline employees• Recent visits<ul style="list-style-type: none">- Laboratory in which a next-generation branch system is verified- Development base in charge of Resona Group App- Business Plaza Tokyo- Nanba Branch of Resona Bank and Kansai Mirai Bank
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Overview of Three Committees

	Roles	Composition	(O: Chairperson)	Number of meetings held in fiscal 2019 (average attendance rate)
Nominating Committee	The Nominating Committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the annual general meeting of shareholders, based on the specific qualities that the Group should seek in its directors as well as the “Standards for Electing Director Candidates,” both of which have been discussed and decided at the committee’s meetings. Furthermore, the committee decides on matters necessary to ensure the succession of roles and responsibilities of officers, such as presidents of Resona Bank and Saitama Resona Bank, to this end deliberating the content of the succession plan.	<ul style="list-style-type: none">• In general, membership consists only of three or more outside directors who are highly independent from management• The chairperson is selected from among the outside directors	OTadamitsu Matsui Hidehiko Sato Kimie Iwata Setsuko Egami	11 (93.9%)
Audit Committee	The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors in addition to auditing the execution of operations by executive officers and directors.	<ul style="list-style-type: none">• The committee consists of three or more members, including outside directors who make up the majority• In general, a chairperson is selected from among the outside directors	Mitsudo Urano Hidehiko Sato OChiharu Baba Takahiro Kawashima (internal)	13 (100%)
Compensation Committee	The committee makes decisions regarding policies for the compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals. It also discusses such matters as compensation systems that should be adopted to help enhance corporate value of the Resona Group.	<ul style="list-style-type: none">• In general, membership consists only of three or more outside directors who are highly independent from management• A chairperson is selected from among the outside directors	OMitsudo Urano Tadamitsu Matsui Kimie Iwata Setsuko Egami	8 (95.8%)

Self-Evaluation of the Board of Directors

The Company's Board of Directors conducts an annual analysis and evaluation of its effectiveness as a whole based on the opinions of each director with regard to their assessment of the operations and functionality of the Board as well as matters discussed at the Board of Directors meetings. The Board of Directors utilizes the results of the analysis and evaluation to make further improvements in its operations and to enhance its supervisory and decision-making functions.

For the fiscal 2019 self-evaluation, a third-party evaluation agency was commissioned to review in full the content of the questionnaire to be completed by each director in the self-evaluation process. The results of the fiscal 2019 self-evaluation indicated that the Board deserved high evaluations for a number of items, including its composition and the importance it places on discussion, while suggesting a few

items that need improvement. It was also confirmed that continued improvement has been made with regard to matters identified as needing attention in the fiscal 2018 self-evaluation thanks to initiatives undertaken by the Board in fiscal 2019. In sum, the latest self-evaluation determined that the Board of Directors' operations remain highly effective.

On the other hand, it was suggested that the content and quality of meeting materials needs to be improved and that the Board must take on discussions regarding such issues as the medium- to long-term allocation of management resources and the monitoring of the status of and progress in initiatives aimed at achieving medium- to long-term goals.

The Company's Board of Directors will address these and other issues while enhancing the content of discussions through the improvement of its operations based on such input as the opinions of individual directors.

Resona Succession Plan

Aiming for sustained improvements in corporate value, Resona Holdings, Resona Bank and Saitama Resona Bank introduced a succession plan in June 2007 that serves as a mechanism to ensure the successions of the top management roles and responsibilities at the Company, Resona Bank and Saitama Resona Bank and secure the transparency of the process of selecting and nurturing directors.

The scope of the succession plan covers various candidates for the Company, Resona Bank and Saitama Resona Bank, 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, with qualified candidates matched to the appropriate rank. 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, Resona Holdings 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 for Directors and Executive Officers

The Company's compensation policy is as follows.

[Basic Approach]

- Remuneration for directors and executive officers is determined by the Compensation Committee following objective and transparent procedures.
- Compensation systems for directors are focused on rewarding the performance of their primary duty of providing sound supervision for executive officers.
- Compensation systems for executive officers are designed to maintain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation. In addition, with the aim of promoting the Group's sustainable growth and strengthening incentive systems for executive officers on a medium- to-long-term basis to enhance its corporate value, the Company has adopted Performance Share Units.

1. Compensation System for Directors

Compensation for directors consists of position-based compensation and a duty-based additional portion in cash.

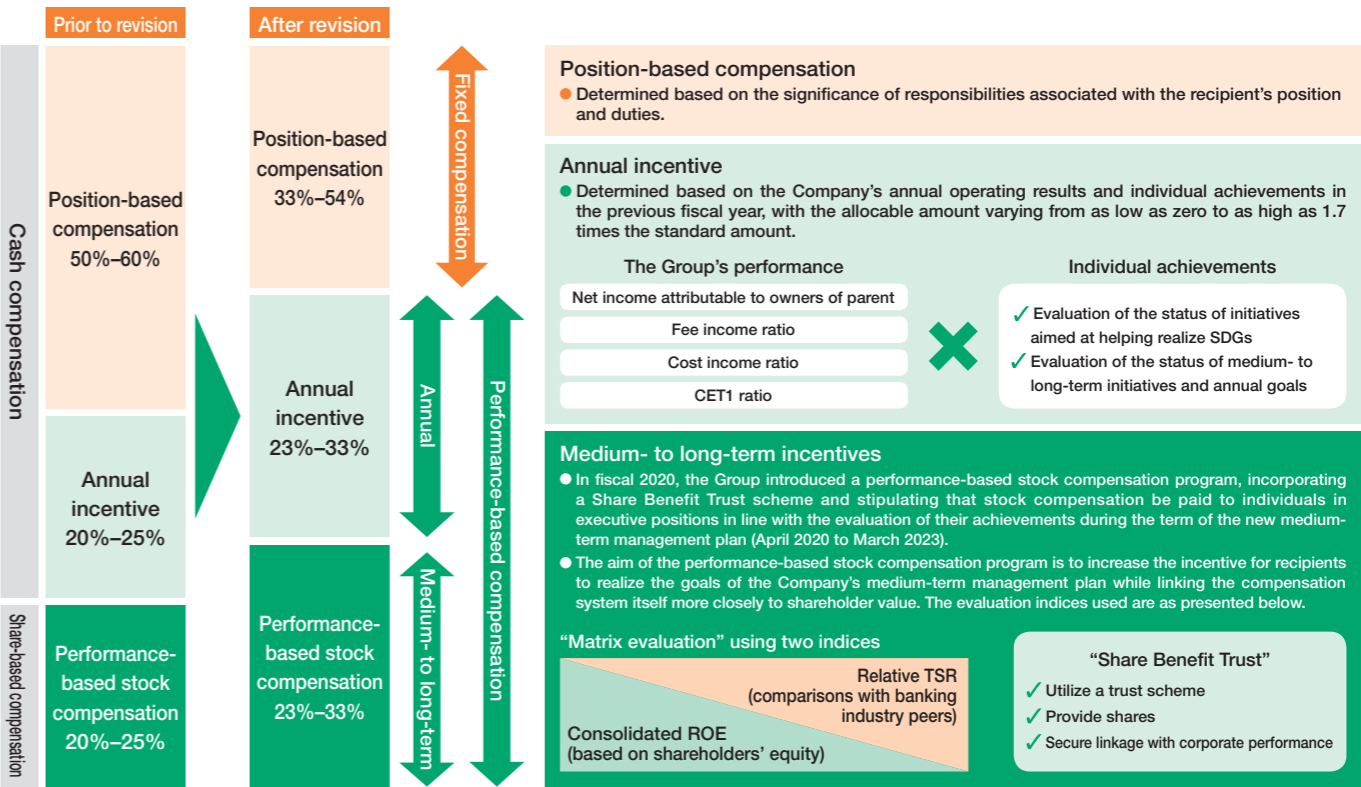
2. Compensation System for Executive Officers

Compensation for executive officers consists of position-based compensation and performance-based compensation. Performance-based compensation comprises cash compensation determined on the basis of the Company's annual operating results as well as performance-based stock compensation that reflects medium- to long-term results. In order to maintain and increase motivation to fully carry out business, a significant percentage of compensation is accounted for by performance-based compensation (details are presented in the chart on the next page). Furthermore, the composition of compensation paid to executive officers who take senior positions places a greater emphasis on the performance-based variable portion.

Any executive officer holding a concurrent position as director is paid only the amount of compensation due an executive officer.

Compensation System for Executive Officers

Example: Composition of Compensation for Executive Officers, Including the President



Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors

The Resona Group has established the Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors to proactively promote constructive dialogue with shareholders and investors from the perspectives of generating sustainable growth and increasing corporate value over the medium- to long-term. The key points of the policy are as follows.

[Purposes]

The Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors, etc. (hereinafter "Shareholders") (hereinafter the "Basic Policy"), determines the policy concerning systems and initiatives of the Company for the following purposes:

1. Obtain the accurate understanding, confidence and fair evaluation of the Group's management strategy and financial condition from Shareholders; and
2. Facilitate the Group's sustained growth and improve corporate value over the medium- to long-term through constructive dialogue with Shareholders.

[Personnel Having Dialogue with Shareholders]

The President and Representative Executive Officer and the Executive Officer in charge of the Finance and Accounting Division shall supervise the overall dialogue with Shareholders and make every effort to ensure that it is constructive. In addition to the aforementioned persons engaging in shareholder dialogue themselves, they may appoint others to join in such dialogue when it is deemed appropriate and necessary to do so in order to properly address shareholders' requests and interests in light of subjects up for discussion.

[Internal Arrangements for Supporting Dialogue]

To make dialogue with Shareholders constructive, the Finance and Accounting Division shall support the persons having dialogue with Shareholders in coordination with various departments of each Group company so that such persons can provide Shareholders with accurate information based on their interests over the medium- to long-term.

[Efforts to Diversify Forms of Dialogue]

Constructive dialogue with Shareholders shall be conducted in various forms, including general shareholders' meetings, individual interviews, financial results briefings, phone conferences concerning financial results briefings and shareholder seminars. Dialogue shall be conducted from diversified viewpoints to make it substantial in consideration of Shareholders' interests over the medium- to long-term.

[Feedback to the Company]

The Executive Officer in charge of the Finance and Accounting Division shall submit a report on Shareholders' opinions, interests and concerns to the Board of Directors on a regular and timely basis and in an appropriate manner. The Board of Directors may, at any time, ask the Executive Officer in charge of the Finance and Accounting Division to explain the details of its dialogue with Shareholders.

[Management of Insider Information]

On the occasion of dialogue with Shareholders, undisclosed important information shall not be disclosed to any specific persons in accordance with the "Information Disclosure Regulations" to be separately established.

Risk Appetite Framework

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

Formulation of Management Strategies and Plans

In formulating management strategies, the Group clarifies the business areas that actively take risks based on its social mission and the analysis of internal and external environments.

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.

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.

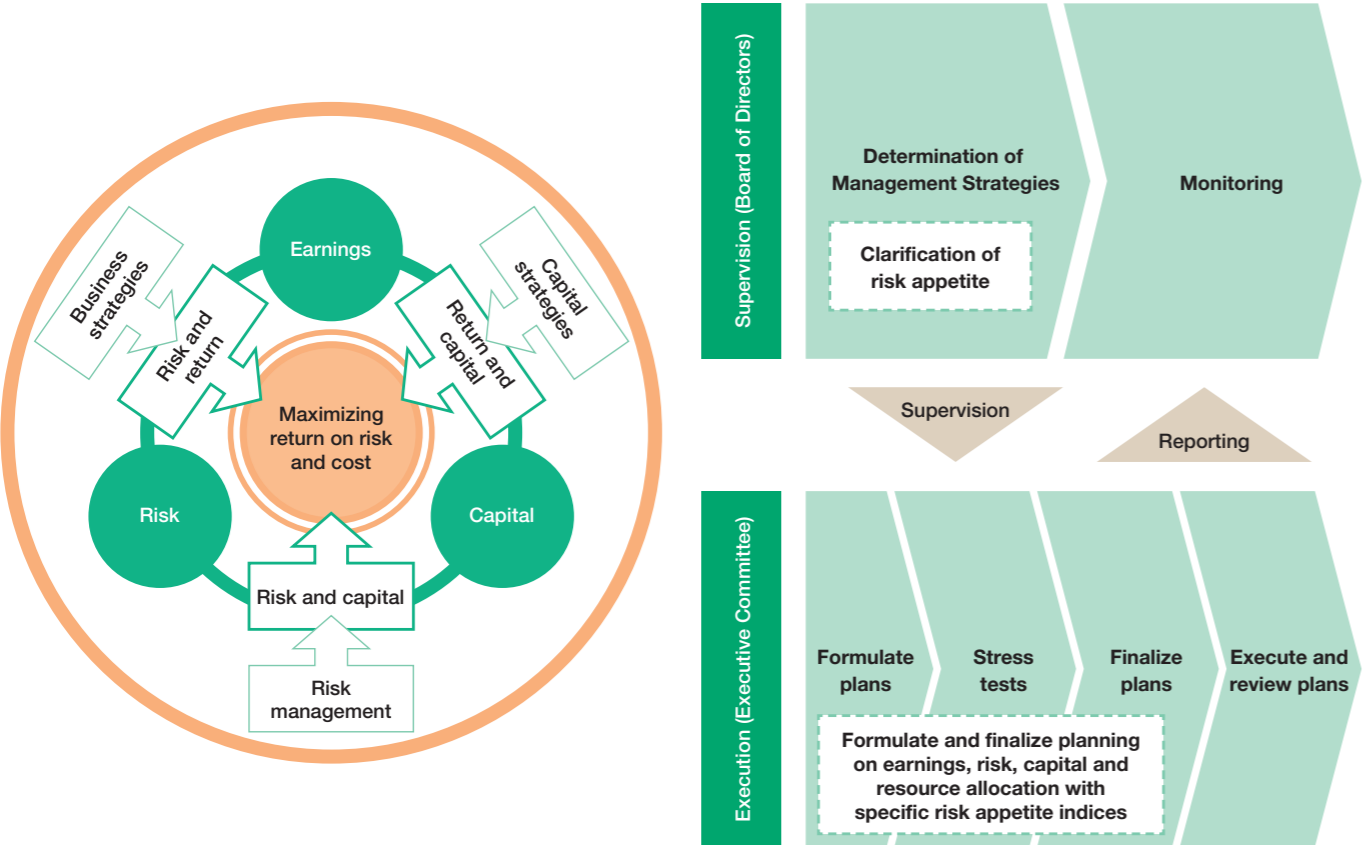
Before each plan is finalized, risk appetite indices are set to confirm that management resources are optimally allocated to maximize returns on risk and cost and that stress tests are sufficiently carried out to establish a rationale for risk taking and the feasibility of risk control.

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 vigorous and in-depth discussion of these plans.

To ensure the feasibility of the strategies, the results of discussions are reflected in flexible reviews of risk appetite and operational management during the period.

Operational Process of the Risk Appetite Framework



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 three risk management principles below 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.

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.

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

Group Management by Resona Holdings

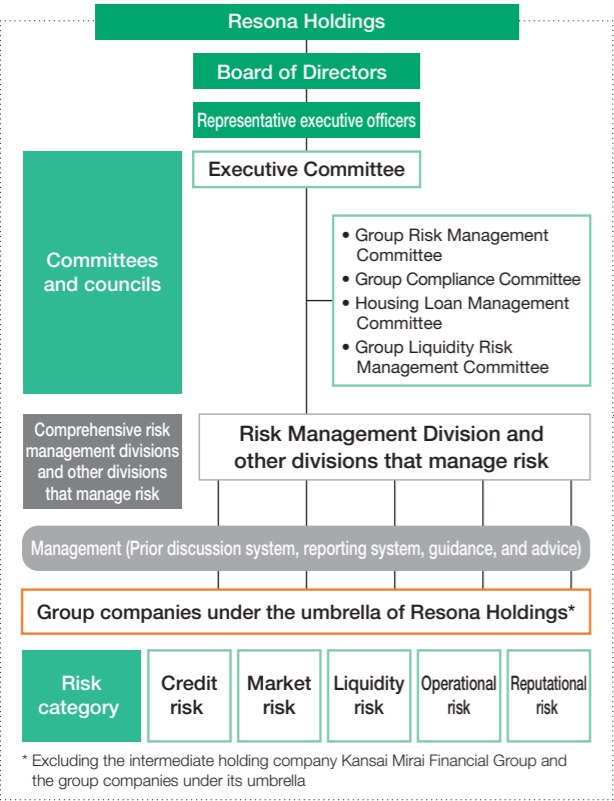
Qualitative Risk Management

The Company provides 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.

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.

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

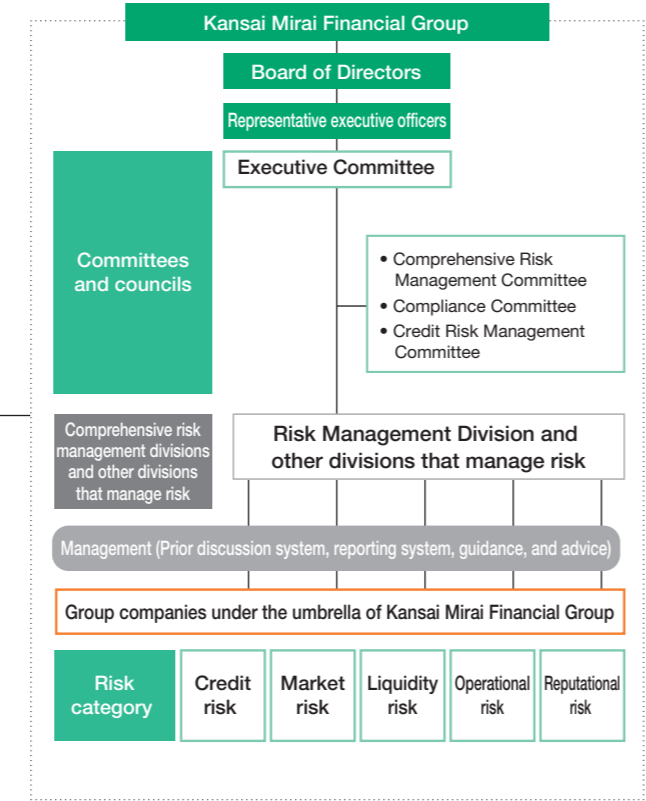
Quantitative Risk Management

The Company and the Group banks have in place comprehensive risk management systems 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.



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	Risk scenarios
Changes in the competitive environment (social and industrial structures)	Changes in social and industrial structures in the face of rapid advances in technological innovation, etc., the nullification of the effect of strategic investment due to evolving conditions in the competitive environment and a lack of human resources to support the execution of business strategies
Changes in regulations, laws and other legal frameworks as well as government policies	Changes in the earnings structure and deterioration in profitability due to the introduction or revision of laws, regulations and accounting standards and the prolongation of monetary easing policies
Growth in credit-related expenses	Deterioration in the corporate performance of major clients to which the Group extends credit, the deterioration of performance in sectors to which the Group extends massive credit and the resulting negative repercussions on the performance of those in supply chains associated with these clients or sectors due to such factors as a shift in credit cycle
Deterioration in unrealized gains on available-for-sale securities	Deterioration in unrealized gains on available-for-sale securities due to economic deceleration, turmoil in financial markets or the materialization of geopolitical risk leading to stock price plunges and interest rate hikes
Destabilization of foreign currency funding	Growth in costs associated with foreign currency funding and other detrimental financing conditions arising from turmoil in financial markets, the materialization of geopolitical risks, unexpected cash outflows, the deterioration of market liquidity, etc.
Occurrence of major systems-related incidents resulting in service suspension or other serious consequences	Major systems failures, including those induced by cyberattacks, suffered by the Group or third parties handling its systems and resulting in the suspension of settlement and other services or the leakage of customer information
Operational suspension due to the violation of laws and regulations and compliance-related failure, etc.	<ul style="list-style-type: none">• Cancellation of contracts and the need to pay fines due to flaws in the Group’s countermeasures aimed at preventing money laundering and funding for terrorism• Deterioration of the Group’s reputation due to the violation of social ethics
Occurrence of natural disasters that lead to operational suspension, etc.	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 with 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, and it has positioned compliance as a key management issue.

As basic activities to put compliance into practice, the Resona Group has established its Corporate Mission, which forms the basis for the judgments of directors and employees;

the Resona Way (Resona Group Corporate Promises), which outlines the basic stance, based on the Corporate Mission, that directors and employees should take toward all Group stakeholders; and the Resona Standards (Resona Group’s Behavior Guidelines), specific guidelines about the behavior expected from directors and employees under the Corporate Mission and the Resona Way.

Group Management System

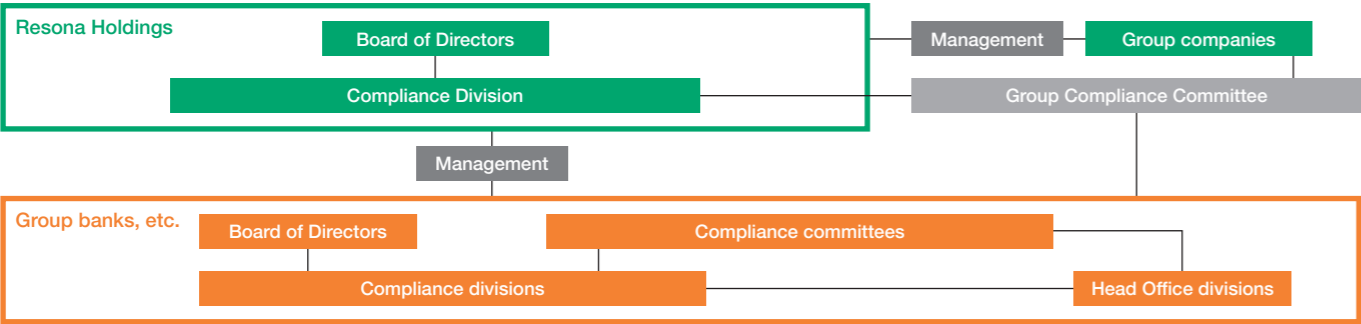
Group Compliance Management System

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems Group-wide. In addition, the Group has formed the Group Compliance Committee, which discusses and evaluates all issues related to Group compliance.

System for Protecting Group Customers

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

Group Compliance Management System



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

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.

Initiatives to Prevent Money Laundering and Other Financial Crimes

The Resona Group considers the prevention of money laundering and financing for terrorism to be important management issues. Accordingly, the Group has developed an effective operational structure aimed at confirming the

identity of transactional counterparts, preventing transactions with terrorists and other individuals subject to their assets being frozen and ensuring the systematic detection and reporting of suspicious transactions.

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. Our basic approach is to not engage in transactions with anti-social forces and to prevent them from intervening in transactions with customers through the corporate activities of

Group companies. 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 law-enforcement agencies such as the police to prevent and terminate transactions with anti-social forces.

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 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.

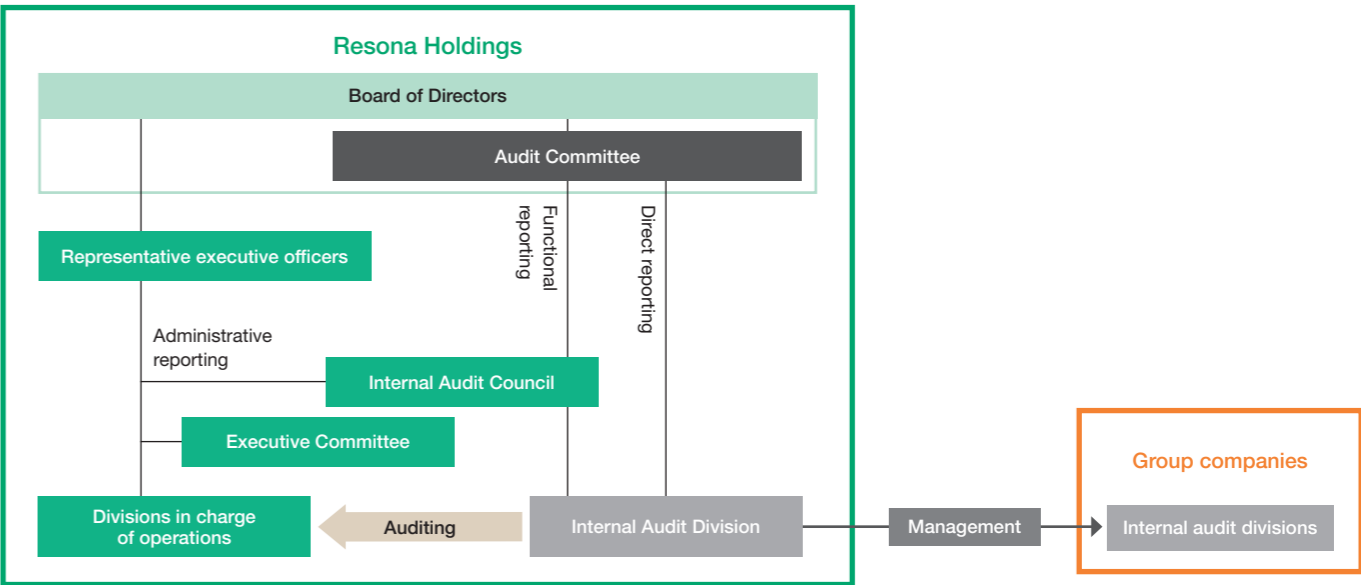
Organization

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.

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 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.

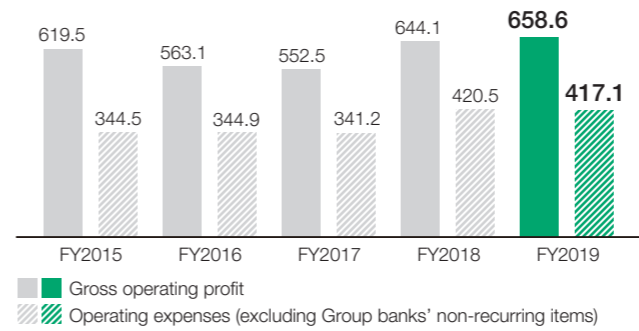
The results of internal audits of the Company are reported to the Board of Directors, the Audit Committee, and representative executive officers. The results of internal audits of Group companies are reported to their respective boards of directors and auditors as well as the Company.

Performance Data

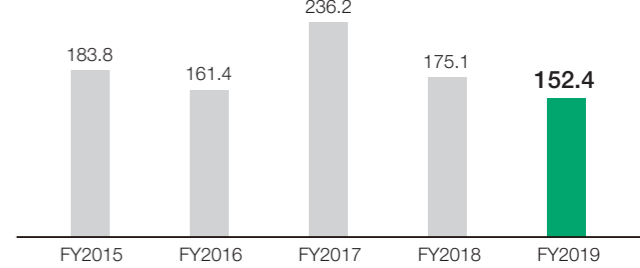
Five-Year Summary of Major Financial Data/Financial Highlights

	FY2015	FY2016	FY2017	FY2018	FY2019
(Billions of yen)					
Summary of Consolidated Statements of Income					
Gross operating profit	619.5	563.1	552.5	644.1	658.6
(1) Net interest income	401.3	377.9	368.3	435.9	431.1
(2) Trust fees	21.2	17.9	18.6	19.2	19.0
(3) Fees and commission income	147.4	142.7	149.4	174.5	171.1
Fee income ratio [(2)+(3)) / Gross operating profit]	27.23%	28.52%	30.41%	30.08%	28.88%
(4) Other operating income	49.5	24.5	16.1	14.4	37.3
Net gains (losses) on bonds (including futures)	30.6	5.5	(5.0)	(7.8)	11.3
Operating expenses (excluding Group banks' non-recurring items)	(344.5)	(344.9)	(341.2)	(420.5)	(417.1)
Cost-to-income ratio (OHR)	55.61%	61.25%	61.75%	65.29%	63.33%
Actual net operating profit	275.1	218.2	211.6	225.6	241.9
Net gains (losses) on stocks (including equity derivatives)	(1.6)	3.2	13.0	7.1	9.3
Credit-related expenses, net	(25.8)	17.4	14.7	(1.3)	(22.9)
Other gains (losses), net	5.9	(10.8)	(23.6)	7.1	(16.2)
Income before income taxes	250.5	228.2	215.8	238.6	212.1
Income taxes and other	(66.6)	(66.7)	20.4	(63.4)	(59.7)
Net income attributable to owners of parent	183.8	161.4	236.2	175.1	152.4
(Negative figures represent items that would reduce net income)					
Summary of Consolidated Balance Sheets					
Total assets	49,126.4	48,456.1	50,243.7	59,110.0	60,512.4
Cash and due from banks	13,514.5	12,641.9	13,419.0	14,848.5	15,329.5
Loans and bills discounted	27,664.9	28,186.7	28,755.1	36,134.4	36,645.5
Securities	5,346.7	5,295.7	5,278.5	5,387.8	5,555.6
Total liabilities	47,292.9	46,509.3	48,140.8	56,753.8	58,195.9
Deposits and NCDs	39,573.3	41,640.9	43,805.1	52,303.9	53,852.8
Total net assets	1,833.4	1,946.7	2,102.9	2,356.1	2,316.5
Shareholders' equity	1,448.1	1,485.4	1,567.2	1,661.1	1,757.6
Total accumulated other comprehensive income	367.8	443.4	517.8	449.8	320.6
Trust assets under management and custody	29,768.8	26,608.9	27,252.5	27,852.9	28,450.6
Major Financial Indicators					
Capital adequacy ratio (Japanese domestic standard)	13.53%	11.69%	10.65%	10.10%	11.17%
(Reference) Common Equity Tier 1 (CET1) ratio (International standard) [excluding net unrealized gains on available-for-sale securities]	9.52% [8.13%]	10.74% [8.59%]	12.58% [9.50%]	11.47% [9.30%]	12.28% [10.54%]
Annual cash dividends per share (DPS) (yen)	17	19	20	21	21
Net assets per share (BPS) (yen)	705.81	786.94	900.72	911.17	904.60
Net income per share (EPS) (yen)	75.73	66.89	100.51	75.63	66.27
Return on equity (ROE) ¹	14.41%	11.67%	15.76%	10.85%	8.91%
Return on assets (ROA) ²	0.38%	0.33%	0.47%	0.32%	0.25%
NPL ratio (Total of Group Banks, Financial Reconstruction Act basis)	1.51%	1.35%	1.18%	1.18%	1.14%
Number of shares of common stock excluding treasury shares (shares in billions)	2.319	2.321	2.314	2.316	2.297
Share price at fiscal year-end (yen)	401.6	597.9	562.0	479.7	325.2
Market capitalization (billions of yen)	931.6	1,388.1	1,301.0	1,111.3	747.1

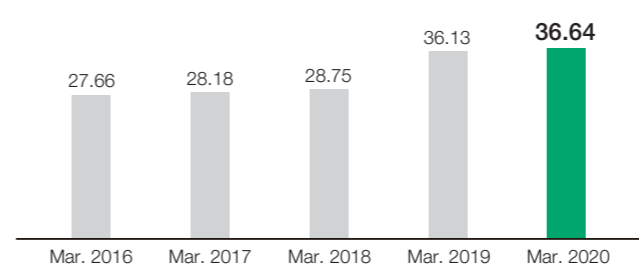
Gross Operating Profit and Operating Expenses (consolidated)
(Billions of yen)



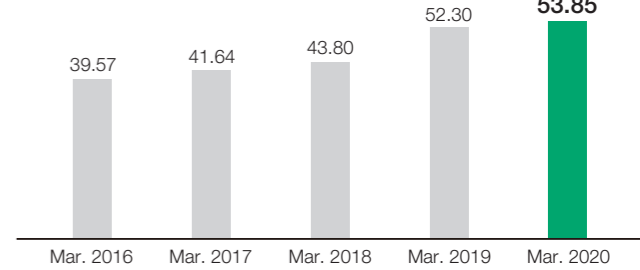
Net Income Attributable to Owners of Parent
(Billions of yen)



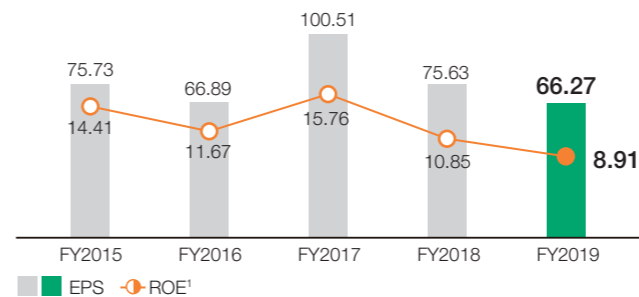
Balance of Loans and Bills Discounted (consolidated)
(Trillions of yen)



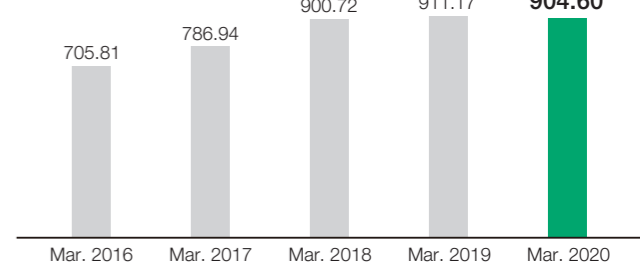
Balance of Deposits and NCDs (consolidated)
(Trillions of yen)



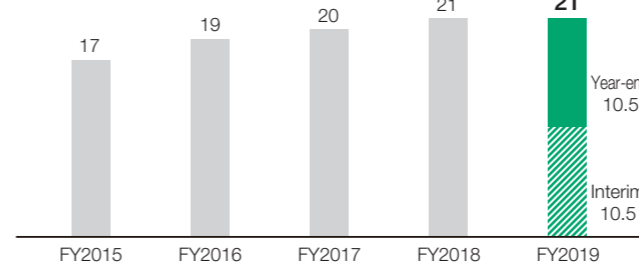
Net Income per Share (EPS) / Return on Equity (ROE)¹
(EPS: Yen; ROE: %)



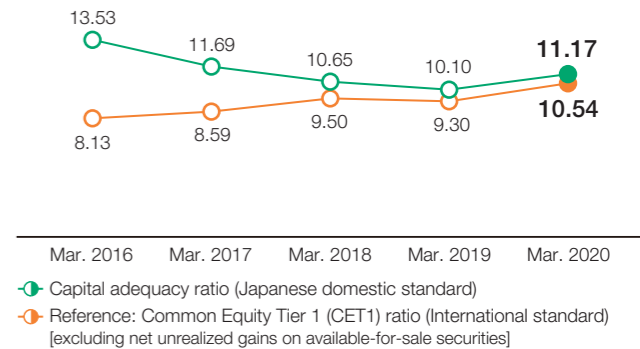
Net Assets per Share (BPS)
(Yen)



Dividends per Share (DPS)
(Yen)



Capital Adequacy Ratio (consolidated)
(%)



Note: Figures for FY2018 and later represent operating results after integration of Kansai Mirai Financial Group, Inc.
1 (Net income attributable to owners of parent – Preferred dividends) / (Shareholders' equity – Balance of outstanding preferred shares (simple average of the balances at the beginning and end of the term))
2 Net income attributable to owners of parent / Total assets (simple average of the balances at the beginning and end of the term)

Five-Year Summary of Non-Financial Data/Non-Financial Highlights

Note: Figures presented below represent the total of Group banks

	FY2015	FY2016	FY2017	FY2018	FY2019
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Environmental

Status of Environmentally Conscious Loans for Corporate Customers

Outstanding balance of environmentally conscious loans for corporate customers (billions of yen)	121.5	151.5	181.7	210.6	209.4
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Environmental Indicators: All facilities

CO ₂ emissions volume (t-CO ₂) ¹	83,378	82,855	73,777	72,006	66,266
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Environment-Related Indicators: Head offices, head branches, and systems/administration centers

Electricity consumption (MWh)	53,658	42,663	45,344	52,527	48,242
City gas consumption (thousand m ³)	949	824	766	756	633
Gasoline consumption (kl)	92	86	88	194	169

Social

Employment Status of Employees

Total employees (persons) ²	24,582	24,388	23,833	29,479	28,371
Full-time employees (persons)	15,053	15,282	15,129	19,209	18,642
Percentage of female full-time employees (%)	43.7	44.9	45.9	46.1	47.1
Average age of full-time employees (years)	39.9	39.7	40.0	40.4	40.3
Average employee tenure (years)	16.3	16.1	16.2	16.3	16.1
Average percentage of annual paid leave utilized (%)	52.5	62.0	69.5	66.7	69.2
Line managers (persons) ^{3, 4}	3,294	3,246	3,238	3,191	3,103
Percentage of female line managers (%) ^{3, 4}	23.7	24.2	26.6	28.3	29.1
Of this, percentage in senior management positions (%)	5.2	5.8	7.0	8.4	8.7
New graduates (persons)	927	926	620	993	840
Percentage of new graduates who are women (%)	58.0	58.3	61.3	56.8	53.5
Percentage of eligible male employees who took childcare leave (%) ³	34.7	57.2	100.0	100.0	100.0

Financial and Economic Education

Number of “Resona Kids’ Money Academy” events held ⁵	221	213	230	231	222
Number of participants in “Resona Kids’ Money Academy” events (persons) ⁵	4,496	3,643	4,136	4,002	3,988
Number of on-site lectures and work experience programs offered	97	69	78	105	93

Governance

Board of Directors and Board Member Attendance

Board members (persons)	10	10	10	10	11
Outside directors (persons)	6	6	6	6	6
Independent directors among outside directors (persons)	6	6	6	6	6
Female directors (persons)	2	2	1	1	2
Average board meeting attendance rate	94.9	95.0	97.2	96.7	98.6

Status of Other Initiatives Addressing Overall Environmental, Social and Governance (ESG) Issues

ESG-Related Financial Products

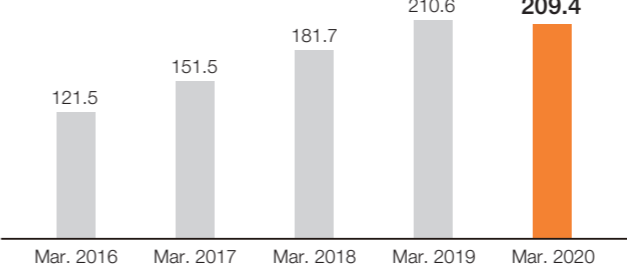
Original amount of SDG-related loans (billions of yen) ⁶	—	—	47.0	127.1	159.5
Outstanding balance of socially responsible investments (SRI) (billions of yen) ⁷	1.9	2.0	1.5	36.7	36.5

Environmental

Balance of Environmentally Conscious Loans

for Corporate Customers 209.4 billion yen

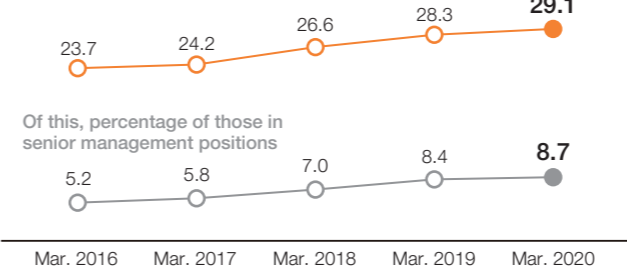
(Billions of yen)



Social

Percentage of Female Line Managers^{3, 4} 29.1 %

(%)



Governance

Composition of the Board of Directors (As of June 30, 2020)

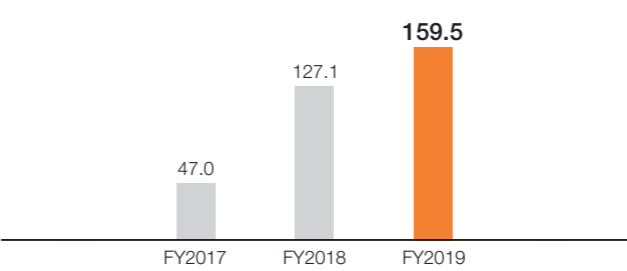


Results of Initiatives to Address Overall Environmental, Social and Governance (ESG) Issues

Original Amount of SDG-Related Loans⁶

..... 159.5 billion yen

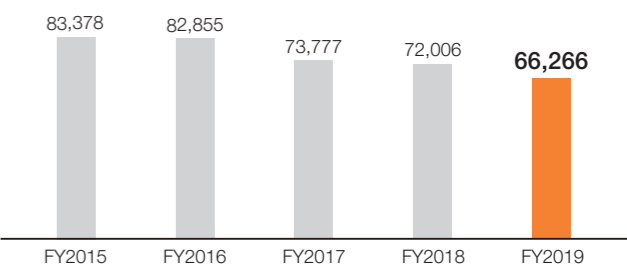
(Billions of yen)



CO₂ Emissions Volume¹

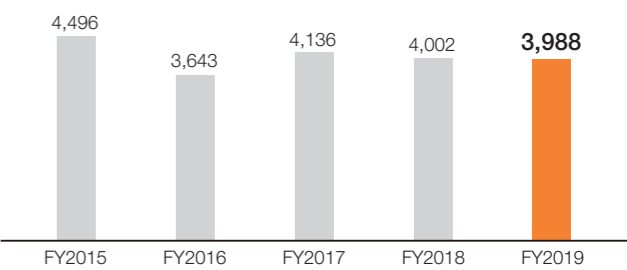
66,266 t-CO₂

(t-CO₂)



Number of Participants in

“Resona Kids’ Money Academy”⁵ Events 3,988



1 Calculated by retrospectively incorporating CO₂ emissions from precursors of KMFG and its subsidiaries prior to management integration
2 Including part-time employees
3 Resona Bank and Saitama Resona Bank
4 Those in managerial positions or above charged with overseeing staff

5 Held during summer holidays; figures for fiscal 2018 and later include Mirai Kids’ Money Academy events.
6 Including the balance of private placement bonds issued
7 Given the inclusion of fund products under the Mirai E-us Project into the Resona Group’s SRI lineup, the outstanding balance of SRI as of March 31, 2019 has been modified to reflect the value of these products

Consolidated Financial Statements

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2019	March 31, 2020
Assets		
Cash and due from banks	14,848.5	15,329.5
Call loans and bills bought	177.9	473.4
Monetary claims bought	281.2	248.5
Trading assets	328.0	457.3
Securities	5,387.8	5,555.6
Loans and bills discounted	36,134.4	36,645.5
Foreign exchange assets	115.6	107.4
Lease receivables and investments in leases	41.6	40.6
Other assets	1,088.3	964.3
Tangible fixed assets	380.9	369.7
Buildings	128.5	122.3
Land	220.4	214.2
Leased assets	12.4	14.6
Construction in progress	2.6	3.8
Other tangible fixed assets	16.8	14.7
Intangible fixed assets	40.5	49.7
Software	17.6	17.9
Leased assets	16.5	25.5
Other intangible fixed assets	6.3	6.1
Net defined benefit asset	19.3	32.5
Deferred tax assets	28.9	35.3
Customers' liabilities for acceptances and guarantees	394.5	362.7
Reserve for possible loan losses	(158.0)	(160.2)
Reserve for possible losses on investments	(0.0)	(0.0)
Total Assets	59,110.0	60,512.4

(Billions of yen)

	March 31, 2019	March 31, 2020
Liabilities		
Deposits	51,108.6	52,909.9
Negotiable certificates of deposit	1,195.3	942.8
Call money and bills sold	140.5	69.6
Payables under repurchase agreements	5.0	—
Payables under securities lending transactions	540.9	532.4
Trading liabilities	120.9	87.2
Borrowed money	752.6	769.9
Foreign exchange liabilities	4.3	5.0
Bonds	459.7	396.0
Due to trust account	1,155.8	1,316.8
Other liabilities	746.1	700.7
Reserve for employees' bonuses	19.5	17.5
Net defined benefit liability	19.0	22.7
Other reserves	43.5	38.2
Deferred tax liabilities	27.6	5.6
Deferred tax liabilities for land revaluation	19.3	18.4
Acceptances and guarantees	394.5	362.7
Total Liabilities	56,753.8	58,195.9
Net Assets		
Capital stock	50.4	50.4
Retained earnings	1,614.9	1,720.0
Treasury stock	(4.2)	(12.8)
Total stockholders' equity	1,661.1	1,757.6
Net unrealized gains on available-for-sale securities	423.9	306.1
Net deferred gains on hedges	27.1	16.6
Revaluation reserve for land	42.2	40.2
Foreign currency translation adjustments	(4.8)	(1.9)
Remeasurements of defined benefit plans	(38.6)	(40.4)
Total accumulated other comprehensive income	449.8	320.6
Stock acquisition rights	0.3	0.2
Noncontrolling interests	244.8	237.9
Total Net Assets	2,356.1	2,316.5
Total Liabilities and Net Assets	59,110.0	60,512.4

Consolidated Statement of Income

(Billions of yen)

	FY2018	FY2019
Ordinary income	860.7	880.5
Interest income	483.8	478.2
Interest on loans and bills discounted	380.3	369.5
Interest and dividends on securities	67.3	74.1
Interest on call loans and bills bought	1.3	1.9
Interest on receivables under resale agreement	(0.0)	(0.0)
Interest on receivables under securities borrowing transactions	0.0	0.0
Interest on due from banks	11.6	11.3
Other interest income	23.1	21.2
Trust fees	19.2	19.0
Fees and commissions	244.4	239.3
Trading income	6.0	5.2
Other operating income	51.0	69.3
Other ordinary income	55.9	69.3
Reversal of reserve for possible loan losses	9.1	—
Recoveries of written-off loans	9.6	15.5
Other	37.0	53.8
Ordinary expenses	657.6	666.2
Interest expenses	47.9	47.1
Interest on deposits	19.5	19.3
Interest on negotiable certificates of deposit	0.1	0.0
Interest on call money and bills sold	3.8	3.0
Interest on payables under repurchase agreement	0.0	0.0
Interest on payables under securities lending transactions	10.9	12.8
Interest on borrowed money	4.5	4.7
Interest on bonds	5.6	4.2
Other interest expenses	3.2	2.6
Fees and commissions	69.9	68.1
Trading expenses	—	0.4
Other operating expenses	42.7	36.7
General and administrative expenses	439.4	426.5
Other ordinary expenses	57.5	87.2
Provision to reserve for possible loan losses	—	15.3
Other	57.5	71.8
Ordinary profits	203.0	214.2
Extraordinary gains	40.2	7.3
Gains on disposal of fixed assets	0.3	2.3
Gains from negative goodwill	29.0	—
Gains on step acquisitions	10.8	—
Other extraordinary gains	—	4.9
Extraordinary losses	4.6	9.4
Losses on disposal of fixed assets	1.5	1.6
Impairment losses on fixed assets	3.1	7.7
Net income before income taxes	238.6	212.1
Income taxes – current	38.2	37.8
Income taxes – deferred	19.0	18.9
Total income taxes	57.3	56.7
Net income	181.3	155.4
Net income attributable to noncontrolling interests	6.1	3.0
Net income attributable to owners of parent	175.1	152.4

Consolidated Statement of Comprehensive Income

(Billions of yen)

	FY2018	FY2019
Net income	181.3	155.4
Other comprehensive income	(69.0)	(131.6)
Net unrealized gains (losses) on available-for-sale securities	(59.3)	(124.1)
Net deferred gains (losses) on hedges	(6.3)	(10.5)
Foreign currency translation adjustments	(3.5)	4.7
Remeasurements of defined benefit plans	0.2	(1.7)
Share of other comprehensive income of affiliates accounted for using the equity method	0.0	(0.0)
Total comprehensive income	112.2	23.7
Total comprehensive income attributable to:		
Owners of parent	108.6	25.2
Noncontrolling interests	3.6	(1.4)

Consolidated Statement of Changes in Net Assets

(Billions of yen)														
FY2018	Stockholders' equity					Accumulated other comprehensive income							Noncontrolling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights		
Balance at April 1, 2018	50.4	—	1,522.0	(5.2)	1,567.2	486.6	33.4	43.6	(3.0)	(42.9)	517.8	—	17.7	2,102.9
Changes during the fiscal year														
Dividends paid			(47.6)		(47.6)									(47.6)
Net income attributable to owners of parent			175.1		175.1									175.1
Purchase of treasury stock				(0.0)	(0.0)									(0.0)
Disposal of treasury stock		(0.0)		1.0	1.0									1.0
Reversal of revaluation reserve for land			1.4		1.4									1.4
Change in ownership interest of parent due to transactions with noncontrolling interests		(36.2)			(36.2)									(36.2)
Transfer from retained earnings to capital surplus		36.2	(36.2)		—									—
Net changes except for stockholders' equity during the fiscal year						(62.7)	(6.3)	(1.4)	(1.8)	4.3	(67.9)	0.3	227.0	159.3
Total changes during the fiscal year	—	—	92.8	1.0	93.8	(62.7)	(6.3)	(1.4)	(1.8)	4.3	(67.9)	0.3	227.0	253.2
Balance at March 31, 2019	50.4	—	1,614.9	(4.2)	1,661.1	423.9	27.1	42.2	(4.8)	(38.6)	449.8	0.3	244.8	2,356.1

(Billions of yen)														
FY2019	Stockholders' equity					Accumulated other comprehensive income							Noncontrolling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights		
Balance at April 1, 2019	50.4	—	1,614.9	(4.2)	1,661.1	423.9	27.1	42.2	(4.8)	(38.6)	449.8	0.3	244.8	2,356.1
Changes during the fiscal year														
Dividends paid			(48.5)		(48.5)									(48.5)
Net income attributable to owners of parent			152.4		152.4									152.4
Purchase of treasury stock				(10.0)	(10.0)									(10.0)
Disposal of treasury stock		(0.0)		1.3	1.3									1.3
Reversal of revaluation reserve for land			1.9		1.9									1.9
Change in ownership interest of parent due to transactions with noncontrolling interests		(0.7)			(0.7)									(0.7)
Transfer from retained earnings to capital surplus		0.7	(0.7)		—									—
Net changes except for stockholders' equity during the fiscal year						(117.7)	(10.5)	(1.9)	2.8	(1.7)	(129.1)	(0.0)	(6.9)	(136.1)
Total changes during the fiscal year	—	—	105.1	(8.6)	96.4	(117.7)	(10.5)	(1.9)	2.8	(1.7)	(129.1)	(0.0)	(6.9)	(39.6)
Balance at March 31, 2020	50.4	—	1,720.0	(12.8)	1,757.6	306.1	16.6	40.2	(1.9)	(40.4)	320.6	0.2	237.9	2,316.5






Consolidated Statement of Cash Flows

(Billions of yen)		
	FY2018	FY2019
Cash flows from operating activities		
Income before income taxes	238.6	212.1
Depreciation and amortization	32.2	34.1
Impairment losses on fixed assets	3.1	7.7
Gain from negative goodwill	(29.0)	—
Equity in earnings of investments in affiliates	(2.1)	(0.5)
Increase (decrease) in reserve for possible loan losses	(22.7)	2.1
Increase (decrease) in reserve for possible losses on investments	(0.0)	0.0
Increase (decrease) in reserve for employees' bonuses	0.6	(2.0)
(Increase) decrease in net defined benefit asset	6.3	(13.1)
Increase (decrease) in net defined benefit liability	1.5	3.6
Interest income (accrual basis)	(483.8)	(478.2)
Interest expenses (accrual basis)	47.9	47.1
Net (gains) losses on securities	(9.1)	(17.5)
Net foreign exchange (gains) losses	(40.6)	(18.6)
Net (gains) losses on disposal of fixed assets	1.1	(0.6)
Net (increase) decrease in trading assets	(57.3)	(129.3)
Net increase (decrease) in trading liabilities	19.2	(33.6)
Net (increase) decrease in loans and bills discounted	(927.6)	(511.0)
Net increase (decrease) in deposits	1,066.9	1,801.3
Net increase (decrease) in negotiable certificates of deposit	(30.5)	(252.5)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(52.4)	21.2
Net (increase) decrease in due from banks (excluding those deposited at Bank of Japan)	28.6	46.9
Net (increase) decrease in call loans and other	194.5	(262.7)
Net increase (decrease) in call money and other	(145.3)	(75.9)
Net increase (decrease) in payables under securities lending transactions	(158.7)	(8.4)
Net (increase) decrease in foreign exchange assets	57.6	8.2
Net increase (decrease) in foreign exchange liabilities	0.1	0.6
Net increase (decrease) in straight bonds	75.0	36.2
Net increase (decrease) in due to trust account	99.7	161.0
Interest receipts (cash basis)	486.5	487.3
Interest payments (cash basis)	(48.1)	(48.6)
Other, net	(14.6)	(3.1)
Subtotal	337.5	1,013.5
Income taxes paid or tax refund	(13.0)	(39.0)
Net cash provided by (used in) operating activities	324.4	974.5

(Billions of yen)		
	FY2018	FY2019
Cash flows from investing activities		
Purchase of securities	(11,101.3)	(7,505.8)
Proceeds from sales of securities	10,385.0	6,057.5
Proceeds from redemption of securities	984.4	1,182.1
Purchase of tangible fixed assets	(13.4)	(9.4)
Proceeds from sales of tangible fixed assets	1.0	7.6
Purchase of intangible fixed assets	(7.7)	(10.7)
Purchase of shares of affiliates accounted for using the equity method	(4.1)	—
Other, net	(0.1)	(0.2)
Net cash provided by (used in) investing activities	243.5	(278.8)
Cash flows from financing activities		
Decrease in subordinated borrowings	—	(4.0)
Repayment of subordinated bonds	—	(100.0)
Dividends paid	(47.6)	(48.5)
Dividends paid to noncontrolling interests of consolidated subsidiaries	(6.9)	(4.5)
Purchase of treasury stock	(0.0)	(10.0)
Proceeds from sales of treasury stock	1.0	1.0
Purchases of subsidiaries' shares that do not result in change in scope of consolidation	(0.0)	(1.6)
Net cash provided by (used in) financing activities	(53.6)	(167.7)
Effect of exchange rate changes on cash and cash equivalents	0.0	(0.0)
Net increase (decrease) in cash and cash equivalents	514.3	527.9
Cash and cash equivalents at the beginning of the fiscal year	13,256.7	14,707.4
Increase in cash and cash equivalents resulting from share exchanges	936.2	—
Cash and cash equivalents at the end of the fiscal year	14,707.4	15,235.4

Corporate Data

Outline of the Resona Group (As of March 31, 2020)

 Resona Holdings Banking assets (consolidated): ¥60.5 trillion / Trust assets: ¥28.4 trillion
 Resona Bank Banking assets: ¥33.9 trillion / Trust assets: ¥28.4 trillion
President: Shoichi Iwanaga (as of April 1, 2020) Number of manned branches: 325 Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan Number of employees: 8,711 Establishment: May 1918 Balance of deposits: ¥28,439.2 billion Shareholder (shareholding ratio): Resona Holdings, Inc. (100%) Balance of loans and bills discounted: ¥20,000.4 billion (banking book)
 Saitama Resona Bank Banking assets: ¥15.2 trillion
President: Satoshi Fukuoka (as of April 1, 2020) Number of manned branches: 130 Head Office: 4-1, Tokiwa 7-chome, Urawa-ku, Saitama, Japan Number of employees: 3,087 Establishment: August 2002 Balance of deposits: ¥14,175.6 billion Shareholder (shareholding ratio): Resona Holdings, Inc. (100%) Balance of loans and bills discounted: ¥7,577.2 billion
 Kansai Mirai Financial Group Banking assets (consolidated): ¥11.2 trillion
President: Tetsuya Kan Number of employees: 6,693 (consolidated) Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan 509 (non-consolidated) Establishment: November 2017 Principal shareholder (shareholding ratio): Resona Holdings, Inc. (51%)
 Kansai Mirai Bank Banking assets: ¥7.6 trillion
President: Tetsuya Kan Number of manned branches: 272 Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan Number of employees: 4,061 Establishment: November 1950 Balance of deposits: ¥7,029.0 billion Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%) Balance of loans and bills discounted: ¥6,427.0 billion
 MINATO BANK Banking assets: ¥3.5 trillion
President: Hiroaki Hattori Number of manned branches: 106 Head Office: 1-1, Sannomiya-cho 2-chome, Chuo-ku, Kobe, Japan Number of employees: 2,079 Establishment: September 1949 Balance of deposits: ¥3,377.0 billion Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%) Balance of loans and bills discounted: ¥2,713.2 billion

Principal Subsidiaries and Affiliates

Credit Guarantee Business Resona Guarantee Kansai Sogo Shinyo Biwako Credit Guarantee KOFUKU Card Kansai Mirai Guarantee Minato Guarantee	Investment Business Resona Capital Minato Capital Research and Consulting Business Resona Research Institute	Asset Management Business Resona Asset Management Lease Business Kansai Mirai Lease Minato Lease IT Business Minato System	Equity-Method Affiliates JTC Holdings Shutoken Leasing DFL Lease NTT DATA SOFIA D&I Information Systems
Factoring Resona Kessai Service	Business Process Outsourcing Services Resona Business Service Biwako Business Service Minato Business Service Minato Asset Research	Overseas Subsidiaries Bank Resona Perdania Resona Indonesia Finance Resona Merchant Bank Asia	
Credit Card Business Resona Card Minato Card			

Corporate Profile (As of March 31, 2020)

Company Name	Resona Holdings, Inc.
President	Masahiro Minami (as of April 1, 2020)
Head Office	(Tokyo Head Office) 5-65, Kiba 1-chome, Koto-ku, Tokyo 135-8582, Japan (Osaka Head Office) 2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8608, Japan
Establishment	December 2001
Number of Employees	20,760 (Consolidated) 1,028 (Non-consolidated)
Lines of Business	Formulation of Group management and business strategies, allocation of management resources within the Group, and supervision of subsidiaries' operations and other ancillary businesses
URL	https://www.resona-gr.co.jp/holdings/english/



Tokyo Head Office



Osaka Head Office

Credit Ratings (As of June 30, 2020)

	Moody's		S&P		R&I		JCR	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Resona Holdings	—	—	—	—	A	—	—	—
Resona Bank	A2	P-1	A	A-1	A+	a-1	AA-	—
Saitama Resona Bank	A2	P-1	—	—	A+	a-1	AA-	—
Kansai Mirai Financial Group	—	—	—	—	—	—	A+	—
Kansai Mirai Bank	—	—	—	—	—	—	A+	J-1+
Minato Bank	—	—	—	—	—	—	A+	—

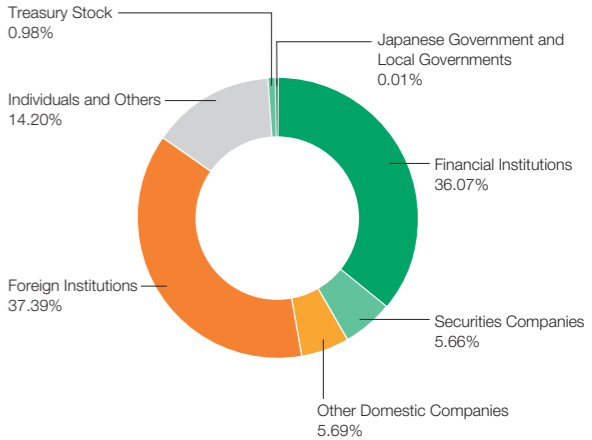
Stock Information (As of March 31, 2020)

Issued Stock	2,324,118,091
Number of Shareholders	249,081 (Common stock)
Major Shareholders (Top Ten)	Common stock

Name of shareholder	Percentage of total shares issued (%)*
The Master Trust Bank of Japan (Trust Account)	6.54
The Dai-ichi Life Insurance Company, Limited	5.44
Japan Trustee Services Bank, Ltd. (Trust Account)	4.43
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3.18
Nippon Life Insurance Company	2.84
Japan Trustee Services Bank, Ltd. (Trust Account 7)	2.20
AMUNDI GROUP	1.96
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.91
STATE STREET BANK AND TRUST COMPANY 505001	1.71
JP MORGAN CHASE BANK 385151	1.68

* Shareholding ratio calculated after deduction of treasury shares.

Composition of Stockholders





Resona Holdings, Inc.

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TEL: 81-3-6704-3111

(Osaka Head Office) 2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8608, Japan

TEL: 81-6-6268-7400

URL: <https://www.resona-gr.co.jp/holdings/english/>

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