

The Establishment of the “Resonance Model”

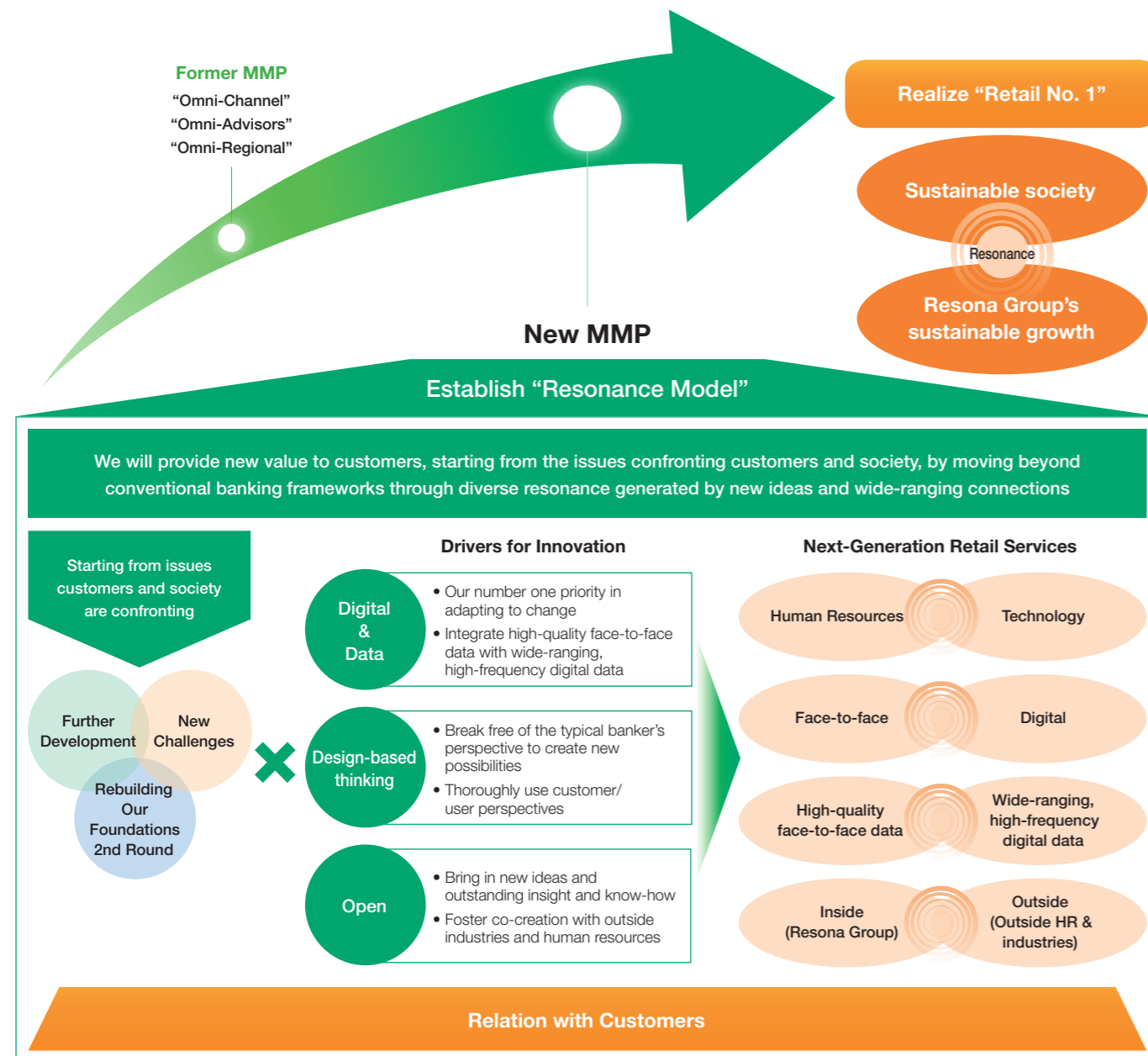
Starting with efforts to address the issues customers and society are confronting through all aspects of its business activities, the Resona Group is working to establish the “Resonance Model” to facilitate the provision of new value by moving beyond conventional banking frameworks and tapping into the 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.

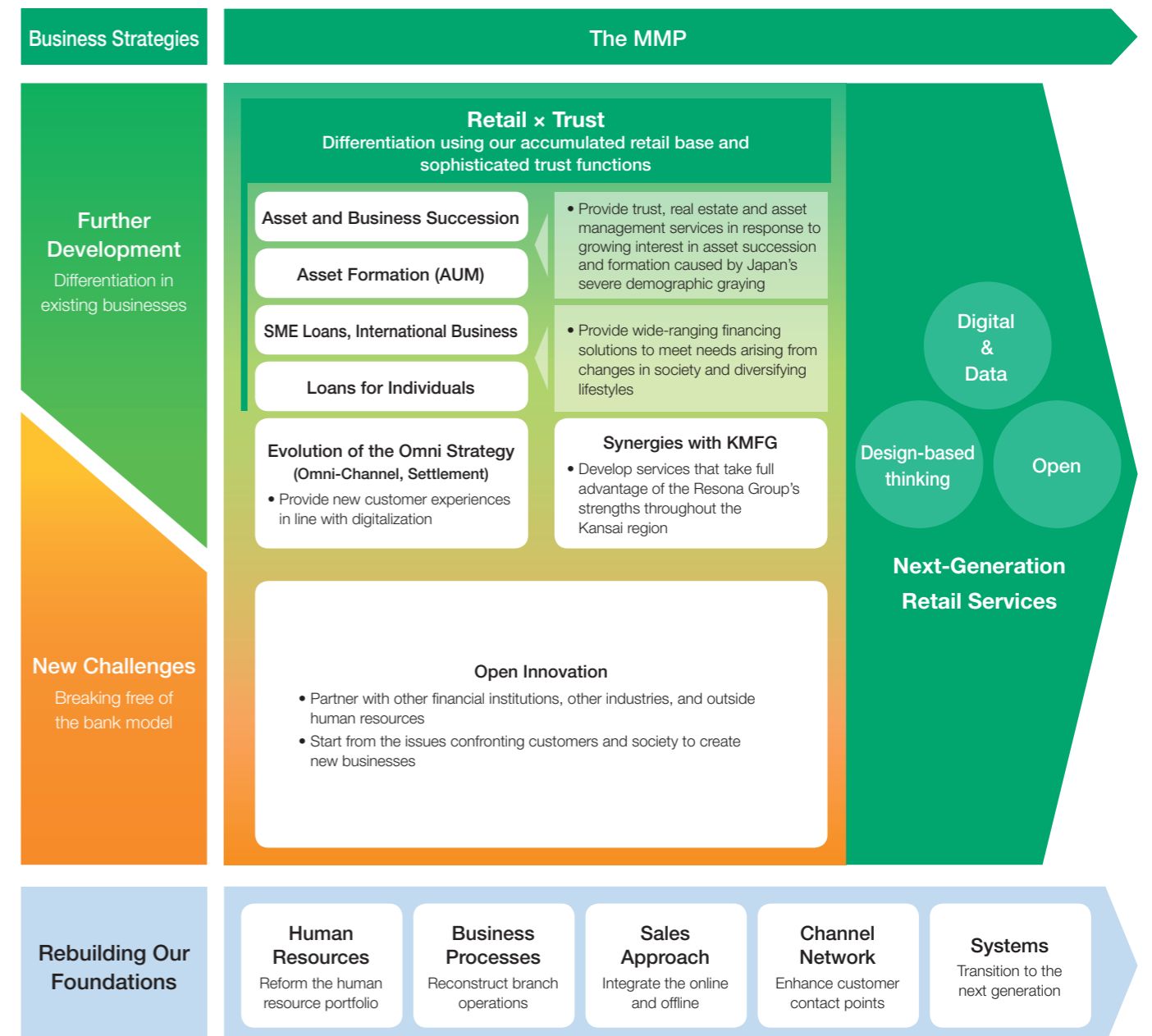
Specifically, we will further develop our retail platforms and the sophistication of our trust banking functions to enhance our capabilities in Resona’s areas of strength, namely, asset and business

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.

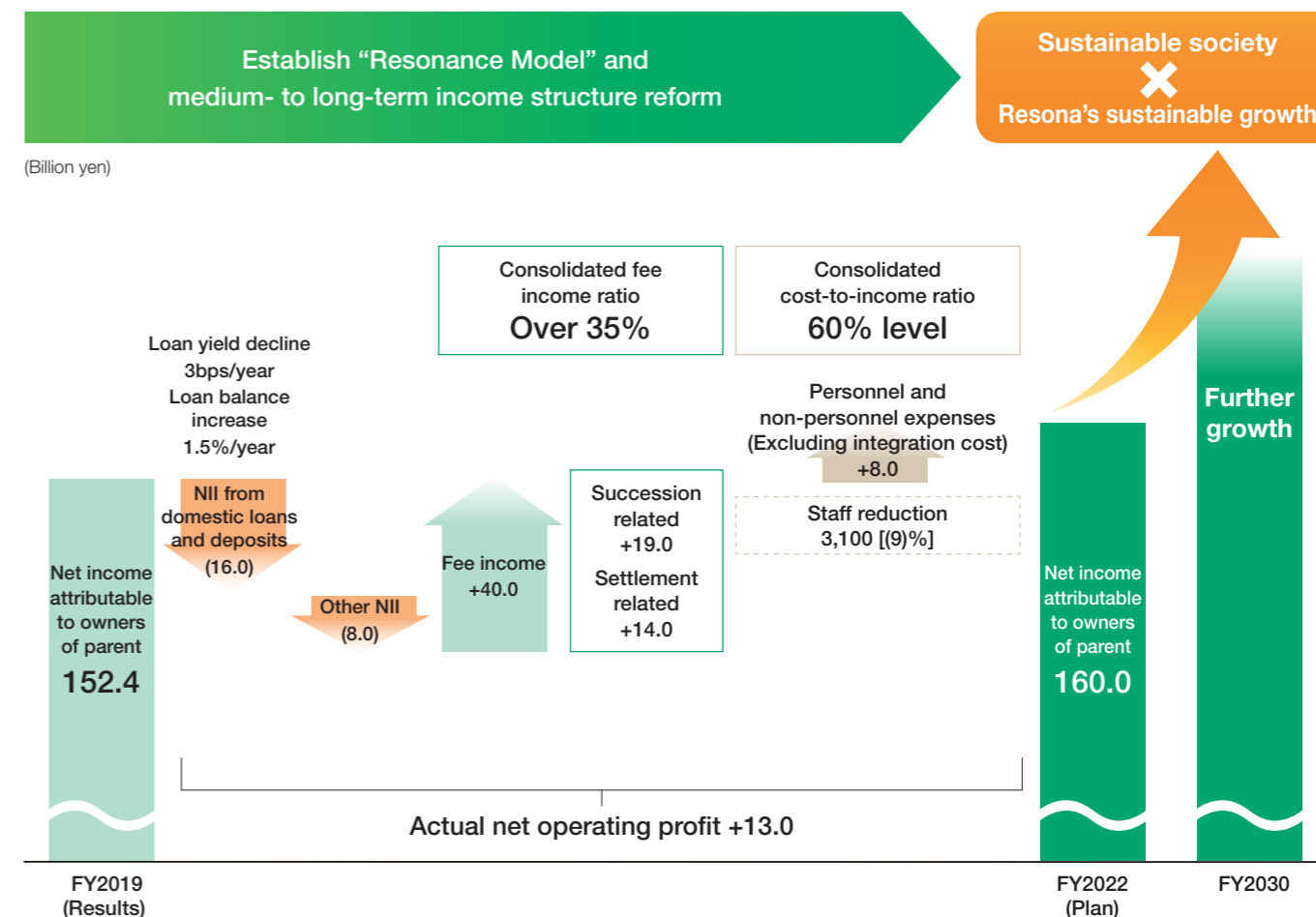
Furthermore, we will achieve an around ¥8.0 billion reduction in personnel and non-personnel expenses, excluding costs associated with management integration, by enhancing productivity via digitalization and by pushing ahead with the optimization of branch operations and the downsizing of the employee 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 strategies Acceleration 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 decline Delays 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 assets Need for long-term asset formation Need 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 operations Growing need for financial products designed to address environmental concerns Growing calls for securing preparedness against natural disasters 	<ul style="list-style-type: none"> Negative impact of the tightened environmental regulations on corporate customers' business performance Corporate customers' existing businesses becoming obsolete due to advances in low-carbon technologies or changes in consumer preferences Occurrence 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 systems Growth 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 quality Conventional human resource skills becoming obsolete A 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.



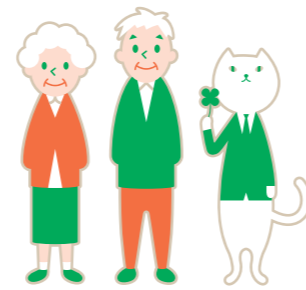
The Resona Group provides a one-stop service aimed at delivering asset and business succession solutions by taking full advantage of its strengths as a retail commercial banking group equipped with Japan’s leading branch network and full-line trust banking capabilities.

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 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.

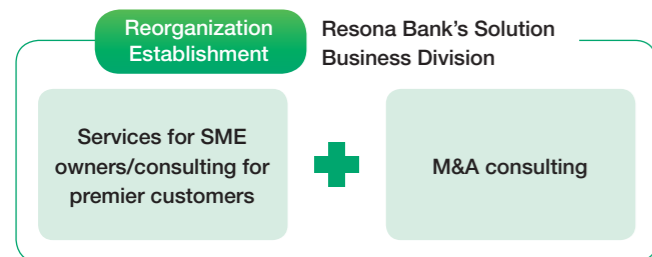
With regard to a KPI for the overall succession business, we aim to increase succession-related fee income¹ by approximately ¥19.0 billion to ¥39.0 billion in FY2022 from the FY2019 level.



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

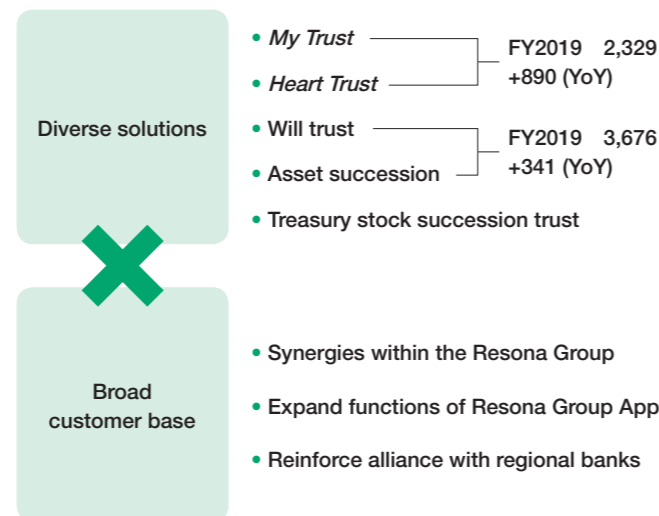


Reinforce real estate business

- 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

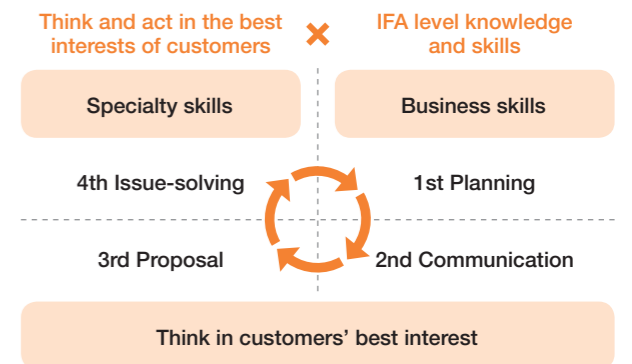
- Make the fund wrap available at Kansai Mirai Bank (KMB) and Minato Bank (MB)
 - KMB: From Oct. 2019
 - MB: From the 2nd half of FY2020 (scheduled)
- Provide affiliated regional financial institutions with employee educational programs themed on product features and fiduciary duty



* 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

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



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.

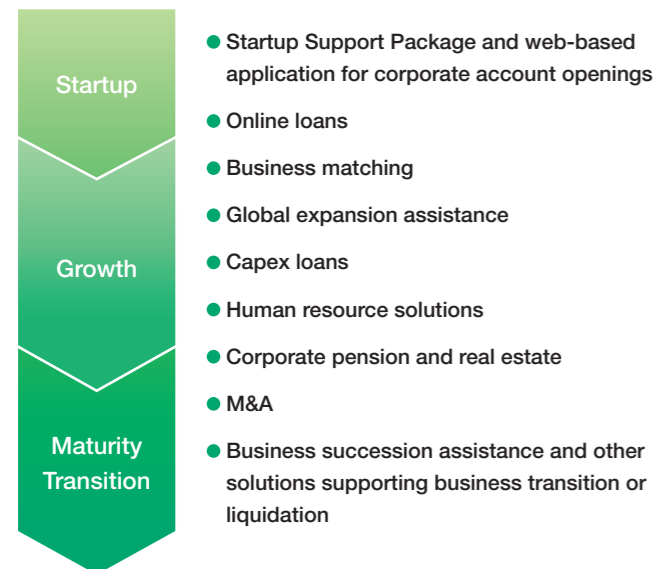
In anticipation of the growing business impact of the COVID-19 pandemic, all Group banks have set up help desks to accommodate fundraising-related inquiries from SMEs. We have thus secured a structure for extending robust support to our corporate customers (see also page 40).

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



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.

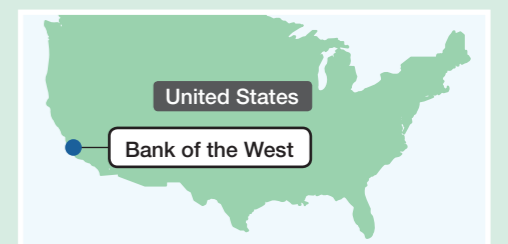
In Indonesia, Bank Resona Perdania, which boasts a business track record spanning more than 60 years, offers full-line banking services, while the Singapore-based Resona Merchant Bank Asia strives to meet the needs of customers in ASEAN nations, Hong Kong and India for fundraising and M&A solutions as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



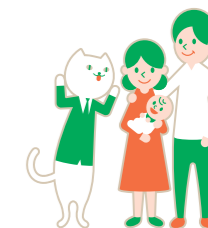
We consider the Tokyo metropolitan and Kansai areas, where the Resona Group maintains its core network, to continue to be promising markets despite the impact of an aging society and the low birth rate, due to the areas' concentration of and robust growth in the number of households

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

- ✓ *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.

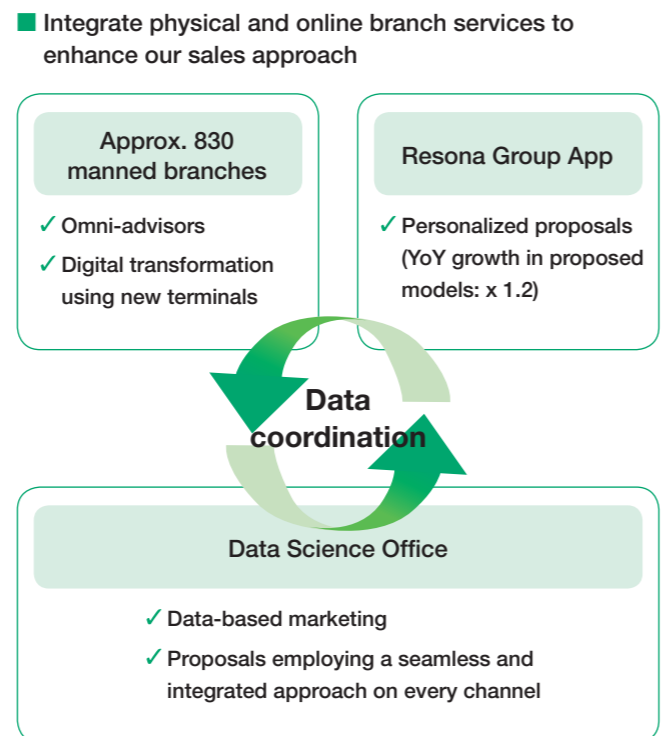
In addition, the Data Science Office, which was launched in April 2019, is striving to improve customer communications by employing data analysis. We will strive to secure multifaceted customer transactions through the integration and coordination of high-quality data from face-to-face channels and wide-ranging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



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.

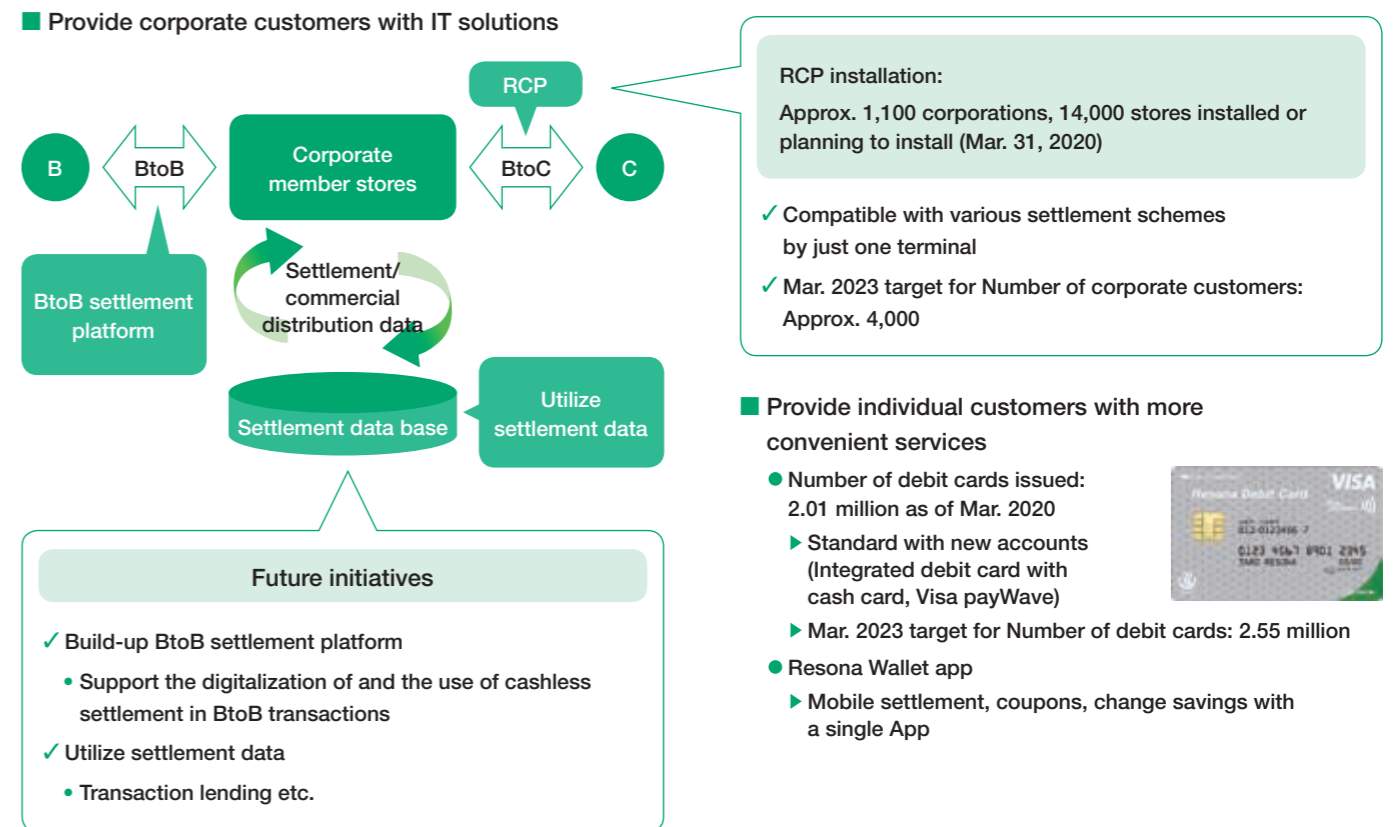


With regard to our future outlook for the post-pandemic period, an ongoing trend toward digitalization is expected to accelerate among SME customers. Building on the success of RCP in the B to C field, we will release a settlement platform specifically designed for use in the B to B field. In this way,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



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.

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).

New Challenges **Open Innovation**

We will deliver innovative businesses through open innovation employing co-creation with wide-ranging connections and new ideas.

Striving to break free of the bank model, the Resona Group will engage in open innovation centered on two key initiatives. Specifically, we will pursue co-creation employing wide-ranging connections by collaborating with financial institutions and external partners from different industries and otherwise working hand in hand with external human resources and our fellow members of local communities. At the same time, we will endeavor to deliver new value by employing new ideas. These initiatives are expected to help us create innovative businesses that will, in turn, place the Resona Group in an advantageous position and help diversify its sources of profit.

The former initiative is aimed at expanding our customer base while enhancing our services and functions. To this end, we will incorporate open platforms as we update and enhance our advanced system platforms as well as the Resona Group App, the RCP, Fund Wrap and other services. By doing so,

we will make these functions available to our partners, such as regional financial institutions, and thereby expand our customer base.

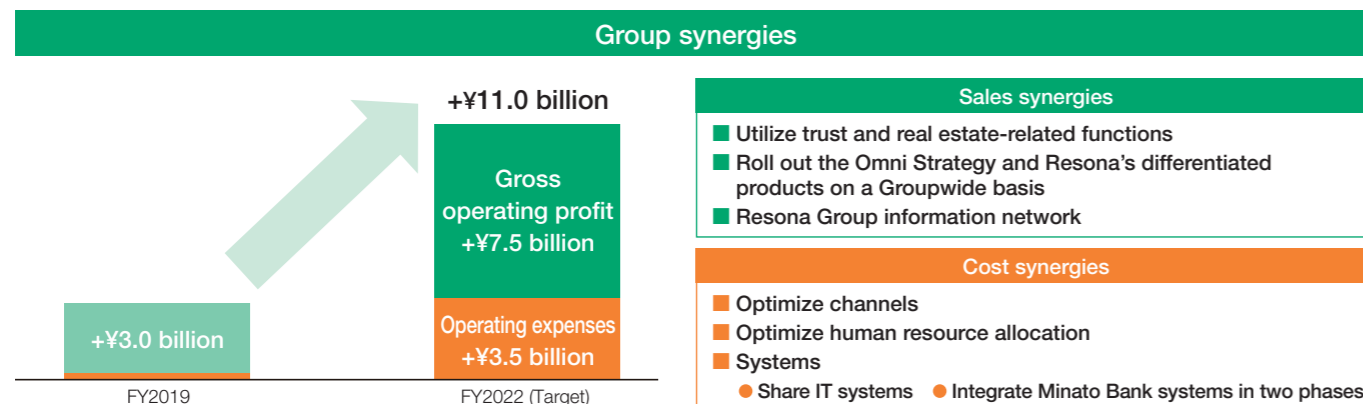
We will also develop innovative marketing methodologies employing a combination of informational assets gleaned via banking operations and technologies possessed by fintech companies. Furthermore, we will assist SMEs in their digitalization efforts to streamline operations. In these ways, we will enhance our services and functions.

As part of the latter initiative, we launched the Cross Functional Team (CFT) to handle the creation of new businesses. Acting fully in line with the spirit of open innovation, the CFT will engage in in-house collaboration while working hand in hand with external partners, including those from different industries, with the aim of delivering new customer value.

Phase 1 **Phase 2** **New MMP (FY2020 – 2022) Solidify the KMFG Brand and Realize Its Full Potential**

KMFG: from inauguration to structural development

Gross operating profit (total of subsidiary banks)		+¥5.0 billion	
Operating expenses (total of subsidiary banks; excluding integration-related cost)		-¥10.0 billion	
Strategic businesses	Asset formation	Business development	Succession
Foundational reform	Channel	Digitalization	Human resources
KPIs		FY2019	FY2022
Profitability	Net income attributable to owners of parent	¥3.9 billion	¥20.0 billion
	Consolidated fee income ratio	19.6%	25%
	ROE	0.83%	4% level
Efficiency	Consolidated cost-to-income ratio	79.5%	Latter half of the 60% range
Soundness	Capital adequacy ratio	8.05%	8% level



Open Innovation

Pursue co-creation by employing wide-ranging connections

Expand our customer base

- Provide Resona’s functions to alliance partners and make its services available to their customers
 - IT system, Group app, RCP, Fund Wrap and Trust

Enhance our services and functions

- Share management resources with alliance partners
 - Create new services via the combined use of data on logistics and financing
 - Engage in joint research of platforms for financial functions
- Upgrade existing financial services
 - Help customers ensure the secure and hassle-free management of their informational assets
- Expand new functions
 - Help customers pursue IT utilization and digitalization

Deliver new value employing new ideas

Create new businesses

- The project team is directly supervised by the President to secure its agility and effectiveness
 - CFT
- Utilize our position as an “advanced banking service company” under the Banking Act

[Alliance partner candidates]

- Regional financial institutions
- Local governments
- Other private businesses, etc. (IT, traffic, retail, logistics, manufacturing, etc.)
- Fintech and startup businesses, etc.
- IT and BPO companies, etc.
- Other industries

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

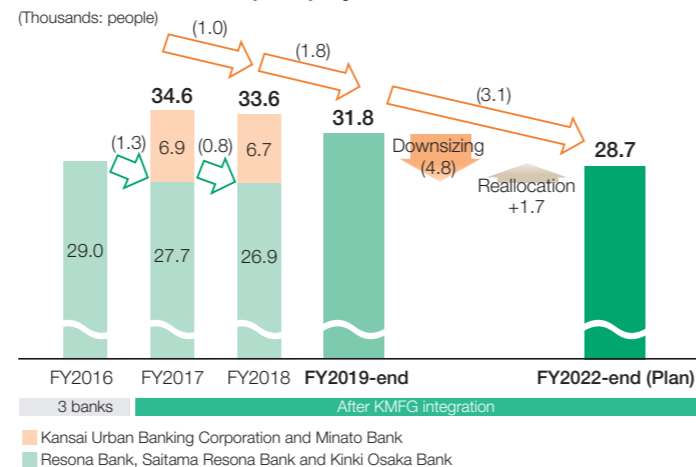
Allow a decline to around 29,000 personnel, a staffing level equivalent to that prior to the KMFG integration (natural attrition in step with retirement)

- 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 (Thousands: people)



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

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

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)

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 mainframe systems will be charged only with core accounting functions associated with ledger and settlement bookkeeping to take full advantage of their robustness.

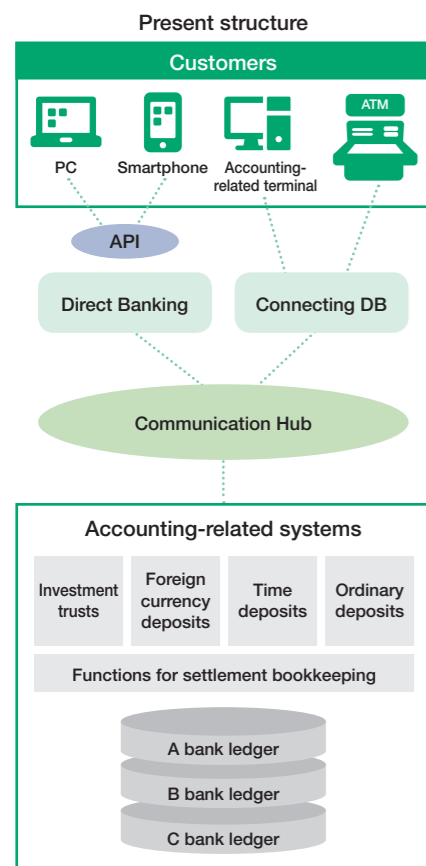
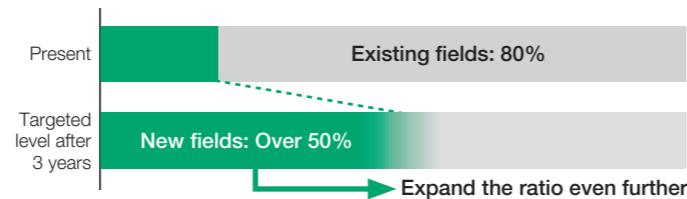
Through these initiatives, we will transform the Group's system-related divisions from cost-intensive business units to profit contributors.



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

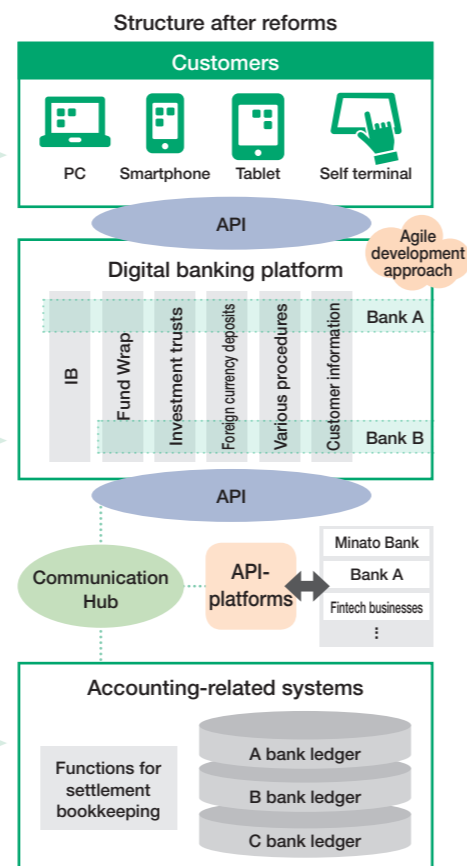
- Shift from the use of dedicated terminals to smartphones/tablets to carry out accounting-related operations

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

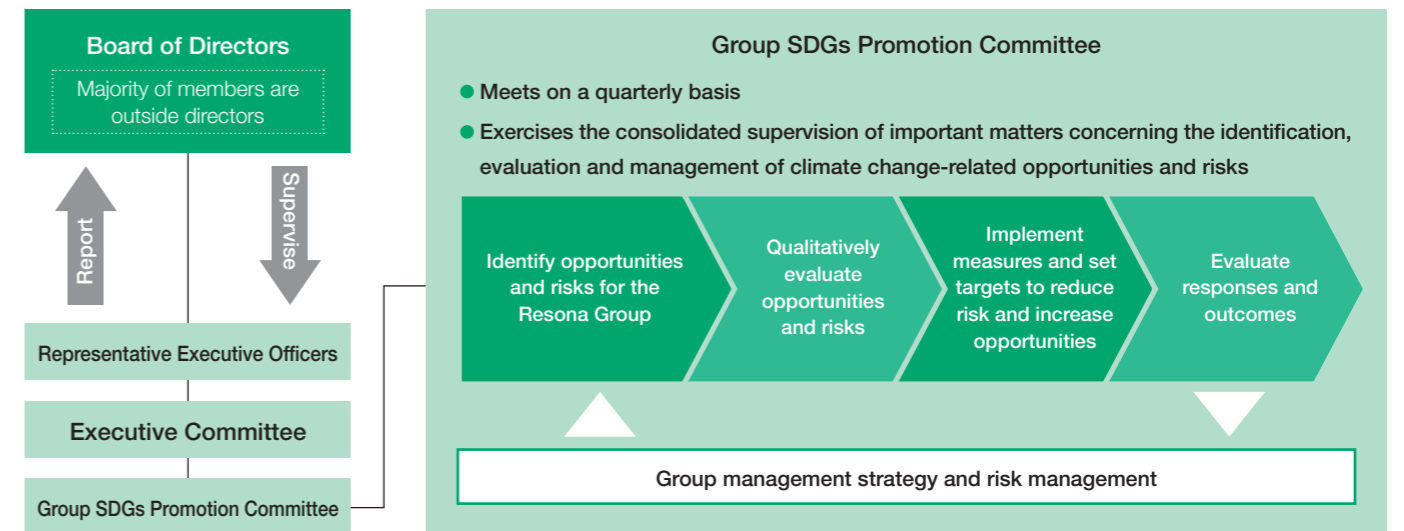
The Board of Directors receives periodic (at least once a year) reporting on the status of Group initiatives to counter climate change, with the aim of ensuring that these initiatives receive robust supervision.

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.

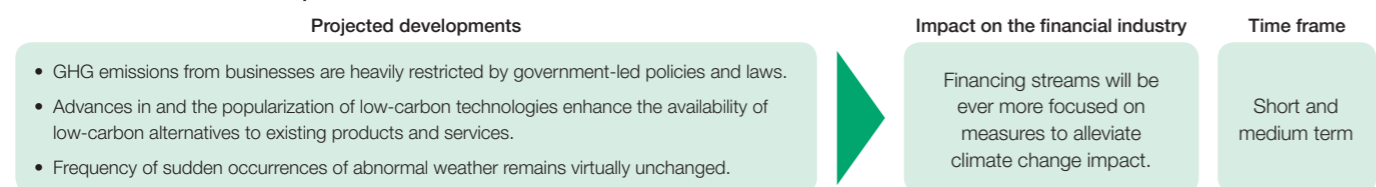
The purpose of this evaluation includes the assessment of estimated impact in the short-, medium- and long-terms,

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.

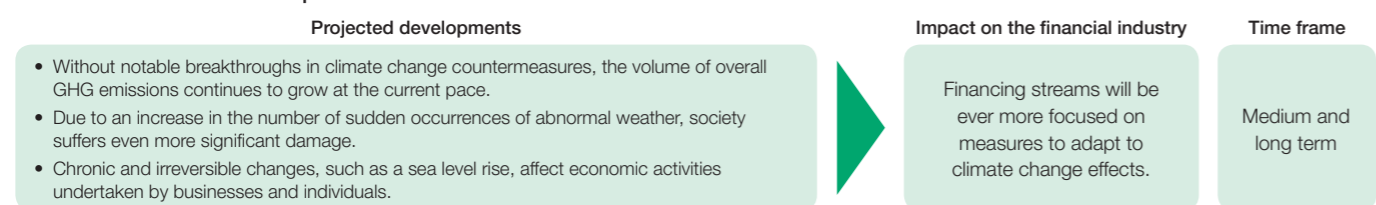
● Outline of the Resona Group’s 2°C Scenario



Projected financial impact

Opportunities	Product and service markets		<ul style="list-style-type: none"> • 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		<ul style="list-style-type: none"> • 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
	Chronic		

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

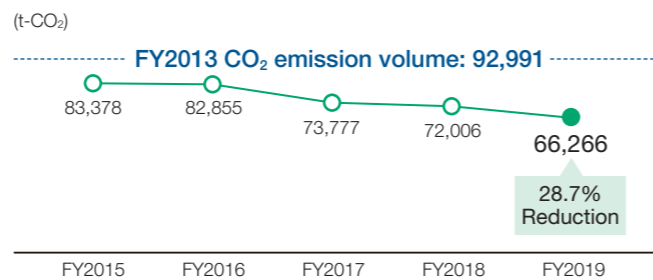
- Promote SDG-themed dialogue with investees
- Step up the integration of ESG issues into investment judgements
- Employ an external agency to practice and promote engagement with investees, via, for example, the exercise of voting rights
- Extend a total of ¥126.0 billion in SDG-related financing
- 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

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.

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

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) 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
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	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.
Systemic Risk Management	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)



"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.

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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

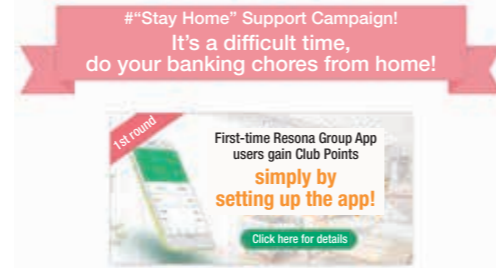
Placing a Resonya mascot doll in the middle of a three-seat sofa to encourage social distancing (an initiative undertaken at branches)



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



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)

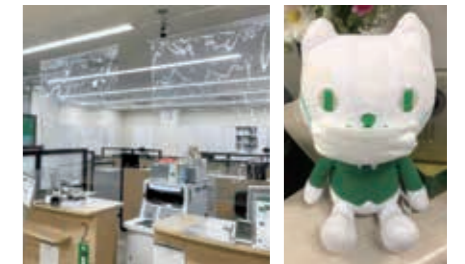


Wages

- 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)



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)

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

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

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