Customers’ happiness is our pleasure
Becoming the “Retail No. 1” Financial Services Group

Resona Group Corporate Mission

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

Towards this goal, the Resona Group will:
1) live up to customers’ expectations,
2) renovate its organization,
3) implement transparent management, and
4) develop further with regional societies.

Resona Way (Resona Group Corporate Promises)

Customers
Resona cherishes relationships with customers.

Shareholders
Resona cherishes relationships with shareholders.

Society
Resona places importance on its ties with society.

Employees
Resona highly regards employees’ dignity and personality.

On Issuing This Integrated Report

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

Also, forward-looking statements contained in this report are based upon certain assumptions that may be significantly affected by the following factors: fluctuations in domestic stock prices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices; changes in policies enforced by the national government and the Bank of Japan; as well as laws, regulations and industrial practices. Readers are advised that forward-looking statements contained in the report in no way guarantee the Group’s future business performance.

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

Resona Holdings Website
https://www.resona-gr.co.jp/holdings/english/

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

Coverage
Period: Fiscal year 2020 (April 2020 – March 2021); The report includes some information on the Group’s initiatives carried out in April 2021 and later.
Scope: Resona Holdings, its subsidiaries and its affiliates

To Be a Good Company

“A corporation’s reason for being is to deliver value to customers and the market. We therefore need to go back to the basics of business management and seriously ask ourselves a fundamental question: What do we offer society through our existence?”

For the Resona Group to grow sustainably, it must aim to be a good company consisting of employees with good personalities.

These quotes from a former Chairman Eiji Hosoya are featured at the top of the Resona Standards (Resona Group’s Behavior Guidelines), which provide specific examples of action to be taken to embody the Corporate Mission and the Resona Way, to this day serving as a cornerstone for all Group employees.

Deceased former Chairman Eiji Hosoya

In June 2003, when the Resona Group was injected with public funds, he stepped aside from his former position as Vice President of East Japan Railway Company and assumed the office of Chairman at Resona Holdings to spearhead the “Resona Reform.”

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Value Creation Model

Our value creation model starts with issues customers and society as a whole are confronting and prompts us to think deeply about how to bring solutions to such issues through our business operations. Under the banner of “Customers’ happiness is our pleasure,” which defines our fundamental stance, we aim to establish a “Resonance Model” in which we deliver new value through the diverse resonance generated by new ideas and via the use of Resona’s strengths. In this way, we are simultaneously pursuing the creation of a sustainable society and the Resona Group’s sustainable growth, ensuring “resonance” between these two endeavors as part of our initiatives to realize the goal of becoming “Retail No. 1.”

Priority themes identified by RSC2030:
- Low Birthrate and an Aging Society
- Elimination of Anxiety Triggered by Low Birthrate and Aging Society
- Environment
- Human Rights

Long-Term Sustainability Targets
- Retail Transition Financing Target
  Cumulative total of ¥10 trillion (FY2021 to FY2030)
- Carbon Neutrality Target
  Net zero CO2 emissions (by the end of FY2030; SCOPEs 1 & 2)
- Targets for the Empowerment and Promotion of Women
  10% or greater growth in the ratio of women in various senior positions from the current levels (by the end of FY2030)
  Ratio of female directors and executive officers: 20% or more
  Ratio of female senior managers: 20% or more
  Ratio of female line managers: 40% or more

INPUTS
- Social capital
- An extensive channel network centered in the Tokyo metropolitan area and the Kansai area
- 16 million individual customers and 500,000 corporate customers

ACTIVITIES
Establish “Resonance Model”

Diversifying lifestyles
- Ultra-low interest rate environment
- Shift from savings to asset formation
- Global warming and climate change
- Shift to a decarbonized society
- Increasing importance of corporate social responsibility
- A super-aging society
- Need for revitalization of regional economies
- Changing industrial structure
- Acceleration of digitalization

SOCIAL CONTRIBUTION

Sophisticated Corporate Governance

Social capital
- An extensive channel network centered in the Tokyo metropolitan area and the Kansai area
- 16 million individual customers and 500,000 corporate customers

ACTIVITIES
Establish “Resonance Model”

Further Development
- Differentiation in existing business
- “Customers’ happiness is our pleasure”

New Challenges
- Breaking free of the bank model
- Rebuilding Our Foundations: 2nd Round

SOCIAL CHANGES AND ISSUES

A sustainable society
- Need for revitalization of regional economies
- Changing industrial structure
- Acceleration of digitalization
- Ultra-low interest rate environment
- Shift from savings to asset formation
- Global warming and climate change
- Shift to a decarbonized society
- Increasing importance of corporate social responsibility
- Diversifying lifestyles

OUTCOMES

Resona Group’s sustainable growth

Customers
- Overwhelming convenience
- Optimized solutions

Shareholders
- Increase corporate value

Society
- Development of regional economies

Employees
- Workplaces that enable individual growth

1 Resona Sustainability Challenge 2030 announced in November 2018 to represent Resona’s commitment to facilitating global efforts aimed at achieving SDGs.
2 Resona Holdings
3 Sum of six Group companies (Resona Holdings, Resona Bank, Saitama Resona Bank, Kansai Mirai Financial Group, Kansai Mirai Bank and Minato Bank)
Inherent Strengths and Fundamental Ideas That Have Been Passed Down from the Point of Resona’s Origin

On April 1, 2021, the Resona Group made Kansai Mirai Financial Group (KMFG) a wholly owned subsidiary. Having made a fresh start under the new business structure, we would like to invite our stakeholders to take a brief look at what made today’s Resona.

Japan’s largest retail/commercial banking group with full-line trust banking capabilities

Our precursors’ origins date back more than 100 years. In the course of accumulating a long track record in banking operations and winning the support of many people, the Group has striven to enhance its unique strengths, for example, its extensive retail customer base, robust customer-relations capabilities backed by its deep roots in communities and full-line trust banking and real estate brokerage functions as well as asset management capabilities it has nurtured through pension asset management.

Being Japan’s largest retail/commercial banking group with full-line trust banking capabilities is in itself a unique source of Resona’s competitiveness. Moreover, Resona’s present strength is underpinned by the shared experience of the 2003 “Resona Shock” and the subsequent Resona reform, which involved a series of reformative initiatives that rallied together all Group members.

Resona reform

The Resona reform was initiated in 2003 under the leadership of Eji Hosoya (deceased), who stepped aside from a top management position at East Japan Railway Company to assume the office of Chairman at Resona Holdings. Immediately after the reform’s launch, the Company renewed its Corporate Mission and formulated the Resona Standards (Resona Group’s Behavior Guidelines) based on this mission.

The preamble of the Resona Standards includes some quotes from Hosoya: “A corporation’s reason for being is to deliver value to customers and the market. We therefore need to go back to the basics of business management and seriously ask ourselves a fundamental question: What do we offer society through our existence?” “For the Resona Group to grow sustainably, it must aim to be a good company consisting of employees with good personalities.” These are the fundamental ideas supporting Resona’s SDG-oriented management.

Realizing “Retail No. 1” Masahiro Minami

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

First of all, I would like to express my sincerest gratitude to all those who support our operations. I would also like to extend my heartfelted sympathy for people the COVID-19 pandemic has affected both directly and indirectly. In addition, I extend my deepest gratitude to medical practitioners combating the pandemic as well as all those striving to fulfill their duties to support social and economic activities.

Having implemented thoroughgoing measures to prevent the spread of COVID-19 and thus safeguard customers and employees from the risk of infection, the Resona Group has continued its business operations, placing the utmost priority on helping customers maintain their livelihoods and keep their businesses going. As a financial institution supporting Japan’s social infrastructure, we will endeavor to constantly and smoothly provide financial services.

In 2020, the COVID-19 pandemic resulted in major changes in economic activities and lifestyle norms. Looking back, the year 2020 entailed a sweeping transition in our social norms and value systems, making it, in my opinion, a historical turning point.

Under these circumstances, businesses have been prompted to review their definitions of their reasons for being and the sources of their societal value. I assume that, at the same time, the pandemic caused many individuals to refresh their awareness regarding various lifestyle issues, such as how to secure robust communications between family members and how to strike an optimal work-life balance.

On the other hand, the social trend toward sustainability has gained significant momentum, with businesses striving to live up to the growing public call to help achieve the United Nations Sustainable Development Goals (SDGs) and address environmental, social and governance (ESG) issues. Moreover, response to such universal issues as global warming and climate change has become an unavoidable management matter affecting a broad range of sectors. As a financial institution, we are, of course, aware of the critical importance of these issues and are determined to rally the strength of the entire Group to their resolution while encouraging our customers to join across-the-board initiatives to this end.

In this Integrated Report, we intend to elaborate on Resona’s SDG-oriented management, which targets the realization of our vision of what the Group must look like in the future. At the same time, we will review Resona’s inherent strengths and the fundamental ideas that have been passed down from our predecessors.
What Resona Must Look Like in the Future (Long-term Vision)

Resona's SDG-oriented management

Our SDG-oriented management starts with the issues customers and society are confronting. In tackling these issues, we think deeply about how we are going to deliver solutions through our business operations. Taking a serious look at how to help customers resolve the challenges before them, we aim to deliver new customer value while being a modern-day pioneer blazing a path toward adapting to radical changes in a way that leverages our strength.

A financial service group that is the most significant contributor to customer success in SX

First, we aim to become, as a financial service group, the most significant contributor to customer success in sustainability transformation (SX). As part of initiatives to this end, we established Long-Term Sustainability Targets in June 2021. Among these targets, the Resona Group’s Long-Term Sustainability Target specifies extending a cumulative total of ¥10 trillion in financing aimed at assisting customers in their SX efforts by FY2023. Resona is a financial group focused on acting as a partner to our customers in local communities. Therefore, Resona will never grow if the company contributes to the sustainable development of the regional communities and economies surrounding it. This is why we have clarified our intention to extend solid support for the SX initiatives undertaken by customers, especially small and medium-sized enterprises (SMEs) and individual customers. We will thus pursue this unique approach to facilitating business decarbonization.

Simultaneously, the Group is pursuing the creation of a sustainable society and sustainable corporate growth. We also believe that ensuring “resonance” between these two endeavors is a requisite to achieving our goal of becoming “Resona No. 1.”

Now, I will further elaborate on our vision for the long term by focusing on two fronts.

Toward realizing income and cost structure reforms

Second, we aim to realize income and cost structure reforms over the medium to long term. Amid a constant downward trend in domestic interest rates since 1991, banks are entering an unprecedented phase that presses them to reconsider the conventional business model, which is dependent on net interest income from loans and deposits as the primary source of profit. Moreover, banks are being called on to meet growing customer needs for more diverse, sophisticated and complex financial services. Therefore, we will focus on two fronts: (1) Successful implementation of a new system reforms based on the integration of face-to-face and digital channels along with promoting (ii) system reforms aimed at realizing next-generation banking services as well as (iii) the development of co-creation platforms.

By doing so, we will shift the focus of management resource allocations while transforming our modes of operation and reviewing our channel network. Furthermore, we will work to update human resource practices and system platforms supporting these activities in a thoroughgoing and comprehensive manner. Although it may take a little longer than the period of the MMP, we are determined to continue taking on these challenges with an eye to future success.

Also, we consider our human resources to be the most important factor affecting the outcome of these reform initiatives. It is human resources that accomplish DX, and they are critical to overcoming the challenge of entering new business fields, and “rebuilding our foundations.” Precisely for this initiative to this end and is considered an important management issue that should be overcome definitively.

With digital transformation (DX) and drastic streamlining as key drivers, we will begin with the restructuring of the current business processes and their dismantlement where necessary. By doing so, we will shift the focus of management resource allocations while transforming our modes of operation and reviewing our channel network. Furthermore, we will work to update human resource practices and system platforms supporting these activities in a thoroughgoing and comprehensive manner. Although it may take a little longer than the period of the MMP, we are determined to continue taking on these challenges with an eye to future success.
accounting for more than 30% of the overall number. However, not being content with this portfolio, we decided to allow employees in their 60s to autonomously choose from options regarding retirement age. Amid a rapidly evolving time like the current moment, we believe that one day a company’s overall competitiveness will be defined by the overall value of its employees. Looking ahead, we will empower employees to embrace diverse work styles in light of their need to strike a work-life balance as we strive at a faster pace to nurture professional human resources equipped with robust competitive- ness vis-à-vis their external peers.

Since making KMFG a wholly owned subsidiary, we have also engaged in ongoing discussion regarding the optimization of our channel network on a Groupwide basis. Specifically, we intend to update our branch channel by reviewing areas covered by each branch and optimizing their individual missions while pushing ahead with the replacement and downsizing of branch facilities. In a way that gives due consideration to maintaining customer convenience, we will reduce the number of Group bank locations by approximately 20% over the course of three years.

To date, our branch channel has served as a main contact point with customers. However, with the Resona Group App having been downloaded by more than 4 million users, we are almost at a point where the face-to-face and digital channels are seamlessly integrated. Also, smartphone users currently account for more than 80% of domestic population. With this in mind, we believe that enhancing our customer contact points, both qualitatively and quantitatively, will become a critical factor affecting our success in developing new businesses.

Further development × new challenges

“Further development” aims to enhance strengths Resona has nurtured in the course of specialization in the retail business for more than 100 years. Through this initiative, we intend to boost our ability to deliver optimal solutions for the varying issues our customers are confronting. For example, we are best positioned to meet growing customer needs for solutions supporting asset succession and formation in an ultra-aging society thanks to our distinctive strengths in these fields. We also believe that these operations will help us contribute to the resolution of issues Japanese society is now confronting.

In the course of tackling issues deriving from the 2003 “Resona Shock,” we learned a number of lessons that reminded us of the fact that “bankers’ norms do not necessarily coincide with common sense held by external people.” The “DNA of reform,” which is deeply embedded in the Group’s corporate culture, is informed by such takeaways, and our duty is to continuously pass the culture down to future generations. Our initiatives to take on “new challenges” are built on the outcomes of ongoing reform initiatives driven by this DNA. Last year, we launched Resona Garage, an open innovation facility designed to facilitate co-creation. Taking advantage of this facility, we will empower employees, especially younger individuals, to experience small but tangible successes through innovation while cultivating a sound sense of shared crisis with them. In this way, we will courageously take on new challenges on an ongoing basis.

These endeavors are intended to challenge conventional ideas and support the pursuit of open innovation that incorpo- rates the wide-ranging insights and know-how possessed by regional financial institutions and other partners from different sectors. Moreover, we aim to reach out to new customers through the expanded network afforded by external collabora- tion. This is how we employ the “chemistry” arising from diverse resonance and thereby realize a “win-win-win” relation- ship between the Resona Group, its external partners and their customers. Based on this relationship, we will strive to create a new business ecosystem.

Review of FY2020 and Initiatives to Be Undertaken in FY2021 (Short-term Outlook)

Evolving issues customers are now confronting due to the pandemic

In FY2020, we faced an unprecedented business environ- ment. Nevertheless, we focused on smoothly extending fund- ing and acted upon our unchanging commitment to helping customers address the evolving and emerging issues they were suffering due to the COVID-19 pandemic. In doing so, we were also working to resolve social issues through our business operations. Moreover, over the course of the year we have paid close attention to customer feedback. With the number of new succession trust-related contracts signed in FY2020 up a solid 40% year on year, it is apparent that cus- tomer awareness regarding the need for business and asset succession solutions is steadily growing stronger. These are promising signs of future growth in demand for M&A- and real estate-related businesses. Similarly, the number of customers who open fund wrap and DeCo accounts at our Group banks is increasing at a stable rate. We assume that the pandemic prompted customers to refresh their awareness regarding what must be done now to prepare for the future.
Furthermore, reflecting the increasing sense of uncertainty, there are ever stronger needs among our corporate customers for solutions designed to help them stabilize fundraising and secure robust cash at hand with liquidity. Amid these circumstances, the Resona Group has met with a growing number of fresh opportunities to launch transactions with new corporate customers. Thus, we are now positioned to access an even broader transactional base.

Going forward, we will strive to swiftly accommodate customer needs for more diverse, sophisticated and complex solutions backed by robust consulting capabilities. This will, we believe, be a matter of critical importance in terms of how the Resona Group navigates the post-pandemic world.

In addition, the volume of non face-to-face, no-physical contact transactions increased in step with the popularization of new lifestyle norms. During FY2020, we issued a total of 420,000 cash cards equipped with debit card functions as standard with new accounts. This represents approximately 20% growth from the previous fiscal year. The number of stores that offer settlement services employing the Resona Cashless Platform (RCP) is similarly growing steadily.

To turn crisis into opportunity and secure a growth path for the future, we need to continuously and courageously innovate the Resona Group itself. Therefore, we will take on the ongoing challenge of updating our business model and, to this end, decisively challenge conventional norms and value systems in the banking industry while proactively incorporating new ideas.

**Strengthening our structure for protective and aggressive initiatives**

Regarding FY2021, we deem it important to maintain a sound sense of caution regarding developments in the COVID-19 pandemic, assuming that for the foreseeable future it will continue to repeatedly surge and wane. On the other hand, as vaccination progresses it is expected to deliver a lot of hope. In connection with this, we also need to be aware of the near-future possibility of a surge in personal consumption and growth in demand for capital expenditure-related funding due to a recall from restrictions imposed on social and economic activities and the postponement of investment projects. These turnarounds are already being seen in some parts of Europe and the United States. In any case, we will work to equip ourselves with an even more robust business structure that will enable us to execute both protective and aggressive measures as we strive to assess medium- to long-term changes in social and industrial structures from the macro perspective and deliver leading-edge solutions finely tuned to meet the evolving needs of each customer.

Starting from April 2018, we promoted procedures to acquire a 100% equity stake in KMFG and, in April 2021, we made it a wholly owned subsidiary. The focus of our initiatives related to integration with KMFG has now shifted from ironing out differences in modes of operation to pursuing tangible effects arising from Group synergies. In this light, we have already started to make progress in terms of achieving synergies in top-line revenues in addition to improving productivity. For example, the number of KMFG customers who signed new succession trust-related contracts in FY2020 was up by 111% year on year. Similarly, the balance of the fund wrap grew by 140% year on year. Looking ahead, we expect the advance of the post-merger integration (PMI) to enable us to roll out unique Resona products, services and solutions at all Group companies at a significantly faster pace.

**Final Words**

Although the current situation makes it impossible to predict when the pandemic will be contained, we are nevertheless determined to always act as a partner to our customers and move forward with a sense of hope. In this era characterized by Volatility, Uncertainty, Complexity and Ambiguity (VUCA), society has been and continues to be drastically affected by the COVID-19 pandemic. Furthermore, a fourth industrial revolution is currently under way backed by fast-advancing information technologies. Against this background, businesses are facing a major turning point due to an accelerating trend toward collective efforts to address SDGs and ESG issues. In response, we will strive to become a financial group doing its utmost to help customers and society as a whole resolve the issues they are confronting. To this end, we will remain true to “integrity”—Resona’s most fundamental value and one that continues to stand to this day, guiding us away from self-serving actions in business and toward humility and sincerity, no matter the circumstances.

In no way can Resona enjoy success unless it can help customers succeed. For Resona, being prosperous means nothing unless it can deliver the value its customers desire. Looking ahead, we will continue upholding our fundamental stance, “Customers’ happiness is our pleasure,” and thereby contribute to the development of regional economies. Simultaneously, we will strive to become a good company in which every employee can achieve personal growth.

We ask our stakeholders for their continued support and encouragement.
Narunobu Ota  
Executive Officer in Charge of Finance and Accounting Division

1 Results for the Fiscal Year Ended March 31, 2021 (FY2020)

In the fiscal year ended March 31, 2021, (FY2020), the business environment remained unclear due to the COVID-19 pandemic. Against this background, the Resona Group focused on the constant provision of financial assistance to customers while maintaining its own financial soundness. Although the Group’s first-quarter operating results were particularly harsh due to the pandemic’s impact, its overall performance was gradually restored to a recovery track thanks to employees becoming adept at new modes of sales activities in the midst of the pandemic.

Amid these circumstances, net income attributable to owners of parent was ¥124.4 billion. This, albeit representing a ¥27.9 billion decrease compared with the previous fiscal year, is 3.7% in excess of the full-year target of ¥120.0 billion.

On April 1, 2021, Resona Holdings completed procedures for making Kansai Mirai Financial Group (KMFG) a wholly owned subsidiary in line with the schedule. Thus, the Resona Group made a fresh start with a new structure in FY2021. Here, I will explain the overview of FY2020 results. Firstly, gross operating profit declined ¥19.5 billion to ¥639.1 billion. Net income from domestic loans and deposits decreased ¥2.2 billion from the previous fiscal year. While the annual average loan balance on an actual basis, which excludes loans to the Japanese and other government bodies, grew 3.25%, surpassing our plan, the loan rate declined 0.04%, which was almost in line with the plan. The year-on-year pace of decline in the loan rate has steadily slowed even in the midst of a lingering declining trend. Furthermore, the year-on-year pace of decline in income from domestic loans and deposits significantly decelerated to a level equivalent to one fifth of that seen in the previous fiscal year.

Fee income rose ¥1.2 billion year on year, due to its ratio to gross operating profit amounting to 29.9%. Due to restrictions enforced on face-to-face business activities in light of the prevention of the COVID-19 infection, the recording of fee income had been slow in the beginning but gradually recovered. Full-year fee income exceeded that recorded in the previous fiscal year thanks to contribution of the fund wrap, corporate solutions, settlement-related services and other operations.

We have also seen a ¥1.6 billion year-on-year improvement in expenses, reflecting the positive effect of the thoroughgoing implementation of low-cost operations, which, in turn, helped curb both personnel and non-personnel expenses.

Credit-related expenses (income from domestic loans and deposits - fee income = expenses), rose from the previous fiscal year for the first time since FY2007. Although we are halfway toward the goal of income and cost structure reforms, the results discussed above are, we believe, a testament to outcomes of ongoing initiatives undertaken thus far.

Credit-related expenses increased to ¥57.4 billion, up ¥34.4 billion year on year, due mainly to preemptive measures executed in light of a large exception of income from the fund wrap. The year-on-year pace of decline in the credit-related expenses ratio of 35% or more in the final year of the MMP is expected to achieve sustainability transformation (SX), rebuilding our foundation.

Against this background, the Resona Group focused on the consolidation of fee income ratio of 35% or more in the final year of the MMP toward the achievement of this target.

Moving on, I will explain the earnings targets for FY2021 on a total of Group banks basis. Gross operating profit is expected to increase ¥16.0 billion from FY2020 results. While we anticipate an ongoing decrease in net interest income amid the low interest rate environment, we aim to increase fee income mainly through services related to succession, asset formation, settlement and other areas of focus. Operating expenses are expected to be up ¥6.1 billion compared with FY2020 results. Despite tight controls on ordinary expenses and ongoing cost reductions attributable to integration synergies, we anticipate an overall increase in expenses due to such factors as an increase in depreciation and amortization associated with past investments.

Forecast for the Fiscal Year Ending March 2022 (FY2021) and Progress of the Medium-term Management Plan (MMP)

For FY2021, our target for net income attributable to owners of parent is set at ¥145.0 billion, a ¥20.6 billion year on year improvement, while our forecast for common dividends per share amounts to ¥21 per share, unchanged from the previous fiscal year. With an eye to earning net income attributable to owners of parent of ¥100.0 billion in FY2022 and successfully concluding the final year of the MMP, we will strive to clarify a roadmap toward the achievement of this target.

On the other hand, we forecast that credit-related expenses will amount to ¥37.0 billion, a decrease of ¥13.5 billion from FY2020. While assuming that the COVID-19 pandemic will repeatedly surge and wax and therefore cloud the business outlook, this forecast takes into account mitigated downside risks as a result of preemptive measures executed in FY2020.

KPIs under the MMP

Net income attributable to owners of parent

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY2020</th>
<th>FY2021 (target)</th>
<th>FY2022 (MMP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ (Billions of yen)</td>
<td>¥124.4 billion</td>
<td>¥145.0 billion</td>
<td>¥160.0 billion</td>
</tr>
<tr>
<td>Of which, contribution to Resona Holdings’ consolidated income</td>
<td>¥5.6 billion</td>
<td>¥6.4 billion</td>
<td>¥4.0 billion</td>
</tr>
<tr>
<td>Consolidated fee income ratio</td>
<td>29.9%</td>
<td>32%</td>
<td>35%</td>
</tr>
<tr>
<td>Consolidated cost income ratio</td>
<td>65.0%</td>
<td>Over 35%</td>
<td>60%</td>
</tr>
<tr>
<td>ESG index selected by GPP (domestic stock)2</td>
<td>Aim to be adopted for all indices</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FY2021 Earnings Targets and Divide Forecast

Factors Contributing to the Changes in Net Income Attributable to Owners of Parent (Resona Holdings consolidates)

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income from domestic loans and deposits</td>
<td>(11.4)</td>
<td>(6.1)</td>
</tr>
<tr>
<td>Other net interest income</td>
<td>(3.0)</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Fees and commission income</td>
<td>+1.2</td>
<td>+1.6</td>
</tr>
<tr>
<td>Other gross operating profit, net</td>
<td>(1.3)</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>+1.6</td>
<td>+1.6</td>
</tr>
<tr>
<td>Other income items</td>
<td>(3.4)</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Income taxes and other</td>
<td>(1.6)</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Net income attributable to non-controlling interests</td>
<td>(1.2)</td>
<td>(1.2)</td>
</tr>
</tbody>
</table>

1 MIPMG consolidated net income ¥51.2% 2 KMPMG consolidated net income ¥51.2% (1D) and ¥45.4% (4Q) 3 FTSE Blossom Japan Index, MSCI Japan EM Index Leaders Index, MSCI Japan Empowering Women Index (GRI), Sustainalytics Credit Efficient Index Series

152.4 Contribution by KMFG [2.0]

Volume factor +3.12 |
Rate factor (23.4) |
Insurance Corporate solutions (1.9) |
Real estate related Settlement related (2.3) |
Personal expenses (1.8) |
Actual dividend FY2019 FY2020 (23.9) (23.4) |
Credit-related expenses, net (24.4) |
Other items (3.4) |
| Year on year change (27.9) |

FY 2019 FY 2020

Common Dividends per Share

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ (Billions of yen)</td>
<td>¥12.4</td>
<td></td>
</tr>
<tr>
<td>Common dividends per share (full-year forecast)</td>
<td>¥12.0</td>
<td></td>
</tr>
<tr>
<td>Dividend payment ratio</td>
<td>50.0%</td>
<td></td>
</tr>
</tbody>
</table>

Common Dividends per Share in FY2020:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ (Billions of yen)</td>
<td></td>
</tr>
<tr>
<td>Common dividends per share (full-year forecast)</td>
<td>¥12.0</td>
</tr>
<tr>
<td>Dividend payment ratio</td>
<td>50.0%</td>
</tr>
</tbody>
</table>
3 Reduction in Policy-Oriented Stockholdings

Since the 2003 injection of public funds, we have reduced our holdings of policy-oriented stocks by approximately ¥1 trillion (acquisition price basis) via a course of financial reform, well ahead of other Japanese banks, with the intention of reducing our exposure to equity price fluctuation risk.

A few years ago, we announced a target of reducing such stockholdings by approximately ¥35.0 billion over a five-year period (¥7.0 billion/year) that began in April 2016 and have made steady progress toward this goal. As of March 31, 2020, we have progressed 93% of the way to our goal and are expecting the reduction target to be accomplished ahead of schedule. Realizing this fact, we refreshed our reduction target in conjunction with the formulation of the MMR in May 2020, resetting our goal and its deadline. We now aim to reduce our policy-oriented stockholdings by approximately ¥30.0 billion over the three fiscal years starting from April 2020 (¥10.0 billion/year). We have thus increased the speed of reduction. In FY2020, the first year of this refreshed plan, we successfully reduced policy-oriented stockholdings by ¥11.6 billion.

In addition, we partially revised our Policy for Holding Policy-Oriented Stocks. Along with incorporating a clear statement that our basic policy is to continue reducing our remaining policy-oriented stockholdings, the revised document determined that even stocks deemed appropriate for ongoing holding via risk-return assessments, could be divested in light of the market environment and the Group’s business and financial strategies.

Policy-oriented Stockholdings (acquisition price basis) (in billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>¥1 trillion</th>
<th>¥767.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 31, 2020</td>
<td>1,387.0</td>
<td>19.4%</td>
</tr>
<tr>
<td>Mar. 31, 2019</td>
<td>1,387.0</td>
<td>18.2%</td>
</tr>
<tr>
<td>Mar. 31, 2020</td>
<td>397.8</td>
<td>17.0%</td>
</tr>
<tr>
<td>Mar. 31, 2021</td>
<td>397.8</td>
<td>17.0%</td>
</tr>
</tbody>
</table>

Outline of the Policy for Holding Policy-Oriented Stocks

- Since the capital enhancement with public funds, the Group has worked to reduce its balance of policy-oriented stocks and lessen the risk of price volatility. The Group maintains a basic policy of reducing the balance of policy-oriented stocks.
- The Group determines whether to hold policy-oriented stocks by evaluating the risks and returns, including the feasibility of developing trading relationship over the medium- to long-term. The Group may also sell stocks with consideration given to the market situations, management and financial strategies, even if it considers the stocks appropriate for holding from the risk-return perspective.

Verification Process of the Value of Holdings of Policy-Oriented Stocks

<table>
<thead>
<tr>
<th>Satisfaction</th>
<th>Non-Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting the pre-</td>
<td>Not meeting the</td>
</tr>
<tr>
<td>requirement of</td>
<td>requirement of</td>
</tr>
<tr>
<td>achieving the</td>
<td>achieving the</td>
</tr>
<tr>
<td>target return</td>
<td>target return</td>
</tr>
<tr>
<td>(1) Satisfaction</td>
<td>(2) Non-Satisfaction</td>
</tr>
<tr>
<td>Consideration from Strategic Aspects</td>
<td>Measures to reduce holding</td>
</tr>
<tr>
<td>Preparation for holding based upon the forecast of risks and returns over the medium- to long-term.</td>
<td>No Prospect of Improvement</td>
</tr>
<tr>
<td>Consideration from Strategic Aspects</td>
<td>Measures to reduce holding</td>
</tr>
<tr>
<td>Preparation for holding based upon the forecast of risks and returns over the medium- to long-term.</td>
<td>No Prospect of Improvement</td>
</tr>
</tbody>
</table>

4 Tax-Compliance Initiatives

The Resona Group upholds a basic policy of complying with the tax-related laws and regulations enforced in all countries and regions in which it undertakes business activities and is committed to appropriately fulfilling its taxpayer responsibilities with respect for the spirit as well as the rule of such laws and regulations. Accordingly, the Group has established and announced a Tax Policy as outlined below.

Basic Policy

In line with the Resona Standards, the Resona Group shall comply with tax-related laws and regulations while appropriately managing tax-related expenses via the maintenance of a proper tax compliance structure, with the aim of improving its corporate value.

Tax Policy

Also, the Resona Group shall take proper action aimed at ensuring that its business bases maintain appropriate tax compliance in conformity with the laws and regulations enforced by countries and regions in which they operate and that they abide by international taxation guidelines announced by relevant authorities.

5 Capital Management

Over the course of the period from May 12, 2021 to June 11, 2021, we executed share buybacks totaling 88,000,000 shares of treasury stock. This move was intended to neutralize the diluting effect on earnings per share (EPS) of making KMFG a wholly owned subsidiary. On the other hand, the move exerted a positive impact on our book value per share (BPS). Taking this into account, we believe that the acquisition of 100% equity in KMFG has better positioned us to improve our market value. In addition, our Common Equity Tier 1 (CET1) capital ratio has been largely unaffected by the share buyback undertaken to neutralize the EPS-diluting effect of making KMFG a wholly owned subsidiary. Accordingly, the move had no impact on our shareholder return policy.

In line with its basic capital management policy, the Resona Group aims to maintain an optimal balance between 1) financial soundness, 2) profitability and 3) shareholder return. In addition to maintaining a stable stream of cash dividends, we aim for a total shareholder return ratio in the mid-40% range over the medium term. In these ways, we will strive to further enhance shareholder returns in a way that balances financial soundness and profitability as well as giving due consideration to seizing growth investment opportunities.

Implementation of share buyback to neutralize the dilutive effect on EPS of Making KMFG a wholly owned subsidiary of Resona Holdings

- Number of shares acquired: 88,000,000
- Total worth of shares acquired: ¥450.0 billion
- Period of acquisition: May 12, 2021 to June 11, 2021
- Method of acquisition:
  - Market buying on the Tokyo Stock Exchange
    - Purchase through Off-Floor Treasury Share Repurchase Trading on TSE (ToSITNIST-3)
  - Market buying pursuant to the discretionary purchase agreement

Making efforts to further expand shareholder returns as our basic policy is to strike an optimal balance between financial soundness, profitability and shareholder return.

6 Dialogue with Shareholders and Investors

The Resona Group emphasizes constructive dialogue with shareholders and investors to achieve sustainable growth and increase corporate value over the medium to long term. Although the COVID-19 pandemic caused us to cut back on opportunities for face-to-face dialogue during FY2020, we nevertheless stepped up our efforts to reach out to shareholders and investors via the use of digital platforms, to this end taking full advantage of non-face-to-face communication tools, providing online shareholder seminars and hosting web-based briefings for individual investors. In addition, we aim to be constantly included in all four of the ESG indices selected by Government Pension Investment Fund (GPIF). Looking ahead, we will continue to disclose information fairly and impartially and will maintain a constructive dialogue with shareholders and investors.
Our Response to the COVID-19 Pandemic

In the face of economic stagnation attributable to the COVID-19 pandemic, we are doing our utmost to fulfill our social mission as a financial institution and a component of social infrastructure, to this end continuing such operations as the smooth provision of financial services and fundraising assistance to our customers.

Smoothly Maintaining Locally Rooted Banking Operations

Local Communities and Customers

- Deposit, settlement, lending and other financial services offered by the Resona Group constitute an integral part of the social infrastructure supporting local communities.
- With this in mind, our branches implement thoroughgoing measures to prevent COVID-19 infection, placing the utmost priority on safeguarding customer health and safety in the course of their operations.

- Continuously offering our full-line banking services
  - All domestic branches maintained the provision of deposit, domestic exchange, foreign exchange, lending and other bank-counter services
  - They also implemented thoroughgoing measures to prevent infection, requiring that face masks be worn and social distance be kept within their facilities

- Adapting to new behavioral norms
  - All Resona Bank and Saitama Resona Bank branches introduced a branch visit reservation system
  - Providing solutions to the evolving issues customers confront
    - Supported customer efforts aimed at stabilizing fundraising and strengthening their financial bases
    - Assisted SME customers in their efforts to introduce IT
    - Strove to meet customer needs for asset formation, smooth succession and other preparatory solutions

Employees

- As we aim to maintain stable financial functions over the long term, we push ahead with work style reforms placing great emphasis on ensuring safety and health and that employees are not excessively burdened.

- Promoting diverse work styles
  - Allowed a growing scope of employees across the board to work from home
  - Increased the number of satellite offices to 1361

- Expanding the lineup of remote training and education programs
  - Shifted to televised meetings, e-learning and an online entrance ceremony, etc.

Society

- Despite the backfall from the COVID-19 pandemic, we strive to contribute to the sustainable development of local communities through engagement in our primary business and social contribution activities.

Examples of initiatives

- Donations supporting the student pursuit of higher education
  - With volunteer employees donating a total of ¥5,848,300, we were able to deliver financial assistance to 133 students affected by the pandemic.

- Blood donation
  - Knowing that the stockpile of blood for use in transfusions is becoming scarcer than usual due to the pandemic’s impact, a number of Group employees voluntarily participated in blood donation.

"Re: Heart Club"

"Re: Heart Club" is a volunteer organization aimed at supporting spontaneous employee volunteer activities.

- "Re: Heart Club" is a volunteer organization aimed at supporting spontaneous employee volunteer activities.

Expanding Non Face-to-Face and Cashless Transactions

Due to drastic changes in lifestyle norms, needs for non face-to-face and cashless transactions are higher than ever before. Reflecting this, the number of customers who use Resona Group App and Resona debit cards rose substantially.

- Residential housing loans origination
  - FY2020: ¥1.3 trillion (+6.5% year on year)

- A consulting structure capable of responding swiftly and meticulously to customer requests
  - Installation of a dedicated toll-free number and web-based helpdesk and the abolition of fees for amending repayment conditions

Extending Corporate Lending and Supporting Capital Financing

On the back of the backfall from the pandemic, fundraising needs among corporate customers has grown significantly, with the number of times in which COVID-19 related consulting was provided and the amount of fresh lending extended rising to ¥55,000 cases and ¥3.6 trillion, respectively. We have also formed capital financing funds, striving to reinforce our structure to assist customers in the aspect of equity financing.

- Number of COVID-19 related consultations and the amount of related loan origination
  - Number of COVID-19 related consultations (Thousand cases)
  - Amount of COVID-19 related loan origination (Billion yen)

- Capital financing funds designed to help customers withstand fallout from the pandemic
  - Employed capital financing funds worth a total of ¥31.0 billion

Robustly Extending Residential Housing Loans

Even in the face of the pandemic, needs for housing acquisition funding were firm and the number of freshly extended residential housing loans remained high.

- Residential housing loans origination
  - FY2020: ¥1.3 trillion (+6.5% year on year)

- A consulting structure capable of responding swiftly and meticulously to customer requests
  - Installation of a dedicated toll-free number and web-based helpdesk and the abolition of fees for amending repayment conditions

- Expanding Non Face-to-Face and Cashless Transactions
  - Due to drastic changes in lifestyle norms, needs for non face-to-face and cashless transactions are higher than ever before. Reflecting this, the number of customers who use Resona Group App and Resona debit cards rose substantially.

- Resona Group App
  - 3,670,000 downloads as of Mar. 31, 2021 (+1,430,000 from Mar. 31, 2020)

- Resona debit cards
  - 2,430,000 cards issued as of Mar. 31, 2021 (+420,000 from Mar. 31, 2020)

- A consulting structure capable of responding swiftly and meticulously to customer requests
  - Installation of a dedicated toll-free number and web-based helpdesk and the abolition of fees for amending repayment conditions

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- Resona debit cards
  - 2,430,000 cards issued as of Mar. 31, 2021 (+420,000 from Mar. 31, 2020)

1 As of Mar. 31, 2021
2 Consisting of students who are scholarship recipients of the foundation supported by the Resona Group
3 Cumulative total based on reporting from four Group banks
4 A fund formed via the collaboration with the Development Bank of Japan and a fund formed solely by the Resona Group
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 2020 (RSC2020),” which represents Resona’s commitment to facilitating global efforts aimed at achieving SDGs.

Our Process for Identifying Material Social Issues

<table>
<thead>
<tr>
<th>Environmental and Social Issues</th>
<th>Identify and Specify</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyze various environmental and social issues, including those specified by SDGs</td>
<td>Identify material issues in light of the Resona Group’s Corporate Mission and business characteristics and in reference to employee awareness with regard to such issues</td>
</tr>
</tbody>
</table>

Affinity with the Resona Group’s business operations

Corporate Mission

The Resona Group aims to become a true “financial services group full of creativity.” Towards this goal, the Resona Group will:
1) live up to customers’ expectations,
2) renovate its organization,
3) implement transparent management, and
4) develop further with regional societies.

Resona’s Strengths

• An extensive channel network centered in the Tokyo metropolitan area and the Kansai area
• A robust customer base comprising 16 million individual customers and 500,000 SME customers
• Largest retail-commercial banking group in Japan with full-line trust banking capabilities
• Diversity in human resources
• Cutting-edge system/digital infrastructure
• Sound financial position

Sympathies of Officers and Employees

Utilized the following measures to assess employees’ overall awareness with regard to social issues and reflect their feedback in management discussions
• Workshops for general managers and chief managers of head office departments as well as other business unit leaders
• Questionnaires targeting all employees

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.

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

<table>
<thead>
<tr>
<th>Main Opportunities and Risks</th>
<th>Relationships between Social Issues and Resona’s Areas of Business Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities</td>
<td>Life Design Support</td>
</tr>
<tr>
<td>Risks</td>
<td></td>
</tr>
<tr>
<td>Low Birthrate and Aging Society</td>
<td>●</td>
</tr>
<tr>
<td>Environment</td>
<td>●</td>
</tr>
<tr>
<td>Response to Global Warming and Climate Change</td>
<td>●</td>
</tr>
<tr>
<td>Human Rights</td>
<td>●</td>
</tr>
<tr>
<td>Diversity &amp; Inclusion</td>
<td>●</td>
</tr>
</tbody>
</table>

Long-Term Sustainability Targets (established in June 2021)

Retail Transition Financing Target
Cumulative total of ¥10 trillion (FY2021 to FY2030)

Carbon Neutrality Target
Net zero CO₂ emissions (By the end of FY2030; SCOPe's 1 & 2)

Targets for the Empowerment and Promotion of Women
10% or greater growth in the ratio of women in various positions from the current levels (By the end of FY2030)
Ratio of female Directors and Executive Officers: 30% or more
Ratio of female senior managers: 20% or more
Ratio of female line managers: 40% or more

1. Resona Holdings
2. Sum of six Group companies (Resona Holdings, Resona Bank, Saitama Resona Bank, Kansai Minami Financial Group, Kansai Minami Bank and Minato Bank)
Enhancing Resona’s Strength

The Road toward “Retail No. 1”

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

- Injection of public funds under the Deposit Insurance Act
  Public funds peaked at ¥3,128.0 billion
- Governance reforms
  Structured a strong governance system with a majority of outside directors and was the first banking group in Japan to become a company with a nominating committee
- Financial reforms
  Decisive disposal of non-performing loans, major reduction of policy-oriented stocks and sweeping reorganization of affiliated companies
- Accelerated service and operational reforms
  Launched programs to eliminate waiting time and keep all branches open until 5 p.m. on weekdays
  Introduced next-generation branches and “Quick Navi” services
- Launched programs to eliminate waiting time and keep all branches open until 5 p.m. on weekdays
- Introduced next-generation branches and “Quick Navi” services
- Business alliance with Dai-ichi Life Insurance Company
  Resumed payment of dividends on common stock
- Resumed payment of dividends on common stock
- Returned to profitability
  Initiated “Resona Kids’ Money Academy”
- Full repayment of public funds
  Established the Resona Brand Declaration
  We will strive to become the financial services group with the greatest support among regional customers by maintaining the fundamental stance that “Customers’ happiness is our pleasure.”
- Resona Asset Management established
  Established “The Resona Foundation for Future”
- Communication character “Resonya” is born
- Employee volunteer organization “Re: Heart Club” launched
  Opened “Seven Days Plazas” (open 365 days a year)

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

As of April 1, 2021

Group Structure

Resona Group at a Glance

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

Resona Group Network and Bases

As of March 31, 2021

The Resona Group focuses on retail loans. Loans to individuals and SMEs account for about 83% of its loan portfolio.

Consolidated Fee Income Ratio Comparison

As KMFG boasts substantial growth potential in terms of fee income, we will proactively market Resona’s products and services targeting KMFG customers.

Consolidated Cost-to-Income Ratio Comparison

Rolling out its wealth of know-how accumulated in the course of operational reforms, the Resona Group is aiming to help all Group banks, including KMFG, accelerate digitization and pursue low-cost operations.

Loan and Deposit Market Share

With few generally low-yield loans to large corporations, the Resona Group is able to garner relatively higher yields and appropriately control credit risk by dispersing loans with a portfolio of small loans.

Enhancing Resona’s Strength

Note: Entities named above represent main Group companies.
Making Kansai Mirai Financial Group (KMFG) a Wholly Owned Subsidiary

On April 1, 2021, the Resona Group made KMFG a wholly owned subsidiary. With this move as a springboard, we have reinforced our commitment to serving our home market in the Kansai area, which boasts robust potential for economic growth well into the future, while rallying Groupwide strengths to support our customers and their regional economies.

Realizing Group Synergies via the Acceleration of Post-Merger Integration (PMI)

With KMFG having become a wholly owned subsidiary, the Resona Group is now free of previous restrictions on allocations of management resources and able to act more quickly in this regard. We expect Group synergies afforded by the resulting business structure to yield a ¥23.0 billion increase in profit in fiscal 2022 (compared with the fiscal 2018 level), which represents approximately 10% growth in actual net operating profit earned by the Group. Of this amount, expected growth in top-line revenues due to synergies from the across-the-board marketing of Resona’s unique products and services by Group banks amounts to ¥7.5 billion. Moreover, we aim to garner cost synergies totaling ¥15.5 billion (compared with FY2018 level), a figure that reflects the expected effects of the shared use of systems, the optimization of channels and the optimal reallocation of human resources among Group entities. In FY2020, we had already secured ¥6.0 billion and ¥9.0 billion attributable to top-line and cost synergies, respectively, with a total of ¥15.0 billion deriving from the positive effect of PMI. We will continue to focus on securing synergies to achieve the targets stated above.

Optimization of Channels

As KMFG became a wholly owned subsidiary, we have upwardly revised our target for the number of joint branches run by KMFG, from approximately 90 to around 120. Striving to maintain and improve customer convenience, we will streamline our branch operations in addition to strengthening our solution capabilities.

Pursuit of Sales Synergies

In the wake of the PMI, both Kansai Mirai Bank and Minato Bank have seen increases in customers who use the kind of products and services that had not previously been among KMFG traditional offerings but that have significant appeal for retail customers. These include solutions employing trust- and real estate-related functions that the integration has made available to these banks as well as the “Resona Fund Wrap,” which utilizes pension management know-how the Resona Group has nurtured for a half century.

Moreover, five Business Plazas (Tokyo, Osaka, Saitama, Kobe and Shiga) are serving as business creation centers. These plazas utilize Groupwide functions, offering business matching services to corporate customers and otherwise facilitating their active utilization of our Groupwide network. In these ways, we are striving to better serve the Group’s corporate customers, which currently total 503,000.

Reallocation of Human Resources

Over the three-year course of the medium-term management plan (MMP), we expect our total headcount to decrease by approximately 3,500 to 28,300 as of March 31, 2023. Furthermore, we are expecting a further reduction of 350 in light of the effect of making KMFG a wholly owned subsidiary. By embracing digital transformation (DX), we will also improve productivity while pushing ahead with channel reforms. As a result of these efforts and largely via natural attrition, we will achieve our aim of reducing our headcount to below the March 2017 level of 29,000 recorded prior to the integration.
Since the 2003 “Resona Shock,” which struck the Group immediately after its inauguration, our human resource management has been focused on practicing diversity management that empowers each and every employee to serve as a key workforce component regardless of their gender, age or job category. In recent years, we stepped up this approach, promoting diversity & inclusion (D&I) to help diverse human resources realize their potential and take full advantage of input from differing value systems.

Specifically, the “Resona Women’s Council” is in place to reflect voices from female employees in business management, while leadership training, a mentoring system and other programs have been implemented to raise the ratio of female line managers. In addition, we provide middle-aged and senior employees with career development training to empower them to continue to work actively.

Our emphasis on D&I is also reflected in the personnel system. For example, we apply a unified job-class and personnel evaluation system for multiple employee categories (full-time employees, “smart employee” (region- or task-specific employees) and “partner employee” (part-time employees)). This means that employees who are in the same job class and employment status receive the same level of basic compensation (hourly wage conversion) to ensure the same compensation for everyone doing the same work. Our wage systems are thus designed to reward employees based on the degree of their contribution regardless of job category.

Furthermore, we began providing employees with options aimed at helping employees spontaneously develop their areas in order to promote the transition to a human resource portfolio focused on securing diverse and capable professionals while helping them develop the specialist skills necessary to handle workers boasting strengths in their areas of specialty.

New Personnel System

In anticipation of a major shift in the bank business model, we implemented a revision to our personnel system in April 2021 aimed at helping each employee grow into a true professional. The revised personnel system is a multi-path structure that offers a total of 19 career courses encompassing various operational areas in order to promote the transition to a human resource portfolio with a greater focus on securing diverse workers boasting strengths in their areas of specialty.

We have also launched a comprehensive career support system aimed at helping employees spontaneously develop their careers. Taking advantage of this system, we will encourage employees to clarify the career paths they desire in a way that takes into account their strengths while helping them proactively work toward the achievement of their career targets.

Furthermore, we began providing employees with options regarding retirement age, which can range between age 60 and age 65, in addition to introducing a “senior smart employee” system that allows individuals in this age group to cut back on their working hours and days. By doing so, we ensure that each employee can spontaneously select their work style in their 60s. In October 2019, prior to the introduction of the revised personnel system, we also decided to those past retirement age to continue working until age of 70. We are thus striving to empower employees to remain active members of the workforce over the long term.

In addition to offering equal opportunities for employees regardless of gender, age or job category, the revised personnel system takes recent changes in the operating environment into account, with the aim of better positioning our diverse human resources to pursue business success. This is one way the Resona Group promotes D&I and enhances its corporate value via the incorporation of diverse thoughts and ideas.

In order to nurture professional human resources in diverse fields, we have since been focused on developing human resources capable of accurately assessing customer needs and providing optimal consulting. We will also proactively hire professionals equipped with experience and specialist skills from external sources.

Work Style Reform Initiatives

We also consider it essential to offer a variety of work style options in order to promote D&I. To this end, the Resona Group maintains “smart employee” positions in addition to full-time employee and partner employee positions, with the aim of securing a broad range of options for employees that meet their needs for optimal work-life balance. The smart employee positions allow employees to cut back on working hours or limit the scope of their assigned tasks while ensuring long-term employment comparable to full-time positions.

Currently, the Company’s smart employee comprises individuals who transitioned from full-time positions due to their need to engage in childcare or nursing care along with those who were promoted from partner employee positions.

Although the Resona Group introduced the remote working system primarily as part of initiatives to prevent the spread of COVID-19, it is now accelerating the use of this work style throughout its operations. As it eliminates the need for commuting, remote working enables diverse individuals, including those facing time constraints, to pursue career success in a flexible manner. From the perspective of promoting diversity in work styles, we will push ahead further with the expansion of the scope of employees eligible to remote working.

Also, the Resona Group focuses on maintaining robust communications between top management and frontline employees via, for example, townhall meetings. Utilizing these and other dialogue opportunities, we will directly deliver messages from management with regard to our commitment to realizing D&I while taking heed of voices from employees. In these ways, we will work further to enhance the lineup of work style options available to employees and thereby improve productivity.

Work Style Reforms

- Expanded the scope of employees eligible for remote working to include all employees, including branch staff.
- Increased the number of satellite offices to 136 (as of March 31, 2021)
### Introduction of a New Branch System

Resona Bank and Saitama Resona Bank are both engaged in an introduction and switchover to a new branch system designed to simultaneously achieve significant improvement in the customer convenience and productivity of their banking operations.

For customers who wish to finish their errands in a hurry, the new branch system offers procedures employing Group tablets that can be easily navigated using the same UI and UX as the Resona Group App. For customers whose needs require them to take time for consultation, branch staff employ special tablets to accommodate them on a location-free basis. Moreover, TV counters have been installed that allow specialist staff at headquarters to provide consultation on such complex procedures as inheritance and other issues requiring sophisticated expertise. With paperless branch operations integrating consulting services and banking procedures, the system is thus aimed at providing new customer value while contributing to the streamlining of clerical work.

In addition, we utilized a low-code development platform (a programming tool that enables swift software development without deep coding) in the course of developing this branch system. Thanks to this approach, we were able to halve the development period and cut back on development costs.

### Promotion of Channel Reforms

Having made Kansai Minifinancial Group (KMFG) a wholly owned subsidiary, we are poised to accelerate channel reforms. Specifically, we employ a “branch-in-branch” method targeting Kansai Minifinancial Group branches, with former Kinki Osaka Bank and former Kansai Urban Banking Corporation branches located in close proximity being earmarked to share the same facilities. We will also apply a “bank-in-bank” method to a growing scope of other Group branch banks and similarly integrate multiple branches that operate in close proximity. Our plans thus call for reducing the total number of branch locations by 135, or approximately 20% from the number as of March 31, 2020, to around 690 as of March 31, 2023. Simultaneously, we will accelerate our efforts aimed at replacing and downsizing branch facilities, optimizing the respective missions of branches and consolidating back-office operations. Through these endeavors, we aim to enhance our contact points with customers and service levels while reducing branch operation costs.

### Number of Manned Branches and Other Business Bases

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>KMFG</td>
<td>374 locations</td>
<td>330 locations</td>
<td>Approx. 256 locations</td>
<td>Approx. ¥1 billion/year</td>
</tr>
<tr>
<td>Resona Bank</td>
<td>451 locations</td>
<td>440 locations</td>
<td>Approx. 425 locations</td>
<td>Approx. ¥1.1 billion/year</td>
</tr>
</tbody>
</table>

- **Replacement and downsizing** of 53 branches (46 branches are already done)
- **Optimize branch mission/consolidation of operations** (Approx. 140 branches (75 are already done)

### Composition of system-related costs

- **Shift our resources to DI-related investment** via system structure reforms
- **Integrate face-to-face and digital services** to provide consultation on such complex procedures as inher- tance and other issues requiring sophisticated expertise
- **Upgrade accounting-related APIs to real-time data**

### Vision

- **Make our systems available as open platforms**
- **Integrate face-to-face and digital services**
- **Launch the downsizing of existing systems with a focus on accounting-related systems**

### Current structure

- **Customer / employee**
- **API platforms**
- **Accounting hub**
- **API**
- **Communication hub**

### Cost reduction effects

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composition of system-related costs</td>
<td>Approx. 25%</td>
<td>Approx. 28%</td>
<td>Approx. 50%</td>
</tr>
<tr>
<td><strong>Cost reduction</strong></td>
<td>Approx. ¥2 billion/year</td>
<td>Approx. ¥1 billion/year</td>
<td>Approx. ¥1 billion/year</td>
</tr>
</tbody>
</table>

1. Digital Service Office
2. The BiBi method undertaken by KMFG involves the integration of Kansai Minifinancial Group branches
3. The number of joint branches that house Resona Bank and KMFG branches is included in Resona Bank branches
4. Excluding Resona Bank branches equipped with Seven Days Plazas
5. Resona Cashless Platform
6. A function that enables Minato Bank customers to undertake passbook entry using Resona Bank ATMs
Sophisticated Corporate Governance System

Cutting-Edge Corporate Governance Structure

In 2003, Resona Holdings became the first domestic banking group to adopt the company with a nominating committee system, aiming to secure management soundness and transparency. Upon the transition to the new system, Resona Holdings appointed individuals from outside the Group to the post of Chairman and six outside director seats. This ensured that a sufficient number of highly independent outside directors were assigned membership in the Board of Directors and the three committees (the Nominating, Audit and Compensation committees) so as to constitute a majority in all of these bodies. Since then, the structure and role of independent directors have been clarified and have continuously been reexamined in the framework of a diverse range of opinions. As seen in the annual evaluation of the Board of Directors, Resona Holdings strives to enhance its role and functions as a company with a nominating committee, to this end, taking advantage of the Board’s role in ensuring that the core interests of the Group are prioritized and its management and business execution by adopting the company with an audit and supervisory committee system. All three of these companies have appointed to their boards multiple qualified individuals as highly independent outside directors.

Not content with establishing the governance systems described above, Resona Holdings strives to enhance its role and functions as a company with a nominating committee, to this end, taking advantage of the Board’s role in ensuring that the core interests of the Group are prioritized and its management and business execution by adopting the company with an audit and supervisory committee system. All three of these companies have appointed to their boards multiple qualified individuals as highly independent outside directors.

Overview of Upgrading of Resona Holdings’ Corporate Governance Structure

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Transformed to a company with a nominating committee (First in the domestic banking industry)</td>
</tr>
<tr>
<td>2007</td>
<td>The presidents of Resona Bank, Saitama Resona Bank and the then Kinki Osaka Bank, all of whom concurrently served as Resona Holdings’ executive officers, were elected as directors, giving Resona Holdings a majority of independent outside directors. To improve the effectiveness of consolidated business management, the Company formulated a Corporate Governance Policy, which defines Resona Holdings’ fundamental approach to, framework for and practice of corporate governance.</td>
</tr>
<tr>
<td>2003</td>
<td>The directors’ retirement benefit system was abolished, and the Board of Directors deliberated and decided on the introduction of a performance-based compensation system.</td>
</tr>
<tr>
<td>2004</td>
<td>The directors’ retirement benefit system was abolished, and the Board of Directors deliberated and decided on the introduction of a performance-based compensation system.</td>
</tr>
<tr>
<td>2015</td>
<td>The establishment of Japan’s Corporate Governance Code</td>
</tr>
<tr>
<td>2020</td>
<td>Appointed Chairman of the Board of Directors from among non-executive directors</td>
</tr>
<tr>
<td>2015</td>
<td>Formulated a Basic Corporate Governance Policy</td>
</tr>
<tr>
<td>2016</td>
<td>Established a dual-reporting line system that designates the Audit Committee as the primary body to receive reporting from the internal audit division</td>
</tr>
<tr>
<td>2017</td>
<td>Launched full-scale deliberations on top management team succession and other matters associated with the next management structure</td>
</tr>
</tbody>
</table>

Self-Evaluation of the Board of Directors’ Effectiveness

In 2015, the Company’s Board of Directors began conducting a self-evaluation of its effectiveness, building on the conventional practice of distributing questionnaires to outside directors to find out what they want to say about its operations. Targeting all members of the Board, this self-evaluation confirms feedback from each individual with regard to such matters as the role and functions of the Board, the status of operations, response to issues identified through the last year’s self-evaluation and the operational status of the three committees. The results of these self-evaluations submitted by each individual are reported to and deliberated by the Board of Directors.

In addition, over a two-year course from fiscal 2019, the Board of Directors reviewed the entirety of items included in the questionnaire and otherwise strove to upgrade its self-evaluation framework, commissioning a third-party agency to support these endeavors. The fiscal 2020 self-evaluation involved director views in addition to questionnaires targeting each director. The final results of this self-evaluation and the status of initiatives undertaken by the Board thus far are as outlined below.
Messages from Outside Directors

Resona Should and Is Qualified to Aim for “Retail No. 1”

Hidehiko Sato
Member of Nominating Committee Member of Audit Committee

It’s been a year since the appointment of President Minami. Please share your impressions of his leadership.

The appointment of Mr. Minami followed about two years of discussion by the Nominating Committee. This discussion was based on the belief that the banking industry is facing a growing call for a major shift from the current business model. Specifically, banks are no longer allowed to narrowly focus on accumulating deposits and extending investment and financing, now they must innovate and break away from traditional models. In addition, although banks have introduced IT technologies, this has been mainly aimed at upgrading their accounting-related systems. It has now become almost imperative to update the entire range of banking operations via the use of these technologies. Also, the entry of new players into the banking industry is pressuring banks further to reassess the worth of their conventional models. Accordingly, creating a management team capable of helping the Group navigate amid these circumstances was the foremost objective of the selection process.

Secondly, committee members deliberated on how to better position Resona Holdings, as a holding company, to exercise solid governance not only over its Group banks but also over other subsidiaries. Third and lastly, we aimed to help the Group secure a synergistic improvement in its performance in the course of such undertakings as the integration of Kansai Mirai Financial Group (KMF). With an eye on getting on board with the emerging industry trends discussed above, on multiple occasions the Board of Directors has discussed the need for the Group to engage in a two-year discussion about the creation of an optimal management team capable of overcoming the challenges lying ahead. Among the tasks considered, the establishment of an efficient and effective system for the pressing need to secure capabilities to navigate the aforementioned business environment, whether or not to maintain a separate office of president of Resona Holdings as this position was being concurrently filled by the president of the Group. When considering the separation of these two functions, we naturally began scrutinizing the structural appropriateness of the Company’s Board of Directors and intensively discussed this matter.

To date, the Resona Group has been preparing well-thought-out succession plans, with outside directors being directly and deeply involved in the preparation of such plans as well as the selection of president and director candidates.

Giving due consideration to the above-described factors, we conducted interviews with candidates, including presidential candidates, whom we met with twice a year. In the end, we determined that Mr. Minami was the best fit for the position of President of Resona Holdings. Mr. Minami has been handling business management exactly as expected. Furthermore, the way he works in tandem with subsidiary bank presidents seems to be more successful than anticipated. This is, we believe, thanks to his competencies and personally as well as proactive cooperation by the latter.

Could you specifically explain the separation of the roles of Resona Holdings and subsidiary banks?

Basically, the relationship between the former and the latter has not changed. However, due to the inclusion of KMF into the Group umbrella, overall management emphasis needs to shift from exercising supervision primarily over Resona Bank. We are currently discussing how to optimally allocate the weighting of our supervision among said bank, Saitama Resona Bank and the other subsidiary banks. This inclusive approach has resulted in major changes in management’s perspective regarding and interest in non-bank subsidiaries. For example, the Group founded Resona Asset Management while, in the field of trust management, an area of strength for Resona, releasing the fund wrap. As the Group takes on challenges arising from the changes I described earlier, its asset management capabilities are expected to lend it a significant driving force. With regard to the settlement service, which is similarly undergoing major changes, Resona Card will play an increasingly important role. As such, the functions offered by Group companies other than banks will grow in significance in light of the radically evolving environment surrounding the banking industry.

Please explain the features of the Resona Group’s governance approach aimed at supporting and nurturing top management.

The majority of today’s domestic banks were formed via numerous rounds of mergers and Resona is no exception. Surprisingly, however, when assessing employees, Resona’s corporate culture places little weight on which pre-merger entities they once belonged to. Resona thus stands out in comparison with several other corporations in which I have held officer positions. Such has been the case since I took office as one of Resona’s outside directors six years ago. After going through a number of interviews with officers in the course of preparing succession plans, I was left with the impression that Resona’s officers have little or no inclination to introduce the customs of their former workplaces to their positions, a stark contrast to many officers at other merged banks.

In fact, the Board of Directors is already considering how to ensure that Resona’s managers are not in charge of business execution and thus not so well-positioned to accurately assess the competencies of future leaders. In this mind, I interview each individual based on input from the president regarding his/her competencies and ask questions to confirm whether my presumptions are correct. In the course of this process, I focus on personality because corporate leaders must be individuals capable of withstanding loneliness while also being good listeners capable of heading feedback from their staff. These qualities really matter I assume that outside directors’ policies for the selection of future leaders differ largely by individual. In fact, having different perspectives is a good thing. After these interviews, all Nominating Committee members exchange their opinions. I think this process serves as a fail-proof mechanism that prevents the wrong persons from being selected.

Please share your thoughts on what the Group’s Board of Directors must look like in the future. Also, what is your vision regarding how you aim to contribute to its operations?

Today, the modus operandi of boards of directors is a subject of intensive public debate. I personally believe that boards of corporate governance should differ as much as needed by organizations. As a matter of fact, it is the president himself who is best positioned to assess the competencies of each officer candidate and acting officer. Although we can make presumptive assessments based on the president’s letter of resignation, I believe that the president is in charge of business execution and thus not so well-positioned to accurately assess the competencies of future leaders. In this mind, I interview each individual based on input from the president regarding his/her competencies and ask questions to confirm whether my presumptions are correct. In the course of this process, I focus on personality because corporate leaders must be individuals capable of withstanding loneliness while also being good listeners capable of heading feedback from their staff. These qualities really matter I assume that outside directors’ policies for the selection of future leaders differ largely by individual. In fact, having different perspectives is a good thing. After these interviews, all Nominating Committee members exchange their opinions. I think this process serves as a fail-proof mechanism that prevents the wrong persons from being selected.

Please share your thoughts on how you aim to contribute to its operations.

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Expecting Resona to Step Up Its Forward-Looking Stance toward ESG

Kimie Iwata
Member of Nominating Committee Member of Compensation Committee

Resona Holdings, I strive as an outside director to build mutual trust with executives while taking great care not to get too comfortable and cozy. Maintaining this balance, I bring my value systems, experience and knowledge to bear to contribute my unrestrained opinions and offer alternative suggestions. What is proposed in agenda items this is one thing I am proud of. At Shiseido, I was mainly charged with human resource strategies and CSR, the latter of which is now being called ESG. In particular, I have amassed considerable experience related to the empowerment of women and other diversity-related endeavors as well as in implementing countermeasures against excessive overtime and promoting work style reforms. I offer my opinions on these issues in an especially proactive manner. I also focus on contributing my advice with regard to ESG issues as I personally believe that a corporate executive’s serious pursuit of solutions for issues society is now confronting will naturally help it discover new business opportunities and achieve growth in tandem with society.

Resona is a very progressive company in terms of addressing ESG issues, including the empowerment of women and work style reforms. I find my duty quite rewarding when I exchange opinions and strive together for even better solutions in tandem with individuals who are hard at work as part of a pioneering company like Resona, which is representative of not only the financial industry but also Japan’s business sector at large.

Could you explain what makes Resona’s approach to ESG different from that of its peers?

I suspect that the answer for this question also dates back to the “Resona Shock.” In recent years, Resona has been chosen to receive various awards and granted high rankings. This is, I believe, because of a culture that values stakeholders and is focused on delivering solutions to issues they are confronting. This culture is a built-in component of Resona’s Corporate Mission, the Resona Way and its current MMP. In contrast to many other companies that tend to handle business plans and ESG issues separately, Resona is successful in handling both in an integrated manner. I especially appreciate the catchphrase “Customers’ happiness is our pleasure,” which represents a fundamental stance upheld by Resona. I have seen a great number of Group officers and employees strolling in the course of their daily operations to embody this catchphrase with a sense of ownership. Thus, Resona’s strength in the ESG field is derived from an approach deeply embedded in its corporate culture.

What methodologies do you recommend to help Resona empower women to take these positions?

Regardless of gender, businesspeople need first to be encouraged to gain rich business experience. The successful development of personal competencies is largely dependent on gaining solid business experience. This also applies to career development. Moreover, when it comes to identifying leader candidates, finding individuals who can properly and flawlessly handle the tasks being assigned is not enough. Rather, candidates must be pushed to gain new experience in unfamiliar fields or entrusted with tasks requiring higher competencies. They should be deliberately placed in positions involving challenging duties. The Group must approach human resource management in this way.

Secondly, the Group should be bold in its promotion of young individuals. Irrespective of age and, of course, regardless of gender, those deemed promising must be promoted at a faster pace. Such individuals should experience corporate management while they are young. As the Group has a robust pool of young female employees, taking this approach will naturally enable it to increase the ratio of women in higher positions. In any case, the development of leader candidates cannot be accomplished overnight and requires patience.

What do you see as the value of the Board of Directors modeling changes in the Group’s management?

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What do you see as the value of the Board of Directors modeling changes in the Group’s management?

Every year, we strive to identify issues the Board must address via the self-evaluation of its effectiveness. We repeat this cycle to continuously improve and resolve such issues in an effort to enhance the quality of the Board’s operations.

Looking at specific issues, the Board of Directors’ composition and the selection of agenda items discussed by it have been the matter of ongoing deliberation. Although the average length of each Board of Directors meeting is around three hours, we consider it important to ensure the optimal selection of agenda items and determine their priorities in light of the limited time available for discussion.

We must also deliberate the composition of the Board on an ongoing basis. Given changes in the operating environment and the evolving nature of challenges confronting the Group, we are striving to ensure an optimal composition by regularly engaging in discussion aimed at determining the types of individuals who are best for Resona as new director candidates and the backgrounds they must have while assuring who is likely to retire from director positions and when. From this perspective of the discussion, we envision ideals for the Board of Directors. In my opinion, Resona Holdings’ Board of Directors is on a steady path toward achieving such a composition. When it comes to selecting agenda items, we strive to employ a broad perspective when determining the long-term direction of the Resona Group and management strategies that take into account the optimization of the entire Group while exercising the sufficient monitoring of business execution. I believe that success of individual business initiatives ultimately hinges on efforts undertaken by each subsidiary, so our role as directors is to determine management’s general direction.

To this end, after the closure of official Board meetings we direct usually spend some time discussing matters that have yet to be matured into issues requiring a decision from the Board. Anyway, the Board should always strive to discuss matters from long-term and broader perspectives.

Lastly, please share any messages you may have for readers.

Resona’s integrated report consists not only of financial information but includes a comprehensive range of ESG information and it has been prepared to help readers deepen their understanding of the Group’s current management policies and its strategies.

Currently, Resona’s management team enjoys a growing number of engagement opportunities for robust discussions with investors. Engagement doesn’t only mean participating in dialogues. Rather, engagement should involve the exchange of ideas regarding how to improve the Group’s corporate value. I like to utilize the integrated report as a material for facilitating such engagement.
Our Recognition of the Business Environment and Role to Be Fulfilled by the Resona Group

Today, our economic system is being called on to shift from an “economy supported by the natural environment and society” to an “economy supporting the natural environment and society” for the sake of future generations as well as the current generation. This shift is becoming more imperative than ever in step with a growing trend toward the creation of a sustainable society that is genuinely prosperous and strengthened by a spirit of mutual support. To properly adapt to this major structural change, businesses are being challenged to incorporate their responses to environmental and social issues into their business strategies and align the direction and time frames of such strategies with the ongoing SX affecting society at large.

Looking at the structure of Japan’s industrial sector, small and medium-sized enterprises (SMEs) make up more than 99% of businesses, with their employees accounting for more than 70% of the working population. Also, more than half of the added value produced by domestic businesses is attributable to these SMEs. Accordingly, for society to be sustainable, SX must be undertaken not only by large corporations but also by SMEs.

As Japan’s largest retail/commercial banking group with full-line trust banking capabilities, the Resona Group is clearly aware of its role and determined to assist its customers, mainly in the retail field to promote sustainability transformation (SX) through its financial services and “effect a significant movement toward SX for society as a whole by supporting corporate and individual customers undertaking initiatives.”

Our Vision and Long-Term Sustainability Targets

In line with its management vision, the Group is simultaneously pursuing the creation of a sustainable society and sustainable corporate growth, ensuring “resonance” between these two endeavors. This means that, in striving to update the Group’s business model, we are also helping customers embrace new lifestyle norms so that we can together adapt to change. In this regard, we also aim to become the most significant contributor to customer success in SX.

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Overview of the Group’s Sustainability Transformation

The Resona Group’s Sustainability Solutions

<table>
<thead>
<tr>
<th>Resona Asset Management</th>
<th>Resona Research Institute</th>
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</thead>
<tbody>
<tr>
<td>Four Group banks</td>
<td>Four Group banks</td>
</tr>
<tr>
<td>Financial</td>
<td>Consulting</td>
</tr>
<tr>
<td>Resona Asset Management</td>
<td>Development and provision of asset management products related to ESG and SDGs</td>
</tr>
<tr>
<td>Four Group banks</td>
<td>Consulting for supply chain risk mitigation</td>
</tr>
<tr>
<td>Consulting</td>
<td>Consulting for business response to SDGs</td>
</tr>
<tr>
<td>Resona Research Institute</td>
<td>SDG-related business seminars and business negotiation meetings</td>
</tr>
<tr>
<td>Four Group banks</td>
<td>Four Group banks</td>
</tr>
<tr>
<td>Consulting</td>
<td>Business matching service</td>
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<tr>
<td>Consulting</td>
<td>Staffing agency service</td>
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<tr>
<td>Other Solutions for Addressing Social Issues</td>
<td>Four Group banks</td>
</tr>
<tr>
<td>Resona Asset Management</td>
<td>ESG investment</td>
</tr>
<tr>
<td>Four Group banks</td>
<td>SDG-related business incubation</td>
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<tr>
<td>Consulting</td>
<td>Digitalized and cashless operations</td>
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<tr>
<td>Resona Asset Management</td>
<td>Assist government-private collaboration projects</td>
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<tr>
<td>Four Group banks</td>
<td>Digital platform</td>
</tr>
<tr>
<td>Consulting</td>
<td>Provide digital banking services</td>
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<tr>
<td>Resona Asset Management</td>
<td>Assist business succession assistance</td>
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<tr>
<td>Four Group banks</td>
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<tr>
<td>Consulting</td>
<td>Assist business succession assistance</td>
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</tbody>
</table>

For more details, please also refer to pages 38 to 40.
Cumulative total of transition financing from FY2021 to FY2030: ¥10 trillion

**Retail Transition Financing Target > In-Depth Customer Engagement and Enhanced Solutions**

**Priority Themes**
- Local Communities
- Environment

**Financing Coverage**
- Helping retail customers update their awareness, transform their modes of behavior and stably move forward from their current situation (including financing for each green project as renewable energy generation, as well as large corporate financing involving third-party verification)

Through supply chains, our retail customers are being affected by supply from the efforts of large corporations striving to accelerate sustainability initiatives like the pursuit of carbon neutrality. Also, the status of sustainability efforts undertaken by SMEs and the management resources they can afford to allocate to such efforts vary greatly by company. Accordingly, we recognize that our solution lineup must be diverse and capable of assisting each SME seeking to push ahead with sustainability initiatives according to their current situation. The Resona Group maintains robust transactions with both large corporations and retail customers, while Resona Asset Management, a subsidiary functioning as an institutional investor and undertaking stewardship initiatives for many years, lends specialist strength to the Group. Drawing on these business assets, we will strive to engage in in-depth dialogue with retail customers with regard to the possible risks and opportunities they are exposed to due to the accelerating trend toward SX. In these ways, we will step up the provision of solutions designed to help customers stably move forward toward the resolution of issues they are currently confronting.

**Corporate**

**Step up the provision of diverse SX solutions designed in light of the varying needs of SMEs to help them stably transition**

- Develop a dialogue with regard to demand-supply situation of eco-friendly housing
- Other initiatives
  - Engage in dialogue with regard to demand-supply situation of eco-friendly housing
  - Other information on legal regulations, subsidy programs and other industry trends

**Customer phase in terms of SX**

- Engage in dialogue with regard to demand-supply situation of eco-friendly housing
- Other initiatives
  - Engage in dialogue with regard to demand-supply situation of eco-friendly housing
  - Other information on legal regulations, subsidy programs and other industry trends

**Resona’s unique initiatives**

- Public relations activities
- Private placement SDGs bonds
- Areas in which Resona aims to strengthen its solutions
- Sustainability Linked Loans
- Private placement Green Bonds

**Housing loans**

- Step up efforts to popularize eco-friendly housing by taking advantage of our solid relations with partner companies
- Dialogue with construction firms and real estate companies
- A growing number of eco-friendly housing projects
- A growing number of individual customers who choose such housing
- Flat 101, housing renovation loans designed to aid elderly for sale panel instability, etc.

**Renewable Energy in the Regional Communities in Which We Operate**

- Estimated reduction in CO₂ emissions volume: -2,325 t-CO₂
- Breakdown of FY2020 emissions (provisional)
  - SCOPE 1: 5,428
  - SCOPE 2: 51,390
  - Emissions from energy sources: 50,181

**Volume of CO₂ Emissions from the Resona Group’s Operations**

- For the purposes of reducing CO₂ emissions attributable to energy used by the Group to net zero by the end of FY2030 via the proactive switchover to renewable energy:
  - As a member of society, the Resona Group will strive for the earlier realization of carbon neutrality in terms of emissions attributable to its operations, with the intention of contributing to the realization of carbon neutrality and the popularization of renewable energy in the regional communities in which it operates.

- As Japan’s national target of achieving carbon neutrality by the end of 2050 requires across-the-board efforts involving both the private and public sectors, it is expected that in regions nationwide, businesses and municipalities will act in close collaboration to help achieve this target in accordance with the May 2021 enactment of the revised Act on Promotion of Global Warming Countermeasures.

- Consider that most CO₂ emissions from the Resona Group’s operations are attributable to its energy use, the Group intends to introduce renewable energy for use at key facilities run by Group companies in FY2021.

- In light of these initiatives, we expect the Group’s annual volume of CO₂ emissions to decrease by 4,331 tons. Looking ahead, we will work to introduce renewable energy from carbon-free sources and otherwise procure carbon-free energy, with priority on energy-intensive facilities.

**Other Initiatives Scheduled Thus Far**

- Expand the scope of cashless and digitalized operations while going paperless in the provision of products and services
- Reduce energy consumption at each business base
- Cut back on the number of company-owned internal combustion engine (ICE) vehicles while expanding the use of EVs in a phased manner
- Step up purchasing focused on reducing environmental burden
- Participate in local initiatives aimed at protecting the natural environment and biodiversity

1. SCOPE 1 and SCOPE 2
2. Calculated by retrospectively incorporating CO₂ emissions from precursors of HMFG and its subsidiaries prior to management integration and aggregating SCOPE 1 and 2 CO₂ emissions from Group banks based on methods stipulated by Japan’s Energy-Saving Act for statutory periodic reporting. 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 published figures for the annual and national average price of gasoline and the emissions coefficient.
Opportunities
30%
2021
19.2%
- 
- 
Local Communities
Environment
- 

We will also promote the initiatives listed to the right to help diverse Other Initiatives Scheduled Thus Far

Accelerating SDG-Oriented Management

The Resona Group’s ongoing efforts related to the empowerment and promo- tion of women began with a strong belief held by deceased former Chairman Eiji Hosoya that “Diversity is an important element of a sound organization. New ideas often come from an encounter between individuals with differing values.” The Resona Group aims to deliver new value on an ongoing basis to customers seeking to achieve SX in the wake of a progressing structural change toward the realization of a sustainable society. Accordingly, we deem it important to constantly take on the challenge of innovation that questions past experience and conventional norms. Having made Kansai Mirai Financial Group (KMFG), a wholly owned subsidiary in April 2021, the Resona Group has placed even stronger focus on empowering women to serve as a driving force of value cre- ator. Building on the outcomes of our empowerment efforts thus far, which have proven effective in terms of equipping the Group with new strength, we will promote innovation via the incorporation of unconventional ideas. We will thus work to create new value on diverse fronts, with the aim of realizing our vision.

Timeline of the Resona Group's Empowerment Efforts

Moreover, the Group Human Rights Promotion Committee, a sub- committee under the Group SDGs Promotion Committee, is charged with the consolidated management of important matters associated with human rights promotion among all Group employees.

In FY2020, the Board of Directors discussed such matters as the status of the RIC2030, the evaluation of RIC2030’s implementation structure and what must be done going forward.

The above discussion led to the formulation of the Group's Long-Term Sustainability Targets announced in June 2021. The content, direction and levels of these targets were also determined via inten- sive discussion at the Board of Directors following deliberations by the Group SDGs Promotion Committee and the Executive Committee.

The status of the Group’s SX initiatives is reported to the Board of Directors at least once a year, ensuring that the Board exercises robust supervision over these matters. With outside directors constit-uting its majority, the Board of Directors engages in multifaceted dis- cussion and reflects its conclusions in the Group’s business strategy, risk management and information disclosure. In addition, the Group SDGs Promotion Committee, chaired by the president of Resona Holdings, is tasked with exercising consolidated supervision of specific issues associated with sustainability and deemed important. Members of this committee include presidents of Group banks and the heads of the Corporate Administration Division and risk management divisions as well as officers in charge of corporate and retail banking and the heads of KMFG’s departments charged with promoting SDGs.

We will also promote the initiatives listed to the right to help diverse Other Initiatives Scheduled Thus Far

- Promote the understanding of and equality for members of the LGBT community
- Raise the rate of eligible male employees who take childcare leave while increasing the average percentage of annual paid leave utilized
- Expand the scope of employees allowed to work from home, etc.
Stakeholder Dialogue and Collaboration

We practice stakeholder engagement on three fronts: (1) Relevant departments in place at each Group company directly engage with key stakeholder groups to address specific themes; (2) SDGs Promotion Offices and other relevant departments in place at each Group company conduct intragroup engagement based on input gleaned via dialogue with stakeholders and ESG evaluation agencies; and (3) Relevant departments in place at each Group company participate in and declare support for various initiatives. Taking advantage of a variety of methods, we are striving to enhance the quality and quantity of engagement initiatives, thereby improving our corporate value.

Dialogue and Collaboration with Key Stakeholder Groups

The Resona Group has established the Resona Way (the Resona Group Corporate Promises), which translates its Corporate Mission into a basic stance toward each stakeholder group. With the aim of simultaneously achieving a sustainable society and sustainable growth for the Group, relevant departments at each Group company work to engage in constructive stakeholder dialogue in line with the Resona Way.

Collaboration with Local Communities

Each Group bank is promoting collaboration with local communities to help realize SDGs. For example, Saitama Resona Bank was included in Saitama Prefecture’s list of entities registered as an SDG partner under the first round of its prefectural partnership program. Targeting entities maintaining head offices or local bases in Saitama, this program is intended to certify SDG partners from among those engaged in SDG-related initiatives and information disclosure regarding such initiatives.

Intragroup Engagement and Collaboration

Based on input gleaned via engagement with stakeholders and ESG evaluation agencies, SDGs Promotion Offices and other relevant departments at Group companies engage in dialogue themed on ESG issues in an effort to push ahead further with their initiatives and enhance the content of information disclosure. The status of progress and improvement in these initiatives is reported to the Group SDGs Promotion Committee, the Executive Committee and the Board of Directors.

Main Initiatives Undertaken Thus Far (April 2020 to June 2021)

<table>
<thead>
<tr>
<th>Themes</th>
<th>Focus of engagement</th>
<th>Action taken based on results of engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Updating of the “Basic Stance on Lending”</td>
<td>Sharing of relevant issues and policies for response</td>
<td>Revision of the “Basic Stance on Lending” (See below for the outline of revisions)</td>
</tr>
<tr>
<td>Realization of SX</td>
<td></td>
<td>Formulation of Long-Term Sustainability Targets</td>
</tr>
<tr>
<td>Tax initiatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship between social contribution activities and business strategies</td>
<td>Response to recommendations from ESG evaluation agencies with regard to issues that must be addressed</td>
<td>Enhancement of ESG-related information disclosure</td>
</tr>
<tr>
<td>Human resource development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk management</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Outline of Revision of the “Basic Stance on Lending”

This document has been revised by incorporating a policy of not extending new loans to projects deemed to possibly exert a major negative impact on the natural environment, such as coal mining, employing specific mining methods. We also reorganized its structure into such sections: “Stance on Lending to the entire Businesses or Sectors” and “Stance on Lending to Specific Businesses or Sectors.”

<table>
<thead>
<tr>
<th>Entities or sectors</th>
<th>Preclusion of lending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entire businesses or sectors</td>
<td>BlackLIST</td>
</tr>
<tr>
<td>Cautious stance toward lending</td>
<td></td>
</tr>
<tr>
<td>Specific businesses or sectors</td>
<td></td>
</tr>
</tbody>
</table>

Participation in Initiatives

In light of requests from international society and our role as a financial institution, we promote across-the-board efforts to realize a sustainable society and, to this end, participate in and declare our support of various initiatives at home and abroad.

Declaring Support of Various Initiatives at Home and Abroad
Our Response to Global Warming and Climate Change (initiatives related to the TCFD recommendations)

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)” in November 2018, 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.

Moreover, the Group’s Long-Term Sustainability Targets (see also pages 36 - 40) announced in June 2021 are aimed at accelerating its initiatives to help realize a carbon neutral society, with their target year set at FY2030.

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 (see also page 41).

With outside directors making up the majority of its membership, the Board of Directors 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 the 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 headquarters of departments charged with promoting SDGs.1

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.

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.

1. Referenced scenarios
   - IEA Energy Technology Perspectives 2°C Scenario
   - IPCC Representative Concentration Pathways 8.5
   - Japan’s Intended Nationally Determined Contribution (NDC), etc.

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

<table>
<thead>
<tr>
<th>Projected developments</th>
<th>Impact on the financial industry</th>
<th>Time frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing funding needs among businesses for the development of low-carbon products and services, and capital expenditure aimed at reducing their GHG emissions</td>
<td>Financing streams will be more focused on measures to adapt to climate change effects</td>
<td>Short to long term</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product and service markets</th>
<th>Resource efficiency, energy sources, and market resilience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing demand for funding for public projects and capital expenditure aimed at alleviating physical damage attributable to abnormal weather</td>
<td>Reduction in business costs due to enhanced resource and energy efficiency</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transition risks</th>
<th>Physical risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology and market</td>
<td>Acute</td>
</tr>
<tr>
<td>Introduction of stringent government-led policies and regulations negatively affecting the operations of corporate customers and reducing the value of the Group’s loan assets</td>
<td>Virtually unchanged frequency of sudden occurrences of abnormal weather (hence, no major financial impact is expected)</td>
</tr>
</tbody>
</table>

- Outline of the Resona Group’s 4°C Scenario

<table>
<thead>
<tr>
<th>Projected developments</th>
<th>Impact on the financial industry</th>
<th>Time frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>No significant breakthroughs in climate change countermeasures (hence, no major financial impact is expected)</td>
<td>Financing streams will be more focused on measures to adapt to climate change effects</td>
<td>Short to long term</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product and service markets</th>
<th>Resource efficiency, energy sources, and market resilience</th>
</tr>
</thead>
<tbody>
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</table>

<table>
<thead>
<tr>
<th>Transition risks</th>
<th>Physical risks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acute</td>
</tr>
<tr>
<td>Physical change-related opportunities and risks 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.</td>
<td></td>
</tr>
</tbody>
</table>

- 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.

Investment

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.

Main Content of Relevant Agenda Items Submitted to the Board of Directors (April 2020 to June 2021)

- Revision of the “Basic Stance on Lending”
- Status of the Group’s response to climate change (initiatives related to TCFD recommendations) and issues to be addressed going forward (the upgrading of methods used for climate change scenario analysis, etc.)
- Status of employee awareness regarding SDGs and issues to be addressed going forward
- Status of top risks selected for the FY2021 annual plan period in light of growing climate change-related risks recognized as major impactors affecting the business environment

1. The president of KMFG, WMFG’s officer in charge of the Corporate Administration Division and the president of Resona Asset Management have joined the committee since FY2021.

2. Total of loans and bills discounted, acceptances and guarantees, foreign exchange, etc. (sum of Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank)
In-Depth Analysis of Our Qualitative Climate Change Scenarios

The proportion of carbon-related assets in the Group’s entire portfolio is not considered significant. Nevertheless, we must assume that the possible impact of climate change-related risks on a broad range of sectors could be profound. Also, the form of such impact and the timing of its materialization may differ largely by sector.

In light of these factors, we have identified priority sectors deemed particularly susceptible1 to climate change-related impact based on assessments of the potential magnitude of such impact while taking into account the proportion of relevant assets in the Group’s portfolio. Targeting these sectors, we conducted an in-depth qualitative analysis of our existing climate change scenarios.

Process Used to Select Priority Sectors

1. **Assessment of Climate Change Impact by Sector**

With reference to information published by the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Environment Programme Finance Initiative (UNEP FI) and the Sustainability Accounting Standards Board (SASB), assess the magnitude of the climate change impact on sectors deemed susceptible.1

2. **Reflect the proportion of assets in the Group’s portfolio by sector**

In addition, take into account the proportion of assets relevant to each sector in the Group’s portfolio.

3. **Determine priority sectors based on the results of 1 and 2 above.**

Determine priority sectors based on the insights from the TCFD, UNEP FI and SASB. For the real estate / construction, automotive / transportation, energy, and material sectors, we assume that assets and other natural disaster damage and rising air conditioning expenses (transportation) can be representative of such impact. For the agriculture / food, pulp / forestry products, and banking / life insurance sectors, we assume that rising energy prices (transportation) and the timely processing and development of renewable energy can be representative of such impact.

4. **Formulate Scenarios for Each Priority Sector and the Qualitative Analysis of Developments in Climate Change-related Risks**

Targeting each priority sector, we formulated scenarios and conducted a qualitative analysis regarding the magnitude of climate change impact and the timing of its materialization. Looking ahead, we intend to utilize results of this analysis to conduct a quantitative analysis of the financial impact of climate change-related risk on the Group’s operations.

5. **Identify important factors associated with risks and opportunities**

Identifying important factors via the TCFD, UNEP FI and SASB. Conduct surveys and identify important factors considered to exert a profound impact on risks and opportunities affecting each sector.

6. **Assume the future status of society and possible impact on each sector**

Assume the future status of society and possible impact on each sector.

7. **Formulate scenarios and conduct qualitative analysis**

Formulate certain scenarios and assess developments in climate change-related risks in each sector.

### In-Depth Analysis of Our Qualitative Climate Change Scenarios

**Real estate / Construction**

- **Sector**: Real estate / Construction
- **Climate change impact**: Medium
- **Portfolio size**: Large
- **Selection results**: Selected as a priority sector

**Automotive / Transportation**

- **Sector**: Automotive / Transportation
- **Climate change impact**: High
- **Portfolio size**: Selected as a priority sector

**Energy**

- **Sector**: Energy
- **Climate change impact**: High
- **Portfolio size**: Selected as a priority sector

**Material**

- **Sector**: Material
- **Climate change impact**: High
- **Portfolio size**: Small

**Agriculture / Food**

- **Sector**: Agriculture / Food
- **Climate change impact**: Medium
- **Portfolio size**: Not selected

**Pulp / Forestry products**

- **Sector**: Pulp / Forestry products
- **Climate change impact**: High
- **Portfolio size**: Small

**Banking / Life Insurance**

- **Sector**: Banking / Life Insurance
- **Climate change impact**: Medium
- **Portfolio size**: Small

### The future status of society and possible impact on each sector

#### 2°C Scenario

- **Real estate / Construction**: Initiatives aimed at achieving carbon neutrality advance significantly, leading to the enforcement of carbon taxation, the introduction of building materials with low carbon footprint and the growing popularity of renewable energy.
- **Automotive / Transportation**: Initiatives aimed at achieving carbon neutrality advance significantly, leading to the introduction of a carbon tax, the popularization of renewable energy and EVs and the acceleration of modal shift in the transportation sector.
- **Energy**: Initiatives aimed at achieving carbon neutrality advance significantly, leading to the introduction of a carbon tax and the growing popularization of renewable energy.

#### 4°C Scenario

- **Real estate / Construction**: Initiatives aimed at achieving carbon neutrality advance significantly and the construction of facilities equipped with greater resilience to flooding and other disasters progresses, the sector is affected by frequent occurrences of damage arising from abnormal weather and surging disaster countermeasure costs.
- **Automotive / Transportation**: Initiatives aimed at achieving carbon neutrality advance significantly and the market environment remains unchanged, the sector is affected by frequent occurrences of damage arising from abnormal weather and surging disaster countermeasure costs.
- **Energy**: Initiatives aimed at achieving carbon neutrality advance significantly and the market environment remains unchanged, the sector is affected by frequent occurrences of damage arising from abnormal weather and surging disaster countermeasure costs.

### Developments in climate change-related risks

**Real estate / Construction**

- **Risk remains moderate based on an assumption that an increase in costs attributable to the need to lower energy consumption and intensity will be offset by growing revenue bounced by rising demand for net-zero energy buildings (2025 in 2045).**

**Automotive / Transportation**

- **Risk becomes constantly high from 2030 onward based on an assumption that monetary damage arising from flooding will increase approximately 20%.**

**Energy**

- **Risk becomes constantly high from 2030 onward based on an assumption that monetary damage arising from flooding will increase approximately 20%.**


2. Portfolio size classification is as follows: Large (More than ¥5 trillion); Medium (¥1 trillion to ¥5 trillion, Small (Less than ¥1 trillion)

3. Not selected, as risk characteristics vary largely by type of material and, therefore, the sector’s impact on the Group’s portfolio is dispersed.

4. A method for sector analysis in light of impacts attributable to wildfires, bushfires, hurricanes and other climatic events is used. The results are considered as an element affecting all other factors.

5. PHV: Plug-In Hybrid Vehicle (a type of hybrid vehicle that can be charged by plugging into an external power source), ZEV: Zero Emission Vehicle (an electric vehicle or fuel cell vehicle that emits no exhaust gas)
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 its customers face 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 disadvantaged position. For example, they have few opportunities to study 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 (1st Stage), and then encouraging them to join efforts to resolve such issues (2nd Stage). The Group also helps customers identify latent related issues in order to resolve their anxiety about the future (3rd Stage). Our service lineup is designed to deal with varying customer needs arising from these actions.

In line with the newly formulated Retail Transition Financing Target (see also page 38), we will push ahead with in-depth dialogue with customers and the strengthening of our solution capabilities to help them identify latent related issues in order to resolve their anxiety about the future. At the same time, we will strategically reallocate our management resources over the long term in line with this target.

1st Stage
- Initiatives to Help Customers Expand Their Knowledge of Climate Change and Other Social Issues

An Introductory Booklet on SDGs
An easy-to-read booklet on 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 business 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.

Private Placement SDGs Promotion Bonds
Products in which a portion of the proceeds from commission fees Group banks receive upon the issuance of private placement corporate bonds is donated to a fund that supports organizations pursuing SDGs-related causes on behalf of corporate customers who agree with our aspirations to resolve environmental and social concerns.

2nd Stage
- Encouraging Customers to Join Efforts to Address Social Issues

Mirai E-us Project “Mirai Earth”
This investment trust product is aimed at supporting socially responsible trust companies worldwide via the purchase of relevant stocks or green bonds.

Also, a portion of proceeds earned by the Group 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.

SDGs Consulting Fund
This product involves on-the-spot consulting with Resona Research Institute free of charge, with its consulting menu encompassing such subjects as how to foster an SDG-oriented corporate culture, how to draw a map indicating relationships between the client’s businesses and SDGs and how to implement supply chain risk countermeasures.

Amount of funding extended via SDGs Consulting Fund

Amount of funding extended (billions of yen)

3rd Stage
- Initiatives to Help Customers Identify and Resolve Latent Issues

Sustainability Linked Loans (SLL)
The SLL scheme offers loans with interest rates and other lending conditions linked to the achievement status of the borrower’s targets vis-à-vis its sustainability strategy, which takes into account the environmental, social and economic impact of its business operations.

The Group’s first SLL loan was extended in March 2021.

Amount of private placement SDGs promotion bonds and pandemic-related private placement bonds issued

Amount of bonds issued (billions of yen)

SDGs Consulting Fund

Amount of funding extended via SDGs Consulting Fund

Amount of funding extended (billions of yen)

Risk Management

Based on its own definitions of risk categories (see also page 67), 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 manages 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 risk management methods in each risk category.

Furthermore, the Resona Group aims to mitigate risks that may affect it, 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 carbon neutral society via the use of our financial functions.

Initiatives for Socially Responsible Investing and Lending

In line with the Group Credit Policy adopted based on a Board of Directors resolution, the “Basic Stance on Lending” 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 financing 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.

In December 2020, we updated the above document to include a policy of not extending new loans to projects deemed to possibly exert a major negative impact on the environment, such as coal mining employing specific mining methods.

Metrics and Targets

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

In line with the Long-Term Sustainability Targets (see also page 38), Retail Transition Financing Target and the RS2030 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 support their initiatives. Progress in these action plans is annually evaluated via the operation of a PDCA framework.

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

Aware of the pressing need to strive for Japan’s national target of achieving carbon neutrality by 2050, the Group established a new reduction target (see also page 39: Carbon Neutrality Target) with regard to CO₂ emissions attributable to its energy use as part of Long-Term Sustainability Targets announced in June 2021.

Results of our efforts to reduce CO₂ emissions thus far are also presented on page 39.

Previous target
Reduce CO₂ emissions in FY2030 by 26% from the FY2013 level

New target
Achieve net zero CO₂ emissions by the end of FY2030

FY2021 Action Plans (environment related)

- Promote constructive dialogue in line with customers’ status regarding their response to SDGs and ESG issues
- Support the popularization of buildings with higher environmental value
- Promote the use of renewable energy in local communities
- Help expand the use of cashless and digitized transactions while going paperless in the provision of products and services
- Participate in local initiatives aimed at protecting the natural environment and biodiversity

FY2021 Action Plans (environment related)

- Strive to raise employee awareness regarding the reduction of CO₂ emissions
- Introduce renewable energy for use by key facilities
- Cut back on the number of company-owned ICE vehicles while expanding the use of EVs in a phased manner
- Ask suppliers to address environmental concerns in addition to helping raise their environmental awareness
In the face of the accelerating aging of Japan’s society, the Resona Group provides retail customers with access to asset management know-how we have nurtured through corporate pension asset management.

We strive to provide retail customers with access to the asset management know-how we have nurtured through corporate pension asset management. In January 2020, Resona Asset Management took over asset management functions previously executed by the trust division of Resona Bank. The move equipped Resona Asset Management with an even more robust business structure.

Accelerating SDG-Oriented Management

One of the Resona Group’s distinctive strengths is the comprehensive consulting services and advice we provide to customers’ lifestyle partners. In April 2021, we integrated Resona Bank’s Consumer Business Planning Division, which had been mainly tasked with asset formation and succession services, and its Consumer Loan Business Division, which had been mainly tasked with housing loans and other loans for individuals. The Life Design Support Planning Division has thus been established.

Looking ahead, the Resona Group will help customers enjoy abundant lives via the timely provision of products and services best tailored to their lifestyle needs over the course of our long-lasting relationships with them.

Accelerating SDG-Oriented Management

We aim to become capable of offering life design support services that seamlessly help individual customers navigate their lives in the 100-year life era, with all employees serving as Omni-advisors who think and act in the best interests of customers.

Today, customer needs associated with savings, asset building, asset protection and succession are ever more diverse, reflecting the diversification of their backgrounds, changes due to life events and evolving norms in terms of the lifestyle designs they choose. With the aim of securing a robust structure that will enable us to offer comprehensive consulting services and act as our customers’ lifestyle partners, in April 2021 we integrated Resona Bank’s Consumer Business Planning Division, which had been mainly tasked with asset formation and succession services, and its Consumer Loan Business Division, which had been mainly tasked with housing loans and other loans for individuals. The Life Design Support Planning Division has thus been established.

Looking ahead, the Resona Group will help customers enjoy abundant lives via the timely provision of products and services best tailored to their lifestyle needs over the course of our long-lasting relationships with them.

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

Mar. 31, 2023 (vs. Mar. 31 2020)

Status of DC pension plans under management

Announcement: Apr. 2021 Made available via "Resona Bank and Saitama Resona Bank" branches 3

Enrollment 374.5

Balance of pension assets: ¥330 billion

Balance of Fund Wrap: ¥1 trillion

Balance of DC pension plan assets

Balance of DC pension plan assets


Provide customers with advice and help them constantly build up assets as a lifelong partner

Provide customers with asset succession-related advice

A fund wrap account is a comprehensive investment management product in which a financial institution, acting in alignment with a discretionary investment contract, confirms the purpose and policies of various investments for each customer, allocates assets and invests in funds, reporting to the customer on investment performance. Approximately 60% of the customers who have opened fund wrap accounts did not have a balance in any of the Resona Group’s investment trusts when they entered into the contract. In addition, while around half the customers used to purchase the product were from deposits in Resona Group accounts, approximately 30% were from other, external sources. These facts indicate that the fund wrap is helping facilitate a shift from savings to asset formation while attracting new customers to the Group. Moreover, the product was made available to customers of Kaneka Mirai Bank in October 2019, customers of Mito Bank in October 2020, and customers of Bank of Yokohama in April 2021, respectively, garnering favorable reviews. Furthermore, we assist customers in their pursuit of long-term asset formation via the management of such pension plans as corporate defined contribution (DC) pension plans and DeeCo. As of March 31, 2021, the balance of pension assets under our management for these plans grew to ¥580 billion, with the enrollment of 440,000 individuals.

Life Design Support Planning Division has thus been established.

Being Japan’s largest retail commercial banking group with full-line trust banking capabilities is one of the Resona Group’s distinctive strengths. Taking advantage of our extensive commercial banking network, we provide a broad range of retail customers with one-stop solutions, including unique products and services finely tuned to meet their needs and backed by our full-line trust banking functions.

We aim to become capable of offering life design support services that help customers seamlessly navigate the 100-year life era, with all employees serving as Omni-advisors who think and act in the best interests of customers.

Today, customer needs associated with savings, asset building, asset protection and succession are ever more diverse, reflecting the diversification of their backgrounds, changes due to life events and evolving norms in terms of the lifestyle designs they choose. With the aim of securing a robust structure that will enable us to offer comprehensive consulting services and act as our customers’ lifestyle partners, in April 2021 we integrated Resona Bank’s Consumer Business Planning Division, which had been mainly tasked with asset formation and succession services, and its Consumer Loan Business Division, which had been mainly tasked with housing loans and other loans for individuals. The Life Design Support Planning Division has thus been established.

Looking ahead, the Resona Group will help customers enjoy abundant lives via the timely provision of products and services best tailored to their lifestyle needs over the course of our long-lasting relationships with them.

Further Development

We aim to become capable of offering life design support services that seamlessly help individual customers navigate their lives in the 100-year life era, with all employees serving as Omni-advisors who think and act in the best interests of customers.

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Looking ahead, the Resona Group will help customers enjoy abundant lives via the timely provision of products and services best tailored to their lifestyle needs over the course of our long-lasting relationships with them.
Support individual customers via the provision of Asset and Business Succession

We will assist customers in their pursuit of asset formation by leveraging our strength as a top runner in the field of housing loans.

Historically, the Resona Group has been particularly strong in the field of housing loans, with its outstanding housing loan balance making it a domestic industry leader. In FY2020, we continued to offer diverse loan lines and to leverage our product and service structure supporting customer convenience in addition to meeting emerging funding needs among those seeking to acquire single-family houses in suburban areas on the back of fallout from the COVID-19 pandemic. As a result, the annual amount of residential housing loans origination remained high at ¥1.3 trillion.

Our 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. Also, in April 2021, we released housing loan products that enable borrowers to complete necessary procedures solely via smartphone apps2 in response to the growing need for non-face-to-face, no-physical contact services and hassle-free procedures in light of the COVID-19 pandemic.

Housing loan borrowers often keep their accounts at the bank that furnished said loans to them as their main banking account. Because of this, housing loans help us secure opportunities for multifaceted transactions throughout a 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 with growing children. Furthermore, we can provide asset formation products to customers who have made progress in loan repayments. In this way, we secure a variety of transactional opportunities even as we strive to meet the varied needs of customers at different life stages.

Most recently, more than half of the new housing loans we extended were provided via an e-contract service released in April 2018 to enable customers to complete all housing loan contractual procedures without a branch visit. Our efforts to go paperless and digitalize our loan-related back-office operations are intended to relax our customers of bothersome paperwork while improving the productivity of and curtailing environmental load attributable to our banking operations. The Group’s housing loans constitute a high-quality portfolio boasting a high-quality portfolio × Initiatives to maintain and improve profitability

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

To meet customer needs attributable to the rapid aging of society, the Resona Group provides its corporate and individual customers with one-stop solutions designed to enable smooth asset and business succession through 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.

In FY2020, our operations were negatively affected by restrictions on face-to-face business activities due to the COVID-19 pandemic. On the other hand, customer needs for succession solutions, which previously had been largely latent, seem to have grown stronger. With this in mind, we have been building up a robust pool of specialist human resources. As a result, the number of ongoing deals involving M&A and real estate brokerage solutions for SMEs as of March 31, 2021, grew solidly, expanding approximately 1.5 times and 1.3 times, respectively, from March, 31, 2020.

In January 2021, we established Resona Corporate Investment, a subsidiary specializing in investment aimed at accommodating the need for business succession solutions among SMEs. Aiming to achieve medium- to long-term improvement in SMEs’ corporate value via fund management, Resona Corporate Investment employs a hands-on approach to engagement with investees (e.g., in general, seeking direct involvement in business management via the acquisition of majority voting rights).

Meanwhile, there is a growing sense of anxiety among individual customers regarding issues associated with asset administration for their families and themselves. For example, many are worried about the risk in financial crimes involving the victimization of the elderly while feesing a pressing need to prepare for the future provision of proper nursing care. In response, we offer a variety of succession trust products designed to help protect and pass down assets to future generations that only by a full-line trust bank could furnish. 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 have garnered favorable reviews. In FY2020, the number of new succession-related contracts signed for these products increased nearly 40% year on year. In particular, the number of such products handled by Kansai Mirai Financial Group doubled, clearly indicating the positive effect of an integrated management approach employing Group synergies.

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 suffers any of 16 specific status points on the designation status of “having long-term nursing care,” even if the customer is in employment during treatment. In such cases, the customer is eligible for collective debt forgiveness.

2 There are various conditions for example, funds must be used for the purchase of second-hand condominiums, and the amount of lending is limited to ¥30 million or less.

3 Comparison between housing loan borrowers and potential 65-69 customers (as of Mar. 31, 2021) of Resona Bank, Saitama Resona Bank and Kansai Mirai Bank.

4 Housing loan guarantee subsidiaries’ subrogation ratio (11% after subrogation) of residential housing loans and apartment loans.

5 Resona Bank as of Mar. 31, 2021, non-delinquent.
Growth/Maturity Transition

Resona Group Integrated Report 2021

3 Based on results of surveys targeting corporate customers who hold accounts at Group banks (Dec. 2020 to Feb. 2021; the number of respondents: Approx. 25,000)

Number of corporate borrowers fundraising amid the fallout from the COVID-19 pandemic, which In FY2020, the number of corporate borrowers increased a robust sophisticated and multifaceted solutions.

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), corporate card and other services centered on settlement functions in addition to offering online loan products and other non face-to-face services. For those in the growth, maturity or transition phase, our specialist human resources provide a diverse array of loan products and various solutions, including business matching, global expansion assistance and other support to advance their development.

We offer a variety of solutions to help our approximately 500,000 SME customers achieve their visions for the business and thoughts about succession. We then identify optimal solutions and measures to provide comprehensive support for smooth business and asset succession.

Support during the Startup and Growth Phases

With regard to business responses to the SDGs, although the majority of large corporations are already actively promoting relevant initiatives, it will be necessary for SMEs to address this issue going forward even though their management resources are relatively limited. We will therefore proactively engage in customer dialogue themed on environmental and social issues while promoting the development and popularization of loan products designed to assist SMEs in their SDG-related initiatives from multilateral perspectives.

Taking full advantage of the Resona Group’s strengths, we will thus support the SME pursuit of sustainability.

Expanding our customer base by acting as a “running partner” for SMEs

Providing a variety of solutions tailored to SME growth stage

- Startup support
- Growth/Maturity business succession, transition or liquidation
- Transition support

Assist SMEs in their efforts to achieve SDGs

- Private placement SDGs promotion bonds
- SDGs Consulting Fund
- Future prospects of recovery in capital investment in the post-pandemic period

M&A, real estate, corporate pensions, overseas business support Assistance for SDG-related initiatives Human resource solutions

Turnaround support (capital financing)

The Resona Group provides management support for customers. To this end, the Group 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.

Support during the 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.

The Resona Group assists customers in their global expansion and fundraising efforts by employing its network of local subsidiaries, representative offices and partner banks. Even in the face of the COVID-19 pandemic, we have continued to provide meticulous support via our network of local subsidiaries, representative offices and partner banks. Even in the face of the COVID-19 pandemic, we have continued to provide meticulous support via our network of local subsidiaries, representative offices and partner banks.

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 funding needs of customers in ASEAN nations, Hong Kong and India for fundraising and M&A solutions as well as consultancy services.

The Resona Group’s Overseas Network

<table>
<thead>
<tr>
<th>Country</th>
<th>Bank</th>
<th>Representative Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>United Overseas Bank</td>
<td>Singapore Representative Office</td>
</tr>
<tr>
<td>Thailand</td>
<td>Mega International Commercial Bank of China</td>
<td>Bangkok Representative Office</td>
</tr>
<tr>
<td>United States</td>
<td>Bank of the West</td>
<td>Los Angeles, Chicago Representative Office</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Resona Indonesia Finance</td>
<td>Jakarta and Manila Representative Office</td>
</tr>
<tr>
<td>Germany</td>
<td>RBS (Resona Group employees stationed in Germany)</td>
<td>Munich Representative Office</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Maybank</td>
<td>Kuala Lumpur Representative Office</td>
</tr>
<tr>
<td>Japan</td>
<td>Mizuho, Resona Merchant Bank Asia</td>
<td>Tokyo Representative Office</td>
</tr>
<tr>
<td>South Korea</td>
<td>Hana Bank</td>
<td>Seoul Representative Office</td>
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<tr>
<td>China</td>
<td>Bank of East Asia, Industrial and Commercial Bank of China</td>
<td>Shanghai Representative Office</td>
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<tr>
<td>Vietnam</td>
<td>Sacombank</td>
<td>Ho Chi Minh City Representative Office</td>
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<tr>
<td>India</td>
<td>State Bank of India</td>
<td>New Delhi Representative Office</td>
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</tbody>
</table>

KPI

Mar. 31, 2023 (vs. Mar. 31, 2020) Balance of Loans to SMEs ¥14.6 trillion (+Approx. ¥0.8 trillion)

- Expanding our customer base by acting as a “running partner” for SMEs
  - Number of corporate borrowers3 (Thousand companies)
    - Mar. 2020: 98
    - Mar. 2021: 103

- Providing a variety of solutions tailored to SME growth stage
  - Startup support
  - Growth/Maturity business succession, transition or liquidation
  - Transition support

- Assist SMEs in their efforts to achieve SDGs
  - Private placement SDGs promotion bonds
  - SDGs Consulting Fund
  - Future prospects of recovery in capital investment in the post-pandemic period
    - More than 60% of customers are potentially amenable to capital investment6

- 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.

- 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. As part of these efforts, we have entered into comprehensive partnership agreements with prefectural and other local governments while acting as a proactive participant in industry-academia collaboration with local educational institutions.

Moreover, our Business Plazas offer the following three key solutions.

First, we provide business matching that takes advantage of the Group’s record spanning more than 60 years, offers full-line banking services, while the Singapore-based Resona Merchant Bank Asia strives to meet the funding needs of customers in ASEAN nations, Hong Kong and India for fundraising and M&A solutions as well as consultancy services.

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The Resona Group is pushing ahead with ongoing DX initiatives to achieve structural business process reforms and realize an innovative business model.

In June 2021, Resona Holdings was chosen by the Ministry of Economy, Trade and Industry (METI) as well as the Tokyo Stock Exchange to be included in the DX Stock 2021, which consists of 28 companies, in recognition of its efforts to create innovative services employing face-to-face and digital channels. For the second consecutive year since 2020, the Company is the only bank to be chosen for this stock.

Resona’s goal for DX

- Employ digital technologies to achieve structural business process reforms while creating an innovative business model
- Integration of face-to-face and digital channels
- Digital channels: Resona Group App (3.67 million downloads1) and ATM
- Aim for 5 million downloads
- Thoroughgoing user perspective

The Omni-Channel Strategy is a strategy to provide as many customers as possible with optimal solutions anywhere, anytime. To this end, we are strengthening our digital and face-to-face channels while updating our services in a way that takes advantage of both channels in a coordinated and effective manner.

One of our digital channels, the Resona Group App recorded 3,670,000 downloads as of March 31, 2021, growing into the key channel used most frequently by customers since its February 2018 release. The app was made available to customers of all Kansai Mirai Bank branches in October 2019 as well as to customers of Aishikaga Bank and Joyo Bank, both of which are subsidiaries of Mebuki Financial Group, in March 2021. Our plans now call for making it available through all channels we aim to enhance customer convenience and experience.

Unique added value delivered only via face-to-face services

- Enhanced customer convenience
- Optimization of Group channels
- Developing consulting skills while improving efficiency

New Challenges

- First in the banking industry
- New branch terminals
- Resona Group App
- New Challenges

New branch terminals (Resona Group tablets®)

- Enhanced customer convenience
- Optimization of Group channels
- Developing consulting skills while improving efficiency

Introducing a new sales style at branches

- Same UI / UX as the Resona Group App
- Provide optimal proposals in all channels via data coordination

Ever-expanding cashless market

- Expansion is now under way to release the platform by the end of FY2021

Support the digital-driven updating of business process

- Debit cards
- RCP
- Resona B2B Cashless Platform

1 Number of downloads as of Mar. 2021
2 The daily number of Resona B2B ATM users in Dec. 2017 = 100
3 Number of new account openings by channel as of Mar. 2021
4 Ratio of app users by age group as of Mar. 2021
5 Monthly active user rate (Mar. 2021)
6 Plans call for deploying these terminals at all Resona Bank and Saitama Resona Bank branches before the end of FY2021
7 Based on data released by METI
8 Assuming that private sector consumption is on par with 2015 (based on data released by METI)

Accelerating SDG-Oriented Management

Resona Group Integrated Report 2021
New Challenges  Open Innovation  Breaking Free of the Bank Model

We will take on the challenge of creating new businesses in fields in which Resona can take advantage of its strength while pursuing co-creation employing wide-ranging connections available via the open platform strategy.

Under the leadership of the Cross Functional Team (CFT) launched in April 2020, the Resona Group is striving to create new businesses to break free of the bank model. In October 2020, we opened Resona Garage, an open innovation facility designed to facilitate co-creation. This facility boasts unique facilities featuring expansive, unpartitioned spaces within which fixed-line phones have been abolished and employees engage in innovative work styles on a location-free basis with a relaxed dress code. Leveraging this facility, we are taking on the challenge of new value creation by encouraging employees to flexibly bring unconventional ideas to bear to break free of the traditional framework of the banking business.

Another key initiative we are employing to break free of the bank model is the open platform strategy. Specifically, we aim to make our unique products and services available to regional financial institutions, local government agencies and other organizations in the form of platforms. By doing so, we strive to establish a “win-win-win” relationship between the Resona Group, the above entities, and their customers. For example, our Group App was made available via Mebuki and will be offered to customers. For example, a fintech company involved in the open platform strategy.

New value creation supported by three drivers: “Digital & Data,” “Design-based Thinking” and “Open”

Discover new business seeds by exploring a broad range of themes

- Regional vitalization
- Information
- Global warming
- Education
- Agriculture
- Healthcare
- Small-value settlement

A structure supporting agile concept building and business development that transcends corporate and organizational boundaries

Local Communities
- Low Birthrate and Aging society
- Environment
- Human Rights

Digital & Data
Design-based Thinking
Open

Social issues/ change

New ideas arising from innovative work styles

Initiatives for a Better Society

We will become Retail No. 1 through engagement in our financial services and social contribution activities.

Contribute to the sustainable development of local communities via the use of Resona’s strength and management resources

Relationship between business strategies and social contribution activities

- Priority themes Resona must actively tackle
- SDG-related strategies

Local Communities
Financial services
Social contribution activities

Realize Retail No. 1

Sustainable society
The Resona Group’s sustainable growth

Contribution to local communities (volunteer activities)

Number of employees participating in Re: Heart Club activities

Cumulative total: 50,000

Mar. 2013
Mar. 2021

Number of children who attended Resona / Mirai Kids’ Money Academy

Cumulative total: 40,000

Mar. 2006
Mar. 2021

Cleanup campaign in Awajishima Island

Online “campus” providing children with diverse educational programs in Osaka

Food drive

Saitama Resona Bank employees assist a local NPO specializing in child support

Initiators: Initiatives to upgrade and expand our service functions

Number of trust agents 83

Financial education event hosted online by Kansai Mirai Bank staff for donating food and other goods to assist a local NPO specializing in child support

At the Tokyo Head Office of Resona Holdings, 52 prize-winning artistic projects were exhibited. Also, a total of 1,232 people submitted message cards commending the artists in response to our solicitation. With employee volunteers sorting these cards out, each prizewinner received a commemorative album featuring them.

The 27th All Japan Culture Festival for the Special Needs School Art Exhibition

At the Tokyo Head Office of Resona Holdings, 52 prize-winning artistic projects were exhibited. Also, a total of 1,232 people submitted message cards commending the artists in response to our solicitation. With employee volunteers sorting these cards out, each prizewinner received a commemorative album featuring them.

1 A volunteer organization run by Resona Group employees
2 Sponsored by the Nationwide Special Needs School Alliance for Cultural Activities; the Resona Group has supported this event since its first round in 1994.

Digital & Data

Resona Group Integrated Report 2021

Resona Group Integrated Report 2021
Mechanisms Supporting Sustainable Growth

Resona Holdings Directors

Outside Directors (6 members)

Tadamitsu Matsui  Number of Resona Holdings shares held
Common stock: 32,400 shares

Joined THE SEIYU Co., Ltd. in 1973. Assumed the office of Director of Ryohin Keikaku Co., Ltd. in 1995, and then President and Representative Director in 2001. Assumed the position of President and Representative Director of NAMISUI Office Corporation in 2010 (incumbent), and then the current position of Outside Director of the Company in 2014.

Hidehiko Sato  Number of Resona Holdings shares held
Common stock: 14,400 shares


Chiharu Baba  Number of Resona Holdings shares held
Common stock: 14,400 shares


Setsuko Egami  Number of Resona Holdings shares held
Common stock: 5,600 shares

Became the chief editor of Travel, a job magazine issued by Recruit Co., Ltd., in 1993. Became Professor at Faculty of Sociology of Musashi University in 2005. Assumed the current position of Outside Director of the Company in 2020.

Fumihiko Ike  Number of Resona Holdings shares held
Common stock: 10,000 shares

Joined Honda Motor Co., Ltd. in 1982. Assumed the position of Chairman and Representative Director in 2013. Assumed the current position of Outside Director of the Company in 2021.

Roles, Skills and Specialties of Directors

The basic policy for corporate governance provides that the Board of Directors shall consist of Directors possessing diversified and extensive knowledge. The Company considers that ensuring diversity and active discussion that hears from the different experience or specialties of each Director will lead to enhanced supervisory and decision-making functions of the Board of Directors.

The experience, skills and specialties of each candidate for Director are as described below.

Outside Directors

<table>
<thead>
<tr>
<th>Director</th>
<th>Management and Planning</th>
<th>IT/DX</th>
<th>Compliance (data management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takamitsu Matsui</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Hidehiko Sato</td>
<td>☐</td>
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<tr>
<td>Chiharu Baba</td>
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<tr>
<td>Setsuko Egami</td>
<td>☐</td>
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<tr>
<td>Fumihiko Ike</td>
<td>☐</td>
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<td>☐</td>
</tr>
</tbody>
</table>

Internal Directors

<table>
<thead>
<tr>
<th>Director</th>
<th>Management and Planning</th>
<th>IT/DX</th>
<th>Compliance (data management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazuhiro Higashi</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Masahiro Minami</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Mikio Noguchi</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Takahiro Kawashima</td>
<td>☐</td>
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</tr>
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</table>
Corporate Governance

Basic Approach to Corporate Governance

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

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

The Company’s Corporate Governance System

- Based on the aforementioned basic approach to corporate governance, the Company shall clearly separate the management supervision function from the business execution function and adopt the form of a “company with a nominating committee, etc.,” as a corporate governance system because the Company determines that this system can enhance the supervision and decision-making functions of the Board of Directors.
- The Company shall fully utilize external views in its business management and secure transparency and fairness in management by making the Board of Directors, on which highly independent outside directors constitute a majority, and the three committees (Nominating Committee, Compensation Committee and Audit Committee) fulfill their functions.
- The Company shall ensure the autonomy of its subsidiaries and instruct the subsidiaries to manage their business activities based on the aforementioned basic approach to corporate governance so that the Group will grow together with regional communities.

Operations of the Board of Directors

In FY2020, Resona Holdings made it a rule to assign the position of Chairman to an internal director holding no concurrent position as an executive officer of the Company, with the aim of securing even clearer functional separation between management supervision and business operation.

In addition to directors, Board meetings are attended by the presidents of Resona Bank, Saitama Resona Bank and KMF as observ- ers to ensure the effective management of Group operations, which leads to active discussions at Board meetings.

Also, sufficient time is allocated to question and answer sessions. In FY2020, the Board of Directors met 16 times, with an average attendance rate amounting to 97.5%. The average meeting length was two hours and one minute, and the average number of agenda items discussed per meeting amounted to 6.9.

Prior to each Board of Directors meeting, outside directors receive briefings on the outline and points of agenda items. Questions, opinions, and other feedback from outside directors are shared among all directors and relevant departments, helping spur discussion by the Board of Directors.

Fiscal 2020 Initiatives

In FY2020, the Board of Directors formulated a new medium-term management plan (MMP) via intensive discussion that built on the results of free discussion sessions held from FY2019 onward.

Moreover, initiatives undertaken by the Board of Directors to address issues identified in the course of the FY2019 self-evaluation are as listed below.

- Maintaining even more effective discussion via-à-vis the Resona Group’s overall strategies
- As variety of business initiatives were launched in FY2020, the first year of the MMP, in its role as the decision-making body of the Group’s holding company the Board of Directors focused on monitoring these initiatives while engaging in in-depth discussion regarding the Group’s overall strategies aimed at achieving the goals of the MMP.
- The Board of Directors began inviting outside directors at subsidiary banks to attend free discussion sessions focused on the “Resonating the Omni Strategy,” which constitutes a part of the MMP initiatives. In this way, the Board incorporated input from a broad range of individuals in a way that transcends boundaries between Group entities and keeps discussions lively.
- Further enhancement of the quality of discussion addressing each agenda item
- To clarify matters to be discussed by the Board of Directors, the Board strove to share key points of agenda items among its members and ensure that issues being addressed by decisions in charge of business execution are understood by all. The Board also worked to review and reorganize agenda items with the aim of further enhancing the quality of its discussion.

Overview of Three Committees

Nominating Committee

The Nominating Committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the annual general meeting of shareholders, based on the specific qualifications that the Group should seek in directors as well as the “Standards for Selecting Directors (Governance),” to take such steps as recommending candidates for Chairman of the Board to the Company to enhance its effectiveness.

Audit Committee

The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors in addition to auditing the financial results of subsidiary executive officers and the directors.

Compensation Committee

The Compensation Committee makes decisions regarding policies for the compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals. It also discusses such matters as compensation systems that should be adopted to help enhance corporate value of the Resona Group.
Self-Evaluation of the Board of Directors

The Company’s Board of Directors conducts an annual analysis and evaluation of its effectiveness as a whole based on the opinions of each director with regard to their assessment of the operations and functionality of the Board as well as matters discussed at the Board of Directors meetings.

The fiscal 2020 self-evaluation involved director interviews conduct- ed by a third-party evaluation agency in addition to questionnaires tar- geting each individual director.

The results of the fiscal 2020 self-evaluation indicated that the Board deserved high evaluations for most key issues associated with its role, composition and effectiveness. The self-evaluation also con- firmed that the Board’s overall level of improvement regarding issues identified via the fiscal 2019 self-evaluation (the need for even more effective discussion vis-à-vis the Resona Group’s reports on candidate evaluations, members of the Nominating Committee come into direct contact with candidates as part of the process, evaluating candidates’ characters from various aspects. The activities of the Nominating Committee are reported to the Board of Directors, of which outside directors are the majority, and are dis- cussed from diverse perspectives. Through the entire process, which is highly transparent, each potential director’s capabilities and compe- tencies are closely studied and enhanced where appropriate.

In addition, Resona Holdings has set forth seven competencies that define the ideal candidate for the position of director. By ensuring that the directors in the Nominating Committee as well as the other direc- tors share common ideals regarding candidates, the Company clari- fies standards for the evaluation and nurturing of successors and thereby aims to realize impartiality during the entire process.

Compensation for Directors and Executive Officers

Overview of Compensation Policy

The Company’s compensation policy is determined by the Compensation Committee with the goal of promoting the improvement of independent directors. The current compensation policy is as outlined below.

1. Basic Approach

- Remuneration for directors and executive officers is determined by the Compensation Committee following objective and transpar- ent procedures.
- Compensation systems for directors are focused on rewarding the performance of their primary duty of providing sound supervision of executive officers and compensation itself consists of a position- based portion and a duty-based additional portion paid in cash.
- Compensation systems for executive officers are designed to main- tain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation. In addition, with the aim of promoting the Group’s sustainable growth and strength- ening incentive systems for executive officers on a medium- to- long-term basis. These compensation systems include a medium- to-long-term incentive in the form of performance-based stock compensation.

2. Policy for the Determination of the Composition of Com- pensation and Other Benefits for Individual Directors and Executive Officers

- **Position-based compensation**
  - The position-based portion is determined by the nature and scope of responsibilities held by each individual. The proportion of position-based compensation in total compensation received by each executive officer is as presented in “Compensation System for Executive Officers.”
- **Duty-based additional compensation**
  - The duty-based additional portion is determined by the nature and scope of responsibilities held by each outside director who serves as a member of the Nominating Committee, Compensation Committee or Audit Committee.
- **Annual incentive and medium- to-long-term incentive**
  - Executive officers are offered both an annual incentive and a medium- to-long-term incentive in line with the Group’s performance and indi- vidual achievements. Under these incentives, the performance- based portion is more heavily weighted for individuals in higher positions than it is for those in lower positions. The proportion of annual incentive and medium- to-long-term incentive in total com- pensation received by each executive officer is as presented in “Compensation System for Executive Officers.”

Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors

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

**[Purpose]**

- The Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors, etc. (“Shareholders”)(hereinafter the “Basic Policy”), determines the policy concerning systems and initiatives of the Company for the following purposes:
  1. Obtain the accurate understanding, confidence and fair evaluation of the Group’s management strategy and financial condition from Shareholders; and
  2. Facilitate the Group’s sustained growth and improve corporate value over the medium- to long-term through constructive dialogue with Shareholders.

**[Efforts to Diversify Forms of Dialogue]**

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

**[Feedback to the Company]**

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

**[Management of Insider Information]**

On the occasion of dialogue with Shareholders, undisclosed import- ant information shall not be disclosed to any specific persons in accordance with the “Information Disclosure Regulations” to be sepa- rately established.
Risk Appetite Framework

Formulation of Management Strategies and Plans

In formulating management strategies, the Group clarifies the business areas that actively take risks in line with its role in solving environmental and social issues and the analysis of internal and external environments as well as top risks.

Based on multifaceted and sufficient discussions, management strategies are decided at the Board of Directors meeting of Resona Holdings, the majority of which consists of outside directors. The divisions in charge of business execution then act on such resolutions, formulating various plans associated with such matters as funding and earnings, investments and costs, staffing, risk limits and the capital adequacy ratio.

Operational Process of the Risk Appetite Framework

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

Operation and Management of Plans

Progress under these plans is regularly reported to the Board of Directors. In an effort to realize management strategies, the Board of Directors then engages in in-depth discussion of these plans.

In particular, regarding “Rebuilding Our Foundations” as laid out in the medium-term management plan, the Board is currently engaged in vigorous discussion of the utilization and optimal allocation of human resources in light of a DX strategy, diversity & inclusion and Kansai Mirai Financial Group (KMF) becoming a wholly owned subsidiary.

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

Risk Management System

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the application for an injection of public funds in May 2003 caused the people of Japan, our customers and other stakeholders.

Consequently, we have established the three risk management principles shown below to enhance our risk management systems and methods as well as risk control. The Resona Group conducts risk management activities with an eye to securing the soundness of operations and enhancing profitability.

Three Risk Management Principles

1. We will not assume levels of risk in excess of our economic capital.
2. We will deal promptly with losses that we have incurred or expect to incur.
3. We will take risks appropriate for our earnings power.

Risk Management Policies and Systems

The Resona Group is exposed to various types of risk, including those associated with business strategies, the violation of laws and regulations and systems failures as well as those related to business outsourcing (e.g., suspensions of operations and information leaks involving vendors).

As it aims to appropriately handle these risks in adherence to the three risk management principles, Resona Holdings has established the Group Risk Management Policy. This policy is intended to clarify types and definitions of risks to be managed and the organizational structure for risk management as well as the fundamental risk management framework, with the aim of developing a robust risk management system for the Group.

Specifically, the policy classifies risks as shown in the table below, and stipulates that risk management divisions specializing in each risk category must be in place in addition to divisions tasked with comprehensively managing enterprise risks (comprehensive risk management divisions), ensuring that optimal risk management methods are used by these divisions in light of risk characteristics.

As stipulated by the Group Risk Management Policy, Resona Bank, Satama Resona Bank and Kansai Mirai Financial Group and its group banks (the “Group banks”) have established risk management policies that are tailored to their operations, unique characteristics and the risks they must address while maintaining risk management divisions handling risks in each risk category as well as comprehensive risk management divisions.

Principal Group companies, other than the banks have also established risk management policies that are tailored to their own operations, special characteristics and risks. These policies establish guidelines for avoiding risks outside their fundamental business areas. These Group companies have also established risk management departments for managing different categories of risk and risk management divisions for comprehensive risk management.

Primary Risk Category, Definition and Management Methods

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Definition</th>
<th>Risk Management Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk</td>
<td>Risk of losses that arises when the value of assets (including off-balance sheet assets) declines or is destroyed as a result of the deterioration of the financial position of obligors</td>
<td>Setting risk limits, credit rating system, portfolio management, credit analysis and management, etc.</td>
</tr>
<tr>
<td>Market risk</td>
<td>Risk of losses that may occur when the prices of assets and liabilities change because of fluctuations in market risk factors, including interest rates, foreign currency exchange rates and stock prices</td>
<td>Setting risk limits, setting loss limits, setting position limits, etc.</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>Risk of losses that may occur when a party has difficulty in raising the necessary funds or is forced to raise such funds at higher than normal rates</td>
<td>Recognition of liquidity emergencies, response system for emergencies, guidelines for liquidity risk management indicators, etc.</td>
</tr>
<tr>
<td>Operational risk</td>
<td>Risk of losses that may occur when internal processes, personnel and/or systems functions improperly or fail to function and when external factors result in such losses</td>
<td>Control self-assessments (CSAs), analysis of loss data, risk indicators, etc.</td>
</tr>
<tr>
<td>Reputational risk</td>
<td>Risk of losses that may occur when the media reports rumors, false information or unvarnished assertions have a detrimental effect on a company’s reputation</td>
<td>Dissemination of timely and appropriate information, monitoring of media, etc.</td>
</tr>
</tbody>
</table>
Group Management by Resona Holdings

Qualitative Risk Management

The Company provides Group banks and other Group companies (hereinafter collectively “Group companies”) with direction and suggestions regarding risk management policies and systems that must be shared by all Group members.

When making decisions on important matters related to risk management, Group companies confer with the Company in advance and base their decisions on those consultations or decide matters through the exchange of opinions, and report those decisions to the Company as necessary.

Based on the framework described above, the Company maintains a firm grip on risk management policies, standards and systems in place at each Group company, thereby ensuring qualitative risk management for the Group.

Group Risk Management System

Resona Holdings

Board of Directors
Representative executive officers
Executive Committee

Group Risk Management Committee
Group Concentration Committee
Housing Loan Management Committee
Group Liquidity Risk Management Committee

Risk Management Division
Credit Risk Management Division
Credit Risk Management Division

Risk Management Division
Enterprise Risk Management
IT Planning
Compliance Division
Risk Management Division

Risk category
Credit risk
Market risk
Liquidity risk
Administrative risk
System risk
Legal and compliance risk
Operational risk
Trust asset management risk
Other operational risk
Regulatory risk

Group companies under the umbrella of Resona Holdings

Management (Prior discussion system, reporting system, guidance and advice)

1. Prior discussion system
Each Group company engages in prior discussion with Resona Holdings in the following cases:
- When it seeks to formulate or amend risk management policies and other policies and rules deemed important in terms of risk management
- When it seeks to establish limits on and/or guidelines regarding various risks
- When it makes a decision on an important risk management matter

2. Reporting system
Each Group company provides Resona Holdings with periodic reporting on risks it is confronting and its risk management status

3. Guidance and advice
Resona Holdings provides Group companies with unified risk management policies, standards and frameworks for the entire Group
Based on reporting from each Group company, Resona Holdings issues risk management-related guidance and advice to it as necessary

Top Risk
The Company has positioned risks that are deemed to possess a high possibility of impacting heavily on the Resona Group as top risks in order to develop a constant risk management structure placing the foremost emphasis on managing these risks.
Among this category are “risks that could have a grave impact on the Resona Group’s operations and are highly likely to materialize or are expected to gain a high possibility of materialization within a period of approximately one year going forward.” In addition to quantifiable risks, top risks include risks arising from the execution of strategies, deterioration in the Group’s reputation and other factors. In line with these definitions, top risks are determined via discussion at the Executive Committee, the Board of Directors and other important bodies.

Through top risk management, the Company helps Group members share risk recognition while striving to enhance risk governance, prevent the emergence of significant risks, ensure swift response to risk materialization and curb the spread of risk repercussions.

Quantitative Risk Management

The Company and the Group banks have in place comprehensive risk management systems with the aim of quantitatively assessing risks and controlling them within the tolerable limits.

Furthermore, the Company maintains the quantitative management of risks each Group company is handling through prior consultation on limits and guidelines or through the exchange of opinions.

Group companies must report to the Company regarding the risk conditions and their management on a regular and as-needed basis so that the holding company can provide guidance and advice as necessary.

As shown by the figure below, we have formed risk management divisions by risk category within the Company for managing each type of risk on a Group-wide basis.

Top Risks for the Resona Group

<table>
<thead>
<tr>
<th>Top risks</th>
<th>Risk scenarios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in the competitive environment (social and industrial structures)</td>
<td>Changes in social and industrial structures in the face of rapid advances in technological innovation, etc.</td>
</tr>
<tr>
<td>Changes in regulations, laws and other legal frameworks as well as government policies</td>
<td>Changes in the earnings structure and deterioration in profitability due to the introduction or revision of laws, regulations and accounting standards and the prolongation of monetary easing policies</td>
</tr>
<tr>
<td>Increase in credit-related expenses</td>
<td>Deterioration in the corporate performance of major clients to which the Group extends credit, the deterioration of performance in sectors to which the Group extends massive credit and the resulting negative repercussions on the performance of those in supply chains associated with these clients or sectors due to such factors as the resurgence of the COVID-19 pandemic and/or the expiration of positive economic effects arising from pandemic-related stimulus packages</td>
</tr>
<tr>
<td>Deterioration in unrealized gains on available-for-sale securities</td>
<td>Deterioration in unrealized gains on available-for-sale securities due to economic deceleration, turmoil in financial markets or the materialization of geopolitical risk leading to stock price plunges and interest rate hikes</td>
</tr>
<tr>
<td>Destabilization of foreign currency funding</td>
<td>Increase in costs associated with foreign currency funding and other detrimental financing conditions arising from turmoil in financial markets, the materialization of geopolitical risks, unexpected cash outflows, the deterioration of market liquidity, etc.</td>
</tr>
<tr>
<td>Occurrence of major systems-related incidents resulting in service suspension or other serious consequences</td>
<td>Major systems failures, including those induced by cyberattacks, suffered by the Group or third parties handling its systems and resulting in the suspension of settlement and other services or the leakage of customer information</td>
</tr>
<tr>
<td>Operational suspension due to the violation of laws and regulations and compliance-related failure, etc.</td>
<td>- Cancellation of contracts and the need to pay fines due to flaws in the Group’s countermeasures aimed at preventing money laundering and funding for terrorism</td>
</tr>
<tr>
<td>Occurrence of natural disasters that lead to operational suspension, etc.</td>
<td>- Deterioration of the Group’s reputation due to the violation of social ethics</td>
</tr>
<tr>
<td>Occurrence of natural disasters that lead to operational suspension, etc.</td>
<td>Operational suspension or other serious consequences, including a threat to human life, due to a major natural disaster, such as an earthquake, massive wind or flooding, or a pandemic</td>
</tr>
</tbody>
</table>

Comprehensive Risk Management and Capital Allocation

Comprehensive risk management divisions have been formed within the Company and the Group banks, and these divisions are each responsible for the comprehensive risk management of their respective Group company or bank.

Each Group bank measures the volume of credit risk, market risk and operational risk using the risk management indicator value at risk (VaR) and establishes risk limits (limits on capital allocations) on these types of risk. Risk management is conducted to control risk within these established limits.

When the Group banks set their risk limits, the Company verifies the details of the limits to be established to confirm the soundness of the Group as a whole. In addition, the Company receives periodic reports from the Group banks regarding the status of risk management and confirms the status of comprehensive risk management of the Group.

In addition, although the Company is constantly working to improve the quality of risk measurement through various means, including the application of the VaR method, there are risks that cannot be quantified by statistical risk management methods. The Group strives to study and understand the incompleteness and specific weak points of the VaR method, thereby assessing and recognizing the impact of such limitations on risk measurement. For risks that cannot be identified or quantified by the VaR method, the Company and the Group banks conduct qualitative assessment through various stress testing and the use of risk-assessment mapping. In this way, the Group aims to enhance the quality of its comprehensive risk management.

Stress Tests
The Group carries out a variety of stress tests, each assuming a massive economic deceleration, turmoil in financial markets or other similar scenarios aimed at confirming its resilience against and capital adequacy in a stressful environment and thereby verifying the appropriateness of its management plan and assessing the impact of differing risk factors on its operations.

Stress tests being carried out in the course of formulating a management plan employ multiple stress scenarios, including some deemed highly likely to materialize and some that would gravely impact the Group’s operations. In this way, the Group measures the possibility of an increase in losses associated with its risk-weighted assets and fluctuations in profit due to deterioration in revenues over a period spanning multiple fiscal years. Stress tests are utilized to evaluate the stability of the Group’s revenues, assess how its capital adequacy would be impacted by the assumed stresses and prevent excessive risk-taking.

Resona Group Integrated Report 2021

Resona Group Integrated Report 2021
Compliance

Basic Activities

The Resona Group defines compliance as the strict observance not only of laws and regulations, but also of social norms, and it has positioned compliance as a key management issue. As basic activities to put compliance into practice, the Resona Group has established its Corporate Mission/Kansai Mirai Financial Group Management Principles, which forms the basis for the judgments of directors and employees; the Resona Way (Resona Group Corporate Promises)/Kansai Mirai Way (Kansai Mirai Financial Group Corporate Promises), which outlines the basic stance, based on the Corporate Mission, that directors and employees should take toward all Group stakeholders; and the Resona Standards (Resona Group’s Behavior Guidelines)/Kansai Mirai Standards (Kansai Mirai Financial Group’s Behavior Guidelines), specific guidelines about the behavior expected from directors and employees under the aforementioned mission and way.

System for Protecting Group Customers

The Company, Group banks and other Group companies are working proactively to make improvements in the quality of explanations to customers, responses to customer inquiries and complaints, the management of customer information and the management of conflicting interests in banking transactions and other areas so that we can provide better responses and more convenience for customers. Specifically, we deliberate initiatives with responsible divisions and individuals in the Group Compliance Committee.

Management of Customer Information

The protection of customer information is one of the most important factors that enable customers to use the Group’s services with peace of mind. We strive to properly manage customer information by publicizing the Promise to Protect Personal Information of All Group Companies, establishing a framework for protecting against leakage or loss of personal information and conducting ongoing and thorough employee education.

Initiatives to Prevent Money Laundering and Other Financial Crimes

The Resona Group considers the prevention of money laundering and financing for terrorism to be important management issues. Accordingly, the Group has developed an effective operational structure aimed at confirming the identity of transactional counterparts, preventing transactions with terrorists and other individuals subject to their assets being frozen and ensuring the systematic detection and reporting of suspicious transactions.

Elimination of Anti-Social Forces

The Resona Group believes that preventing and eradicating transactions with anti-social forces is critically important to its public mission and social responsibility as a financial institution. Our basic approach is to not engage in transactions with anti-social forces and to prevent them from intervening in transactions with customers through the corporate activities of Group companies. The Group has set specific internal rules and regulations. It also provides ongoing training and education on those compliance issues for directors and employees. In addition, we have formed cooperative relationships with such law enforcement agencies as the police to prevent and terminate transactions with anti-social forces.

Internal Auditing

Group Internal Auditing

We believe that the role of internal auditing is extremely important if we are to “live up to customers’ expectations” and “implement transparent management” as set forth in the Resona Group’s Corporate Mission. Accordingly, we have established internal audit divisions at Resona Holdings and at main Group companies.

In order to ensure sound and appropriate operations and to gain social trust in the business management systems established by the Company and Group companies, the internal audit divisions serve the essential function of facilitating improvements in corporate value by verifying and evaluating the systems from an independent standpoint and promoting improvements as needed in all management activities.

The Company’s Internal Audit Division has introduced auditing methods in conformity with the Institute of Internal Auditors (IIA),* a leading international association in the field of internal audits, thereby practicing risk-based audits and ensuring that its peers at Group companies follow suit. In addition, the division monitors the activities of internal audit divisions at such companies while striving to improve the quality of internal audits by, for example, providing various information and training and supporting employees seeking qualification as certified internal auditors and/or to acquire other audit-related certification.

Organization

The Company and Group companies have established independent internal audit divisions and other bodies under each board of directors. Moreover, we have formed the Internal Audit Council, separate from the Executive Committee, to serve the Company and Group companies by discussing important matters related to internal auditing.

The Internal Audit Division of the Company reports to the Board of Directors and the Audit Committee for its functions and to the representative executive officers for its administration. In addition, by ensuring a direct reporting line from the Audit Committee to the Internal Audit Division, we strengthen the monitoring and check and balance functions the Company exerts over the representative executive officers and representative directors of the Group companies.

Management of Compliance

Compliance

Group Compliance Management System

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems Group-wide. In addition, the Group has secured a robust structure for discussing and evaluating all issues related to Group compliance by, for example, forming the Group Compliance Committee.

Resona Holdings’ Internal Auditing System

Group Internal Auditing

We believe that the role of internal auditing is extremely important if we are to “live up to customers’ expectations” and “implement transparent management” as set forth in the Resona Group’s Corporate Mission. Accordingly, we have established internal audit divisions at Resona Holdings and at main Group companies.

In order to ensure sound and appropriate operations and to gain social trust in the business management systems established by the Company and Group companies, the internal audit divisions serve the essential function of facilitating improvements in corporate value by verifying and evaluating the systems from an independent standpoint and promoting improvements as needed in all management activities.

The Company’s Internal Audit Division has introduced auditing methods in conformity with the Institute of Internal Auditors (IIA),* a leading international association in the field of internal audits, thereby practicing risk-based audits and ensuring that its peers at Group companies follow suit. In addition, the division monitors the activities of internal audit divisions at such companies while striving to improve the quality of internal audits by, for example, providing various information and training and supporting employees seeking qualification as certified internal auditors and/or to acquire other audit-related certification.

Organization

The Company and Group companies have established independent internal audit divisions and other bodies under each board of directors. Moreover, we have formed the Internal Audit Council, separate from the Executive Committee, to serve the Company and Group companies by discussing important matters related to internal auditing.

The Internal Audit Division of the Company reports to the Board of Directors and the Audit Committee for its functions and to the representative executive officers for its administration. In addition, by ensuring a direct reporting line from the Audit Committee to the Internal Audit Division, we strengthen the monitoring and check and balance functions the Company exerts over the representative executive officers and representative directors of the Group companies.

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### Five-Year Summary of Major Financial Data

#### Summary of Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross operating profit</td>
<td>60,512.4</td>
<td>36,134.4</td>
<td>1.12%</td>
<td>5.5</td>
<td>1,567.2</td>
</tr>
<tr>
<td>(i) Net interest income</td>
<td>377.9</td>
<td>368.3</td>
<td>435.9</td>
<td>431.1</td>
<td>417.4</td>
</tr>
<tr>
<td>(ii) Trust fees</td>
<td>17.9</td>
<td>18.6</td>
<td>19.2</td>
<td>19.0</td>
<td>19.2</td>
</tr>
<tr>
<td>(iii) Fees and commission income</td>
<td>142.7</td>
<td>149.4</td>
<td>174.5</td>
<td>171.1</td>
<td>172.2</td>
</tr>
<tr>
<td>Net income ratio (i) / (ii) / (iii)</td>
<td>26.5%</td>
<td>30.41%</td>
<td>30.08%</td>
<td>28.86%</td>
<td>29.96%</td>
</tr>
<tr>
<td>(iv) Other operating income</td>
<td>24.5</td>
<td>16.1</td>
<td>14.4</td>
<td>37.3</td>
<td>30.3</td>
</tr>
<tr>
<td>Net gains (losses) on bonds (including biases)</td>
<td>5.5</td>
<td>(5.0)</td>
<td>(7.8)</td>
<td>11.3</td>
<td>14.0</td>
</tr>
<tr>
<td>Operating expenses (excluding Group banks’ non-recurring items)</td>
<td>(344.9)</td>
<td>(341.2)</td>
<td>(420.5)</td>
<td>(417.1)</td>
<td>(415.5)</td>
</tr>
<tr>
<td>Cost-to-income ratio (CIR)</td>
<td>61.25%</td>
<td>61.75%</td>
<td>65.29%</td>
<td>63.33%</td>
<td>65.01%</td>
</tr>
<tr>
<td>Actual net operating profit</td>
<td>218.2</td>
<td>211.6</td>
<td>225.6</td>
<td>244.0</td>
<td>224.0</td>
</tr>
<tr>
<td>Net gains (losses) on stocks (including equity derivatives)</td>
<td>3.2</td>
<td>13.0</td>
<td>7.1</td>
<td>9.3</td>
<td>37.2</td>
</tr>
<tr>
<td>Credit-related expenses, net</td>
<td>17.4</td>
<td>14.7</td>
<td>(1.3)</td>
<td>(22.9)</td>
<td>(57.4)</td>
</tr>
<tr>
<td>Other gains (losses), net</td>
<td>(10.6)</td>
<td>(23.6)</td>
<td>7.7</td>
<td>(16.2)</td>
<td>(19.5)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>228.2</td>
<td>215.8</td>
<td>239.6</td>
<td>212.1</td>
<td>194.3</td>
</tr>
<tr>
<td>Income taxes and other</td>
<td>(80.7)</td>
<td>(20.4)</td>
<td>(83.4)</td>
<td>(59.7)</td>
<td>(59.6)</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>161.4</td>
<td>236.2</td>
<td>175.1</td>
<td>152.4</td>
<td>124.4</td>
</tr>
</tbody>
</table>

#### Summary of Consolidated Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>73,697.6</td>
<td>37,372.9</td>
<td>37,229.7</td>
<td>12,641.9</td>
<td>54,243.7</td>
</tr>
<tr>
<td>Deposits and NCDs</td>
<td>41.4%</td>
<td>42.4%</td>
<td>42.4%</td>
<td>42.4%</td>
<td>42.4%</td>
</tr>
<tr>
<td>Loans and bills discounted</td>
<td>25.6%</td>
<td>25.9%</td>
<td>25.9%</td>
<td>25.9%</td>
<td>25.9%</td>
</tr>
<tr>
<td>Securities</td>
<td>32.9%</td>
<td>31.8%</td>
<td>31.8%</td>
<td>31.8%</td>
<td>31.8%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>72,795.0</td>
<td>37,033.6</td>
<td>36,869.4</td>
<td>12,523.5</td>
<td>53,753.8</td>
</tr>
<tr>
<td>Net assets</td>
<td>922.6</td>
<td>344.3</td>
<td>330.3</td>
<td>118.4</td>
<td>990.9</td>
</tr>
<tr>
<td>Net assets attributable to owners of parent</td>
<td>922.6</td>
<td>344.3</td>
<td>330.3</td>
<td>118.4</td>
<td>990.9</td>
</tr>
</tbody>
</table>

#### Major Financial Indicators

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adequacy ratio (Japanese domestic standard)</td>
<td>11.69%</td>
<td>10.65%</td>
<td>10.10%</td>
<td>11.17%</td>
<td>11.54%</td>
</tr>
<tr>
<td>Reference: Common Equity Tier 1 (CET1) ratio (International standard)</td>
<td>10.74%</td>
<td>12.58%</td>
<td>11.47%</td>
<td>12.28%</td>
<td>13.31%</td>
</tr>
<tr>
<td>(excluding net unrealized gains on available-for-sale securities)</td>
<td>(8.50%)</td>
<td>(9.50%)</td>
<td>(9.50%)</td>
<td>(10.54%)</td>
<td>(10.81%)</td>
</tr>
<tr>
<td>Actual cash dividends per share (EPS) (yen)</td>
<td>1.78</td>
<td>1.87</td>
<td>1.87</td>
<td>2.17</td>
<td>2.37</td>
</tr>
<tr>
<td>Net assets per share (EPS) (yen)</td>
<td>780.94</td>
<td>900.72</td>
<td>911.17</td>
<td>904.60</td>
<td>1,008.82</td>
</tr>
<tr>
<td>Net income per share (EPS) (yen)</td>
<td>66.93</td>
<td>100.51</td>
<td>75.63</td>
<td>66.27</td>
<td>54.19</td>
</tr>
<tr>
<td>ROE</td>
<td>68.89</td>
<td>11.87</td>
<td>75.63</td>
<td>66.27</td>
<td>54.19</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>1,008.82</td>
<td>1,111.3</td>
<td>1,111.3</td>
<td>1,111.3</td>
<td>1,111.3</td>
</tr>
</tbody>
</table>

#### Dividends per Share (EPS)

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-end</td>
<td>161.4</td>
<td>236.2</td>
<td>175.1</td>
<td>152.4</td>
<td>124.4</td>
</tr>
<tr>
<td>Interim</td>
<td>11.69</td>
<td>10.65</td>
<td>10.10</td>
<td>11.17</td>
<td>11.54</td>
</tr>
</tbody>
</table>

#### Financial Highlights

- **FY2017**
  - Net income attributable to owners of parent: 639.1 billion yen
  - Return on assets (ROA): 1.12%
  - Return on equity (ROE): 5.5%

- **FY2018**
  - Net income attributable to owners of parent: 417.1 billion yen
  - Return on assets (ROA): 10.54%
  - Return on equity (ROE): 10.06%

- **FY2019**
  - Net income attributable to owners of parent: 415.5 billion yen
  - Return on assets (ROA): 10.35%
  - Return on equity (ROE): 10.10%

Note: Figures for FY2018 and later represent operating results after integration of Kansai Mirai Financial Group, Inc.
### Non-Financial Highlights

#### Five-Year Summary of Non-Financial Data

<table>
<thead>
<tr>
<th>Financial/Non-Financial Information and Corporate Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions volume (t-CO2)</td>
<td>62,855</td>
<td>73,777</td>
<td>72,006</td>
<td>66,266</td>
</tr>
<tr>
<td>Direct emissions from energy use (SCOPE 1)</td>
<td>6,859</td>
<td>6,263</td>
<td>6,499</td>
<td>5,049</td>
</tr>
<tr>
<td>Indirect emissions from energy use (SCOPE 2)</td>
<td>75,996</td>
<td>67,514</td>
<td>65,507</td>
<td>60,317</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy consumption volume</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct energy consumption</td>
<td>4</td>
</tr>
<tr>
<td>Indirect energy consumption</td>
<td>1,400</td>
</tr>
<tr>
<td>Gasoline (L)</td>
<td>1,790</td>
</tr>
<tr>
<td>Electricity consumption volume (MWh)</td>
<td>150,462</td>
</tr>
<tr>
<td>Cold water (L)</td>
<td>5,767</td>
</tr>
<tr>
<td>Cold water (L)</td>
<td>13,782</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
</tr>
<tr>
<td>Human Resources</td>
</tr>
<tr>
<td>Total employees (persons)</td>
</tr>
<tr>
<td>Average age of full-time employees (years)</td>
</tr>
<tr>
<td>Average employees tenure (years)</td>
</tr>
<tr>
<td>New graduates (persons)</td>
</tr>
<tr>
<td>Percentage of female full-time employees (%)</td>
</tr>
<tr>
<td>Percentage of new graduates who are women (%)</td>
</tr>
<tr>
<td>Percentage of female line managers (%)</td>
</tr>
<tr>
<td>Of which, percentage in senior management positions (%)</td>
</tr>
<tr>
<td>Percentage of people with disabilities in the workforce (%)</td>
</tr>
<tr>
<td>Promotion of Work-Life Balance</td>
</tr>
<tr>
<td>Average percentage of annual paid leave utilized (%)</td>
</tr>
<tr>
<td>Percentage of eligible male employees who took childcare leave (%)</td>
</tr>
</tbody>
</table>

| Financial and Economic Education | | | | | |
| Resona Kids' Money Academy events held (number) | 213 | 230 | 201 | 222 | 222 |
| Resona Kids’ ‘Money Academy’ events (persons) | 3,643 | 4,136 | 4,002 | 3,986 | 3,986 |
| On-site lectures and work experience programs offered (number) | 69 | 78 | 105 | 93 | 15 |

#### ESG-Related External Evaluations

<table>
<thead>
<tr>
<th>ESG rating / ESG score</th>
<th>Status of inclusion into ESG-based stock indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI (Seven-grade system from AAA to CCC)</td>
<td>AA</td>
</tr>
<tr>
<td>MSCI (WIN) (Full score is set at 10)</td>
<td>8.8</td>
</tr>
<tr>
<td>FTSE (Full score is set at 5)</td>
<td>3.0</td>
</tr>
<tr>
<td>S&amp;P (Decile ranking system)</td>
<td>8</td>
</tr>
</tbody>
</table>

#### Governance

**Composition of the Board of Directors (As of June 30, 2021)**

<table>
<thead>
<tr>
<th>Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside directors</td>
</tr>
<tr>
<td>Nominating Committee</td>
</tr>
<tr>
<td>Compensation Committee</td>
</tr>
</tbody>
</table>

**Board members (persons)**

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td>10</td>
</tr>
</tbody>
</table>

**Status of Directors and Their Activities**

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>95.0</td>
<td>97.2</td>
<td>96.7</td>
<td>98.6</td>
<td>98.7</td>
</tr>
</tbody>
</table>

**Non-Financial Highlights**

<table>
<thead>
<tr>
<th>Initiatives to Address Environmental and Social Issues via Primary Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
</tr>
<tr>
<td>Original amount of SDG-related loans (billions of yen)</td>
</tr>
<tr>
<td>Outstanding balance of socially responsible investments (SRIs) (billions of yen)</td>
</tr>
</tbody>
</table>
The Resona Group aims to strengthen cybersecurity measures under top management’s initiative and thereby counter cyber threats that have become ever more serious and sophisticated. Furthermore, the Group strives to achieve data risk levels that are commensurate with its financial size and business scope, and takes continuous measures to ensure the proper handling of information as well as initiatives aimed at enabling the reliable protection of information.

In line with the Cyber Security Management Declaration, the Resona Group aims to strengthen its cybersecurity measures under top management’s initiative and thereby counter cyber threats that have become more serious and sophisticated. Furthermore, the Group strives to achieve data risk levels that are commensurate with its financial size and business scope, and takes continuous measures to ensure the proper handling of information as well as initiatives aimed at enabling the reliable protection of information.
Consolidated Financial Statements

Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>March 31, 2020</th>
<th>March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td><strong>Assets</strong></td>
</tr>
<tr>
<td>Cash and due from banks</td>
<td>15,329.1</td>
</tr>
<tr>
<td>Cash and bills bought</td>
<td>473.4</td>
</tr>
<tr>
<td>Monetary claims bought</td>
<td>246.5</td>
</tr>
<tr>
<td>Trading assets</td>
<td>467.3</td>
</tr>
<tr>
<td>Securities</td>
<td>5,555.6</td>
</tr>
<tr>
<td>Loans and bills discounted</td>
<td>-36,645.5</td>
</tr>
<tr>
<td>Foreign exchange assets</td>
<td>107.4</td>
</tr>
<tr>
<td>Lease receivables and investments in leases</td>
<td>40.6</td>
</tr>
<tr>
<td>Other assets</td>
<td>364.3</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>335.7</td>
</tr>
<tr>
<td>Buildings</td>
<td>122.3</td>
</tr>
<tr>
<td>Land</td>
<td>214.2</td>
</tr>
<tr>
<td>Leasehold assets</td>
<td>14.6</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>14.7</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>9.7</td>
</tr>
<tr>
<td>Software</td>
<td>129.0</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>35.6</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>6.1</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>32.5</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>35.3</td>
</tr>
<tr>
<td>Customers’ liabilities for acceptance</td>
<td>382.7</td>
</tr>
<tr>
<td>other liabilities</td>
<td>(160.0)</td>
</tr>
<tr>
<td>Reserve for possible losses on investments</td>
<td>(0.0)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>50,312.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>March 31, 2020</th>
<th>March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td><strong>Liabilities</strong></td>
</tr>
<tr>
<td>Deposits</td>
<td>52,020.9</td>
</tr>
<tr>
<td>Negotiable certificates of deposit</td>
<td>942.8</td>
</tr>
<tr>
<td>call money and bills sold</td>
<td>69.8</td>
</tr>
<tr>
<td>Payables under repurchase agreements</td>
<td>—</td>
</tr>
<tr>
<td>Payables under securities lending transactions</td>
<td>532.4</td>
</tr>
<tr>
<td>Trading liabilities</td>
<td>87.2</td>
</tr>
<tr>
<td>Borrowed money</td>
<td>769.9</td>
</tr>
<tr>
<td>Foreign exchange liabilities</td>
<td>5.0</td>
</tr>
<tr>
<td>Total</td>
<td>336.8</td>
</tr>
<tr>
<td>Due to trust account</td>
<td>1,316.8</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>700.7</td>
</tr>
<tr>
<td>Reserve for employees’ bonuses</td>
<td>17.5</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>22.7</td>
</tr>
<tr>
<td>Other reserves</td>
<td>38.3</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>5.6</td>
</tr>
<tr>
<td>Deferred tax liabilities for land revaluation</td>
<td>18.4</td>
</tr>
<tr>
<td>Acceptances and guarantees</td>
<td>382.7</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>58,780.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net Assets</strong></th>
<th><strong>Net Assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock</td>
<td>50.4</td>
</tr>
<tr>
<td>Capital reserves</td>
<td>—</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,730.0</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(12.6)</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>1,609.4</td>
</tr>
<tr>
<td>Net unrealized gains on available-for-sale securities</td>
<td>309.1</td>
</tr>
<tr>
<td>Net deferred gains on hedges</td>
<td>16.5</td>
</tr>
<tr>
<td>Revaluation reserve for land revaluation</td>
<td>40.0</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>(40.0)</td>
</tr>
<tr>
<td>Total accumulated other comprehensive income</td>
<td>339.6</td>
</tr>
<tr>
<td>Stock acquisition rights</td>
<td>0.2</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>237.2</td>
</tr>
<tr>
<td>Total net assets</td>
<td>50,312.4</td>
</tr>
</tbody>
</table>

Consolidated Statement of Income

<table>
<thead>
<tr>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary income</strong></td>
<td><strong>Ordinary income</strong></td>
</tr>
<tr>
<td>Interest income</td>
<td>880.5</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>476.2</td>
</tr>
<tr>
<td>Interest on loans and bills discounted</td>
<td>309.5</td>
</tr>
<tr>
<td>Interest and dividends on securities</td>
<td>74.1</td>
</tr>
<tr>
<td>Interest on call loans and bills bought</td>
<td>233.8</td>
</tr>
<tr>
<td>Interest on receivables under repurchase agreements</td>
<td>(0.0)</td>
</tr>
<tr>
<td>Interest on receivables under securities lending transactions</td>
<td>0.0</td>
</tr>
<tr>
<td>Interest on due from banks</td>
<td>11.3</td>
</tr>
<tr>
<td>Other income</td>
<td>21.2</td>
</tr>
<tr>
<td>Trading income</td>
<td>239.8</td>
</tr>
<tr>
<td>Fees and commissions</td>
<td>5.2</td>
</tr>
<tr>
<td>Other operating income</td>
<td>69.5</td>
</tr>
<tr>
<td>Other ordinary income</td>
<td>69.3</td>
</tr>
<tr>
<td>Recoveries of written-off loans</td>
<td>15.5</td>
</tr>
<tr>
<td>Other</td>
<td>53.8</td>
</tr>
<tr>
<td><strong>Total ordinary income</strong></td>
<td>666.2</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td><strong>Other income</strong></td>
</tr>
<tr>
<td>Investment income</td>
<td>47.1</td>
</tr>
<tr>
<td>Interest on deposits</td>
<td>19.3</td>
</tr>
<tr>
<td>Interest on receivable certificates of deposit</td>
<td>0.0</td>
</tr>
<tr>
<td>Interest on call money and bills sold</td>
<td>3.0</td>
</tr>
<tr>
<td>Interest on payables under repurchase agreements</td>
<td>1.0</td>
</tr>
<tr>
<td>Interest on payables under securities lending transactions</td>
<td>12.8</td>
</tr>
<tr>
<td>Interest on borrowed money</td>
<td>4.7</td>
</tr>
<tr>
<td>Interest on bonds</td>
<td>4.2</td>
</tr>
<tr>
<td>Other interest income</td>
<td>2.8</td>
</tr>
<tr>
<td>Fees and commissions</td>
<td>55.1</td>
</tr>
<tr>
<td>Trading expenses</td>
<td>0.1</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>36.7</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>439.5</td>
</tr>
<tr>
<td><strong>Total other income</strong></td>
<td>37.2</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>703.4</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td><strong>Non-controlling interests</strong></td>
</tr>
<tr>
<td>Provision for non-controllable losses</td>
<td>15.3</td>
</tr>
<tr>
<td><strong>Net income attributable to owners of parent</strong></td>
<td>518.1</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to owners of parent</strong></td>
<td>518.1</td>
</tr>
</tbody>
</table>

Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td><strong>Net income</strong></td>
</tr>
<tr>
<td>155.4</td>
<td>129.7</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td><strong>Other comprehensive income</strong></td>
</tr>
<tr>
<td>Net unrealized gains (losses) on available-for-sale securities</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Net deferred gains (losses) on hedges</td>
<td>(10.5)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>1.7</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Share of other comprehensive income of affiliated accounted for using the equity method</td>
<td>(1.7)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>25.7</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to owners of parent</strong></td>
<td>25.2</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td><strong>Non-controlling interests</strong></td>
</tr>
<tr>
<td><strong>Net income attributable to owners of parent</strong></td>
<td>152.4</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Changes in Net Assets

#### FY2020

<table>
<thead>
<tr>
<th>Stockholders' equity</th>
<th>Accumulated other comprehensive income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Billions of yen</td>
</tr>
<tr>
<td></td>
<td>FY2019</td>
</tr>
<tr>
<td></td>
<td>FY2020</td>
</tr>
<tr>
<td><strong>Balance at April 1, 2019</strong></td>
<td>50.4</td>
</tr>
<tr>
<td><strong>Changes during the fiscal year</strong></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(48.4)</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>152.4</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(10.2)</td>
</tr>
<tr>
<td>Depreciation of treasury stock</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Reversal of restoration reserve for land</td>
<td>1.9</td>
</tr>
<tr>
<td>Change in equity attributable to transactions with non-controlling interests</td>
<td>(0.7)</td>
</tr>
<tr>
<td><strong>Total changes during the fiscal year</strong></td>
<td>25.8</td>
</tr>
<tr>
<td><strong>Balance at March 31, 2020</strong></td>
<td>50.4</td>
</tr>
</tbody>
</table>

#### FY2020

<table>
<thead>
<tr>
<th>Stockholders' equity</th>
<th>Accumulated other comprehensive income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Billions of yen</td>
</tr>
<tr>
<td></td>
<td>FY2019</td>
</tr>
<tr>
<td></td>
<td>FY2020</td>
</tr>
<tr>
<td><strong>Balance at April 1, 2019</strong></td>
<td>50.4</td>
</tr>
<tr>
<td><strong>Cumulative effect due to revision of accounting standards for foreign subsidiaries</strong></td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Revised balance</strong></td>
<td>50.4</td>
</tr>
<tr>
<td><strong>Changes during the fiscal year</strong></td>
<td></td>
</tr>
<tr>
<td>Issuance of new stock</td>
<td>0.0</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(48.3)</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>124.4</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Depreciation of treasury stock</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Cancellation of treasury stock</td>
<td>(10.2)</td>
</tr>
<tr>
<td>Reversal of restoration reserve for land</td>
<td>0.5</td>
</tr>
<tr>
<td>Change in ownership interest of parent due to transactions with non-controlling interests</td>
<td>25.8</td>
</tr>
<tr>
<td>Net changes except for stockholders’ equity during the fiscal year</td>
<td>136.7</td>
</tr>
<tr>
<td><strong>Total changes during the fiscal year</strong></td>
<td>25.8</td>
</tr>
<tr>
<td><strong>Balance at March 31, 2020</strong></td>
<td>50.5</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Cash Flows

#### FY2019

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>Billions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase/(decrease) in working capital</td>
<td>164.2</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>34.1</td>
</tr>
<tr>
<td>Impairment losses on fixed assets</td>
<td>7.7</td>
</tr>
<tr>
<td>Equity in earnings of investments in affiliates</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Increase/(decrease) in reserve for possible loan losses</td>
<td>29.8</td>
</tr>
<tr>
<td>Increase/(decrease) in reserve for possible losses on investments</td>
<td>0.0</td>
</tr>
<tr>
<td>Increase/(decrease) in reserve for employees’ licenses</td>
<td>1.3</td>
</tr>
<tr>
<td>Increase decrease in net defined benefit asset</td>
<td>(11.4)</td>
</tr>
<tr>
<td>Increase/(decrease) in net defined benefit liability</td>
<td>3.6</td>
</tr>
<tr>
<td>Interest income/(expense)</td>
<td>(458.3)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>47.1</td>
</tr>
<tr>
<td>Net gain/(loss) on securities</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Net foreign exchange gain(loss)</td>
<td>15.9</td>
</tr>
<tr>
<td>Net gain/(loss) on disposal of fixed assets</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Net/(loss) increase in trading assets</td>
<td>(212.1)</td>
</tr>
<tr>
<td>Net increase (decrease) in trading liabilities</td>
<td>(33.6)</td>
</tr>
<tr>
<td>Net/(increase) decrease in loans and bills discounted</td>
<td>(2,333.4)</td>
</tr>
<tr>
<td>Net increase/(decrease) in deposits</td>
<td>1,471.7</td>
</tr>
<tr>
<td>Net increase/(decrease) in negotiable certificates of deposit</td>
<td>(203.6)</td>
</tr>
<tr>
<td>Net increase/(decrease) in borrowed money (excluding subordinated borrowed money)</td>
<td>21.2</td>
</tr>
<tr>
<td>Net/(increase) decrease in due from banks (excluding those deposited at Bank of Japan)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Net increase/(decrease) in call loans and other similar items</td>
<td>439.0</td>
</tr>
<tr>
<td>Net increase/(decrease) in call money and other</td>
<td>(70.8)</td>
</tr>
<tr>
<td>Net/(increase) decrease in payables under securities lending transactions</td>
<td>532.0</td>
</tr>
<tr>
<td>Net/(increase) decrease in foreign exchange assets</td>
<td>8.2</td>
</tr>
<tr>
<td>Net increase/(decrease) in foreign exchange liabilities</td>
<td>2.9</td>
</tr>
<tr>
<td>Net/(increase) decrease in straight bonds</td>
<td>(52.0)</td>
</tr>
<tr>
<td>Net increase/(decrease) in due to trust account</td>
<td>161.0</td>
</tr>
<tr>
<td>Interest receipts (cash basis)</td>
<td>435.2</td>
</tr>
<tr>
<td>Interest payments (cash basis)</td>
<td>(22.0)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(5.1)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>11,413.7</td>
</tr>
<tr>
<td>Income taxes paid or tax refund</td>
<td>(16.6)</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>11,397.1</td>
</tr>
</tbody>
</table>

#### FY2020

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th>Billions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of securities</td>
<td>(6,677.3)</td>
</tr>
<tr>
<td>Proceeds from sales of securities</td>
<td>4,293.1</td>
</tr>
<tr>
<td>Purchase of tangible fixed assets</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Proceeds from sales of tangible fixed assets</td>
<td>7.6</td>
</tr>
<tr>
<td>Purchase of intangible fixed assets</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Proceeds from sales of intangible fixed assets</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Purchases of shares of affiliates accounted for using the equity method</td>
<td>(5.2)</td>
</tr>
<tr>
<td><strong>Other net</strong></td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>(2,108.1)</td>
</tr>
</tbody>
</table>

#### FY2019

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th>Billions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in subordinated borrowings</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Repayment of subordinated bonds</td>
<td>(460.5)</td>
</tr>
<tr>
<td>Proceeds from issuance of stock</td>
<td>0.7</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(48.3)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests of consolidated subsidiaries</td>
<td>(4.5)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>(167.7)</td>
</tr>
</tbody>
</table>

#### FY2020

<table>
<thead>
<tr>
<th>Cash and cash equivalents at the beginning of the fiscal year</th>
<th>Billions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,207.4</td>
<td>15,235.4</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the fiscal year</strong></td>
<td></td>
</tr>
<tr>
<td>25,124.8</td>
<td></td>
</tr>
</tbody>
</table>
Corporate Data

Corporate Profile (As of March 31, 2021)

Company Name: Resona Holdings, Inc.
President: Masahiro Manami
Head Office: (Tokyo Head Office)
5-65, Kiba 1-chome, Koto-ku, Tokyo 135-8582, Japan
(Osaka Head Office)
2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8808, Japan

Establishment: December 2001
Number of Employees: 20,308 (consolidated)
1,153 (non-consolidated)
Lines of Business: Formulation of Group management and business strategies, allocation of management resources within the Group, and supervision of subsidiaries' operations and other ancillary businesses

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

Credit Ratings (As of June 30, 2021)

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Moody's</th>
<th>S&amp;P</th>
<th>R&amp;I</th>
<th>JCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resona Holdings</td>
<td>—</td>
<td>A</td>
<td>A</td>
<td>AA-</td>
</tr>
<tr>
<td>Resona Bank</td>
<td>A2</td>
<td>P-1</td>
<td>A</td>
<td>A+</td>
</tr>
<tr>
<td>Saitama Resona Bank</td>
<td>A2</td>
<td>P-1</td>
<td>A</td>
<td>A+</td>
</tr>
<tr>
<td>Kansai Mirai Bank</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>AA-</td>
</tr>
<tr>
<td>Minato Bank</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Stock Information (As of March 31, 2021)

Issued Stock: 2,302,829,191
Number of Shareholders: 278,877 (Common stock)

Composition of Stockholders

- Japanese Government and Local Governments: 0.04%
- Financial Institutions: 34.47%
- Securities Companies: 6.98%
- Individuals and Others: 15.40%
- Foreign Institutions: 27.12%
- Other Domestic Companies: 5.98%
- Treasury Stock: 0.04%

Outline of Group Banks (As of March 31, 2021)

Resona Holdings
Assets (consolidated): ¥73.6 trillion / Trust assets: ¥31.9 trillion

Resona Bank
Assets: ¥40.2 trillion

Saitama Resona Bank
Assets: ¥19.0 trillion

Kansai Mirai Financial Group
Assets (consolidated): ¥14.6 trillion

Kansai Mirai Bank
Assets: ¥10.1 trillion

MINABANK
Assets: ¥4.5 trillion