Resona Group

Integrated Report

2021

Customers' happiness is our pleasure

Resona Holdings

Becoming the "Retail No. 1" Financial Services Group

Established in November 2003

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.

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."

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 and their interpretations; the bankruptcy of a major corporation(s); changes in the economic environment at home and abroad; and other factors beyond the control of the Resona Group. Accordingly, forward-looking statements contained in the report in no way guarantee the Group's future business performance or the realization of other trends. Readers are advised that actual results may differ materially from these statements.

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

Resona Holdings Website

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

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

Coverage
Period: Fiscal 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

Contents

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."

SOCIAL CHANGES AND ISSUES

A super-aging society
Need for vitalization 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

Priority themes identified by RSC2030[1]

Local Communities
Revitalization of Local Economies

Low Birthrate and an Aging Society
Elimination of Anxiety Triggered by Low Birthrate and Aging Society

Environment
Response to Global Warming and Climate Change

Human Rights
Diversity & Inclusion

Long-Term Sustainability Targets

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

Carbon Neutrality Target
Net zero CO_2 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: 30% or more[2]
Ratio of female senior managers: 20% or more[3]
Ratio of female line managers: 40% or more[3]

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
Largest commercial banking group in Japan with full-line trust banking capabilities

Human capital
Diversity in human resources

Intellectual capital
Cutting-edge system / digital infrastructure

Financial capital
Sound financial position

ACTIVITIES

Establish "Resonance Model"

Digital & Data
Design-based Thinking
Open

Further Development
Differentiation in existing business

New Challenges
Breaking free of the bank model

"Customers' happiness is our pleasure"

Rebuilding Our Foundations: 2nd Round

OUTCOMES

A sustainable society
Resonance
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

REALIZING "RETAIL No. 1"

Sophisticated Corporate Governance

SOCIAL CONTRIBUTION

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)

A Message from the President of Resona Holdings

Realizing “Retail No. 1”

Masahiro Minami

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

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

1 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 Eiji 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.

2 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.

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 "Retail No. 1."

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

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 Retail Transition Financing Target specifies extending a cumulative total of ¥10 trillion in financing aimed at assisting customers in their SX efforts by FY2030. Resona is a financial group focused on acting as a partner to our customers in local communities. Therefore, Resona will never be able to enjoy growth unless 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.

The above Long-Term Sustainability Targets also include the Carbon Neutrality Target, under which we aim to reduce greenhouse gas (GHG) emissions from the Resona Group to net zero by FY2030.

On the same timetable, we have set a target of raising the ratio of women among the directors and executive officers at Resona Holdings to 30% or more. Although we will accelerate our diversity efforts via the pursuit of this numerical target, we consider the above ratio to be a mere milestone. We will push ahead further with nurturing diverse individuals as future leader candidates and appointing them to top management positions. We believe that diversity is a key element supporting our ability to deliver a "sense of excitement that exceeds mere satisfaction." We are confident that our current efforts will help us gain greater flexibility and resilience as a corporation.

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 solutions on the back of ongoing structural changes in society and industry. Accordingly, we believe that our financial services should be upgraded to meet such needs and focused on the following two areas: (1) Consulting business centered on face-to-face services with the aim of extending in-depth assistance to customers seeking to resolve the various issues confronting them; and (2) Digital-based financial services designed to provide customers with overwhelming convenience and to support them in their everyday business and life. We will work simultaneously in the above two areas to strengthen our capabilities while pursuing income and cost structure reforms over the medium to long term. Specifically, we will begin by launching (i) thoroughgoing business process reforms and then push ahead with (ii) a transition to a system in which all employees are involved in consulting services. Furthermore, we will implement (iii) network reforms based on the integration of face-to-face and digital channels along with promoting (iv) system reforms aimed at realizing next-generation banking services as well as (v) the development of co-creation platforms.

Through these and other reform initiatives rallying the entire Group, we aim to move forward stably toward the long-term goal of transitioning to an earnings structure in which overall operational costs are covered by fee income.

To this end, we need to muster the courage to break away from conventional value systems and traditional norms in the banking industry and redefine our modes of business. In addition, a sophisticated governance structure is essential to accomplishing medium- to long-term reforms of this kind. In this regard, having a majority of the Board of Directors comprising outside directors with diverse and extensive experience makes it possible to incorporate sufficient external input in the course of deliberations and secure transparency and fairness in management decision making. This governance structure has to date proven highly effective and underpins the Resona Group's solid governance practices.

Resona's SDG-Oriented Management

Starting from issues customers and society are confronting → Creating new customer value by making use of Resona's strengths Business × Innovation → "Retail No. 1" "A Good Company"

Vision to be achieved in the period from 2030 to 2050

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

- Deliver financial and non-financial solutions to support SX efforts undertaken by retail customers
- Pursue carbon neutrality
- Respect diversity to empower employees to find their jobs rewarding and create new corporate value

Realization of income and cost structure reforms

- Fee income > Cost
  - A system in which all employees are involved in consulting
  - Co-creation platforms
  - DX-driven business process reforms

3 Progress under the Medium-term Management Plan (MMP) and Medium-term Outlook

Establishment of a "Resonance Model"

In line with the MMP announced in May 2020, we aim to establish a "Resonance Model" in which we deliver new value to customers through diverse resonance. Our specific initiatives to this end consist of three pillars, namely, "further development," which is aimed at enhancing the strength of our existing business, "new challenges," which involves taking on the challenge of entering new business fields, and "rebuilding our foundations," which is the pursuit of next-generation business capabilities supporting the first two pillars. These MMP components were the focus of intensive in-house discussion well before the emergence of the COVID-19 pandemic. Nevertheless, even while facing an evolving business environment influenced by the pandemic, we are convinced that the MMP's direction has proven correct.

Rebuilding our foundations

Changes in society often lead to changes in customers' modes of financial behavior. With this in mind, we must innovate our modes of business to remain on-trend. In the course of taking on this challenge, we need to address one unavoidable problem. Namely, we must eliminate gaps between our earnings power and our operational structure, which encompasses business processes and the cost structure.

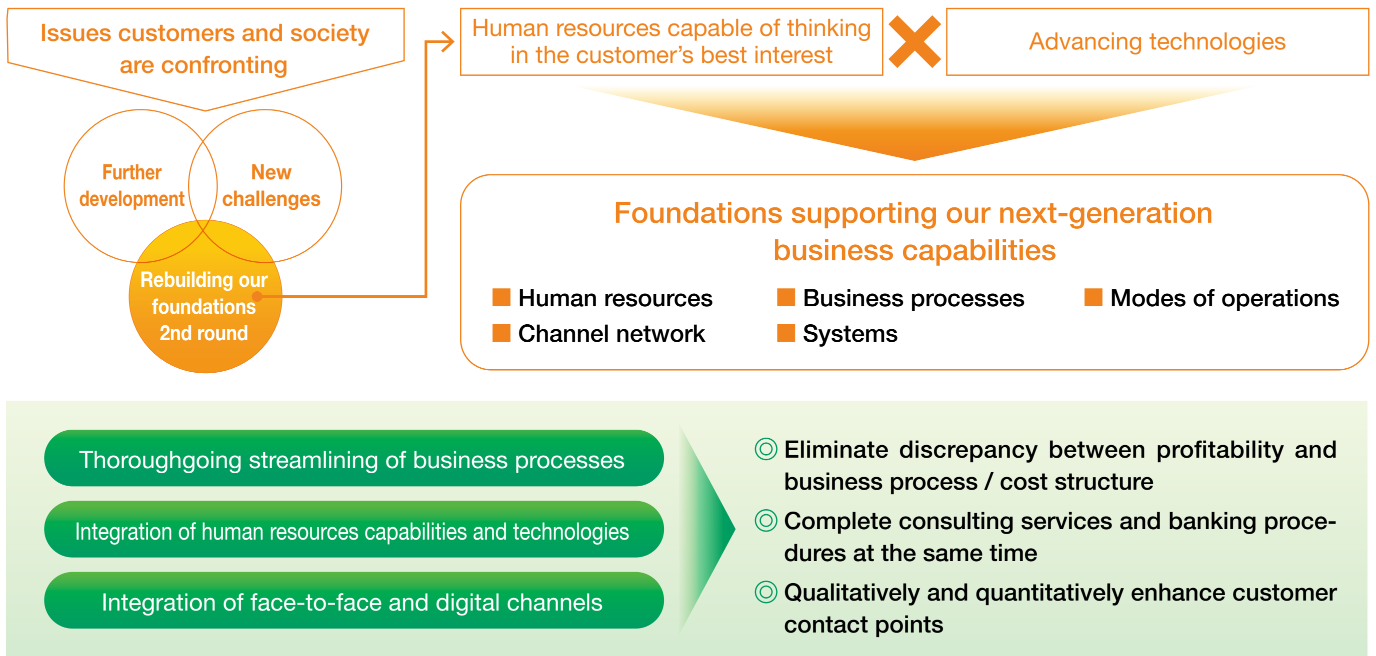
"Rebuilding our foundations" is precisely an initiative to this end and is considered an important management issue that should be overcome definitively.

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.

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 also at the receiving end of the benefits arising from it. Guided by a belief that innovation derives from the diversity of our human resources and their specialist strengths, in April 2021 we transitioned to a new multi-path personnel system. Our human resource portfolio is already diverse and serves as a source of Resona's unique strength, with female managers 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 competitiveness 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.

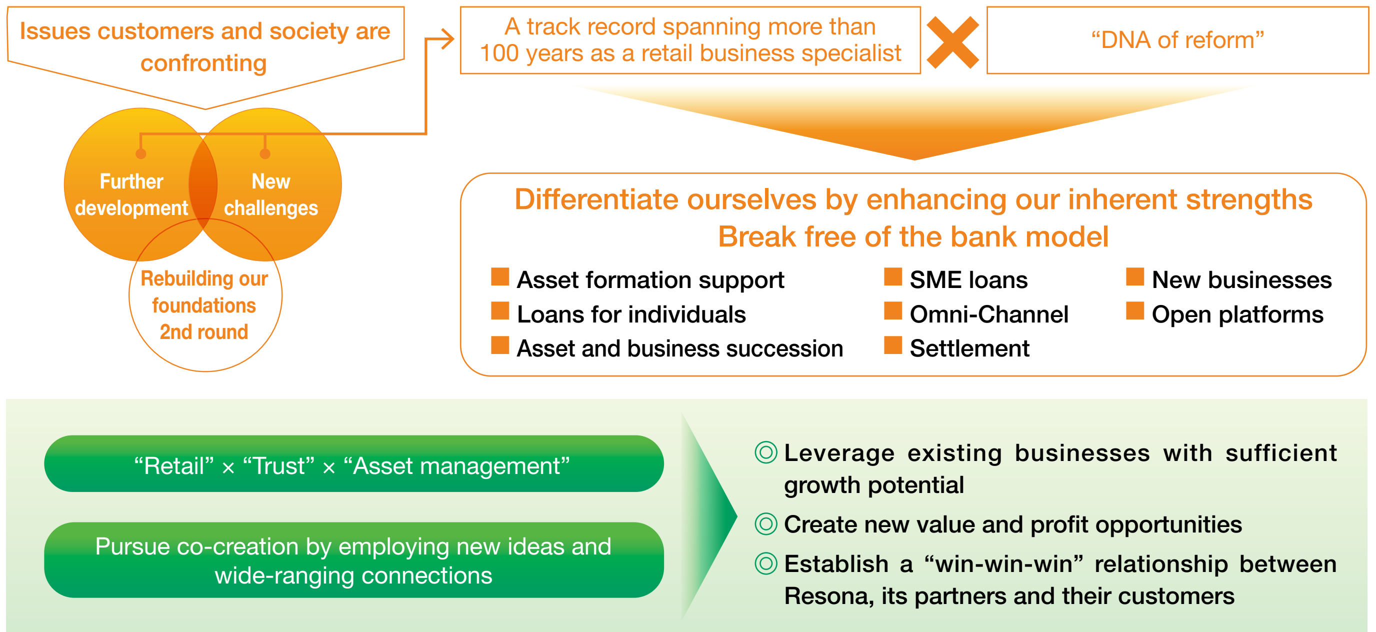


Further development × new challenges

"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 incorporates 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 collaboration. This is how we employ the "chemistry" arising from diverse resonance and thereby realize a "win-win-win" relationship between the Resona Group, its external partners and their customers. Based on this relationship, we will strive to create a new business ecosystem.



4 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 environment. Nevertheless, we focused on smoothly extending funding and acted upon our unchanging commitment to helping customers address the evolving and emerging issues they were confronting 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 customer 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 iDeCo 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 recoil 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 synergetic growth 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 111% year on year. Similarly, the balance of the fund wrap grew 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.

A turning point inducing a sweeping transition from conventional norms and value systems ➡ Turning crisis into opportunity

Changes in customers' awareness and the issues confronting them	Impact on our primary business strategies	
Review of future life planning Higher awareness of the need for preparation	Asset formation support Asset and business succession	↑ Growing needs for long-term, diversified and stable asset formation solutions ↑ Growing needs for M&A deals and real estate-related transactions ↓ Restrictions on face-to-face business activities (to be countered by the use of remote communication tools)
Need for stable fundraising Need for a stronger financial base	SME loans	↑ Growing demand for funding ↑ Expansion of the scope of the customer base ↓ Potential for prolonged stagnation in corporate performance in certain sectors
Need to adapt to new normal Need to catch up with accelerating digitalization	Loans for individuals Omni-Channel Settlement	↑ Growing funding needs among those seeking to acquire single-family houses in suburban areas ↑ Growing need for non face-to-face transactions ↑ Expansion of the scope of the customer base

Need to take a business management approach premised on the prolongation of significantly uncertain circumstances

Continue innovating the Resona Group itself and, to this end, upgrade its structure for implementing both protective and aggressive measures

A fresh start as a Resona Group with a stronger business structure

5 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.

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

Narunobu Ota
Executive Officer in Charge of Finance and Accounting Division

1 Results for the Fiscal Year Ended March 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 reinstated 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 operating results. Firstly, gross operating profit declined ¥19.5 billion to ¥639.1 billion.

Net interest 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, with 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.

Core operating profit (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.

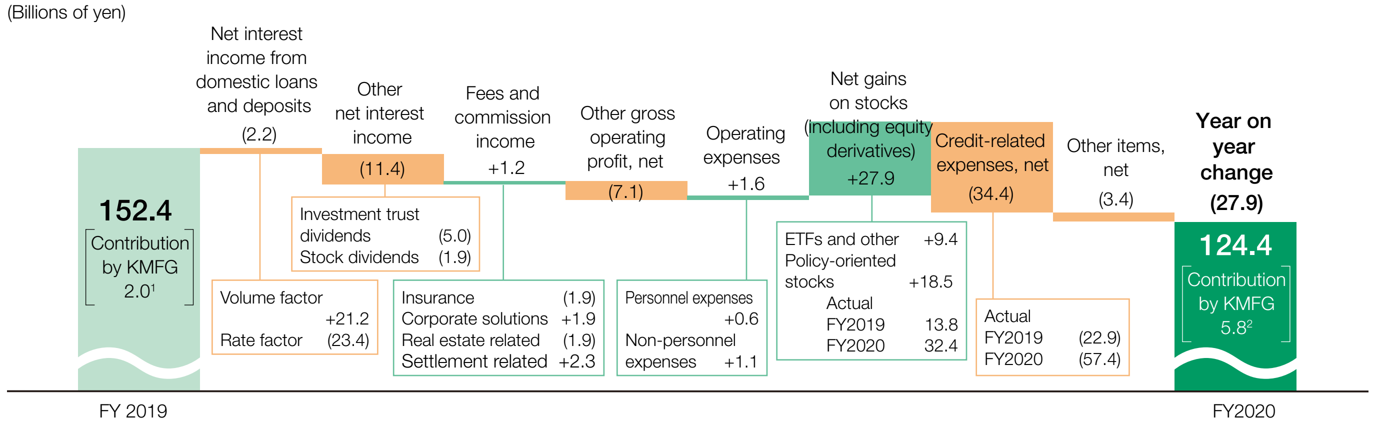
Credit-related expenses increased to ¥57.4 billion, up ¥34.4 billion year on year, due mainly to preemptive measures executed in line with an assumption that fallout from the COVID-19 pandemic will linger for some time. Nevertheless, to a certain degree the recording of these expenses helped mitigate future downside risk.

Financial Results Overview (Resona Holdings consolidated)

(Billions of yen)	FY2020	YoY change
Net income attributable to owners of parent	124.4	(27.9)
Gross operating profit	639.1	(19.5)
Net interest income	417.4	(13.6)
Net interest income from domestic loans and deposits	340.3	(2.2)
Fee income	191.4	+1.2
Fee income ratio (%)	29.9%	+1.0%
Other operating income	30.1	(7.1)
Net gains on bonds (including futures)	14.0	+2.7
Operating expenses (excluding Group banks' non-recurring items)	(415.5)	+1.6
Actual net operating profit	224.0	(17.9)
Net gains on stocks (including equity derivatives)	37.2	+27.9
Credit-related expenses, net	(57.4)	(34.4)
Other gains, net	(19.5)	(3.3)
Net income before income taxes and non-controlling interests	184.3	(27.8)
Income taxes and other	(54.6)	+2.1
Net income attributable to non-controlling interests	(5.2)	(2.2)

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

(Billions of yen)



2 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 ¥160.0 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.

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.

On the other hand, we forecast that credit-related expenses will amount to ¥37.0 billion, a decrease of ¥15.3 billion from FY2020. While assuming that the COVID-19 pandemic will repeatedly surge and wane and thus cloud the business outlook, this forecast takes into account mitigated downside risks as a result of preemptive measures executed in FY2020.

We aim to raise the consolidated fee income ratio, a key performance indicator (KPI) under the MMP, to around 32% in FY2021 from 29.9% recorded in FY2020, with an eye to achieving a consolidated fee income ratio of 35% or more in the final year of the MMP.

Likewise, in line with the MMP's final-year target of curbing the consolidated cost income ratio at around 60%, we aim to improve our cost income ratio to lower half of the 60% range in FY2021 from 65.0% recorded in FY2020.

To help customers deal with the evolving issues they are confronting, we intend to promote income and cost structure reforms by, for example, providing solutions supporting customer efforts to achieve sustainability transformation (SX), rebuilding our foundations via digital transformation (DX) and accelerating synergies deriving from the integration with KMFG.

KPIs under the MMP

Indicators	FY2020	FY2021 (target)	FY2022 (MMP)
Net income attributable to owners of parent	¥124.4 billion	¥145.0 billion	¥160.0 billion
KMFG	¥11.2 billion	¥15.0 billion	¥20.0 billion
Of which, contribution to Resona Holdings' consolidated income	¥5.8 billion	¥15.0 billion	¥20.0 billion
Consolidated fee income ratio	29.9%	32% level	Over 35%
Consolidated cost income ratio	65.0%	Lower half of the 60% range	60% level
ESG index selected by GPIF (domestic stock)[3]	Aim to be adopted for all indices		

FY2021 Earnings Targets and Dividend Forecasts

Consolidated Performance Targets

(Billions of yen)	Full-year targets	YoY change
Net income attributable to owners of parent	145.0	+20.6
KMFG's consolidated results	15.0	+9.2
Other differences	15.0	+1.9

Common Dividends per Share

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

Total of Group Banks

(Billions of yen)	Full-year targets	YoY change
Gross operating profit	599.0	+16.0
Operating expenses	(397.0)	(6.1)
Actual net operating profit	202.0	+9.9
Net gains on stocks (including equity derivatives)	30.5	(10.4)
Credit-related expenses, net	(37.0)	+15.3
Net income before income taxes	181.5	+18.2
Net income	127.5	+12.2

1 KMFG's consolidated net income x 51.2%
2 KMFG's consolidated net income x 51.2% (1Q – 3Q) and x 60.4% (4Q)
3 FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN), S&P/JPX Carbon Efficient Index Series

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.

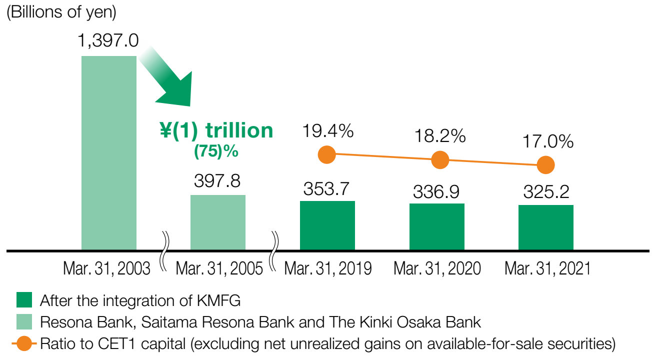
A few years ago, we announced a target of reducing such stockholdings by approximately ¥35.0 billion over a five-year period (¥7.0 billion/year) that began in April 2016 and have made steady progress toward this goal. As of March 31, 2020, we have progressed 93% of the way to our goal and are expecting the reduction target to be accomplished ahead of schedule. Realizing this fact, we refreshed our reduction target in conjunction with the formulation of the MMP 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 determines 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.

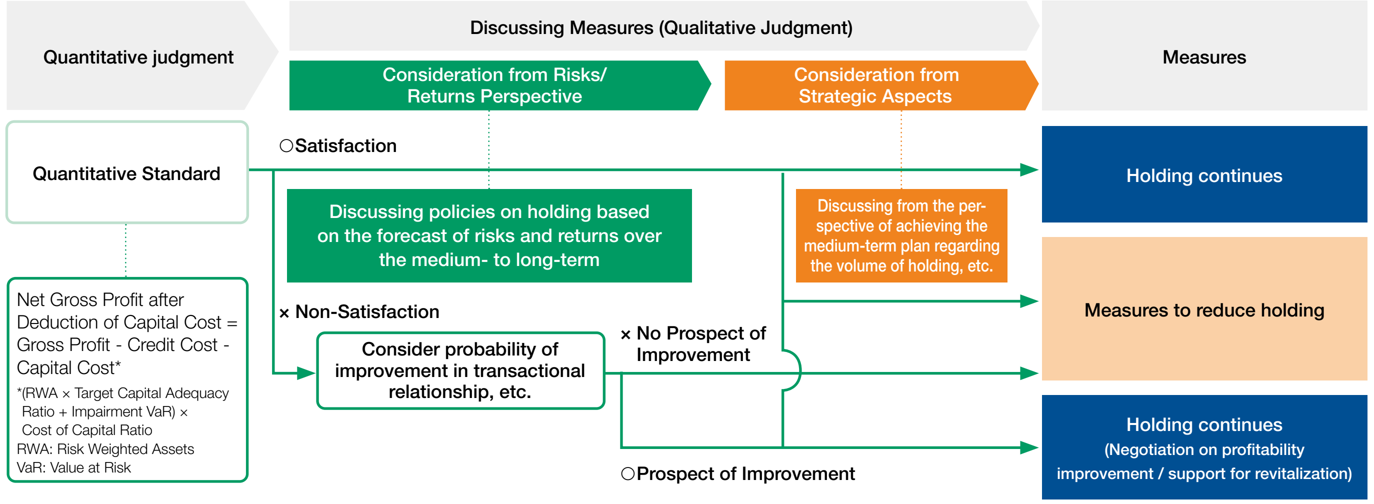
Outline of the Policy for Holding Policy-Oriented Stocks

- 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 a 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.

Policy-oriented Stockholdings (acquisition price basis)



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



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.

Tax Policy

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.

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 Tier1 (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: ¥40.9 billion
- Period of acquisition: May 12, 2021 to June 11, 2021
- Method of acquisition:
  Market buying on the Tokyo Stock Exchange
  (1) Purchase through Off-Floor Treasury Share Repurchase Trading on TSE (ToSTNeT-3)
  (2) Market buying pursuant to the discretionary purchase agreement

(Provisional calculation)

	After making KMFG a wholly owned subsidiary (Equity ratio: 100%)	Prior to making KMFG a wholly owned subsidiary (Equity ratio: 51.2%)
Consolidated net income of Resona Holdings (FY2021 earnings target)	¥145.0 billion	¥137.6 billion
KMFG's contribution	¥15.0 billion	¥7.6 billion
Total number of shares issued	2.50 billion shares	2.29 billion shares
EPS	¥57.8	¥59.9
	(1)	(2)

Change in EPS ((1)-(2))/(2)
(3.5)%

Number of shares repurchased: 88,000,000 shares (2,500,000,000 x 3.5%)

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

Financial soundness

- Secure sufficient equity capital under the current Japanese standard
- Aim for a CET1 ratio[1] of 10% as of March 31, 2023 under the international standard
  - CET1 ratio as of March 31, 2021: Approximately 9.0%

Profitability

- Continuously engage in financial management conscious of capital efficiency, risk, cost and return, and aim to secure ROE[2] exceeding 8%
  - FY2020 (Actual): 6.88%

Improve Corporate Value

Shareholder return

- Making efforts to further expand shareholder returns while considering such factors as the balance between financial soundness and profitability as well as opportunities for growth investments
- Aim for a total shareholder return ratio in the mid-40% range over the medium term while maintaining a stable dividend stream
  - FY2020 (Actual): 38.8%

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

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
- Expanded such digital channels as the Group App

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

Acrylic partition installed to prevent the spread of droplets

A poster encouraging customers to wear masks

Securing social distance at branch facilities

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 136[1]

Expanding the lineup of remote training and education programs

- Shifted to televised meetings, e-learning and an online entrance ceremony, etc.

Employees working at a satellite office

An online entrance ceremony held in April 2021

Society

Despite fallout 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.

"Re: Heart Club"

"Re: Heart Club" is a volunteer organization aimed at supporting spontaneous employee volunteer 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[2] affected by fallout from the pandemic.

Letters from recipients wishing to express gratitude for donations

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.

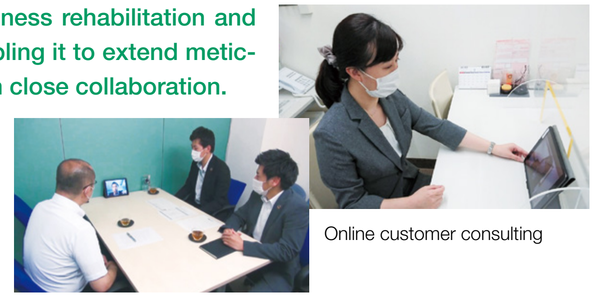
Enhancing Our Consulting System

Aiming to meet customer needs for management improvement, business rehabilitation and other solutions, each Group company has developed a structure enabling it to extend meticulous consulting services, with its head offices and branches acting in close collaboration.

Supporting business growth and rehabilitation

- Established or reorganized the following business units to be charged with customer assistance aimed at supporting business growth and rehabilitation

Resona Bank:	Growth Strategy Office, Credit Division
Saitama Resona Bank:	Branch Assistance Group, Credit Division
Kansai Mirai Bank:	Strategic Assistance Group, Corporate Banking Division
Minato Bank:	Business Feasibility Assessment Office, Corporate Banking Division

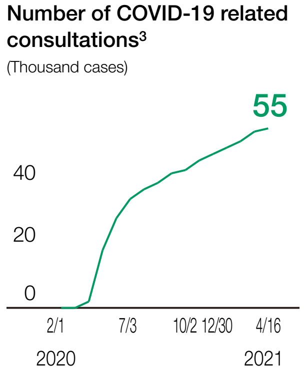


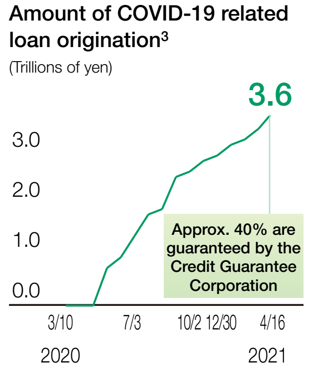
Online customer consulting

Extending Corporate Lending and Supporting Capital Financing

On the back of fallout 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

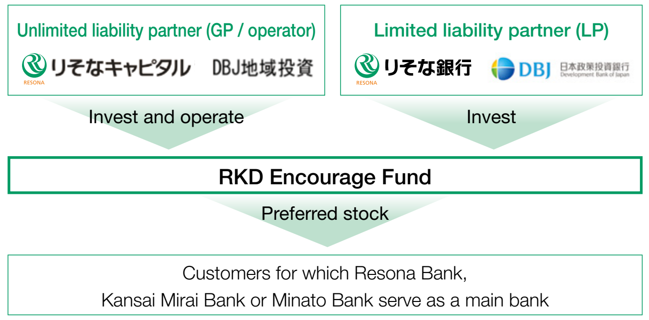




Capital financing funds designed to help customers withstand fallout from the pandemic

- Employed capital financing funds[4] worth a total of ¥31.0 billion

An example of fund-based financing scheme



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.

We also responded to customer requests for consulting with regard to repayment conditions in a flexible manner.

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)

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 2030 (RSC2030)," which represents Resona's commitment to facilitating global efforts aimed at achieving SDGs.

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

Our Process for Identifying Material Social Issues

Environmental and Social Issues

Analyze various environmental and social issues, including those specified by SDGs

Identify and Specify

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

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

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

Priority Themes for the Resona Group (RSC2030)	Main Opportunities and Risks: Opportunities	Main Opportunities and Risks: Risks	Life Design Support: Asset Formation (AUM)	Life Design Support: Loans for Individuals	Life Design Support: Asset and Business Succession	SME Loans	DX Strategy: Omni-Channel	DX Strategy: Settlement	Open Innovation
Local Communities Revitalization of Local Economies	• Growing trends among SMEs toward the incorporation of SDGs into their strategies • Acceleration of digital transformation (DX) due to the COVID-19 pandemic • Fundraising and capital funding needs in anticipation of the post-pandemic business environment	• Shrinkage of regional economies due to population decline • Delays in adaptation to changes in social structure • The prolongation of the pandemic's negative impact on corporate customers' business performance	●	●	●	●	●	●	●
Low Birthrate and Aging Society Elimination of Anxiety Triggered by Low Birthrate and Aging Society	• Need for solutions that ensure the smooth succession of businesses and assets • Need for long-term asset formation • Need for solutions in preparation for growing future anxiety in the wake of the pandemic		●	●	●		●		●
Environment Response to Global Warming and Climate Change	• Need for fundraising aimed at realizing carbon neutrality • Need for financial products designed to address environmental concerns • Calls for securing preparedness against ever more frequent natural disasters	• Delays in corporate customers' response to public calls for carbon neutrality • Occurrence of a natural disaster causing severe damage to business bases and housing	●	●		●	●	●	●
Human Rights Diversity & Inclusion	• Enhancement of competitiveness and productivity thanks to the consolidation of inputs from workers with diverse value systems • Emergence of new markets in step with the diversification of value systems	• Deterioration in product and service quality • A loss of human resource and organizational vitality		●			●	●	●

Relationships between Social Issues and Resona's Areas of Business Focus

Rebuilding Our Foundations: Human Resources | Business Processes | Sales Approach | Channel Network | Systems

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 CO_2 emissions (By the end of FY2030; SCOPEs 1 & 2)

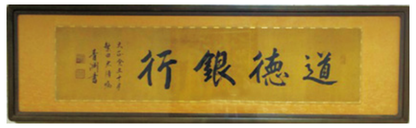
Targets for the Empowerment and Promotion of Women
10% or greater growth in the ratio of women in various positions from the current levels (by the end of FY2030)
Ratio of female Directors and Executive Officers: 30% or more[1]
Ratio of female senior managers: 20% or more[2]
Ratio of female line managers: 40% or more[2]

1 Resona Holdings
2 Sum of six Group companies (Resona Holdings, Resona Bank, Saitama Resona Bank, Kansai Mirai Financial Group, Kansai Mirai 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.



"Moral Bank"—A framed work of calligraphy created by Eiichi Shibusawa and presented to Kurosu Bank

Kurosu Bank, a precursor of Saitama Resona Bank, was founded based on reserves contributed by every-day people and focused on maintaining business practices firmly guided by moral principles; for example, it strictly prohibited its staff from imposing unfair loan conditions for borrowers and always set aside a portion of profit to support public projects. Because of this, Kurosu Bank was called a "moral bank" by the residents of surrounding communities. In appreciation of its management approach, Eiichi Shibusawa, one of Japan's early business leaders and an advisor to Kurosu Bank, presented the bank with this handmade work of calligraphy created in commemoration of the 15th anniversary of its founding.

Daiwa Bank
1918 Osaka Nomura Bank established

Kyowa Bank
1945 Japan Saving Bank established by merging nine savings banks

Saitama Bank
1900 Kurosu Bank established

1991 Merger

Asahi Bank

Resona Holdings
2001 Daiwa Bank Holdings established

2003 Merger and divestiture

Resona Bank
Saitama Resona Bank

Kansai Urban Banking Corporation
1922 Yamashiro Mutual Bank established

The Kinki Osaka Bank
1942 Kinki Mutual Bank established by merging five mutual banks in Osaka

Minato Bank
1949 Shichifuku Mutual Bank established

Kansai Mirai Financial Group
2018 Became fully operational

2019 Merger

Kansai Mirai Bank

2003

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

2004

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

2005

Returned to profitability

Initiated "Resona Kids' Money Academy"

2006

Resumed payment of dividends on common stock

2007

Business alliance with Dai-Ichi Life Insurance Company

2009

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

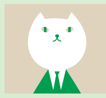
2012

Employee volunteer organization "Re: Heart Club" launched

Opened "Seven Days Plazas" (open 365 days a year)

2013

Communication character "Resonya" is born



2015

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"

2017

Resona Merchant Bank Asia launched operations

Began offering "Resona Fund Wrap"

2018

"Resona Group App" released

Launched business cooperation with The Bank of Yokohama and Daido Life Insurance

Commitment Towards Achieving the Sustainable Development Goals 2030—Resona Sustainability Challenge 2030—established

2020

Medium-term management plan aiming to establish "Resonance Model" launched

Entered a strategic alliance with Mebuki Financial Group (digital field)

2021

Kansai Mirai Financial Group made a wholly owned subsidiary

Long-Term Sustainability Targets established

Resona Group at a Glance

Resona Group at a Glance

As of April 1, 2021

Group Structure

Resona Holdings

- 100% Resona Bank
- 100% Saitama Resona Bank
- 100% Kansai Mirai Financial Group
  - 100% Kansai Mirai Bank
  - 100% Minato Bank

Credit Guarantee Business	Venture Capital	Consulting
Resona Guarantee	Resona Capital	Resona Research Institute
Kansai Mirai Guarantee	**Private Equity**	**Business Process Outsourcing Services**
Factoring	Resona Corporate Investment	Resona Business Service
Resona Kessai Service	**Investment Management**	**Asset Custody**
Credit Card Business	Resona Asset Management	Custody Bank of Japan
Resona Card	**Lease Business**	**Overseas Subsidiaries**
IT Business	Shutoken Leasing	Bank Resona Perdania
Resona Digital I	DFL Lease	Resona Indonesia Finance
NTT Data Sofia	Kansai Mirai Lease	Resona Merchant Bank Asia

Note: Entities named above represent main Group companies.

Resona Group Network and Bases

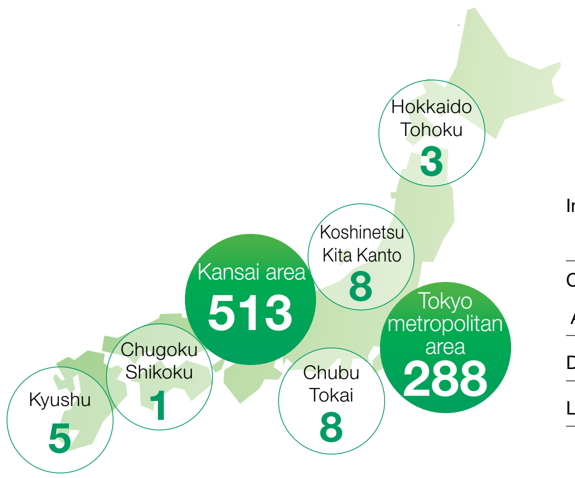
As of March 31, 2021

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.

Domestic Network

Resona Group App Approx. 3.67 million downloads

Manned branches 826



Individual customers	Approx. 16 million
Corporate customers	Approx. 500 thousand companies
Deposits	Approx. ¥58 trillion
Loans	Approx. ¥38 trillion

Overseas Network

Overseas representative offices in four major cities in Asia (Shanghai, Hong Kong, Bangkok and Ho Chi Minh City)

Resona Merchant Bank Asia (Singapore)

Bank Resona Perdania (joint venture in Indonesia)
Head Office, Branches: 2: Sub-branches: 5

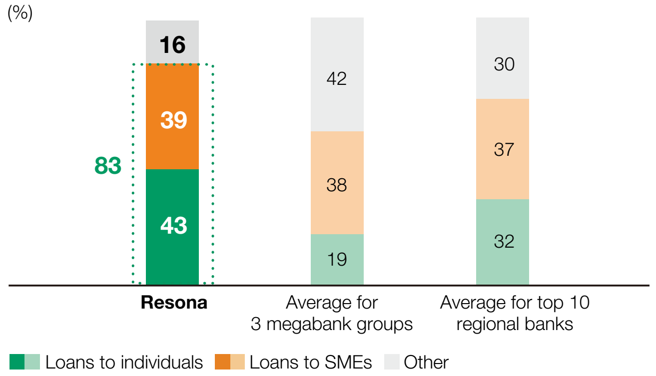
Resona Indonesia Finance (Indonesia)

Resona's Position

Loan Portfolio[1]

As of March 31, 2021

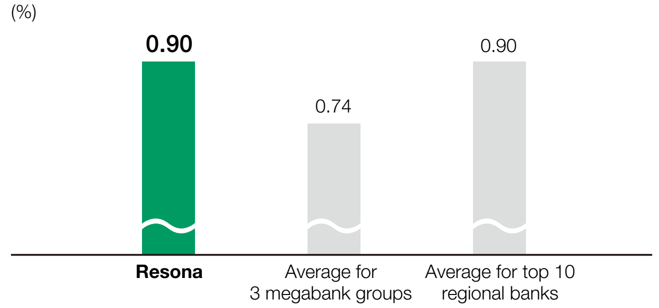
The Resona Group focuses on retail loans. Loans to individuals and SMEs account for about 83% of its loan portfolio.



Interest Margin Comparison[1]

(FY2020)

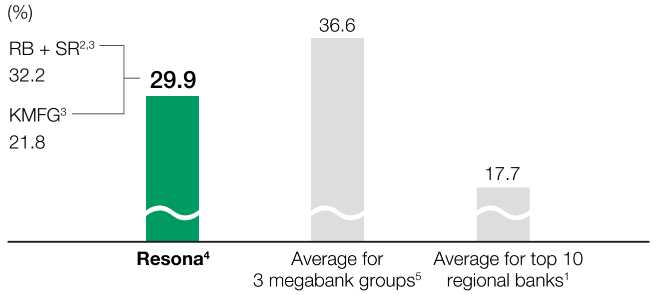
With few generally low-yield loans to large corporations, the Resona Group is able to garner relatively higher yields and appropriately control credit risk by dispersing loans with a portfolio of small loans.



Consolidated Fee Income Ratio Comparison

(FY2020)

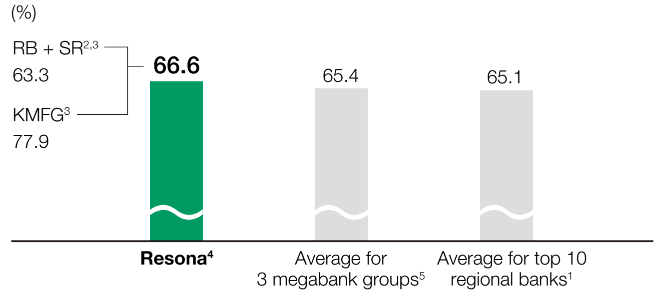
As KMFG boasts substantial growth potential in terms of fee income, we will proactively market Resona's products and services targeting KMFG customers.



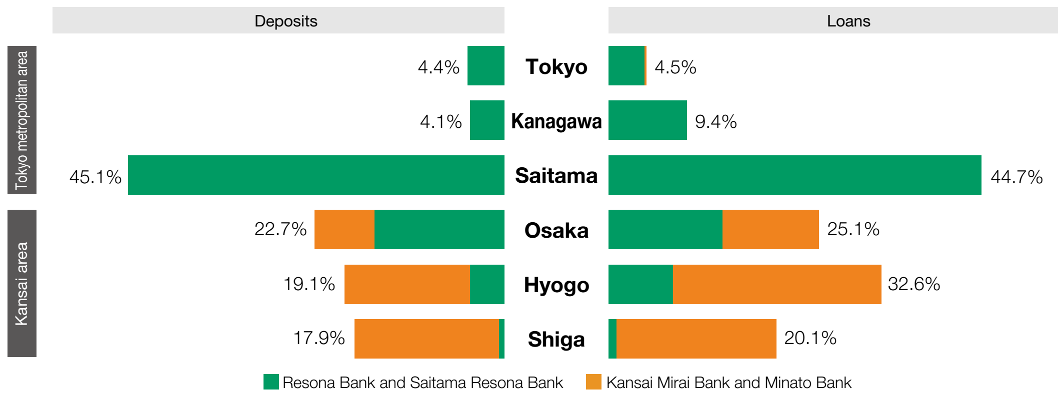
Consolidated Cost-to-Income Ratio Comparison[6]

(FY2020)

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



Loan and Deposit Market Share[7]



GDP	1st in Japan
GDP	4th in Japan
GDP	5th in Japan
GDP	3rd in Japan
GDP	6th in Japan
Per capita income	8th in Japan

1 Resona: Total of Group banks (Resona Bank + Saitama Resona Bank + Kansai Mirai Bank + Minato Bank); 3 megabank groups: MUFG Bank + Mitsubishi UFJ Trust and Banking; Mizuho Bank + Mizuho Trust & Banking; and Sumitomo Mitsui Banking Corporation; Top 10 regional banking groups: Fukuoka FG, Mebuki FG, Concordia FG, Chiba Bank, Hokuhoku FG, Shizuoka Bank, Bank of Kyoto, Kyushu FG, Hachijuni Bank and Nishi-Nippon FHD. Figures are based on financial statements from each company.
2 Resona Holdings' consolidated results – Kansai Mirai Financial Group's consolidated results
3 RB: Resona Bank; SR: Saitama Resona Bank; KMFG: Kansai Mirai Financial Group
4 Resona Holdings
5 MUFG, SMFG and Mizuho FG
6 Consolidated cost-to-income ratio = general and administrative expenses / gross operating profit
7 Total of Group banks, market share based on deposits, and loans and bills discounted by prefecture (domestic banks licensed by BOJ).

Making Kansai Mirai Financial Group (KMFG) a Wholly Owned Subsidiary

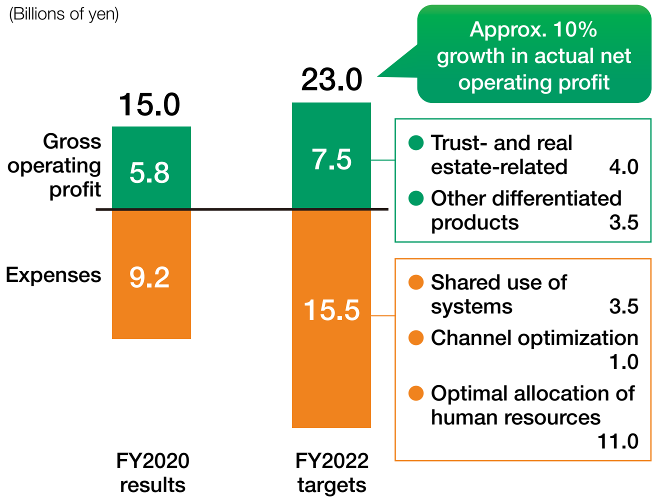
On April 1, 2021, the Resona Group made KMFG a wholly owned subsidiary. With this move as a springboard, we have reinforced our commitment to serving our home market in the Kansai area, which boasts robust potential for economic growth well into the future, while rallying Groupwide strengths to support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

Tetsuya Kan, President of KMFG (left) and Masahiro Minami, President of Resona Holdings

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, 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.

Group Synergies (compared with FY2018 level)
(Billions of yen)



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.

A joint branch that houses Resona Bank's Takatsuki Tonda Branch and Kansai Mirai Bank's Tonda Branch

A joint branch that houses Resona Bank's Kakogawa Branch and Minato Bank's Kakogawa Branch

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 500,000.

A seminar held at one of Business Plazas

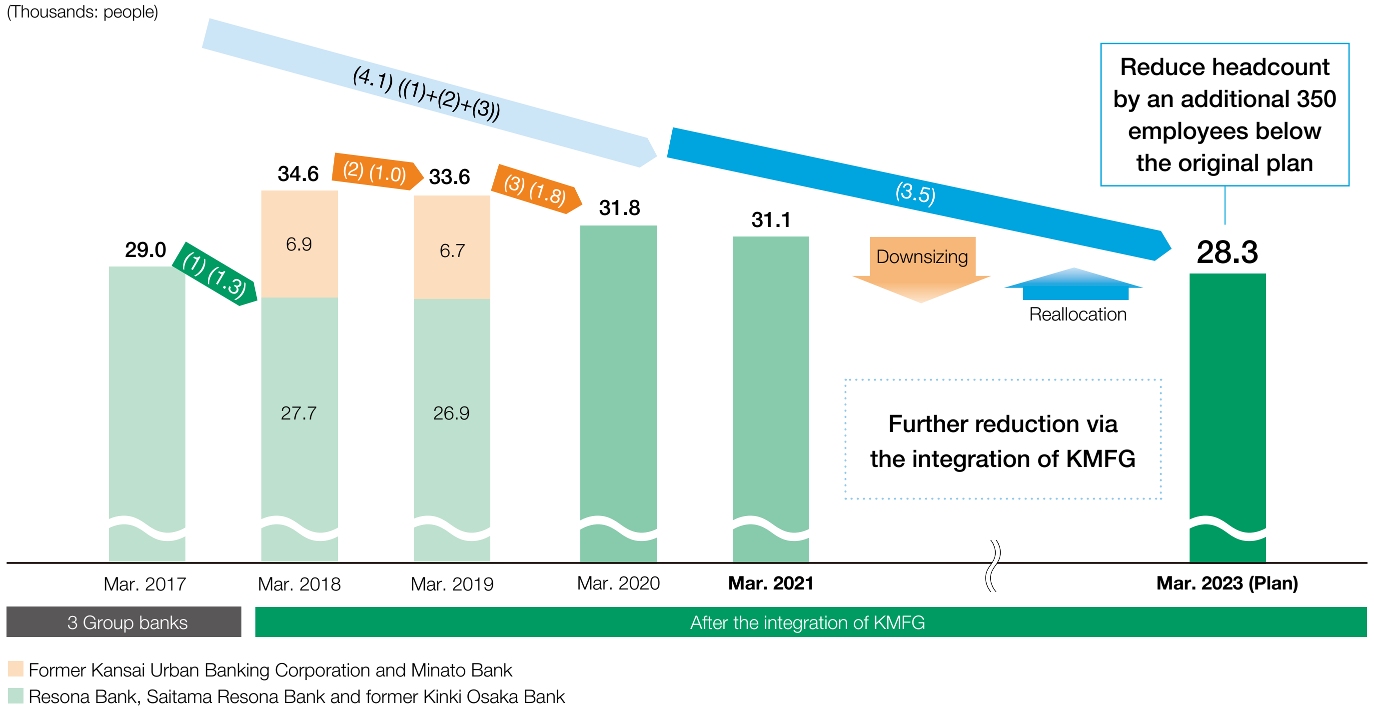
Resona Fund Wrap

A Business Plaza reception room

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. Moreover, 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. Furthermore, we will accelerate staff reallocation on a Groupwide basis. 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.

Total number of Group employees
(Thousands: people)



Rebuilding Our Foundations Human Resources

Our Basic Concepts and Human Resource Management Initiatives

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 for 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.

Ratio of female line managers[1]

- **Target ratio (30%) achieved at**

30.4%

Of this, percentage in senior management positions

10.2%

Receiving external recognition as a progressive diversity corporation

- **The Prime Minister Award**

Saitama Resona Bank (2018)

- **Minister of State for Gender Equality Award**

Resona Bank (2020)

- **"Gold" rating under the Pride Index for the fourth consecutive year (Resona Holdings)**
- **"Platina Kurumin" certification (Four Group banks)**
- **Ranked third in the 2021 comprehensive ranking of the "100 Best Companies Where Women Actively Take Part"[2] (Resona Holdings)**

New Personnel System

In anticipation of a major shift in the bank business model, we implemented a revision to our personnel system[3] 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 allow 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 addition to ensuring that individual employees find their jobs rewarding.

Basic Concepts	Features	Purposes	
Nurture diverse human resources into professionals and help them achieve personal growth and career fulfillment	A course-based system	Promote D&I	
Evaluate and reward employees irrespective of their age while promoting and allocating them to optimal positions in light of their competencies	Options for retirement age	Nurture professionals in each field	Human resource management that values employees' freedom of choice

Work Style Reform Initiatives

We also consider it essential to offer a variety of work style options in order to promote D&I.

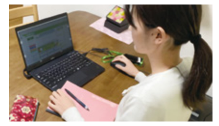
To this end, the Resona Group maintains "smart employee" positions in addition to full-time employee and partner employee positions, with the aim of securing a broad range of options for employees that meet their needs for optimal work-life balance. The smart employee positions allow employees to cut 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 childrearing 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 to further 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)**



An Interview with the Executive Officer in Charge of Human Resources

Resona's Strategy for Shifting to a Human Resource Portfolio Focused on Diversity and Specialty

Kazuyo Shinya
Executive Officer, Resona Holdings

Q. Please explain the details of the Group's transition to a "human resource portfolio focused on securing diverse workers boasting strengths in their areas of specialty" as defined in the medium-term management plan (MMP).

For us to achieve the goals of MMP, helping each employee enhance his/her skills and grow into a professional is a matter of great importance. In light of our objective of pursuing "further development" and taking on "new challenges," we also need to secure a pool of professional human resources that corresponds to an even broader range of business fields transcending the scope of traditional banking operations.

Therefore, we strive to nurture human resources in a variety of areas while giving consideration to the types of skills expected to become necessary to the development of Group businesses in the future. By doing so, we aim to ensure that the development of our human resource capabilities results in improvement in corporate value. We call these endeavors the "reform of the human resource portfolio."

Q. Could you elaborate on how Resona aims to nurture and secure professionals?

We began by introducing a multi-path personnel system. This system has been designed with the intention of clearly signaling our expectations for all employees to pursue individual growth as professional human resources in their chosen areas.

To nurture professionals, we have also developed a course-based training system. Encompassing a total of 19 courses offered under the multi-path personnel system, this training system helps employees acquire the general business skills uniformly required of them all while helping them develop the specialist skills necessary to handle future assignments.

Furthermore, as we aim to nurture genuine professionals capable of helping customers resolve their issues, we believe that our employee education must not be confined to instilling mere business knowledge. As part of efforts to nurture omni-advisors who can think and act in the best interest of customers, we opened Resona Academy in 2019 and 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.

Q. Please elaborate on the comprehensive career support system.

In order to nurture professional human resources in diverse fields, we need to help raise employees' career awareness and autonomously choose and develop their career paths.

Under the comprehensive career support system launched in conjunction with the introduction of the revised personnel system, we offer information regarding career options available to employees while providing them with opportunities to speak with supervisors and specialist staff (career advisors) as well as a robust training menu and a trainee system to support their individual growth as professionals. Through these and other initiatives, we aim to assist employees in their career development in a comprehensive manner.

In the course of nurturing a diverse range of professionals, we may see some employees who choose to transition their career paths and go on to acquire skills related to unfamiliar operational areas. With this in mind, we will enhance the content of recurrent education in line with our aspiration to offer strong support for those who take on challenges in new career fields.

1 The ratio of women in managerial positions or above charged with overseeing staff; sum of Resona Bank and Saitama Resona Bank as of March 31, 2021
2 Based on a 2021 survey conducted by Nikkei WOMEN to assess business efforts to empower women
3 The system is applicable to employees at Resona Bank, Saitama Resona Bank and some other Group companies

Rebuilding Our Foundations

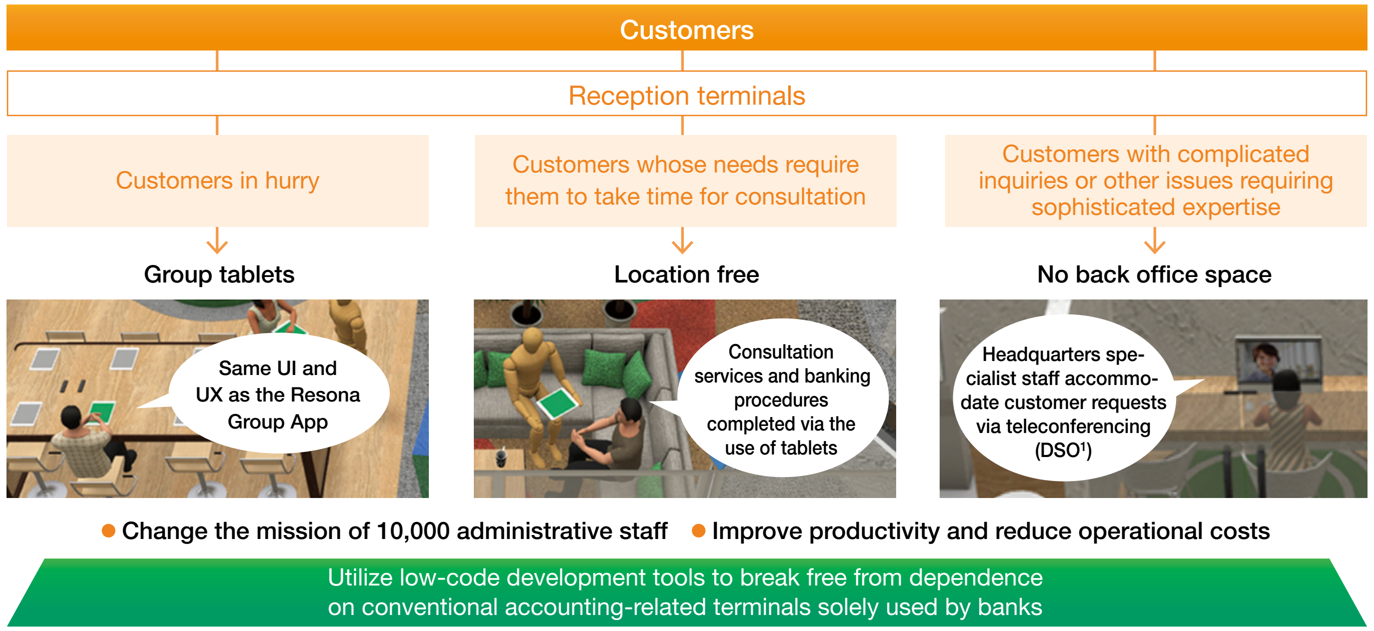
Business Processes, Sales Approach, Channel Network and Systems

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 programing 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 Mirai Financial Group (KMFG) a wholly owned subsidiary, we are poised to accelerate channel reforms. Specifically, we employ a "branch-in-branch" method targeting Kansai Mirai Bank 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 bank branches 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

	Mar. 31, 2020		Mar. 31, 2021		Mar. 31, 2023 (plan)	Cost reduction effects
KMFG	374 locations	BinB 38 locations[2]	330 locations[3]	BinB Approx. 60 locations[2]	Approx. 255 locations[3]	Approx. ¥1 billion/year
		5 branches earmarked for joint branches	■ Downsizing ■ Review of operational structure	Approx. 10 joint branches		
Resona Bank Saitama Resona Bank	451 locations	BinB 8 locations	440 locations[3]	BinB Approx. 5 locations	Approx. 435 locations[3]	Approx. ¥1 billion/year
Total of Group banks	833 branches[4] 825 locations	(55) locations	824 branches[4] 770 locations		Approx. 820 branches[4] Approx. 690 locations	Approx. ¥2 billion/year

■ Replacement and downsizing: Approx. 50 branches (6 branches are already done)
■ Optimize branch mission/consolidation of operations: Approx. 140 branches (75 are already done)

Approx. (135) locations

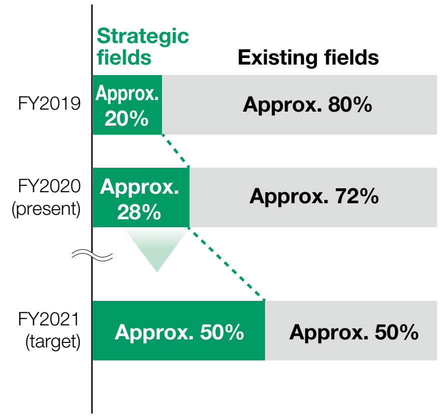
Accelerating System Structure Reforms and Open Platform Strategy

The Resona Group takes advantage of low-code development tools and an agile development approach. This enables us to accelerate the pace of system development in addition to allocating greater system investment resources to strategic areas even as we curb growth in the total amount of system costs. Incorporating APIs, we also enhance system flexibility to make our systems open platforms.

These and other digital banking platforms, including open APIs, are designed to better position us to act proactively in collaboration with fintech companies and partners from different sectors. We are also striving to establish a system structure that makes it possible to offer Resona Group products and services to customers of partner regional financial institutions without system integration.

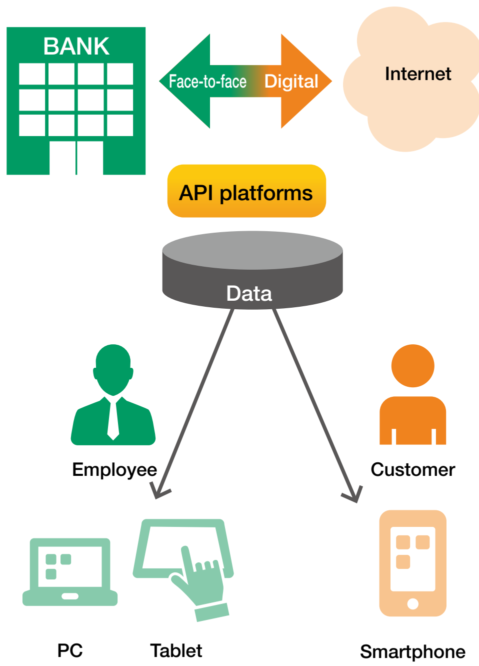
■ Composition of system-related costs

● Shift our resources to DX-related investment via system structure reforms

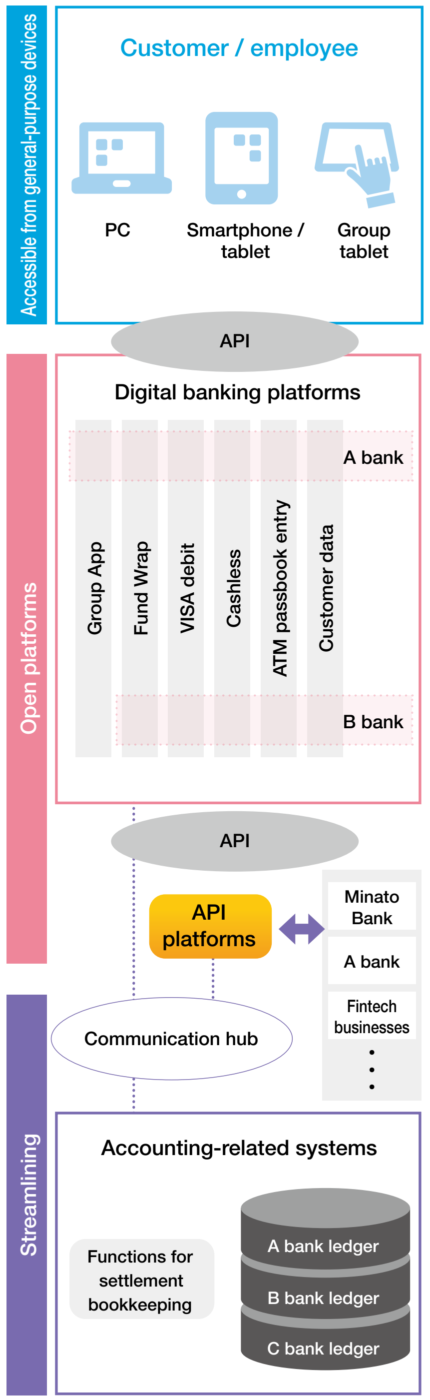


■ Integrate face-to-face and digital services

● Upgrade accounting-related APIs to realize an "Omni-Channel"



Vision



Current structure

Break away from dependence on dedicated terminals used solely by financial institutions	
API for accounting-related transactions	500 APIs (reference and updating functions) already completed
Halve the number of dedicated terminals	Make it possible to undertake accounting-related transactions accessible from general-purpose PCs, with all branches being included into the scope of the new system structure (from October 2020 and scheduled to complete in July 2021)
Make our systems available as open platforms (Digital banking platforms)	
Group App	Joyo Bank and Ashikaga Bank (March 2021) Minato Bank (by the end of FY2021)
Fund Wrap	Minato Bank (October 2020) Bank of Yokohama (April 2021)
VISA debit and RCP[5]	Minato Bank (by the end of FY2021)
ATM passbook sharing[6]	Minato Bank (by the end of FY2021)
Push ahead with structural reforms involving the transition from legacy systems to open systems	
Drastic streamlining of systems	Launch the downsizing of existing systems with a focus on accounting-related systems

1 Digital Service Office
2 The BinB method undertaken by KMFG involves the integration of Kansai Mirai Bank Plazas (representative offices)
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 thus renewing its management structure, Resona Holdings has striven to upgrade its governance systems by, for example, promoting young individuals to executive officer positions and introducing a highly transparent and objective framework for the evaluation of director performance based on assessments and interviews conducted by a third-party agency.

In May 2015, the Company formulated the "Basic Corporate Governance Policy," which defines Resona Holdings' fundamental approach to, framework for and practice of corporate governance. This policy stipulates that "The Board of Directors shall consist of directors having diversified and extensive knowledge" and that "in principle, highly independent outside directors shall constitute a majority of the Board." With regard to the Nominating and Compensation committees, the policy mandates that these bodies shall consist of, in principle, highly independent outside directors and be chaired by outside directors. Similarly, the policy requires outside directors to constitute the majority of the Audit Committee which, in principle, shall be chaired by an outside director.

Of the 10 directors currently constituting the Board of Directors, six are independent outside directors, who together account for the majority and possess extensive knowledge and/or experience in corporate management. It is said that, among the companies listed on the first section of the Tokyo Stock Exchange (TSE), those equipped with similarly composed boards of directors account for less than 10%.

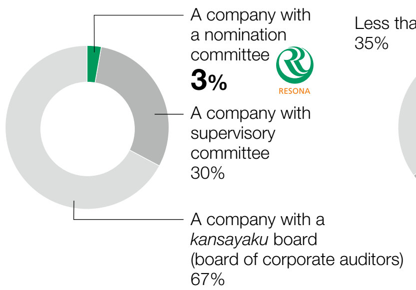
The Resona Group aims to avoid making decisions based solely on established norms within the banking industry. Instead, it seeks to incorporate external perspectives and engage in multifaceted discussions to reach the right conclusions through the exchange of a diverse range of opinions. By doing so, the Group strives to achieve sustainable growth and improvement in corporate value.

Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group (KMFG) have similarly secured clear separation between management supervision 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.

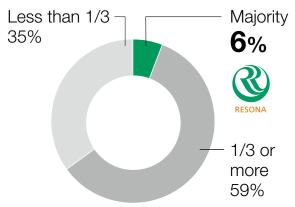
Not content with establishing the governance systems described above, Resona Holdings strives to enhance its role and functions as a company with a nominating committee, to this end taking advantage of such input as findings from the annual evaluation of the Board of Directors' effectiveness.

Companies Listed on TSE's First Section

①Forms of governance system*



②Proportion of independent outside directors in boards of directors*

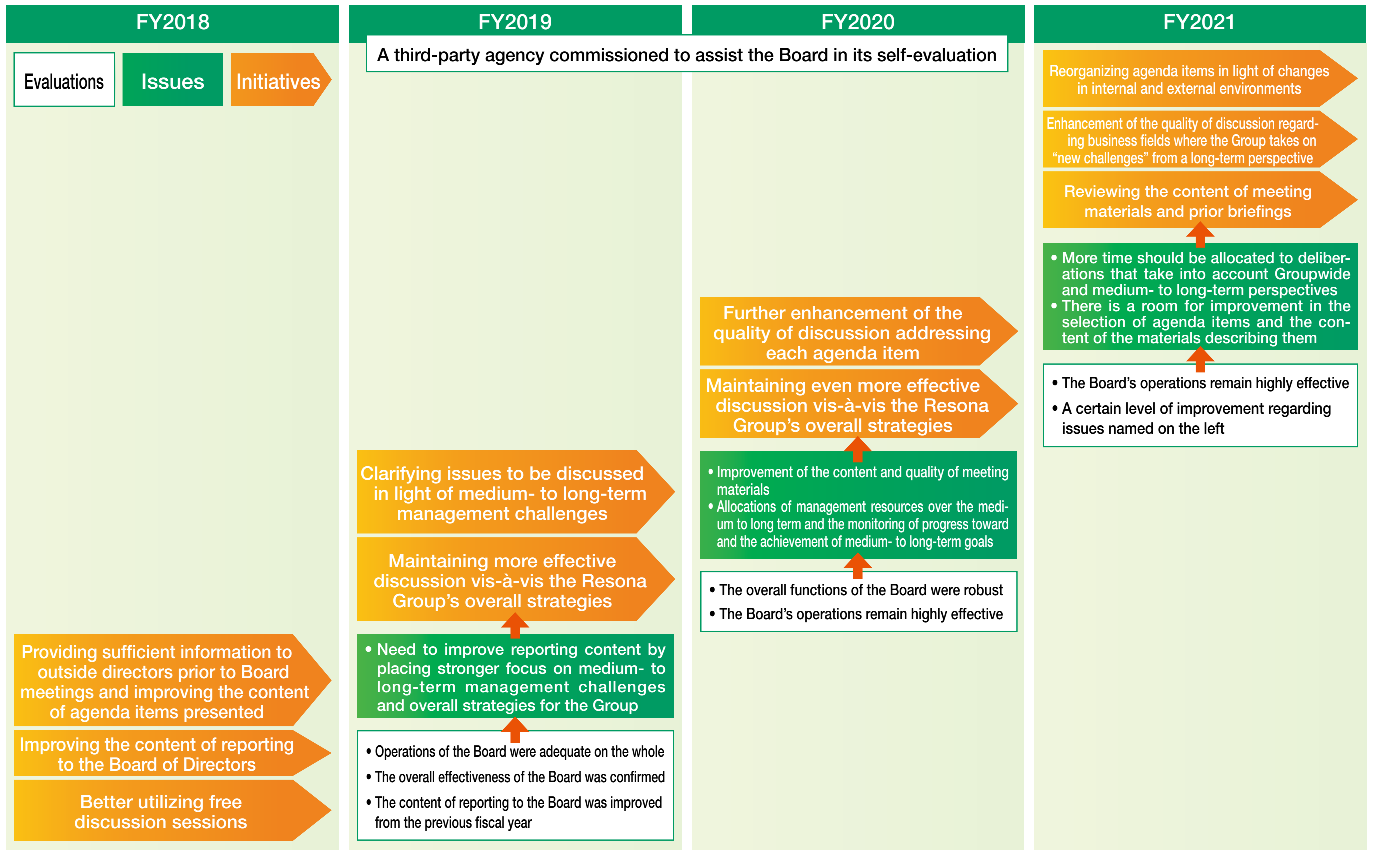


*Source: "Appointment of Independent Directors and Establishment of Nomination and Remuneration Committees by TSE-Listed Companies" (September 7, 2020) publicized by the Tokyo Stock Exchange, Inc.

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 via the last year's self-evaluation and the operational status of the three committees. The results of the self-evaluations submitted by each individual are reported to and deliberated on by the Board of Directors.

In addition, over a two-year course from fiscal 2019, the Board of Directors reviewed the entirely 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 interviews 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.



Overview of Upgrading of Resona Holdings' Corporate Governance Structure

	2003 - 2010	2011 – 2020	2021
Form of governance structure	2003 Transitioned to a company with a nominating committee (First in the domestic banking industry)	2015 The establishment of Japan's Corporate Governance Code	
Board of Directors	2003 Independent outside directors formed majority in the Board of Directors 2007 The presidents of Resona Bank, Saitama Resona Bank and the then Kinki Osaka Bank, all of whom concurrently served as Resona Holdings' executive officers, began attending its Board of Directors meetings as observers to improve the effectiveness of consolidated business management	2015 Formulated a Basic Corporate Governance Policy 2020 Appointed Chairman of the Board of Directors from among non-executive directors	Main Group subsidiaries made it rule to appoint chairmen of their Boards of Directors from among non-executive directors
Nominating Committee	2003 Independent outside directors formed majority of the three committees membership, with outside directors serving as committee chairpersons 2006 Established "Standards for Electing Director Candidates" for the selection of outside director candidates 2007 Introduced a succession plan	2012 Committee members consist solely of independent outside directors Launched full-scale deliberations on top management team successors and other matters associated with the next management structure	New management structure
Compensation Committee	2004 The directors' retirement benefit system was abolished, and the Board of Directors deliberated and decided on the introduction of a performance-based compensation system 2010 Introduced a share-based compensation system	2012 Committee members consist solely of independent outside directors 2017 Introduced Performance Share Units (PSUs) 2020 Introduced a Share Benefit Trust as an incentive for executive officers	
Audit Committee	2004 Additionally appointed one accounting auditor and introduced a joint auditing structure	2016 Established a dual-reporting line system that designates the Audit Committee as the primary body to receive reporting from the internal audit divisions	
Other	2005 Presidents of Group banks began concurrently serving as executive officers at Resona Holdings	2015 Named a "Winner Company" under the Corporate Governance of the Year program sponsored by the Japan Association of Corporate Directors 2017 KMFG inaugurated (company with an audit and supervisory committee) 2019 Resona Bank and Saitama Resona Bank adopted the company with an audit and supervisory committee system	Made KMFG a wholly owned subsidiary The president of KMFG began concurrently serving as an executive officer at Resona Holdings, following the suit of the presidents of Resona Bank and Saitama Resona Bank

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

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

A The appointment of Mr. Minami followed about two years of discussion by the Nominating Committee. This discussion was based on our 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 pressing 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 synergetic improvement in its overall functions in the course of such undertakings as the integration of Kansai Mirai Financial Group (KMFG).

With an eye to getting on board with the emerging industry trends discussed above, on multiple occasions the Board of Directors has discussed these matters, including proposals from the Chairman and other directors. Based on the Board's conclusions, the Nominating Committee engaged in a two-year discussion about the creation of an optimal management team capable of overcoming the challenges lying ahead.

Among the questions the committee deliberated was, in light of 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 Resona Bank. 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 optimal candidate for the president of Resona Holdings in light of the business environment in this IT era, as he was considered best capable of spearheading the Omni-Channel Strategy and equipped with deeper knowledge of a broad range of IT technologies.

We think that since assuming the office of president, 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 personality as well as proactive cooperation by the latter.

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

A Basically, the relationship between the former and the latter has not changed. However, due to the inclusion of KMFG 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.

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

A 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.

I suspect that their shared experience of the "Resona Shock" is one reason behind the absence of sectionalism among them. Also, the Group's headquarters is arranged so as to focus on instilling a sense of unity among officers by ensuring that all of them operate on the same floor, no matter if they work for Resona Holdings or a Group bank. In sum, the Group's culture has a significant unifying power and, therefore, its governance approach has been centered on taking full advantage of this strength.

In addition, the Resona Group adopted a company with a nominating committee system from its earliest years and was, I believe, the first in the domestic banking industry to do so. With outside directors fulfilling a central role in the Board of Directors' operations, the Group has thus become an organization that attaches significant value to the recommendations of its committees. This governance structure also ensures that outside directors are clearly aware of what is expected of them. Moreover, in line with the succession plans, outside directors interview officer candidates on multiple occasions every year. These practices exert a positive effect in terms of diluting personal attachments to the culture of pre-merger organizations as well as maintaining the fairness of candidate selection.

Moreover, the Group's management pays significant attention to employee awareness and is clearly committed to taking heed of the results of employee awareness surveys to improve its business initiatives and organizational management. The most distinctive feature of Resona's governance approach lies in its focus on taking advantage of findings from robust interactions between officers, outside directors and employees.

Q With regard to succession plans, which you have touched on several times, what is your personal policy for selecting next-generation leaders?

A 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, we outside directors are not in charge of business execution and thus not so well-positioned to accurately assess their competencies. With this in mind, I interview with 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 heeding 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 fool-proof mechanism that prevents the wrong persons from being selected.

Q 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?

A Today, the modus operandi of boards of directors is a subject of intensive public debate. I personally believe that modes of corporate governance should differ as much as needed by organization as each is different in terms of history, form of business, size and workforce composition. I therefore think that the optimal modus operandi of a board of directors must be unique to each company—there is no one-size-fits-all solution. In terms of governance, although the Resona Group weights Resona Bank the heaviest, the Group also focuses on supervising two other flagship entities, namely, Saitama Resona Bank and KMFG, while overseeing non-bank subsidiaries with an eye to supporting their growth and helping them become major earnings pillars. With this in mind, the Board of Directors must continually deliberate on how it should function in light of ever-changing circumstances, as the decision-making body of the holding company.

Q Lastly, do you have any messages to share with readers?

A Let me share my personal take on two subjects. First, Resona is pursuing the goal of becoming "Retail No. 1" and I believe that this goal exactly indicates the right direction for the Group. Not only that, I am also confident that the Group is capable of accomplishing this target and am proud of being a part of such a banking group. As long as its officers and employees work as one to pursue this shared goal, the Resona Group will remain one of best banks of choice in Japan.

Looking at the current status of the banking industry, regional banks are strongly focused on serving their respective market regions. On the other hand, mega banks are shifting their management priorities to securing solid footholds in markets overseas. In this light, Resona remains largely focused on serving domestic customers while, unlike other regional banks, being capable of delivering its services to a broad range of regions nationwide. This makes Resona a particularly unique bank, perhaps the only bank in Japan to be focused on serving Japanese people at large. This is exactly why I believe that Resona should and is best qualified to aim for "Retail No. 1."

Secondly, in line with the medium-term management plan (MMP), Resona announced its commitment to "starting from issues confronting customers" to provide new value. This approach has significant similarities with the *Sampo Yoshi* ("good for the seller, good for the buyer and good for society") merchant philosophy that *Ohmi* merchants originated centuries ago. As such, Resona aims to practice a management approach that brings benefits to customers, their communities, employees, shareholders and all other stakeholders. Resona has a large customer base in Saitama Prefecture, and Eiichi Shibusawa, an early Japanese business leader whose life history has recently been attracting public attention, was also from this prefecture. He was known to be an advocate of "moral capitalism," and this concept, too, overlaps Resona's approach. I would like the general public to know that Resona is committed to helping customers address issues confronting them and is determined to support them especially when things get difficult. Previously, banks might have been perceived as cold, bureaucratic organizations. However, Resona is striving to become a banking group that always extends genuine empathies to customers and acts in their best interest.

I find my involvement in these endeavors as an outside director to be quite rewarding. Unless we outside directors find our duties rewarding, the Group cannot ensure that its customers feel the true value of its services. I would really like you to help deepen their understanding of what Resona aims to be.

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

Kimie Iwata
Member of Nominating Committee
Member of Compensation Committee

Q Please share your impressions of Mr. Minami's leadership during the year since he assumed the office of the president.

A Although, basically, Mr. Minami has been following the management approach practiced by Mr. Higashi, his predecessor, he is different in two aspects. First, as you already know, Mr. Minami has been tackling issues arising from the COVID-19 pandemic. He has been focused on formulating emergency measures to prevent the spread of the virus as well as achieving the goals of the MMP even in the face of fallout from the disease outbreak. His approach is aligned with the business environment in which risk of COVID-19 infection continues to stand while giving an eye to the post-pandemic world. No other leaders at Resona Holdings has handled such a situation.

Second, his leadership in digital transformation (DX) is noteworthy. Today's financial industry needs to tackle the profound challenge of promoting DX. A bank's survival largely hinges on success in DX. Even before he assumed the office of the president, Mr. Minami had been spearheading DX and taken on the task of pushing ahead with the digital-driven structural reform of existing operations, including back-office operations, while providing new customer value through digitalization. DX is extremely important in terms of reducing costs and raising top-line revenue, and Mr. Minami has dedicated himself to both endeavors. I guess that digital technology is an area of personal strength as his current leadership in DX as the president is clearly visible. For example, he launched and is assiduously leading several cross-functional teams tasked with developing new business via collaboration with partners from non-financial sectors, an initiative that Resona had not been involved in previously.

There were several other candidates deemed capable as leaders but only if they were to be assigned the simple task of maintaining traditional banking operations. However, Resona needed a new leader capable of pushing ahead with major, unconventional types of DX-driven reforms. That is why we determined that Mr. Minami is the best candidate.

Q Please share your views on the features of Resona's governance approach.

A I personally believe that Resona's corporate governance practices are of a significantly high standard. Leveraging my experience as a corporate manager at Shiseido, I have held outside director and other positions at several companies, all of which were at the vanguard in terms of corporate governance. In my opinion, Resona stands out due to the sophistication of its governance system. This is thanks to its drastic shift to cutting-edge governance practices following the injection of public funds in 2003, a critical period that prompted the Group to implement every measure to rebuild its standing as an excellent company. When I took my current position, it had been almost a couple of decades since this shift, and Resona had already succeeded in adopting new governance practices.

Q How do you bring to bear your experience and skills as a corporate manager?

A I was in corporate management at Shiseido for almost a decade. Prior to that, I had long been a public servant. At 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 sometimes express harsh objections against or offer alternatives to 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 corporation'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.

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

A 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 corporate 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 striving 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.

Q Please share your thoughts on Resona's diversity initiatives.

A I consider both Resona Bank and Saitama Resona Bank to be top-tier corporations in Japan in terms of empowering women and promoting diversity. These banks were chosen to receive awards from the Japanese government in recognition of their efforts to help women achieve career success. The main reason for this accomplishment is the 2003 injection of public funds. Back then, Resona had determined that empowering women to serve as key members of its workforce was essential to rebuilding its standing. Thus, due to the "Resona Shock," Resona happened to launch efforts aimed at empowering women ahead of any other companies. In a sense, Resona was kind of lucky. Currently, many other corporations are struggling to secure a sufficient number of female managers despite the growing presence of younger employees in their 20s and 30s. In contrast, the above two banks have been at the vanguard of empowerment efforts, with the ratio of female managers surpassing 30% at both.

However, I have to also note that the Resona Group is only halfway toward its goal for diversity. For example, Kansai Mirai Bank and Minato Bank, both of which are KMFG subsidiaries, are currently lagging far behind their exemplary peers. Also, I would like all other Group companies, including non-bank subsidiaries, to live up to even higher levels in terms of diversity.

In addition, even Resona Bank and Saitama Resona Bank have only a small number of female officers. Despite the growing number of female managers, the Group has thus far been unsuccessful in nurturing female officers. Although there are some female outside directors, including myself, no female director has been appointed from among the employees. Also, the number of women in executive positions is very low. Therefore, Resona should work to remove barriers inhibiting female managers from assuming even higher positions and being appointed as officers. This is the next step Resona should take. I know it is no easy task, but I really want Resona Bank and Saitama Resona Bank to achieve this at the earliest possible date.

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

A Regardless of gender, businesspeople need first to be encouraged to gain robust 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.

Q What issues do you believe the Board of Directors must take on going forward?

A Every year, we strive to identify issues the Board must address via the self-evaluation of its effectiveness. We repeat the cycle of discovering and resolving 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 secure an optimal composition by regularly engaging in discussion aimed at determining the type of individuals who are best for Resona as new director candidates and the backgrounds they must have while assessing who is likely to retire from director positions and when. In the course of this discussion, we envision our 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 directors 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.

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

A 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 strengths.

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 would like investors to utilize the integrated report as a material for facilitating such engagement.

Accelerating SDG-Oriented Management

Toward the Creation of a Sustainable Society

Roles to Be Fulfilled by the Resona Group

◎ Assist customers, mainly in the retail field to promote sustainability transformation (SX) through its financial services

◎ Effect a significant movement toward SX for society as a whole by supporting corporate and individual customers undertaking initiatives

Our Vision

◎ In striving to update the Group's business model, we help customers embrace new lifestyle norms so that we can together adapt to change.

◎ We aim to become the most significant contributor to customer success in SX.

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.

To realize this vision, in June 2021 the Resona Group formulated Long-Term Sustainability Targets covering three categories as the first step in defining the time frame of its SX initiatives, with FY2030 set as the target year. These Sustainability Targets are built on the "Resona Sustainability Challenge 2030" (RSC2030), which was announced in November 2018 with the intention of clarifying the direction of its business strategies.

Although these are challenging targets, our primary objective is not merely the achievement of numerical targets. Rather, we aim to rally the strength of the entire Group in line with a shared commitment to moving forward in the same direction in the same time frame in our effort to achieve SX. To this end, we will maintain in-depth dialogue with customers and strive to overcome challenges one by one, thereby realizing our vision.

Resona Sustainability Challenge 2030 (RSC2030)

Priority Themes

Local Communities (Revitalization of Local Economies)	
Low Birthrate and Aging Society (Elimination of Anxiety Triggered by Low Birthrate and Aging Society)	
Environment (Response to Global Warming and Climate Change)	
Human Rights (Diversity & Inclusion)	

Long-Term Sustainability Targets

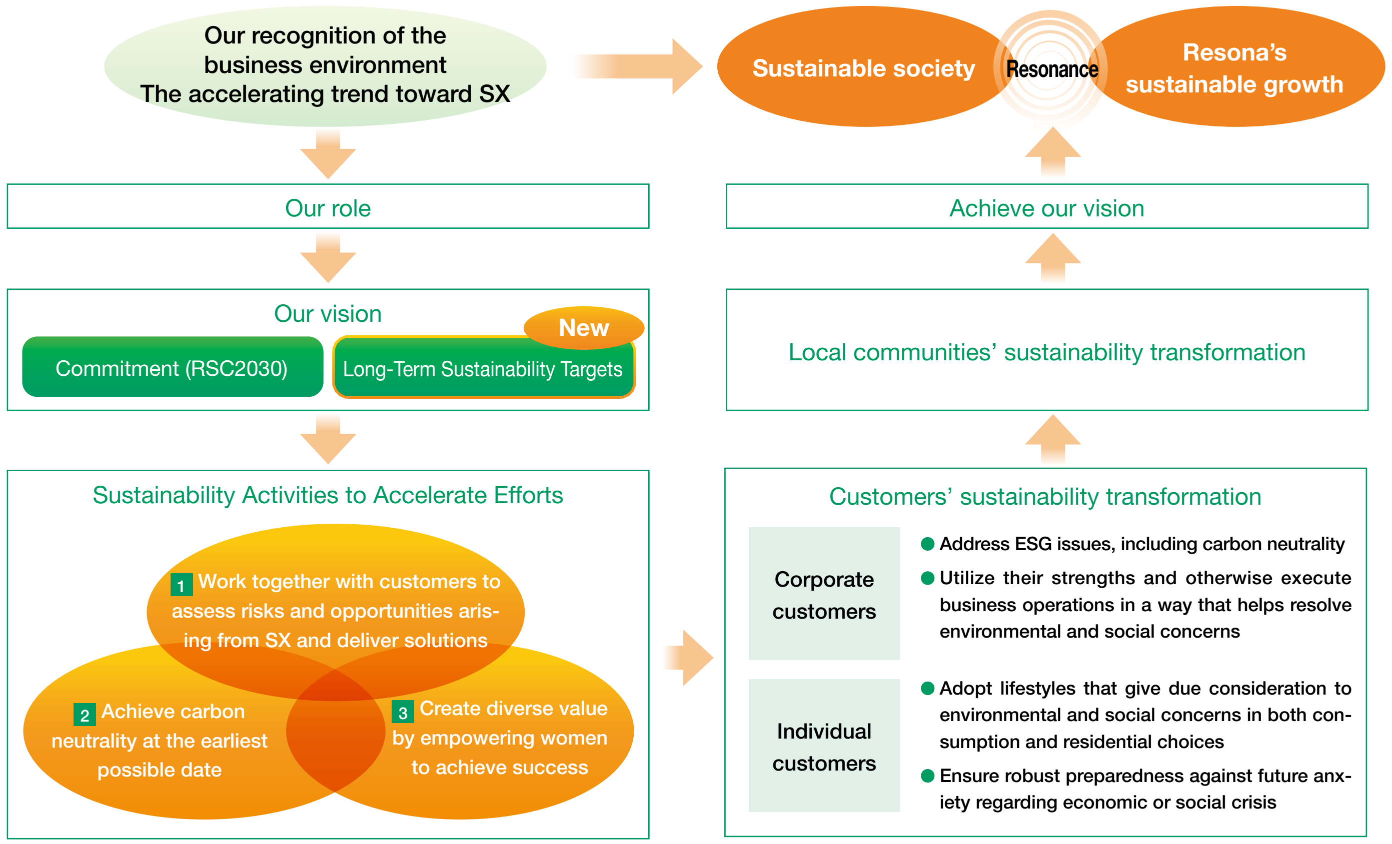
1 Retail Transition Financing Target

2 Carbon Neutrality Target

3 Targets for the Empowerment and Promotion of Women

▶ For more details, please also refer to pages 38 to 40.

Overview of the Group's Sustainability Transformation



The Resona Group's Sustainability Solutions

Financing

Four Group banks	Resona Asset Management	
Investment and financing aimed at supporting SX efforts undertaken by customers and local communities	Development and provision of asset management products related to ESG and SDGs	ESG investment

Consulting

Resona Research Institute		Four Group banks	
Consulting for business response to SDGs Consulting for supply chain risk mitigation	Consulting for carbon neutrality	SDG-related business seminars and business negotiation meetings	Business matching service Staffing agency service

Other Solutions for Addressing Social Issues

Four Group banks			
Financial and economic education Provide asset formation assistance products	SDG-related business incubation Provide digital platform	Digitalized and cashless operations adoption assistance Provide digital banking services	Assist government-private collaboration projects Assist business succession assistance

Asset Management Products

Resona Asset Management	Four Group banks

1 Retail Transition Financing Target ▶ In-Depth Customer Engagement and Enhanced Solutions

Cumulative total of transition financing from FY2021 to FY2030: ¥10 trillion

Priority Themes	Local Communities	Low Birthrate and Aging Society	Environment	Human Rights (Diversity & Inclusion)

Financing Coverage	Financing aimed at helping retail customers update their awareness, transform their modes of behavior and stably move forward from their current situation. (Including financing for such green projects as renewable energy generation, as well as large corporate financing involving third-party verification)

Through supply chains, our retail customers are being affected by spillover from the efforts of large corporations striving to accelerate SX 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 these 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

Engage in in-depth customer "dialogue"
Develop communication tools designed to ensure a shared understanding of issues customers are now confronting and methods for assessing the degree of their commitment to addressing ESG issues through businesses

Step up the provision of "solutions"
Expand the lineup of consulting services available via the SDGs Consulting Fund
Provide CO_2 emissions volume assessment services, extend loans allowing borrowers to enjoy preferential conditions via the accomplishment of ESG targets, etc.

Customer phase in terms of SX

Constant information gathering
Raising SX awareness via participation
▶ Assessing their current situation as well as risk and opportunities
Determining priority issues to be addressed
▶ Setting priority targets
Sharing their commitment with stakeholders
▶ Ongoing strengthening of profitability
Shift of the business model

Resona's unique initiatives — Conforming with various international principles

Public relations activities | Private placement SDGs promotion bonds | SDGs Consulting Fund | 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 proposals ▶ A growing number of individual customers who choose such housing

Strengthen our relations with partner companies
Engage in dialogue with regard to demand-supply situation of eco-friendly housing
Offer information on legal regulations, subsidy programs and other industry trends

Flat 35S, housing renovation loans designed to extend funding for solar panel installation, etc.

Develop and provide loans for ZEH,[1] housing for multigenerational households, disaster-resilient housing and other specially designed loan products as well as optional insurance coverage for disaster damage

1 Net zero energy housing

2 Carbon Neutrality Target ▶ Contribution to Carbon Neutrality and the Popularization of Renewable Energy in the Regional Communities in Which We Operate

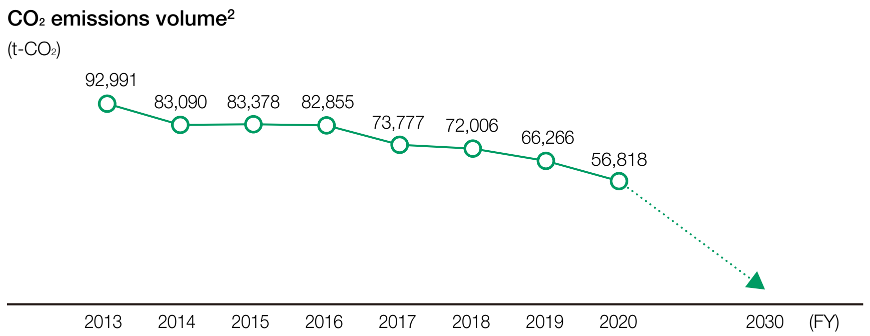
Reduce CO_2 emissions[1] attributable to energy used by the Group to net zero by the end of FY2030 via the proactive switchover to renewable energy

Priority Theme	Environment

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 enforcement of the revised Act on Promotion of Global Warming Countermeasures.

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.

Volume of CO_2 Emissions from the Resona Group's Operations



Breakdown of FY2020 emissions (provisional)

SCOPE 1	5,428
SCOPE 2	51,390
Emissions from energy sources	50,181

Renewable Energy Introduction Status

Considering that most CO_2 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 CO_2 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.

Facilities introducing renewable energy	Osaka Head Office of Resona Group	Head Office of Saitama Resona Bank	Biwako Building of Kansai Mirai Bank	Head Office of Minato Bank
Estimated reduction in CO_2 emissions volume/year	-2,325 t-CO_2	-1,300 t-CO_2	-146 t-CO_2	-560 t-CO_2
Timing of introduction	Aug. 2021	Jun. 2021	Jun. 2021	Aug. 2021

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 CO_2 emissions from precursors of KMFG and its subsidiaries prior to management integration and aggregating SCOPE 1 and 2 CO_2 emissions from Group banks based on methods stipulated by Japan's Energy Saving Act for statutory periodic reporting. CO_2 emissions attributable to fuel consumption by Company-owned cars are determined via a simplified calculation method using the Group's annual fuel costs and publicized figures for the annual and national average price of gasoline and the emissions coefficient.

3 Targets for the Empowerment and Promotion of Women
▶ Creating New Value on Diverse Fronts to Achieve Our Vision

Achieve the below presented ratios for the representation of women in various positions, an increase of 10% or more from the current levels, by the end of FY2030

◎ Ratio of female Directors and Executive Officers at Resona Holdings: 30% or more
◎ Ratio of female senior managers at six Group companies: 20% or more*
◎ Ratio of female line managers at six Group companies: 40% or more*

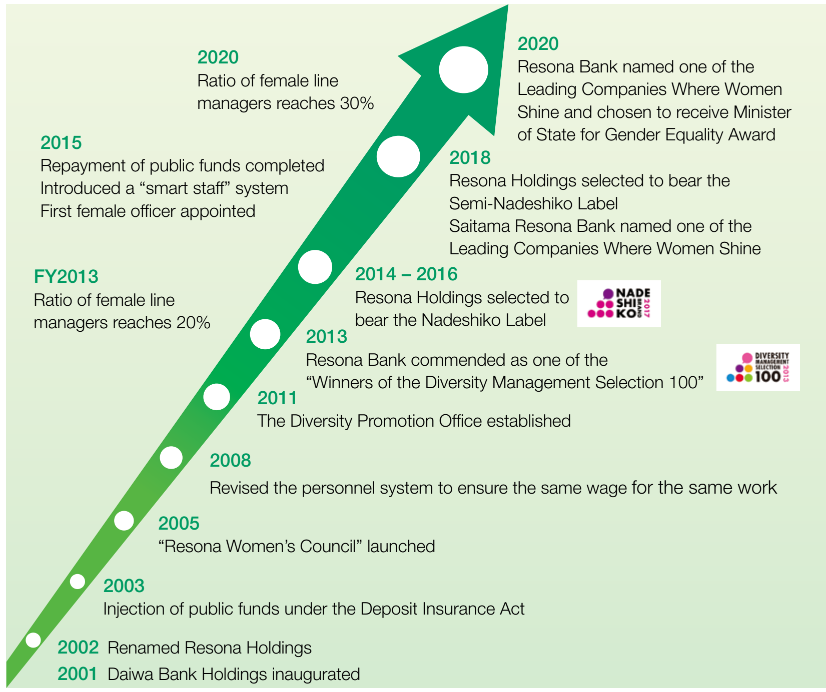
Priority Themes	Local Communities	Low Birthrate and Aging Society	Environment	Human Rights (Diversity & Inclusion)

The Group's ongoing efforts related to the empowerment and promotion 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 ever stronger focus on empowering women to serve as a driving force of value creation. 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



Create corporate value by drawing on diversity
Ensure employees find their job rewarding

Ratio of women	2021	FY2030
Directors and executive officers (Resona Holdings)	19.2%	30% or more
Line managers (six Group companies[1])	Approx. 30%	40% or more
Senior managers (six Group companies[1])	Approx. 10%	20% or more

Main initiatives to be undertaken going forward
- Enhance training menu for nurturing candidates for management or higher positions while upgrading a mentoring system
- Promote staff allocation in a planned manner to facilitate human resource exchange and help candidates acquire knowledge of management strategies and other essential subjects
- Step up recruiting of diverse human resources

Other Initiatives Scheduled Thus Far

We will also promote the initiatives listed to the right to help diverse human resources achieve career success in addition to supporting diverse work styles and an optimal work-life balance.

- Help the elderly and people with disabilities serve as key workforce components
- Promote the understanding of and equality for members of the LGBT community
- Raise the ratio 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.

1 Sum of Resona Holdings, Resona Bank, Saitama Resona Bank, Kansai Mirai Financial Group, Kansai Mirai Bank and Minato Bank

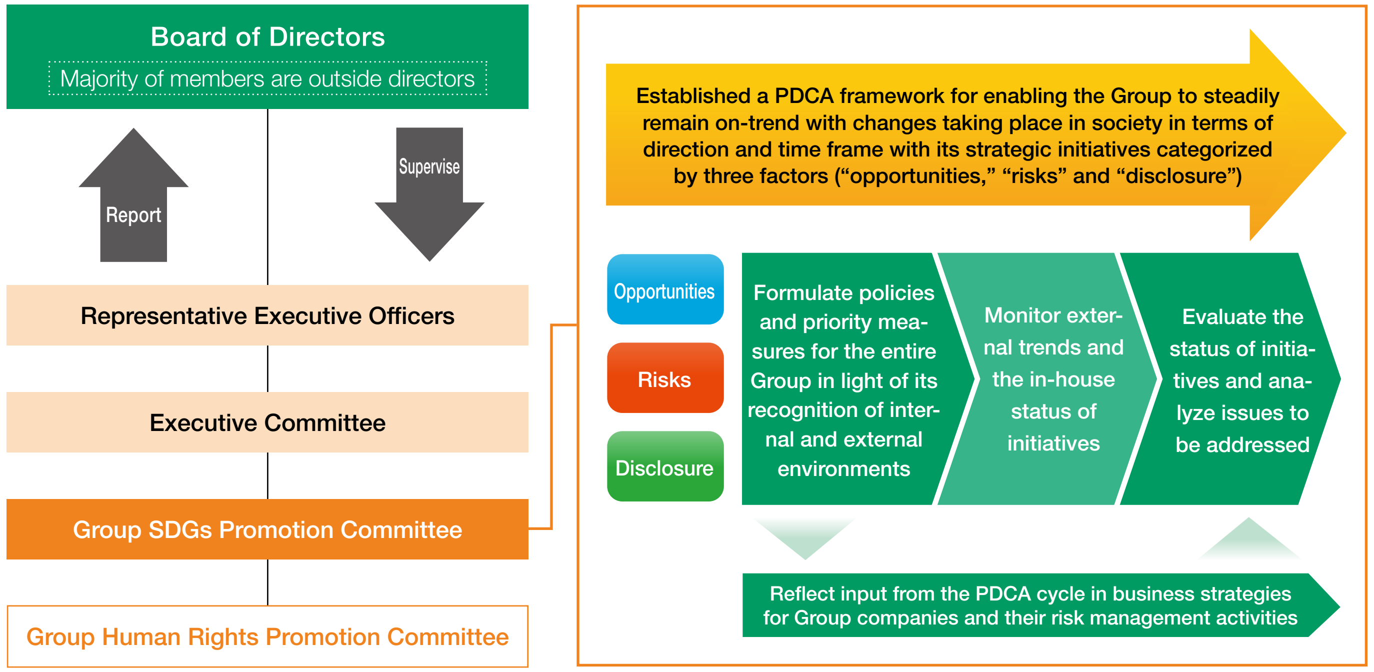
Governance

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 constituting its majority, the Board of Directors engages in multifaceted discussion 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.[2]

Moreover, the Group Human Rights Promotion Committee, a subcommittee 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 RSC2030, the evaluation of RSC2030'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 intensive discussion at the Board of Directors following deliberations by the Group SDGs Promotion Committee and the Executive Committee.



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

- Swift response to issues society is confronting in light of the COVID-19 pandemic
- Revision of the "Basic Stance on Lending"
- Status of initiatives aimed at ensuring the Company's ongoing inclusion into the four ESG indices selected by the GPIF, a Key Performance Indicator under the medium-term management plan, and issues to be addressed going forward
- Enhancement of the Group's involvement in ESG-themed dialogue with institutional investors
- Status of the Group's response to climate change (initiatives related to the 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
- Formulation of the Resona Group's Long-Term Sustainability Targets

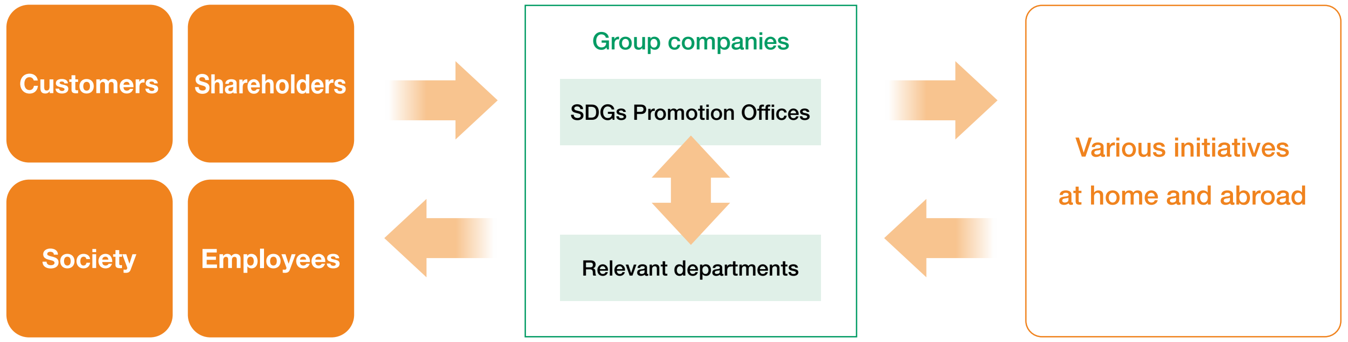
Process for Determining Compensation for Executive Officers in Step with the Evaluation of Their Sustainability-Related Achievements

Compensation for executive officers is determined based on a draft prepared by Resona Holdings' president in which each individual's accomplishments are evaluated in terms of medium- to long-term initiatives and annual goals associated with operations under his/her supervision, with the Compensation Committee chaired by an outside director finalizing such evaluation. The status of medium- to long-term initiatives is also assessed by taking into account the degree of each individual's contribution to the RSC2030, the Group's commitment to realizing the United Nations Sustainable Development Goals (SDGs). **(See also page 64 for more details.)**

2 The president of KMFG, KMFG's officer in charge of the Corporate Administration Division and the president of Resona Asset Management have joined the committee since FY2021

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.

Resona Way (Resona Group Corporate Promises)

Customers
Resona cherishes relationships with customers.

We strive to deliver ever better services and solutions by drawing on feedback gleaned in the course of customer communications via multilateral channels, including bank counters, sales staff, call centers and our corporate website.

Shareholders
Resona cherishes relationships with shareholders.

We work to achieve sustainable growth for the Group and medium- to long-term improvement in corporate value by maintaining in-depth and constructive dialogue with shareholders and investors via the General Meeting of Shareholders, shareholder seminars and other IR activities.

Society
Resona places importance on its ties with society.

We endeavor to help realize a sustainable society by engaging in social contribution activities, providing financial and economic education and participating in government-private collaboration aimed at vitalizing regional communities.

Employees
Resona highly regards employees' dignity and personality.

We work to develop and ensure an employee-friendly workplace environment via awareness surveys targeting the entire workforce and the direct exchange of opinions between management and employees, with the aim of becoming a model bank for future generations.

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)**

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

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."

Stance on lending			
Entire businesses or sectors	Prohibition of lending	• Businesses associated with child labor, forced labor, human trafficking or other practices that violate human rights	
		• Businesses that exert a seriously negative impact on wetland sites designated by the Ramsar Convention or the World Heritage Sites designated by UNESCO	
		• Businesses that violate the Washington Convention	
	Cautious stance toward lending	• Businesses that negatively affect indigenous local communities and other areas of high conservation value	
		• Businesses that entail the involuntary resettlement of residents	
Specific businesses or sectors	Manufacture of nuclear weapon or cluster bombs, etc. / Coal-fired thermal power generation / Large-scale hydroelectric power generation / Coal mining / Palm oil farm development / Oil and gas extraction and pipeline construction / Wood and paper pulp production and timber harvesting		

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

WE SUPPORT UN Global Compact
PRI Principles for Responsible Investment
TCFD Task Force on Climate-Related Financial Disclosures
Climate Action 100+ Global Investors Driving Business Transition
30% Club Growth Through Diversity
PFA21 Principles for Financial Action for the 21st Century

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.

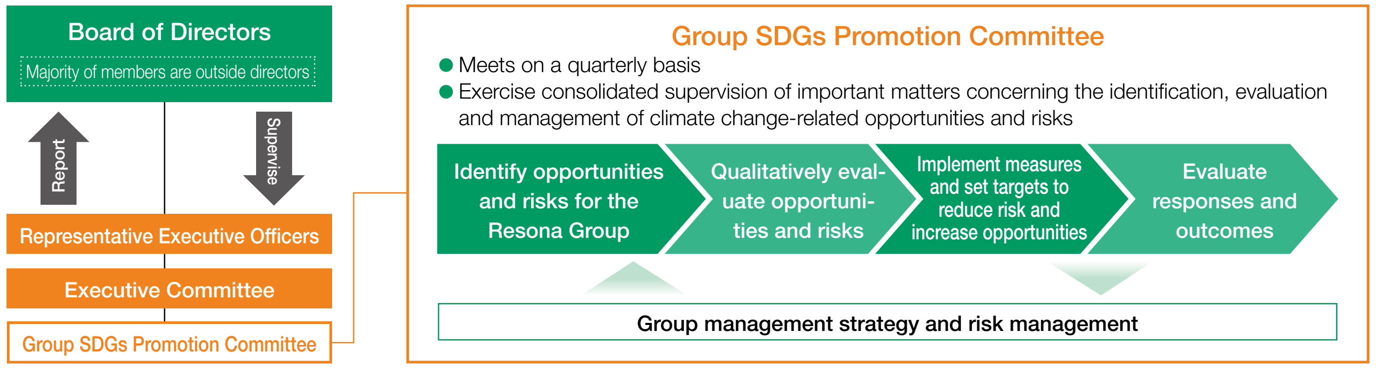
Governance

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 heads 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.



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

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.

Management Strategy

Business Opportunities and Risks Arising from Climate Change

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

The purpose of this evaluation includes the assessment of estimated impact in the short-, medium- and long-terms, which are defined as approximately 5-, 15- and 35-year periods, respectively.

Referenced scenarios

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

Outline of the Resona Group's 2°C Scenario

Projected developments	Impact on the financial industry	Time frame
• GHG emissions from businesses are severely restricted by government-led policies and laws. • Advances in and the popularization of low-carbon technologies enhance the availability of low-carbon alternatives to existing products and services. • Frequency of sudden occurrences of abnormal weather remains virtually unchanged.	Financing streams will be ever more focused on measures to alleviate climate change impact.	Short to long term

Projected financial impact

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

Outline of the Resona Group's 4°C Scenario

Projected developments	Impact on the financial industry	Time frame
• Without notable breakthroughs in climate change countermeasures, the volume of overall GHG emissions continues to grow at the current pace. • Due to an increase in the number of sudden occurrences of abnormal weather, society suffers even more significant damage. • Chronic and irreversible changes, such as a sea level rise, affect economic activities undertaken by businesses and individuals.	Financing streams will be ever more focused on measures to adapt to climate change effects.	Short to long term

Projected financial impact

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

Status of Carbon-Related Assets (as of March 31, 2021)

Ratio[2] of lending to energy and utility sectors in the entire portfolio (based on definitions under the Task Force on Climate-related Financial Disclosures (TCFD) recommendations)	1.2%

1 The president of KMFG, KMFG'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 susceptible[1] 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

❶ Assessment of Climate Change Impact by Sector	With reference to information publicized 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]
❷ 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.
❸ Determine priority sectors	Determine priority sectors based on the results of ① and ② above.

Sector	Climate change impact	Portfolio size[2]	Selection results
Real estate / Construction	Medium	Large	Selected as a priority sector
Automotive / Transportation	High	Medium	Selected as a priority sector
Energy	High	Small	Selected as a priority sector
Material	High	Small	Not selected[3]
Agriculture / Food	Medium	Small	Not selected
Pulp / Forestry products	High	Small	Not selected
Banking / Life Insurance	Medium	Small	Not selected

■ Formulation of 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.

❶ Identify important factors associated with risks and opportunities	With reference to information publicized by the TCFD, the UNEP FI and the SASB, conduct surveys and identify important factors considered to exert a profound impact on risks and opportunities affecting each sector.
❷ Assume the future status of society and possible impact on each sector	Analyze important factors identified via ① above and assume the magnitude of climate change impact and the timing of its materialization based on highly objective parameters recommended by the International Energy Agency and other bodies that support a scientific approach. Incorporate findings from this analysis into the "Five Forces Analysis"[4] to hypothesize the future status of society and thereby assess the impact on priority sectors.
❸ Formulate scenarios and conduct qualitative analysis	Formulate certain scenarios and assess developments in climate change-related risks in each sector.

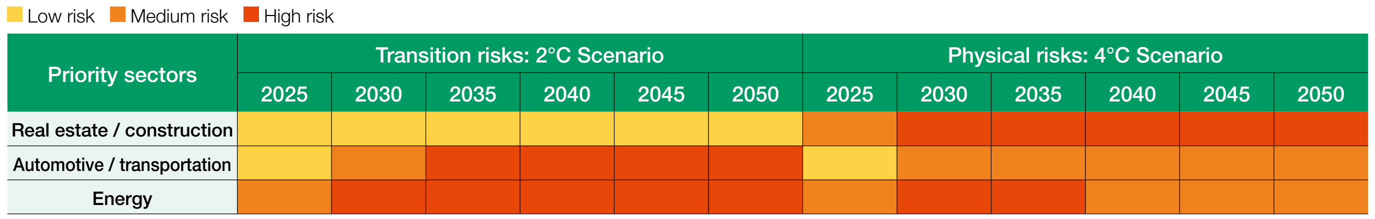
① Important factors associated with risks and opportunities in each sector

Real estate / Construction		Automotive / Transportation		Energy	
Policy	Introduction and/or heightening of carbon tax	Policy	Introduction and/or heightening of carbon tax	Policy	Introduction and/or heightening of carbon tax
Legal	Strengthening of environment-related building regulations	Legal	Tightening of GHG emission regulations	Legal	Tightening of GHG emission regulations
Market	Shift in customer needs to buildings with higher environmental performance	Market	Rising energy prices	Market	Popularization of renewable energy
Acute	Increasingly frequent occurrences of flooding and other natural disaster damage	Technology	Transition to electric vehicles	Reputational	Higher customer awareness regarding the need to address environmental concerns
		Acute	Operational impact of a catastrophic disaster	Acute	Surging expenses for the reinforcement of disaster countermeasures and the emergence of physical damage
		Chronic	Damage to railroads due to heat expansion and rising air conditioning expenses (transportation)		

② The future status of society and possible impact on each sector

		Future status of society	Impact on sector
Real estate / Construction	2°C	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 popularization of renewable energy	The construction of facilities designed to reduce environmental burden progresses at an ever-faster pace
	4°C	Rising physical risks lead to growing demand for buildings with greater disaster resilience	While the construction of facilities equipped with greater resilience against 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	2°C	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	Toward carbon neutrality, the use of eco-friendly vehicles and rail cars gains growing popularity, resulting in the acceleration of modal shift
	4°C	Physical risks rise as the transition to a low carbon society fails to gain further momentum	While the market environment remains unchanged, the sector is affected by frequent occurrences of damage arising from abnormal weather and surging disaster countermeasure costs
Energy	2°C	Initiatives aimed at achieving carbon neutrality advance significantly, leading to the introduction of a carbon tax and the growing popularization of renewable energy	The use of renewable energy gains popularity at an ever-faster pace toward carbon neutrality
	4°C	Ongoing dependence on fossil fuel results in higher physical risks	While fossil fuel demand grows solidly, the sector is affected by frequent occurrences of damage arising from abnormal weather and surging disaster countermeasure costs

③ Developments in climate change-related risks



Priority sectors	Transition risks: 2°C Scenario	Physical risks: 4°C Scenario
Real estate / Construction	Risk remains low based on an assumption that an increase in costs attributable to the need to lower energy consumption intensity will be offset by growing revenue backed by rising demand for net-zero energy buildings (ZEB) in 2040	Risk becomes constantly high from 2030 onward based on an assumption that monetary damage arising from flooding will increase approximately 20%
Automotive / Transportation	Risk remains medium based on an assumption that demand for vehicles with internal combustion engines (ICEs) will significantly decline in 2030 due to carbon taxation and the enforcement of stricter regulations on such vehicles However, risk becomes constantly high from 2035 onward due to the enforcement of domestic regulations on the marketing of new ICE vehicles in the 2030s, provided that falling demand is not compensated for by PHV or ZEV[5] demand	Risk rises to and remains at medium 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 the use of fossil fuel will decrease due to the enforcement of carbon taxation, across-the-board efforts to achieve carbon emission reduction targets and changes in the energy mix	Risk becomes constantly high from 2030 onward based on an assumption that monetary damage arising from flooding will increase approximately 20%, and then subsides to medium in line with an assumed increase in crude oil prices (approximately 30%) in 2040 and resulting growth in revenue

1 The Resona Group's sector classification: Energy, Automotive / Transportation, Material, Pulp / Forestry products, Agriculture / Food, Real estate / Construction, and Banking / Life insurance
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 sellers, buyers, newcomers and alternatives, with policies considered as an element affecting all the 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 disadvantageous 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 explaining the importance of tackling environmental and social issues and an overview of the SDGs and the Resona Group's relevant initiatives. This booklet is available at branches and distributed to customers.

The Significant Impact of SDGs on Businesses

Targeting SME customers, this booklet is utilized in the course of 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.

2nd Stage

● **Encouraging Customers to Join Efforts to Address Social Issues**

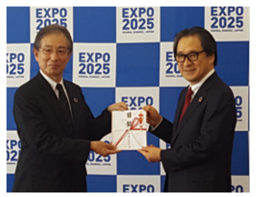
Mirai E-us Project "Mirai Earth"

This investment trust product is aimed at supporting eco-friendly tech 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.

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 SDG-related causes on behalf of corporate customers who agree with our aspirations to resolve environmental and social concerns.



3rd Stage

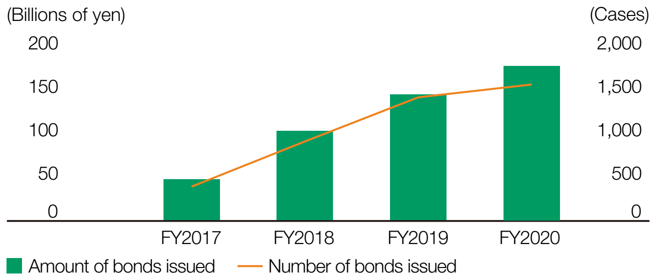
● **Initiatives to Help Customers Identify and Resolve Latent Issues**

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.

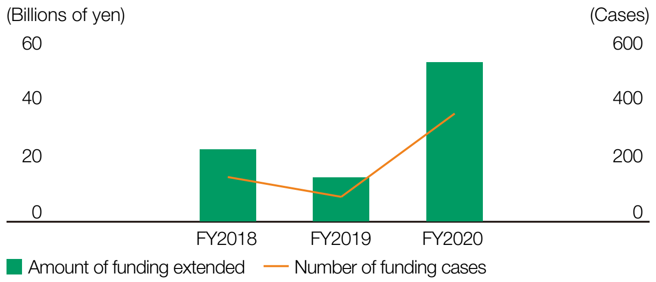
Amount of private placement SDGs promotion bonds and pandemic-related private placement bonds issued



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



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 renews the content of relevant risk management methods on a quarterly basis.

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

https://www.resona-gr.co.jp/holdings/english/sustainability/management/sri/

Loan Business

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.

Investment

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

Furthermore, the Responsible Investment Committee strives to ensure the appropriateness of the Group's investment initiatives by consolidating insights offered by committee members, including officers in charge of trust asset management divisions.

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 RSC2030 action plans, the Resona Group has formulated metrics and targets in an effort to help as many customers as possible understand the significance of climate change response and support their initiatives. Progress in these action plans is annually evaluated via the operation of a PDCA framework.

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 digitalized transactions while going paperless in the provision of products and services
- Participate in local initiatives aimed at protecting the natural environment and biodiversity

The Resona Group's Reduction Target for CO_2 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 CO_2 emissions attributable to its energy use as part of Long-Term Sustainability Targets announced in June 2021.

Results of our efforts to reduce CO_2 emissions thus far are also presented on page 39.

Previous target	Reduce CO_2 emissions in FY2030 by 26% from the FY2013 level
New target	Achieve net zero CO_2 emissions by the end of FY2030

FY2021 Action Plans (environment related)

- Strive to raise employee awareness regarding the reduction of energy use
- 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

Further Development Life Design Support

Anticipating the coming 100-year life era, we offer comprehensive solutions designed to support savings, asset building, asset protection and succession in a way consistent with customer needs as they evolve according to life stage.

Local Communities | Low Birthrate and Aging Society | Environment | Human Rights

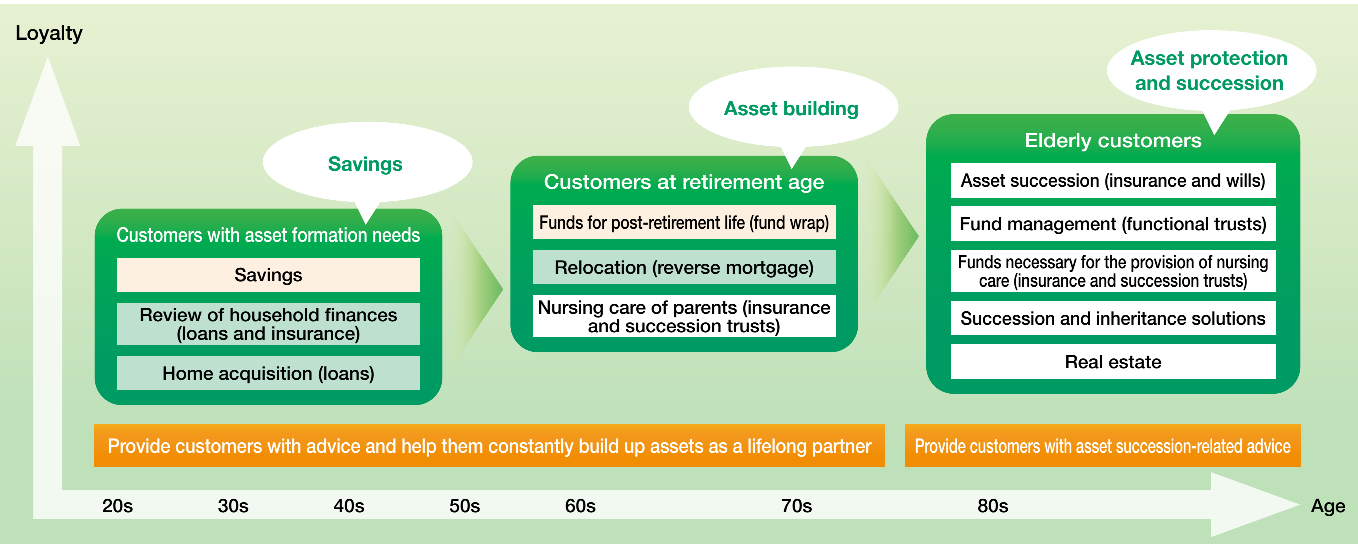
Being Japan's largest retail commercial banking group with full-line trust banking capabilities is one of the Resona Group's distinctive strength. Taking advantage of our extensive commercial banking network, we provide a broad range of retail customers with one-stop solutions, including unique products 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' lifelong partner, 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.

Life design support services that seamlessly help individual customers navigate their lives in the 100-year life era



Further Development Asset Formation Support Business

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

Local Communities | Low Birthrate and Aging Society | Environment

In the face of the accelerating aging of Japan's society, the Resona Group provides retail customers with access to asset management know-how it has nurtured in the course of pension asset management over more than half a century, with the aim of helping each customer achieve their desired goals for asset formation.

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.

Also, the balance of our "*Resona Fund Wrap*"[1]—a flagship product that offers a semi tailor-made investment scheme aimed at achieving long-term, stable returns—surpassed approximately ¥530 billion (as of March 31, 2021), showing steady growth since its February 2017 release. In addition to built-in features designed to appeal to bank customers, such as discretionary contracts with professionals executing a stable asset management approach, convenient asset administration functions and the industry's lowest level of necessary costs, the Fund Wrap has been constantly upgraded to enable customers to periodically receive returns and use proxy agent functions. 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 customer funds 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 Kansai Mirai Bank in October 2019, customers of Minato Bank in October 2020, and customers of Bank of Yokohama in April 2021, respectively, garnering favorable reviews.

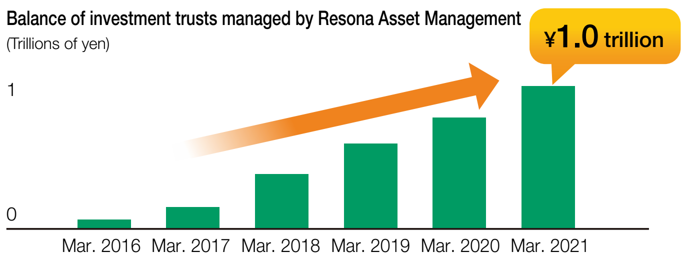
Furthermore, we assist customers in their pursuit of long-term asset formation via the management of such pension plans as corporate defined contribution (DC) pension plans and iDeCo. As of March 31, 2021, the balance of pension assets under our management for these plans grew to ¥560 billion, with the enrollment of 440,000 individuals.

KPI Mar. 31, 2023 (vs. Mar. 31 2020) Balance of AUM[2] ¥24 trillion (+ Approx. ¥1.4 trillion) | Mar. 31, 2021: ¥33.5 trillion

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

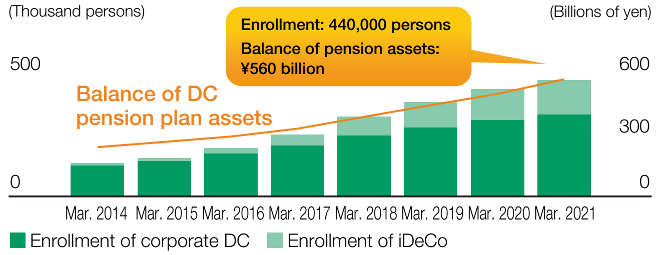
Meeting growing needs for medium- to long-term, stable asset management

Balance of investment trusts managed by Resona Asset Management



Helping corporate customers' employees enjoy prosperous post-retirement lives

Status of DC pension plans under management



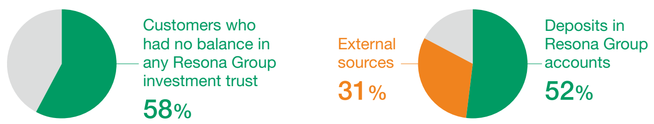
Supporting asset building by Fund Wrap as a key offering

A product designed to meet bank customers' needs

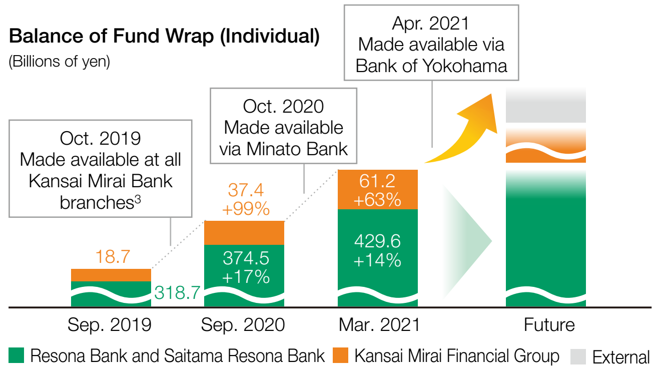
- Stable asset management approach with a discretionary contract
- Convenient asset administration functions
- Industry's lowest level of costs

- Periodic receipt service (May 2019-)
- Proxy agent function (scheduled for release in 2H of FY2021)

Profile of new customers | Customer funds used to purchase the product



Balance of Fund Wrap (Individual)



1 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.

2 Balance of assets managed by Resona Asset Management based on fair value as of end of the month

3 The product was also made available via the former Kansai Urban Banking Corporation in addition to the then Kinki Osaka Bank

Further Development Loans for Individuals

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

Local Communities	Low Birthrate and Aging Society	Environment	Human Rights
	1 No Poverty; 3 Good Health and Well-Being; 4 Quality Education; 8 Decent Work and Economic Growth	7 Affordable and Clean Energy; 13 Climate Action	3 Good Health and Well-Being; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities

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 lineups 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 apps[2] 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 relieve our customers of bothersome paperwork while improving the productivity of and curbing environmental load attributable to our banking operations.

The Group's housing loans constitute a high-quality portfolio boasting such features as cost competitiveness afforded by merits of scale, a stably small eventual default ratio and low capital charges. Looking ahead, we will strive to extend these loans to as many customers as possible.

KPI Mar. 31, 2023 (vs. Mar. 31, 2020) Balance of Housing Loans ¥13.8 trillion (+ Approx. ¥0.9 trillion) | Mar. 31, 2021: ¥13.3 trillion

A high-quality portfolio × Initiatives to maintain and improve profitability

Revenue	Volume of funds	■ Balance of housing loan: As of Mar. 31, 2021 ¥13.3 trillion (No. 1 in Japan) ■ Historical strength × Digital transformation (DX) ● Solid relations with real estate companies ● App-based housing loans (Apr. 2021-) ■ Unique and high-added-value products ● *Danshin Kakumei*: Provide coverage for 3 major diseases as well as 16 other type of disease in addition to injuries and conditions requiring nursing care ● Natural disaster support options ● *Anshin Kakumei*: Reverse mortgage types housing loan
Revenue	Add-on income	■ Multifaceted transactions originating from housing loan borrowers ● Comparisons of the average number of products per transaction vis-à-vis other customers: 1.7 times[3]
Expenses	Operational costs	■ Economics of scale from ¥1.3 trillion of housing loan origination per year ■ Promotion of DX ● Online Loan Plaza ● Ratio of new housing loans extended via the e-contract service surpassed 50%
Expenses	Credit-related costs	■ Subrogation payment ratio[4]: 0.02% in FY2020
Expenses	Low capital charges	■ Low risk weight: 11.6%[5] as of Mar. 31, 2021

1 In addition to the conventional coverage provided by group credit life insurance with a rider for three specific diseases, *Danshin Kakumei* pays insurance claims when the customer matches one of 16 specific status points or has the designated status of "requiring long-term nursing care," even if he/she is in employment during treatment. In such cases, the customer is also eligible for complete debt forgiveness.
2 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 ¥50 million or less.
3 Comparison between housing loan borrowers and potential II & III customers (as of Mar. 31, 2021; sum of Resona Bank, Saitama Resona Bank and Kansai Mirai Bank)
4 Housing loans guarantee subsidiaries' subrogation ratio x (1 – collection after subrogation); sum of residential housing loans and apartment loans
5 Resona Bank as of Mar. 31, 2021, non-default

Further Development Asset and Business Succession

We will deliver one-stop solutions to meet diverse succession needs by taking advantage of the unique strength afforded us by a combination of retail and trust banking functions.

Local Communities	Low Birthrate and Aging Society
	1 No Poverty; 3 Good Health and Well-Being; 4 Quality Education; 8 Decent Work and Economic Growth

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).

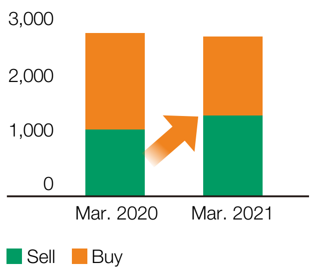
Meanwhile, there is a growing sense of anxiety among individual customers regarding issues associated with asset administration for their families and themselves. For example, many are worried about the rise in financial crimes involving the victimization of the elderly while feeling a pressing need 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.

KPI FY2022 (vs. FY2019) Succession-related Income ¥39.0 billion (+ Approx. ¥19.0 billion) | FY2020: ¥18.4 billion

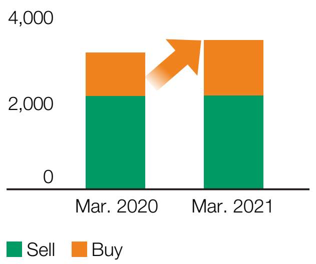
Assist SME customers in their pursuit of smooth succession

■ **Meeting growing solution needs**

Number of leads for M&A deals



Number of leads for real estate deals



Number of ongoing M&A deals
Mar. 2020 → Mar. 2021
Approx. 1.5 times

Number of ongoing real estate deals
Mar. 2020 → Mar. 2021
Approx. 1.3 times

■ **Establishing Resona Corporate Investment (Jan. 2021)**

- An investment subsidiary specializing in buyout fund management
- Formed a fund worth approx. ¥10 billion
- Acquire majority stake in SMEs to enable smooth business succession

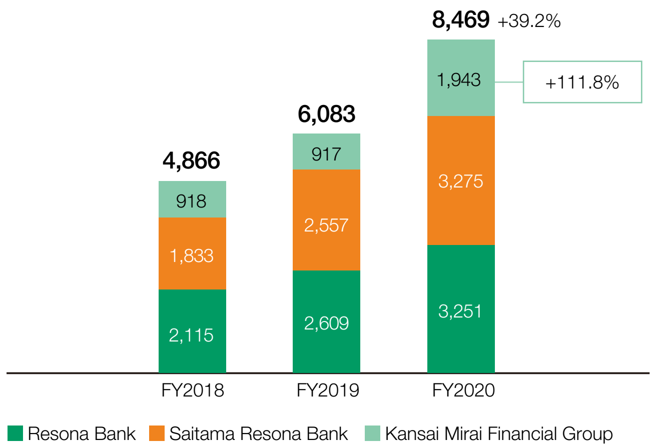
Support individual customers via the provision of asset protection and succession solutions

■ **Initiatives to align our products with changes in issues customers and society are confronting**

➡ Functional upgrading of *My Trust* and *Heart Trust*
- Released a real estate repair fund trust as part of the *My Trust* package (Oct. 2020-)

■ **Accelerating the product rollout throughout the Group**

Number of new asset succession-related contracts



Further Development SME Loans Business

We offer a variety of solutions to help our approximately 500,000 SME customers address issues arising from and in the aftermath of the COVID-19 pandemic.

Local Communities | Environment

Amid rapid changes in the business environment surrounding SMEs and the resulting diversification of challenges confronting them, the Resona Group strives to provide a variety of solutions tailored to meet their needs according to their growth stage.

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 sophisticated and multifaceted solutions.

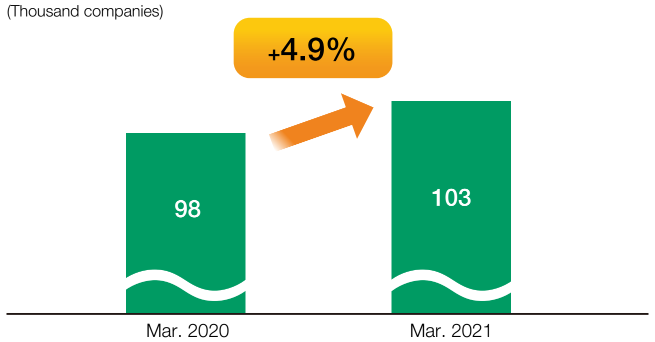
In FY2020, the number of corporate borrowers increased a robust 4.9% year on year, reflecting significant growth in demand for stable fundraising amid the fallout from the COVID-19 pandemic, which led to having secured transactions with an even broader range of customers. The Resona Group has also confirmed via periodic customer surveys that more than 60% of its corporate customers are potentially amenable to capital investment despite the presently unclear business environment. Moreover, there is an accelerating trend toward DX-related investment in both the public and private sectors. Looking ahead, we expect novel funding needs to emerge in anticipation of the post-pandemic period.

With regard to business response 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.

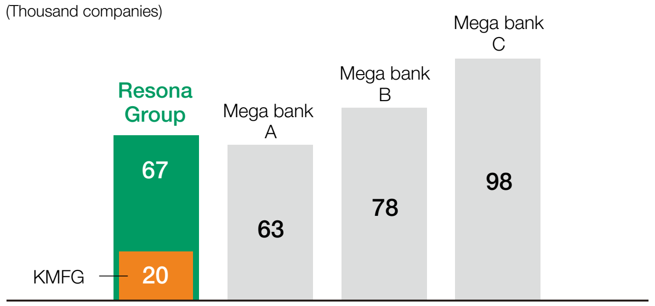
KPI	Mar. 31, 2021
Mar. 31, 2023 (vs. Mar. 31, 2020) Balance of Loans to SMEs ¥14.6 trillion (+Approx. ¥0.8 trillion)	¥14.6 trillion

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

Number of corporate borrowers[1]
(Thousand companies)



Number of companies that name a major bank as their main bank[2]
(Thousand companies)



Providing a variety of solutions tailored to SME growth stage

Startup → Growth/Maturity → Transition

- Startup support
- Business succession, transition or liquidation
- Business matching, business consulting and assistance in introducing IT
- M&A, real estate, corporate pensions, overseas business support
- Assistance for SDG-related initiatives
- Human resource solutions
- Turnaround support (capital financing)

Assist SMEs in their efforts to achieve SDGs

- Private placement SDGs promotion bonds
  Cumulative total from Dec. 2017 to Mar. 2021: ¥382.9 billion
- SDGs Consulting Fund
  Cumulative total from Sep. 2018 to Mar. 2021: ¥92.0 billion
- Private placement Green Bonds, Sustainability Linked Loans, etc.

Future prospects of recovery in capital investment in the post-pandemic period

- More than 60% of customers are potentially amenable to capital investment[3]

1 Sum of Group banks
2 Source: Teikoku Data Bank (2020)
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)

Management Support Initiatives for SME Customers

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 Startup and Growth Phases

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

Support during 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.

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

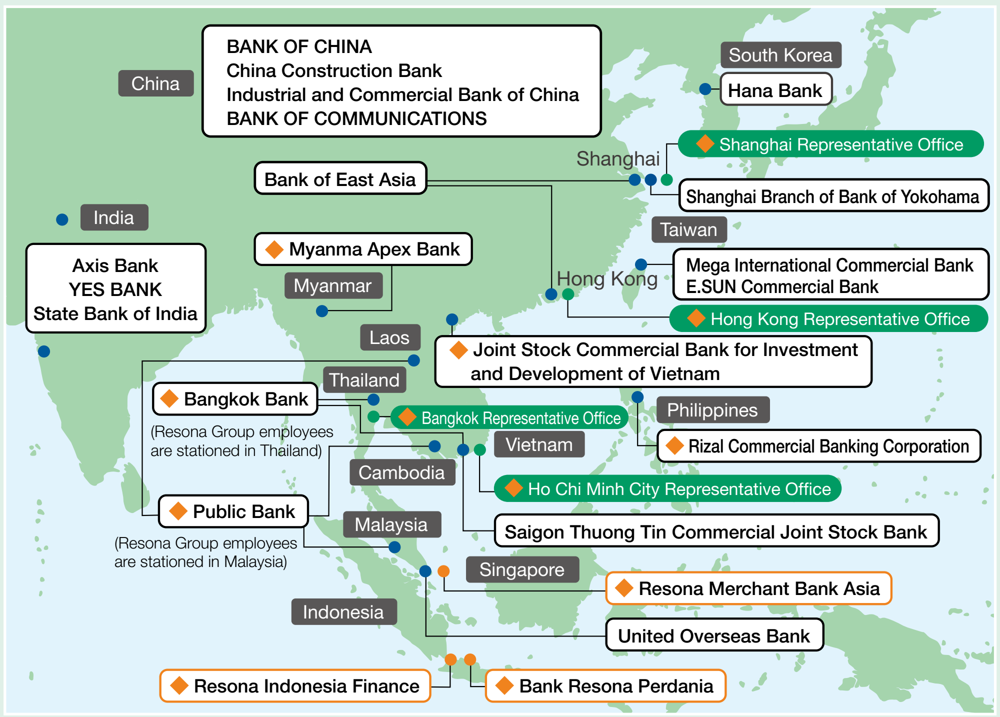
With a corporate mission that affirms our commitment to the further development of regional communities, we energetically support the management of SME customers and the revitalization of regional economies. As part of these efforts, we have entered into comprehensive partnership agreements with prefectural 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 network of approximately 500,000 corporate customers to support the expansion of customers' marketing channels. Second, we offer startup assistance to newly launched corporations. Third, we propose solutions for various human resource-related issues. Thus, we act as an information intermediary to help customers resolve issues they are confronting.

The Resona Group's Overseas Network

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 the use of non face-to-face communication tools.

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 consulting services.



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

Further Development ✕ New Challenges DX Strategy

Through the pursuit of digital transformation (DX), we deliver diverse options and new value to our customers.

Local Communities	Low Birthrate and Aging Society	Environment	Human Rights
	1, 3, 4, 8	7, 13	3, 5, 8, 10

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 both 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

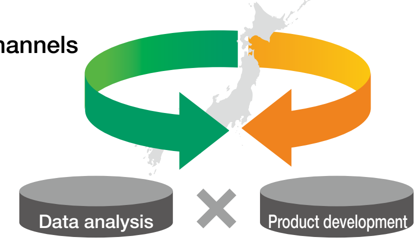
Only bank to be included in: DX銘柄2021 Digital Transformation

First in the banking industry to be certified as: Digital Transformation Certification

Integration of face-to-face and digital channels

Digital channels
- Group App: 3.67 million downloads[1]
  ➡ Aim for 5 million downloads
- Thoroughgoing user perspective

Simple transactions can be completed solely via the app



Employ a seamless and consistent proposal approach in all channels

Face-to-face channels
- Largest scale customer contact points in Japan
- Utilization of digital technologies enhances the efficiency

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

The Omni-Channel Strategy is a strategy to provide as many customers as possible with optimal solutions anytime, anywhere. 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 integrated manner.

One of our digital channels, 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 Ashikaga Bank and Joyo Bank, both of which are subsidiaries of Mebuki Financial Group, in March 2021. Our plans now call for making it available via Minato Bank by the end of FY2021. Notably, the Group App is winning the support of customers in their 20s and 30s, a group that has been relatively hard to reach for banks. As such, the app is helping us expand contact points with new customers. In addition, the app boasts a high utilization ratio of approximately 80%. Leveraging these strengths, we are striving to win over an even more diverse range of long-term frequent users.

Also, we are working to upgrade our face-to-face channels. Based on a fundamental belief that our branches serve as an essential contact point with customers, we endeavor to improve the added value delivered only via face-to-face services while thoroughly pursuing low-cost operations. By thereby securing the ability to offer optimal proposals via all channels we aim to enhance customer convenience while achieving highly efficient operations in a framework that integrates banking procedures and consulting services.

In the face of fallout from the COVID-19 pandemic, the need for cashless settlement is stronger than ever, even as both the public and private sectors undertake DX efforts at a quickening pace. Against this background, the number of cash cards issued by the Resona Group with the incorporation of debit card functions as standard with new accounts, rose to 2,430,000 as of March 31, 2021.

In terms of assisting corporate customers in their efforts to introduce IT, the Resona Cashless Platform (RCP) has been adopted by a growing number of businesses since its release in November 2018. As of March 31, 2021, a total of approximately 2,000 corporations and 16,000 stores have introduced or have decided to introduce RCP thanks to the solid reputation it has garnered regarding superior cost competitiveness as well as its versatility, which enables users to handle diverse settlement methods with a single terminal. The growing number of RCP users include local governments, hospitals and pharmacies.

In addition, the need for digitalized settlement is notably growing among SME customers as they seek to streamline BtoB transactions. In response, the development of the Resona B2B Cashless Platform is currently under way, with the aim of supporting the IT- and digital-driven updating of business process via data coordination between ordering systems used by customers and our cashless platform. We aim to release this new platform by the end of FY2021.

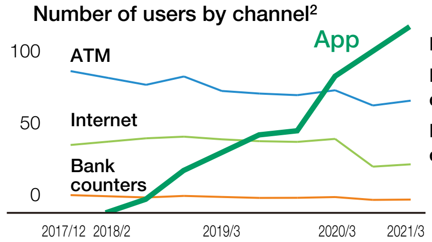
Omni-Channel Strategy

KPI Mar. 31, 2023 (vs. Mar. 31, 2020) Group App Downloads 5 million (+ Approx. 2.8 million) | Mar. 31, 2021 3.67 million

Digital channels

Resona Group App

Number of users by channel[2]

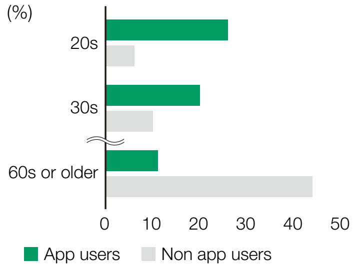


Ratio of the app users[3]

Foreign currency deposits	88%
Installment time deposits	77%

Securing contact points with new customers
- Kansai Mirai Bank (the app was made available to customers of all branches from Oct. 2019)
- Minato Bank (plans call for making the app available by the end of FY2021)
- Mebuki Financial Group (the app was made available from Mar. 2021)

Age distribution of users[4]



Utilization ratio of the app[5] 80%

Face-to-face channels

Unique added value delivered only via face-to-face services × low-cost operations
- Our branches serve as an essential contact point with customers

- Develop area operations and optimize branches' missions
- Downsizing and replacement
- A new sales style at branches

- Enhanced customer convenience
- Optimization of Group channels
- Develop 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

New branch terminals (Resona Group tablets[6])

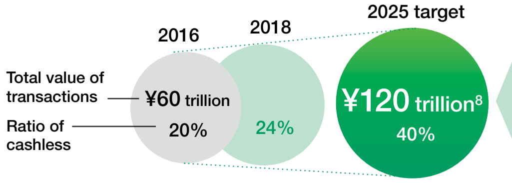
Unified customer experience

Settlement Business

KPI FY2022 (vs. FY2019) Settlement-related Income ¥80.0 billion (+Approx. ¥14.0 billion) | FY2020: ¥ ¥68.0 billion

Ever-expanding cashless market

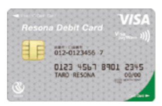
Size of the cashless market[7]



The COVID-19 pandemic accelerated growth in cashless settlement needs

Enhanced convenience for individual customers

Debit cards
- Number of cards issued: 2,430,000 (+420,000 from Mar. 31, 2020)
- FY2020 income: ¥3.3 billion (+45.6% year on year)
- Expansion to Kansai Mirai Financial Group
  - Kansai Mirai Bank (debit cards were made available at all branches from Oct. 2019)
  - Minato Bank (plans call for making debit cards available by the end of FY2021)



Standard with new accounts (Cash card with built-in debit card and contactless settlement functions)

Assistance to customer efforts aimed at achieving digitalization

RCP
- Number of customers that adopted or decided to adopt RCP: Approx. 2,000 companies and 16,000 stores as of March 31, 2021
  ➡ Target for March 31, 2023: 4,000 companies
- Meeting cashless settlement needs among local governments (Osaka Prefecture and Saitama Prefecture's Hanno City, etc.) and healthcare-related institutions (hospitals and pharmacies, etc.)

Enabling users to handle diverse settlement methods with a single terminal

Resona B2B Cashless Platform
- Supporting the IT- and digital-driven updating of B2B transaction process
- Development is now under way to release the platform by the end of FY2021

Customers: Ordering and billing, etc. → Data coordination → Resona: Resona B2B Cashless Platform

Support the digital-driven updating of business process

1 Number of downloads as of Mar. 31, 2021
2 The daily number of Resona Bank ATM users in Dec. 2017 = 100
3 Number of new account openings by customer 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 from FY2021 onward
7 Based on data released by METI
8 Assuming that private sector consumption is on par with 2016 (based on data released by METI)

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.

Local Communities	Low Birthrate and Aging Society	Environment	Human Rights

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 floorplans 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.

Social issues/ change

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

New ideas arising from innovative work styles

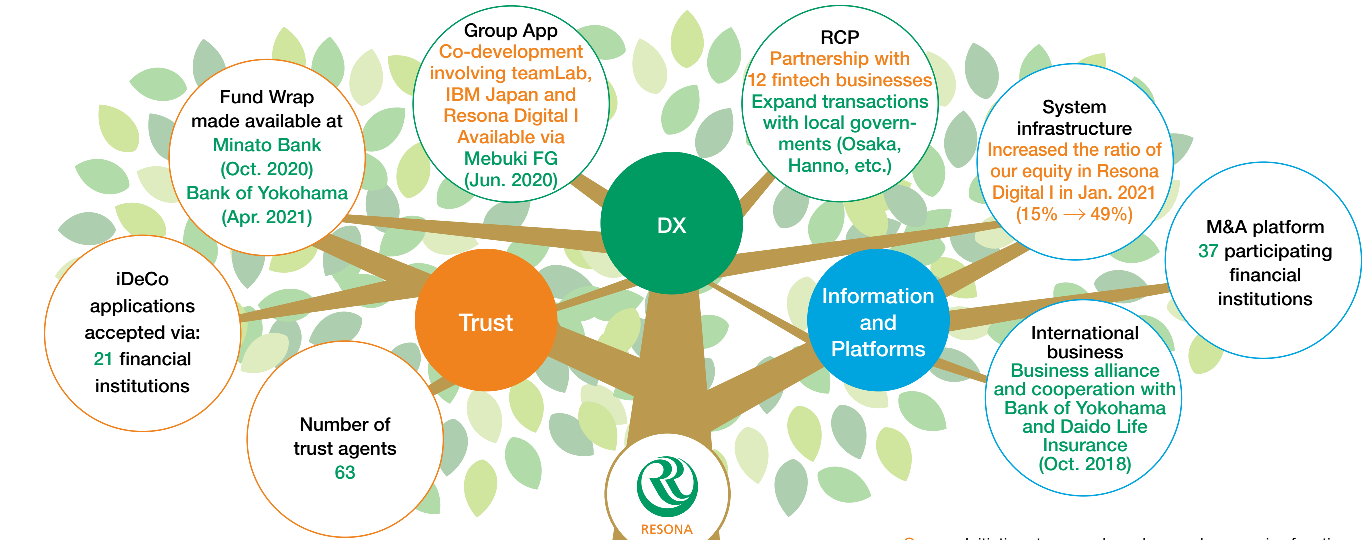
Discover new business seeds by exploring a broad range of themes

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

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 Financial Group while the Resona Fund Wrap is offered to customers of Bank of Yokohama. Moreover, Resona Cashless Platform (RCP) has been adopted by Osaka Prefecture and Saitama Prefecture's Hanno City. Over the course of one year, we have succeeded in reaching out to a growing number of customers through the use of an open platform-based approach.

Aware of growing customer needs for more diverse, sophisticated and complex solutions, we are also engaged in co-creation in tandem with fintech businesses, partner companies from different sectors and external human resources to proactively incorporate external input. In this way, we will upgrade and expand our service functions.



Orange: Initiatives to upgrade and expand our service functions
Green: Initiatives to expand customer base

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

Contribution to local communities (volunteer activities)

Number of employees participating in Re: Heart Club[1] activities

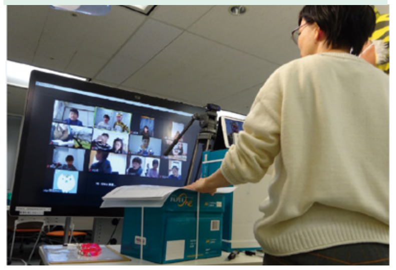
Financial and economic education for children who will shape the future of society

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

Cleanup campaign in Awajishima Island

Staff of a Minato Bank branch in Awajishima taking part in a large cleanup campaign along coastlines on three straits

Online "campus" providing children with diverse educational programs in Osaka



A financial education event hosted online by Kansai Mirai Bank staff for elementary school students

Food drive

Saitama Resona Bank employees donating food and other goods to assist a local NPO specializing in child support

The 27th All Japan Culture Festival for the Special Needs School[2] 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.

A DVD introducing exhibited pieces was also given to prizewinners

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.

Mechanisms Supporting Sustainable Growth

Resona Holdings Directors

Outside Directors (6 members)

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

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 1993, and then President and Representative Director in 2001. Assumed the office of President and Representative Director of MATSUI Office Corporation in 2010 (incumbent), and then the current position of Outside Director of the Company in 2014.

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

Hidehiko Sato

Number of Resona Holdings shares held
Common stock: 10,400 shares

Joined National Police Agency in 1968. Assumed the office of Commissioner General of National Police Agency in 2002. Registered as Attorney-at-law in 2011 and currently belongs to Hibiki Law Office (incumbent). Joined the Company as Outside Director in 2015, up to the present.

Outside Director and Chairperson of Audit Committee

Chiharu Baba

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

Joined The Industrial Bank of Japan, Limited in 1973. Assumed the office of Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. in 2005. Assumed the current position of Outside Director of the Company in 2017.

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

Kimie Iwata

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

Joined the Ministry of Labour in 1971. Assumed the office of Representative Director, Executive Vice President of Shiseido Company, Limited in 2008. Assumed the current position of Outside Director of the Company in 2019.

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

Setsuko Egami

Number of Resona Holdings shares held
Common stock: 5,400 shares

Became the chief editor of *Travail*, a job magazine issued by Recruit Co., Ltd., in 1983. Became Professor at Faculty of Sociology of Musashi University in 2009. Assumed the current position of Outside Director of the Company in 2020.

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

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.

Internal Directors (4 members)

Chairman of the Board

Kazuhiro Higashi

Number of Resona Holdings shares held
Common stock: 142,600 shares

Assumed the position of Executive Officer and General Manager of Financial Accounting Division of the Company in 2003, and then Director, Deputy President and Executive Officer in 2009. Assumed the position of Director, President and Representative Executive Officer in 2013. Stepped aside from the position of President to assume the current position of Chairman of the Board in 2020. (Concurrently serves as Chairman of the Board of Resona Bank)

Director, President and Representative Executive Officer

Masahiro Minami

Number of Resona Holdings shares held
Common stock: 27,400 shares

Assumed the position of Executive Officer and General Manager of Omni-Channel Strategy Division and Group Strategy Division of the Company in 2017. Assumed the position of Director and Executive Officer in 2019. Assumed the current position of Director, President and Representative Executive Officer in 2020. (Concurrently serves as Director of Resona Bank)

Director and Executive Officer

Mikio Noguchi

Number of Resona Holdings shares held
Common stock: 14,500 shares

Assumed the position of Executive Officer in charge of Information Technology Planning Division of the Company in 2017. Assumed the current position of Director and Executive Officer in charge of DX Planning Division, Information Technology Planning Division and Group Strategy Division (System Reform) in 2021. (Concurrently serves as Senior Managing Executive Officer of Resona Bank)

Director and Member of Audit Committee

Takahiro Kawashima

Number of Resona Holdings shares held
Common stock: 27,510 shares

Assumed the position of Executive Officer in charge of Tokyo Metropolitan Area (East Block) of Resona Bank in 2012. Assumed the position of Audit & Supervisory Board Member of Resona Bank in 2018. Assumed the position of Director and Audit & Supervisory Committee Member of Resona Bank in 2019. Assumed the current position of Director of the Company in 2020.

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

	Company management Operation	Public adminis-tration	Finance business	General affairs/HR	Legal/Risk management	Finance/ Accounting	Marketing	ESG	Innovation	IT	Internationality
Tadamitsu Matsui	○			○			○				
Hidehiko Sato	○	○			○						
Chiharu Baba	○		○		○	○					
Kimie Iwata	○	○						○			
Setsuko Egami				○			○		○		
Fumihiko Ike	○									○	○

Internal Directors

	Management and planning	IT/DX	Compliance Risk management
Kazuhiro Higashi	○	○	○
Masahiro Minami	○	○	○
Mikio Noguchi	○	○	
Takahiro Kawashima	○		○

Corporate Governance

Basic Approach to Corporate Governance

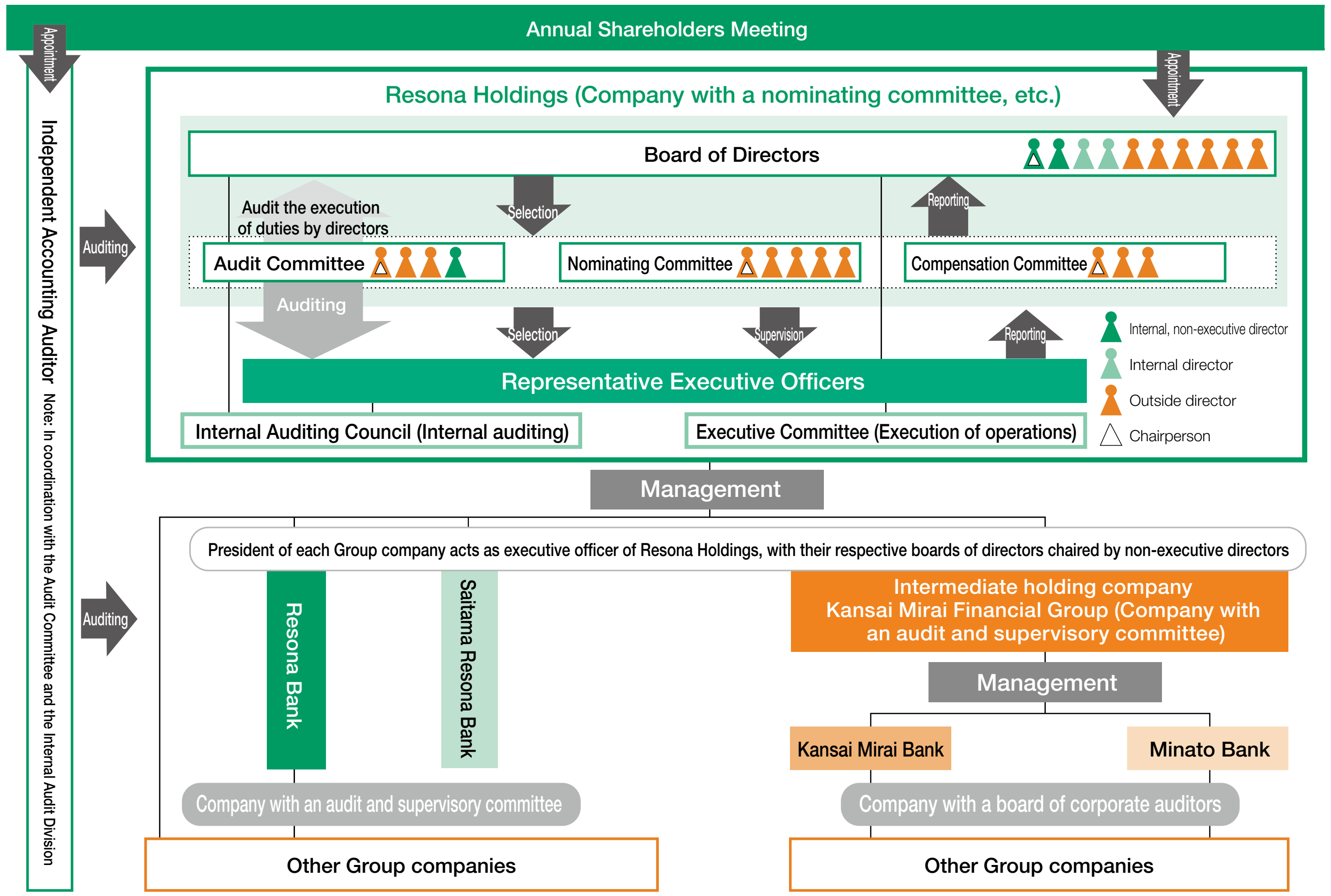
Resona Holdings (hereinafter the “Company”) has established the “Basic Corporate Governance Policy” to facilitate the sustained growth and improvement of the corporate value of the Resona Group (hereinafter the “Group”) over the medium and long term.

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

The Company’s Corporate Governance System

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

Group Corporate Governance Framework



Operations of the Board of Directors

In 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 execution.

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

Also, sufficient time is allocated to question and answer sessions. In FY2020, the Board of Directors met 16 times, with an average attendance rate among the directors of 98.7%. 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 completed the formulation of 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.

①Maintaining even more effective discussion vis-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 “Evolution of 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.

②Further 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 divisions 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.

Main Themes (FY2020)

Themes	2020/April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	2021/Jan.	Feb.	March
MMP and financial results related	Formulation of the new MMP Financial results related			Financial results related		MMP related	Financial results related			Financial results related		MMP related
Free discussion sessions		Determination of agenda items to be addressed by the Board throughout the year		Status of Cross-Functional Team (CFT) activities	Joint sessions to which Group bank directors are invited: Evolution of the Omni Strategy Allocations of resource management (staffing)	Strategic direction of Group companies		Issues to be addressed to enhance brand capabilities and the direction of initiatives to this end	Enhancement of KMFG’s management capabilities	Status of CFT activities Management status of Minato Bank	Progress in the MMP and FY2021 direction for the Group	

Other sessions (held on an as-necessary basis)

Outside directors’ meetings

- Outside directors hold discussions on the results of the self-evaluation of the Board of Directors’ operations and the identification of future candidates for Chairman of the Board, to enhance its effectiveness

Study sessions

- Provide outside directors with essential knowledge of and timely updates regarding matters addressed by the Board of Directors to ensure meaningful discussions
- Examples of themes
  - Response to the international accounting standard
  - Future vision for the banking system structure

Onsite tours

- Facilitate understanding of the Resona Group’s business operations via visits to business bases as well as dialogue with frontline employees
- Recent visits
  - Resona Garage (base for CFT activities)

Overview of Three Committees

	Roles	Composition	(◯: Chairperson)	Number of meetings held in FY2020 (average attendance rate)
Nominating Committee	The Nominating Committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the annual general meeting of shareholders, based on the specific qualities that the Group should seek in its directors as well as the “Standards for Electing Director Candidates,” both of which have been discussed and decided on at the committee’s meetings. Furthermore, the committee decides on matters necessary to ensure the succession of roles and responsibilities of officers, such as the presidents of Resona Holdings, KMFG and their subsidiary banks, to this end deliberating the content of the succession plan.	• In general, membership consists only of three or more outside directors who are highly independent from management • The chairperson is selected from among the outside directors	◯Tadamitsu Matsui Hidehiko Sato Kimie Iwata Setsuko Egami Fumihiko Ike	11 (95.1%)
Audit Committee	The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors in addition to auditing the execution of operations by executive officers and directors.	• The committee consists of three or more members, including outside directors who make up the majority • In general, a chairperson is selected from among the outside directors	Hidehiko Sato ◯Chiharu Baba Fumihiko Ike Takahiro Kawashima (internal)	13 (96.2%)
Compensation Committee	The committee makes decisions regarding policies for the compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals. It also discusses such matters as compensation systems that should be adopted to help enhance corporate value of the Resona Group.	• In general, membership consists only of three or more outside directors who are highly independent from management • A chairperson is selected from among the outside directors	◯Tadamitsu Matsui Kimie Iwata Setsuko Egami	7 (100%)

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 conducted by a third-party evaluation agency in addition to questionnaires targeting each individual.

The results of the fiscal 2020 self-evaluation indicated that the Board deserved high evaluations for most key items associated with its role, composition and effectiveness. The self-evaluation also confirmed that the Board's initiatives yielded a certain 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 overall strategies and the further enhancement of the quality of the Board's discussion).

Taking these findings into account, the evaluation thus concluded that the overall functions of the Board were robust and its operations remain highly effective. On the other hand, the self-evaluation suggested that the Board should allocate more time to deliberations that take into account Groupwide and medium- to long-term perspectives. It was also recommended that, going forward, the Board should work to improve such matters as the selection of agenda items and the content of the materials describing them. The Company's Board of Directors will address these and other issues while enhancing the content of discussions through the improvement of its operations based on such input as the opinions of individual directors.

Resona Succession Plan

Aiming for sustained improvements in corporate value, Resona Holdings, KMFG and their subsidiary banks introduced succession plans in June 2007 that serve as a mechanism to ensure the successions of the top management roles and responsibilities at these Group entities and secure the transparency of the process of selecting and nurturing directors.

The scope of the succession plans covers various candidates for the Company, KMFG and their subsidiary banks, ranging from those who are presidents to those who are new candidates for executive officer positions. The process of selecting and nurturing successors is carried out at a measured pace according to a schedule, with qualified candidates matched to the appropriate rank. The Group ensures the objectivity of this process by drawing on the advice of external consultants. Evaluations of candidates undergoing the process are reported to the Nominating Committee. In addition to receiving reports on candidate evaluations, members of the Nominating Committee come into direct contact with candidates as part of the process, evaluating candidates' characters from various aspects. The activities of the Nominating Committee are reported to the Board of Directors, of which outside directors are the majority, and are discussed from diverse perspectives. Through the entire process, which is highly transparent, each potential director's capabilities and competencies are closely studied and enhanced where appropriate.

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

Compensation for Directors and Executive Officers

Overview of Compensation Policy

The Company's compensation policy is determined by the Compensation Committee consisting solely of independent outside 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 transparent 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 maintain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation. In addition, with the aim of promoting the Group's sustainable growth and strengthening incentive systems for executive officers on a medium- to long-term basis to enhance shareholder value, 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 Compensation and Other Benefits for Individual Directors and Executive Officers

①Position-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."

②Duty-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.

③Annual 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 individual 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 compensation received by each executive officer is as presented in "Compensation System for Executive Officers."

Compensation System for Directors

Name		Content and payment method, etc.	
Position-based compensation	Cash compensation / Fixed compensation	**Position-based compensation (fixed-amount cash compensation)** ● Determined based on the significance of responsibilities associated with the recipient's position and duties.	Paid monthly
Duty-based additional compensation	Cash compensation / Fixed compensation	**Duty-based additional compensation (fixed-amount cash compensation)** ● Paid to outside directors serving as members of Nominating, Compensation and/or Audit committees.	Paid monthly

Compensation System for Executive Officers

Name		Content and payment method, etc.	
Position-based compensation 33%-54%	Cash compensation / Fixed compensation	**Position-based compensation (fixed-amount cash compensation)** ● Determined based on the significance of responsibilities associated with the recipient's position and duties.	Paid monthly
Annual incentive 23%-33%	Cash compensation / Performance-based compensation	**Annual incentive (performance-based cash compensation)** ● Determined based on the Company's annual operating results and individual achievements in the previous fiscal year, with the allocable amount varying from as low as zero to as high as 1.7 times the standard amount. The Group's performance: Net income attributable to owners of parent; Consolidated fee income ratio; Consolidated cost income ratio; CET1 ratio ✕ Individual achievements: ✓ Evaluation of the status of initiatives aimed at helping realize SDGs; ✓ Evaluation of the status of medium- to long-term initiatives and annual goals	Paid annually
Medium- to long-term incentive (performance-based stock compensation) 23%-33%	Non-cash compensation / Performance-based compensation	**Medium- to long-term incentives (performance-based non-cash compensation)** ● In fiscal 2020, the Group introduced a performance-based stock compensation program, incorporating a Share Benefit Trust scheme and stipulating that stock compensation be paid to individuals in executive positions in line with the evaluation of their achievements during the term of the medium-term management plan (MMP) (April 2020 to March 2023). ● The aim of the performance-based stock compensation program is to increase the incentive for recipients to realize the goals of the MMP while linking the compensation system itself more closely to shareholder value. The evaluation indices used are as presented below. Relative TSR (dividend-adjusted stock price index in comparison with banking industry peers); Consolidated ROE (based on shareholders' equity) "Share Benefit Trust": ✓ Utilize a trust scheme; ✓ Provide shares; ✓ Secure linkage with corporate performance	Paid once every three years (Upon the closure of the MMP period)

Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors

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

[Purposes]

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

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

[Personnel Having Dialogue with Shareholders]

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

[Internal Arrangements for Supporting Dialogue]

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

[Efforts to Diversify Forms of Dialogue]

Constructive dialogue with Shareholders shall be conducted in various forms, including general shareholders' meetings, individual interviews, financial results briefings, phone conferences concerning financial results briefings and shareholder seminars. Dialogue shall be conducted from 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 important information shall not be disclosed to any specific persons in accordance with the "Information Disclosure Regulations" to be separately established.

Risk Appetite Framework

Framework for Formulating and Executing Strategies to Realize “Retail No. 1”

The Resona Group has defined the purpose of its risk appetite framework as maximizing returns on risk and cost via the optimal allocation of management resources. The Group has thus positioned this framework as an essential component of its governance and management structure supporting the formulation and execution of its strategies aimed at realizing “Retail No. 1.”

Formulation of Management Strategies and Plans

In formulating management strategies, the Group clarifies the business areas that actively take risks 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.

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.

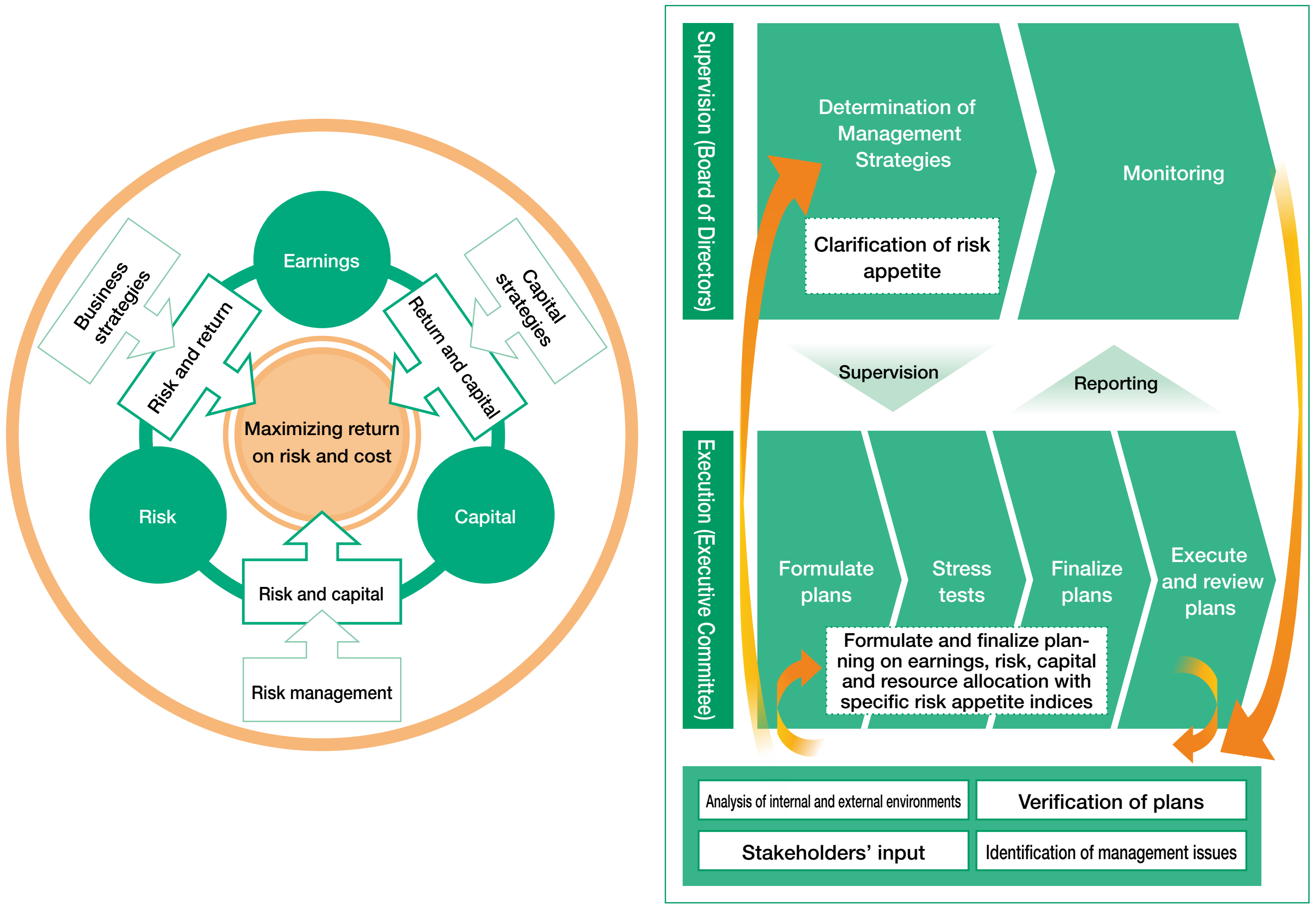
Operation and Management of Plans

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 (KMFG) 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.

Operational Process of the Risk Appetite Framework



Risk Management

Risk Management System

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the application for an injection of public funds in May 2003 caused the people of Japan, our customers and other stakeholders. Consequently, we have established the three risk management principles shown below to enhance our risk management systems and methods as well as risk control. The Resona Group conducts its risk management activities with an eye to securing the soundness of operations and enhancing profitability.

Three Risk Management Principles

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

Risk Management Policies and Systems

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

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

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

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

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

Primary Risk Category, Definition and Management Methods

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

Group Management by Resona Holdings

Qualitative Risk Management

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

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

Quantitative Risk Management

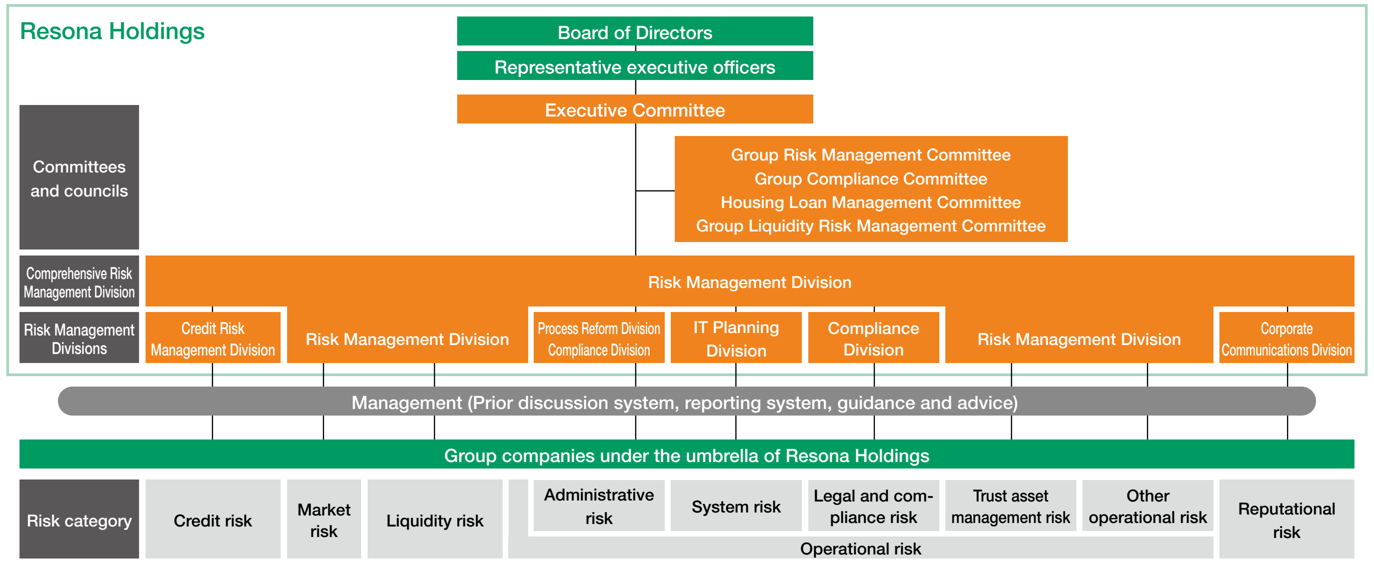
The Company and the Group banks have in place comprehensive risk management systems with the aim of quantitatively assessing risks and controlling them within the tolerable limits.

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.

Group Risk Management System



Group Risk Management Framework Operated by Resona Holdings	
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 • Each Group company reports to Resona Holdings whenever an important risk management issue arises
③ Guidance and advice	• Resona Holdings presents 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 consistent risk management structure placing the foremost emphasis on managing these risks.

Among this category are "risks that could have a grave impact on the Resona Group's operations and are highly likely to materialize or are expected to gain a high possibility of materialization within a period of approximately one year going forward." In addition to quantifiable risks, top risks include risks arising from the execution of strategies, deterioration in the Group's reputation and other factors. In line with these definitions, top risks are determined via discussion at the Executive Committee, the Board of Directors and other important bodies.

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

Top Risks for the Resona Group

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

Comprehensive Risk Management and Capital Allocation

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

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

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

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

Stress Tests

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

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

* VaR, or value at risk, is a risk management indicator that is calculated using statistical methods to measure the maximum loss that may occur within a specified confidence interval (probability) and over a specified period.

Compliance

Basic Activities

The Resona Group defines compliance as the strict observance not only of laws and regulations, but also of social norms, and it has positioned compliance as a key management issue.

As basic activities to put compliance into practice, the Resona Group has established its Corporate Mission/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.

Group Management System

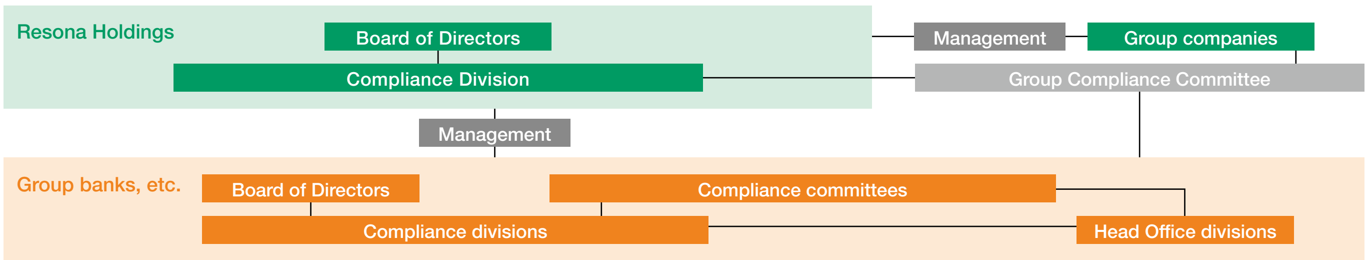
Group Compliance Management System

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

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.

Group Compliance Management System



Management of Customer Information

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

Initiatives to Prevent Money Laundering and Other Financial Crimes

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

Elimination of Anti-Social Forces

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

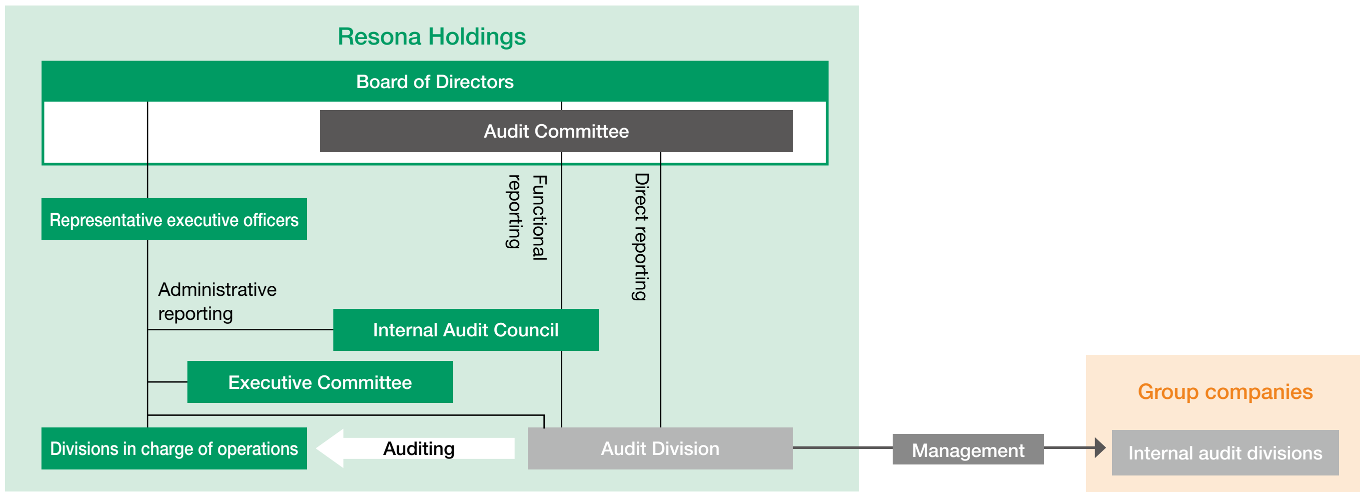
The Company's Internal Audit Division has introduced auditing methods in conformity with the Institute of Internal Auditors (IIA),* a leading international association in the field of internal audits, thereby practicing risk-based audits and ensuring that its peers at Group companies follow suit. In 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.

Resona Holdings' Internal Auditing System



Functions and Roles

To guide the drawing up of plans for internal auditing, the Internal Audit Division of the Company formulates the Annual Internal Audit Basic Plan for the Company and the Group, including the Group's annual policies, the targets of auditing and key items, and secures the approval of the Board of Directors after discussion with the Audit Committee.

The internal audit division of each Group company formulates its Annual Internal Audit Basic Plan based on the business management policies of the Internal Audit Division of the Company and secures the approval of each respective board of directors.

The internal audit divisions at the Company and Group companies conduct audits based on the Annual Internal Audit Basic Plan.

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

*An organization that formulates professional standards for internal auditors, engages in the research of theories and practices associated with internal auditing and promotes other activities aimed at providing leadership for the global profession of internal auditing.

Financial/Non-Financial Information and Corporate Data

Financial Highlights

Five-Year Summary of Major Financial Data

(Billions of yen)

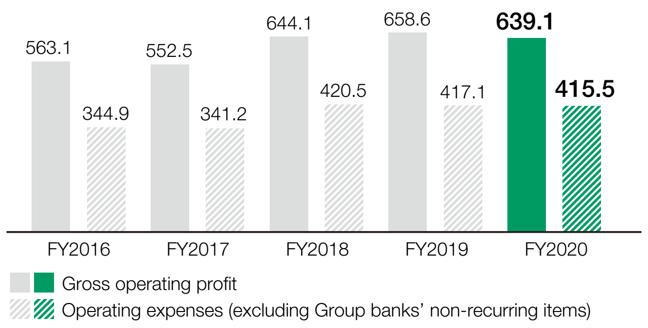
	FY2016	FY2017	FY2018	FY2019	FY2020
Summary of Consolidated Statements of Income					
Gross operating profit	563.1	552.5	644.1	658.6	**639.1**
(1) Net interest income	377.9	368.3	435.9	431.1	**417.4**
(2) Trust fees	17.9	18.6	19.2	19.0	**19.2**
(3) Fees and commission income	142.7	149.4	174.5	171.1	**172.2**
Fee income ratio [((2)+(3)) / Gross operating profit]	28.52%	30.41%	30.08%	28.88%	**29.96%**
(4) Other operating income	24.5	16.1	14.4	37.3	**30.1**
Net gains (losses) on bonds (including futures)	5.5	(5.0)	(7.8)	11.3	**14.0**
Operating expenses (excluding Group banks' non-recurring items)	(344.9)	(341.2)	(420.5)	(417.1)	**(415.5)**
Cost-to-income ratio (OHR)	61.25%	61.75%	65.29%	63.33%	**65.01%**
Actual net operating profit	218.2	211.6	225.6	241.9	**224.0**
Net gains (losses) on stocks (including equity derivatives)	3.2	13.0	7.1	9.3	**37.2**
Credit-related expenses, net	17.4	14.7	(1.3)	(22.9)	**(57.4)**
Other gains (losses), net	(10.8)	(23.6)	7.1	(16.2)	**(19.5)**
Income before income taxes	228.2	215.8	238.6	212.1	**184.3**
Income taxes and other	(66.7)	20.4	(63.4)	(59.7)	**(59.8)**
Net income attributable to owners of parent	161.4	236.2	175.1	152.4	**124.4**

(Negative figures represent items that would reduce net income)

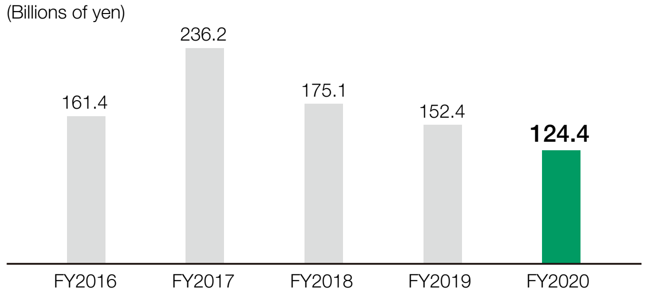
	FY2016	FY2017	FY2018	FY2019	FY2020
Summary of Consolidated Balance Sheets					
Total assets	48,456.1	50,243.7	59,110.0	60,512.4	**73,697.6**
Cash and due from banks	12,641.9	13,419.0	14,848.5	15,329.5	**25,223.1**
Loans and bills discounted	28,186.7	28,755.1	36,134.4	36,645.5	**38,978.9**
Securities	5,295.7	5,278.5	5,387.8	5,555.6	**7,147.7**
Total liabilities	46,509.3	48,140.8	56,753.8	58,195.9	**71,178.0**
Deposits and NCDs	41,640.9	43,805.1	52,303.9	53,852.8	**59,430.3**
Total net assets	1,946.7	2,102.9	2,356.1	2,316.5	**2,519.6**
Total stockholders' equity	1,485.4	1,567.2	1,661.1	1,757.6	**1,860.3**
Total accumulated other comprehensive income	443.4	517.8	449.8	320.6	**456.9**
Trust assets under management and custody	26,608.9	27,252.5	27,852.9	28,450.6	**31,930.3**

	FY2016	FY2017	FY2018	FY2019	FY2020
Major Financial Indicators					
Capital adequacy ratio (Japanese domestic standard)	11.69%	10.65%	10.10%	11.17%	**11.54%**
(Reference) Common Equity Tier 1 (CET1) ratio (International standard) [excluding net unrealized gains on available-for-sale securities]	10.74% (8.59%)	12.58% (9.50%)	11.47% (9.30%)	12.28% (10.54%)	**13.31% (10.81%)**
Annual cash dividends per share (DPS) (yen)	19	20	21	21	**21**
Net assets per share (BPS) (yen)	786.94	900.72	911.17	904.60	**1,008.82**
Net income per share (EPS) (yen)	66.89	100.51	75.63	66.27	**54.19**
Return on equity (ROE)[1]	11.67%	15.76%	10.85%	8.91%	**6.88%**
Return on assets (ROA)[2]	0.33%	0.47%	0.32%	0.25%	**0.18%**
NPL ratio (Total of Group Banks, Financial Reconstruction Act basis)	1.35%	1.18%	1.18%	1.14%	**1.12%**
Number of shares of common stock excluding treasury shares (shares in billions)	2.321	2.314	2.316	2.297	**2.296**
Share price at fiscal year-end (yen)	597.9	562.0	479.7	325.2	**464.8**
Market capitalization (billions of yen)	1,388.1	1,301.0	1,111.3	747.1	**1,067.6**

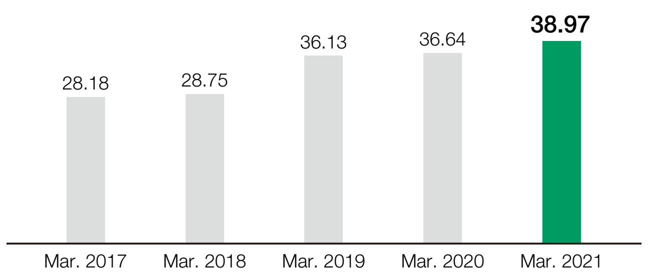
Gross Operating Profit and Operating Expenses (consolidated)
(Billions of yen)



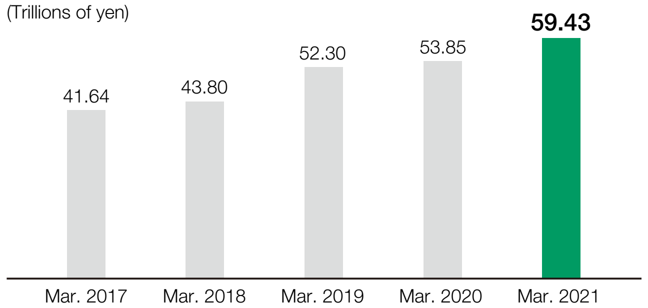
Net Income Attributable to Owners of Parent
(Billions of yen)



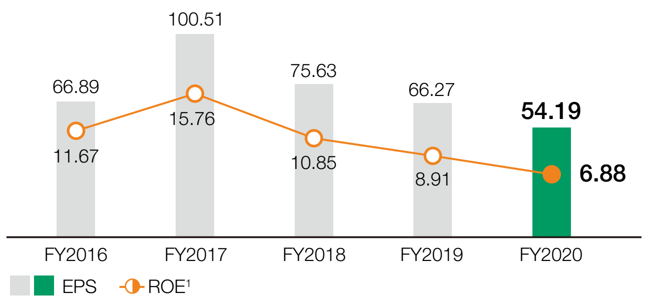
Balance of Loans and Bills Discounted (consolidated)
(Trillions of yen)



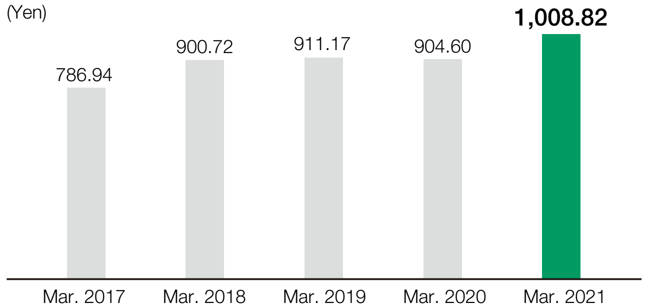
Balance of Deposits and NCDs (consolidated)
(Trillions of yen)



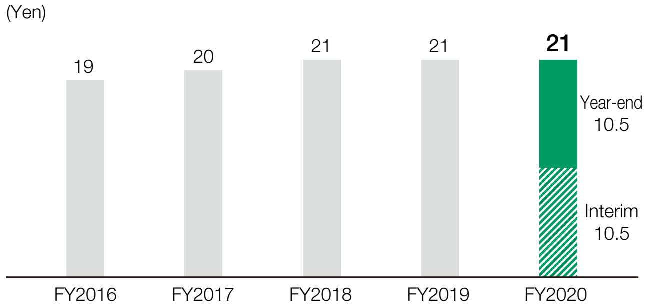
Net Income per Share (EPS) / Return on Equity (ROE)[1]
(EPS: Yen; ROE: %)



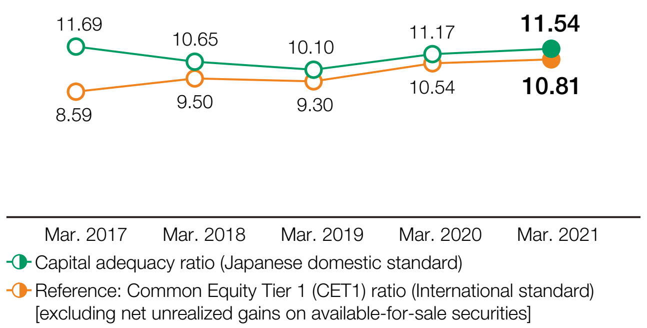
Net Assets per Share (BPS)
(Yen)



Dividends per Share (DPS)
(Yen)



Capital Adequacy Ratio (consolidated)
(%)



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

Non-Financial Highlights

Five-Year Summary of Non-Financial Data

Environmental[1]

			FY2016	FY2017	FY2018	FY2019	FY2020[2]
CO_2 emissions volume (t-CO_2)			82,855	73,777	72,006	66,266	**56,818**
	Direct emissions from energy use (SCOPE 1)		6,859	6,263	6,499	5,949	**5,428**
	Indirect emissions from energy use (SCOPE 2)		75,996	67,514	65,507	60,317	**51,390**
Energy consumption volume	Direct energy consumption	Heavy oil (kl)	4	1	20	38	**19**
		Town gas (1,000 m³)	1,400	1,207	1,370	1,265	**1,194**
		Gasoline (kl)	1,790	1,547	1,452	1,295	**1,161**
	Indirect energy consumption	Electricity consumption volume (MWh)	150,462	145,874	140,913	132,898	**125,532**
		Hot water (GJ)	5,767	6,679	6,371	6,675	**6,982**
		Cold water (GJ)	13,782	17,295	15,541	15,213	**14,226**

Social

		FY2016	FY2017	FY2018	FY2019	FY2020
Human Resources						
Employment Status of Employees	Total employees (persons)[3]	24,388	23,833	29,479	28,371	**27,829**
	Full-time employees (persons)	15,282	15,129	19,209	18,642	**18,486**
	Average age of full-time employees (years)	39.7	40.0	40.4	40.3	**40.3**
	Average employee tenure (years)	16.1	16.2	16.3	16.1	**15.9**
	New graduates (persons)	926	620	993	840	**842**
Diversity & Inclusion	Percentage of female full-time employees (%)	44.9	45.9	46.1	47.1	**47.5**
	Percentage of new graduates who are women (%)	58.3	61.3	56.8	53.5	**51.2**
	Percentage of female line managers (%)[4]	24.2	26.6	28.3	29.1	**30.4**
	Of which, percentage in senior management positions (%)[5]	5.8	7.0	8.4	8.7	**10.2**
	Percentage of people with disabilities in the workforce[6]	2.03	2.05	2.14	2.19	**2.20**
Promotion of Work-Life Balance	Average percentage of annual paid leave utilized (%)	62.0	69.5	66.7	69.2	**66.1**
	Percentage of eligible male employees who took childcare leave (%)[7]	57.2	100.0	100.0	100.0	**100.0**
Financial and Economic Education						
"Resona Kids' Money Academy" events held (number)[8, 9]		213	230	231	222	**—**
Total number of participants in "Resona Kids' Money Academy" events (persons)[8, 9]		3,643	4,136	4,002	3,988	**—**
On-site lectures and work experience programs offered (number)[9]		69	78	105	93	**15**

Governance

		FY2016	FY2017	FY2018	FY2019	FY2020
Status of Directors and Their Activities	Board members (persons)	10	10	10	11	**10**
	Outside directors (persons)	6	6	6	6	**6**
	Independent directors among outside directors (persons)	6	6	6	6	**6**
	Female directors (persons)	2	1	1	2	**2**
	Average attendance of directors at board meetings (%)	95.0	97.2	96.7	98.6	**98.7**

Initiatives to Address Environmental and Social Issues via Primary Business

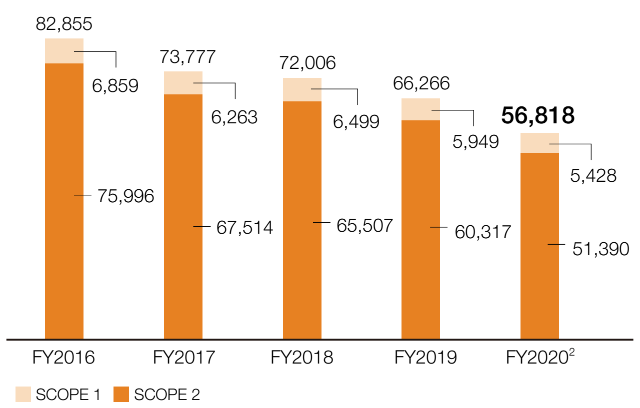
	FY2016	FY2017	FY2018	FY2019	FY2020
Original amount of SDG-related loans[10] (billions of yen)	—	47.0	127.1	159.5	**232.2**
Outstanding balance of socially responsible investments (SRI) (billions of yen)	2.0	1.5	36.7	36.5	**68.7**

ESG-Related External Evaluations

	ESG rating / ESG score	Status of inclusion into ESG-based stock indices	
MSCI (Seven-grade system from AAA to CCC)	AA	Granted the AA rating (2020 and 2021)	2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
MSCI (WIN) (Full score is set at 10)	8.8	Improved from 8.175 (2020) to 8.8 (2021)	2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
FTSE (Full score is set at 5)	3.0	Continuously included in the index	FTSE4Good; FTSE Blossom Japan
S&P (Decile ranking system)	8	Ongoing inclusion in the index thanks to proactive efforts to address environmental concerns and disclose relevant information	S&P/JPX Carbon Efficient Index

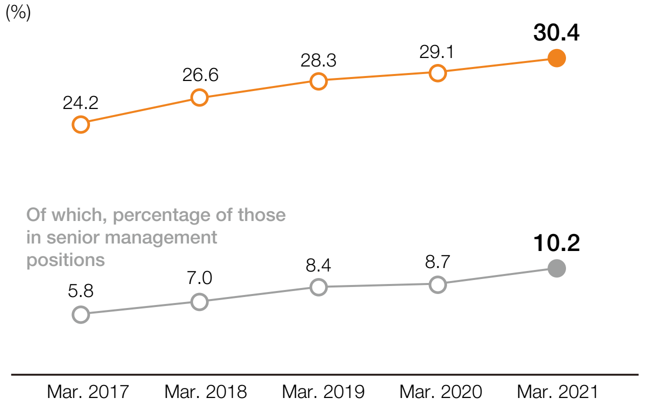
Environmental[1]

CO_2 Emissions Volume (t) .... 56,818[2] t-CO_2



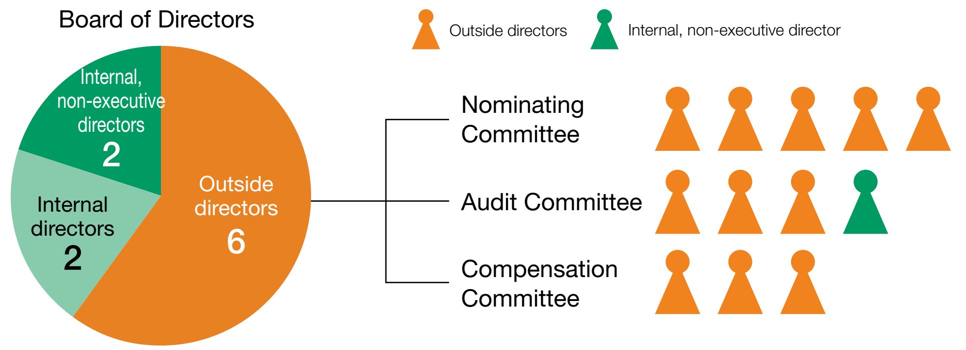
Social

Percentage of Female Line Managers[4, 5] (%) 30.4%



Governance

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



Male 8
Female 2
Ratio of female directors 20%

1 Scope of calculation: Group banks (Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank). Calculated by retrospectively incorporating CO_2 emissions from precursors of KMFG and its subsidiaries prior to management integration.
2 Preliminary figures
3 Including part-time employees
4 Percentage of those in managerial positions or above charged with overseeing staff at Resona Bank and Saitama Resona Bank. In addition, percentage of female line managers at Kansai Mirai Bank and Minato Bank amounts to 25.8% as of March 31, 2021.
5 Percentage of those in senior management positions at Resona Bank and Saitama Resona Bank. In addition, percentage of those in senior management positions at Kansai Mirai Bank and Minato Bank amounts to 9.2% as of March 31, 2021.
6 Percentage as of June 1 based on the exceptional calculation standard applied to eligible corporate groups
7 Resona Bank and Saitama Resona Bank
8 Held during summer holidays; figures for FY2018 and later include Mirai Kids' Money Academy events.
9 In FY2020, the number of these events was reduced to prevent the spread of COVID-19.
10 Including the balance of private placement bonds issued

SASB INDEX

The Resona Group has striven to upgrade its information disclosure in line with recommended standards issued by the U.S.-based Sustainability Accounting Standards Board (SASB).

Based on this approach and in accordance with SASB industry classifications, the Resona Group hereby discloses certain items defined under the categories of Asset Management & Custody Activities, Commercial Banks, Consumer Finance and Mortgage Finance in light of their particular relevance to designated business areas. Looking ahead, we will strive to further enhance the content of information disclosure.

The letters at the beginning of the code assigned to each item bear the following meaning.
FN-AC: Asset Management & Custody Activities; FN-CB: Commercial Banks; FN-CF: Consumer Finance; CF-MF: Mortgage Finance

Accounting Metrics	Category	Unit of measure	Code	Response
Data Security				
Description of approach to identifying and addressing data security risks	Discussion and Analysis	—	FN-CB-230a.2 FN-CF-230a.3	In line with its Cyber Security Management Declaration, the Resona Group aims to strengthen its cyber security measures under top management's initiative and thereby counter cyber threats that have become ever more serious and sophisticated. Furthermore, the Group strives to address risks arising from cyber vulnerability and, to this end, based on its Personal Information Protection Declaration, it regularly reviews, updates and improves its policies, organizational structure and rules aimed at ensuring the proper handling of information as well as initiatives aimed at ensuring the reliable protection of information. **Declaration of Cyber Security Management** https://www.resona-gr.co.jp/holdings/english/about/governance/cybersecurity/index.html **Personal Information Protection Declaration** https://www.resona-gr.co.jp/holdings/other/privacy/hd.html (Japanese only)
Financial Inclusion & Capacity Building				
(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	Millions of yen	FN-CB-240a.1	Since the SASB definition of "programs designed to promote small business and community development" is based on the laws and regulations of the United States, we disclose alternative information based on the laws and regulations of Japan. In Japan, SMEs are defined as businesses whose capital amounts to ¥300 million or below (¥100 million in the case of the wholesale industry and ¥50 million in the case of retail, restaurant and goods leasing industries) or businesses with a total of 300 employees or fewer (100 in the case of wholesale and goods leasing industries and 50 in the case of retail and restaurant industries). **Balance of loans to SMEs (total of Group banks; as of March 31, 2021)**: ¥32,392.4 billion ***Resona Group Disclosure Book 2021 Data Edition*** **Resona Bank: p. 127; Saitama Resona Bank: p. 214; Kansai Mirai Bank: p. 340; Minato Bank: p. 424** https://www.resona-gr.co.jp/holdings/investors/ir/disclosure/pdf/21/hd.pdf (Japanese only)
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Number	FN-CB-240a.4	In SASB, the definitions of the "unbanked" have no bank accounts at all, the "underbanked" have bank accounts but usually use non-banks for financing and the "underserved" cannot receive sufficient financial services, are in line with U.S. laws and regulations. We disclose corresponding information based on Japanese laws and regulations. The Resona Group provides financial and economic education for elementary, junior high and high school students who will lead future generations so that they can acquire monetary literacy in a fun way. **Financial and Economic Education** https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/aging/education.html
Employee Diversity & Inclusion				
Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Quantitative	%	FN-AC-330a.1	The Resona Group is promoting diversity & inclusion to achieve value creation supported by diverse employees who strive to understand each other's differences in ways of thinking, respect and inspire one another and proactively incorporate new ideas from their peers. To this end, the Group has introduced a variety of programs aimed at helping women achieve career success and encouraging employees to embrace diverse working styles. As a result, the ratio of women in the overall number of directors at Resona Holdings is 20.0%. Moreover, the ratio of women in the total headcount is 47.5% for Group banks (Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank). In addition, the ratio of female line managers is 30.4% for Resona Bank and Saitama Resona Bank. As of June 2020, the ratio of people with disabilities is 2.20%. **Diversity & Inclusion** https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/human_rights/diversity.html **ESG Data** https://www.resona-gr.co.jp/holdings/english/sustainability/data/esg/index.html ▶ **Non-Financial Highlights: p. 74**
Incorporation of ESG factors in the Investment Management & Advisory				
Description of approach to the incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Discussion and Analysis	—	FN-AC-410a.2	In line with its "Responsible Investment Policy," the Resona Group undertakes, in the course of managing trust assets, the close assessment and analysis of investees' non-financial performance, including their response to ESG issues, in addition to assessing their financial performance. By doing so, the Group encourages investees to work to improve their corporate value and achieve sustainable corporate growth on a medium- to long-term basis. ***Stewardship Report 2020 / 2021* Chapter 1 (p. 6-11)** https://www.resona-am.co.jp/investors/pdf/ssc_report2020-2021en.pdf
Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	—	FN-AC-410a.3	The Resona Group is aware of its responsibilities with regard to the improvement of investees' corporate governance as well as the profound impact its investment activities can have on the environment and society as a whole. The Group also recognizes that these changes in the environment and society will affect investment performance. Taking the aforementioned factors into account, the Group has established the Global Governance Principles, which aim to provide standards for the exercise of voting rights associated with domestic and overseas stocks. ***Stewardship Report 2020 / 2021* Chapter 2-6 (p. 12-71)** https://www.resona-am.co.jp/investors/pdf/ssc_report2020-2021en.pdf

Accounting Metrics	Category	Unit of measure	Code	Response
Incorporation of ESG Factors in Credit Analysis				
Commercial and industrial credit exposure, by industry	Quantitative	Millions of yen	FN-CB-410a.1	For details regarding credit exposure by industry, please refer to the page 8 in the PDF file titled "Status of Capital Adequacy/Basel Data Section (FY2020)" posted on the following section of our corporate website. **Annual Report (Status of Capital Adequacy/Basel Data Section)** https://www.resona-gr.co.jp/holdings/english/investors/financial/annual/
Description of approach to incorporation of ESG factors in credit analysis	Discussion and Analysis	—	FN-CB-410a.2	In line with its "Basic Stance on Lending," the Resona Group aims to contribute to the creation of a sustainable society and, to this end, is proactively assisting customers in their efforts to tackle social and environmental issues via the development and provision of products and services designed to help them address social and environmental concerns. The Group also maintains a structure and procedures aimed at properly assessing and evaluating the environmental impact of large projects and environmental initiatives undertaken by customers. **Initiatives for Socially Responsible Investing and Lending** https://www.resona-gr.co.jp/holdings/english/sustainability/management/sri/
Business Ethics				
Description of whistleblower policies and procedures	Discussion and Analysis	—	FN-AC-510a.2 FN-CB-510a.2	The Resona Group maintains a whistleblowing system comprising both in-house and external hotlines that are accessible to all employees (including those who have resigned) and their families. The Group also prohibits the detrimental treatment of whistleblowers while taking thoroughgoing measures to ensure that the content of whistleblowing is kept secret. Furthermore, the Group is promoting the use of its whistleblowing system via posters and intranet pages designed to provide employees with the overview of the system and contacts to hotlines. **Compliance Advisory Resources** https://www.resona-gr.co.jp/holdings/english/about/compliance/#01
Systemic Risk Management				
Global Systemically Important Bank (G-SIB) score, by category	Quantitative	—	FN-CB-550a.1	As of March 31, 2021, the Resona Group has not been selected as a G-SIB.
Description of approach to the incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	—	FN-CB-550a.2	The Resona Group believes that in order to maintain sound and stable business operations, securing sufficient capital to cover risk is extremely important. Based on this belief, the Group is engaged in capital management aimed at maintaining its capital adequacy ratio at a sufficient level. In formulating management strategies, the Company clarifies the business areas in which it actively takes risks based on its social mission. **Capital Management** https://www.resona-gr.co.jp/holdings/english/about/capital/index.html ▶ **Risk Appetite Framework p. 66**
Activity Metrics				
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Millions of yen	FN-CB-000.A	Since the index that the SASB recommends for disclosure takes into consideration the laws and regulations of the United States, we disclose alternative quantitative data based on the laws and regulations of Japan. HP Consolidated Balance Sheet/Domestic Deposit (total of Group banks; as of March 31, 2021) • Individual: ¥35,656.3 billion • Corporate: ¥18,912.9 billion For more details, please refer to the following PDF file and see "II. Loans and Bills Discounted and Other, 9. Balance of deposits and loans, <Reference> Domestic breakdown of individual, corporate and other deposits" (p. II-21). **Consolidated Financial Results for Fiscal Year 2020** https://www.resona-gr.co.jp/holdings/english/investors/financial/results/pdf/20210511_3a.pdf
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Millions of yen	FN-CB-000.B	Since the index that the SASB recommends for disclosure takes into consideration the laws and regulations of the United States, we disclose alternative quantitative data based on the laws and regulations of Japan. (Total of Group banks; as of March 31, 2021) • Balance of domestic loans and bills discounted: ¥38,924.6 billion • Of which, balance of loans to SMEs: ¥32,392.4 billion • Of which, balance of apartment loans: ¥3,286.6 billion • Of which, balance of residential housing loans: ¥13,309.4 billion **Resona Group Disclosure Book 2021 Data Edition** Resona Bank: p. 126,127; Saitama Resona Bank: p. 213, 214; Kansai Mirai Bank: p. 339, 340; Minato Bank: p. 423, 424 https://www.resona-gr.co.jp/holdings/investors/ir/disclosure/pdf/21/hd.pdf (Japanese only)
(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial			FN-MF-000.A	

The following items are defined based on the FICO Score in line with the U.S. laws and regulations. Accordingly, we believe that it does not apply to reporting under the current system in Japan.

FN-CF-270a.2: Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660
FN-CF-270a.3: (1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660
FN-MF-270a.1: (1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate and (d) Total, by FICO scores above and below 660
FN-MF-270a.2: (1) Number and (2) value of (a) residential mortgages modifications, (b) foreclosures and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660
FN-MF-270b.1: (1) Number, (2) value and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660

Consolidated Financial Statements

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2020	March 31, 2021
Assets		
Cash and due from banks	15,329.5	25,223.1
Call loans and bills bought	473.4	107.2
Monetary claims bought	248.5	221.7
Trading assets	457.3	231.6
Securities	5,555.6	7,147.7
Loans and bills discounted	36,645.5	38,978.9
Foreign exchange assets	107.4	139.4
Lease receivables and investments in leases	40.6	36.5
Other assets	964.3	965.1
Tangible fixed assets	369.7	361.1
Buildings	122.3	118.2
Land	214.2	210.3
Leased assets	14.6	15.8
Construction in progress	3.8	2.4
Other tangible fixed assets	14.7	14.2
Intangible fixed assets	49.7	53.3
Software	17.9	15.7
Leased assets	25.5	30.6
Other intangible fixed assets	6.1	6.9
Net defined benefit asset	32.5	43.9
Deferred tax assets	35.3	29.7
Customers' liabilities for acceptances and guarantees	362.7	347.9
Reserve for possible loan losses	(160.2)	(190.0)
Reserve for possible losses on investments	(0.0)	(0.0)
Total assets	60,512.4	73,697.6

(Billions of yen)

	March 31, 2020	March 31, 2021
Liabilities		
Deposits	52,909.9	58,691.2
Negotiable certificates of deposit	942.8	739.1
Call money and bills sold	69.6	630.8
Payables under repurchase agreements	—	3.0
Payables under securities lending transactions	532.4	1,064.4
Trading liabilities	87.2	39.6
Borrowed money	769.9	7,218.1
Foreign exchange liabilities	5.0	8.0
Bonds	396.0	326.0
Due to trust account	1,316.8	1,304.3
Other liabilities	700.7	663.6
Reserve for employees' bonuses	17.5	18.6
Net defined benefit liability	22.7	15.3
Other reserves	38.2	34.6
Deferred tax liabilities	5.6	54.6
Deferred tax liabilities for land revaluation	18.4	18.2
Acceptances and guarantees	362.7	347.9
Total liabilities	58,195.9	71,178.0
Net Assets		
Capital stock	50.4	50.5
Capital surplus	—	15.7
Retained earnings	1,720.0	1,796.4
Treasury stock	(12.8)	(2.4)
Total stockholders' equity	1,757.6	1,860.3
Net unrealized gains on available-for-sale securities	306.1	442.9
Net deferred gains on hedges	16.6	10.6
Revaluation reserve for land	40.2	39.7
Foreign currency translation adjustments	(1.9)	(5.8)
Remeasurements of defined benefit plans	(40.4)	(30.4)
Total accumulated other comprehensive income	320.6	456.9
Stock acquisition rights	0.2	0.2
Non-controlling interests	237.9	202.0
Total net assets	2,316.5	2,519.6
Total liabilities and net assets	60,512.4	73,697.6

Consolidated Statement of Income

(Billions of yen)

	FY2019	FY2020
Ordinary income	880.5	823.6
Interest income	478.2	435.6
Interest on loans and bills discounted	369.5	357.9
Interest and dividends on securities	74.1	50.6
Interest on call loans and bills bought	1.9	0.6
Interest on receivables under resale agreements	(0.0)	(0.0)
Interest on receivables under securities borrowing transactions	0.0	0.0
Interest on due from banks	11.3	12.7
Other interest income	21.2	13.7
Trust fees	19.0	19.2
Fees and commissions	239.3	241.1
Trading income	5.2	5.9
Other operating income	69.3	46.8
Other ordinary income	69.3	74.6
Recoveries of written-off loans	15.5	13.9
Other	53.8	60.7
Ordinary expenses	666.2	632.6
Interest expenses	47.1	18.2
Interest on deposits	19.3	9.7
Interest on negotiable certificates of deposit	0.0	0.0
Interest on call money and bills sold	3.0	0.0
Interest on payables under repurchase agreements	0.0	0.0
Interest on payables under securities lending transactions	12.8	1.8
Interest on borrowed money	4.7	2.1
Interest on bonds	4.2	2.6
Other interest expenses	2.6	1.6
Fees and commissions	68.1	68.9
Trading expenses	0.4	0.2
Other operating expenses	36.7	22.4
General and administrative expenses	426.5	425.8
Other ordinary expenses	87.2	96.9
Provision to reserve for possible loan losses	15.3	44.6
Other	71.8	52.3
Ordinary profits	214.2	190.9
Extraordinary gains	7.3	1.7
Gains on disposal of fixed assets	2.3	1.7
Other extraordinary gains	4.9	—
Extraordinary losses	9.4	8.3
Losses on disposal of fixed assets	1.6	1.7
Impairment losses on fixed assets	7.7	6.5
Income before income taxes	212.1	184.3
Income taxes—current	37.8	59.4
Income taxes—deferred	18.9	(4.8)
Total income taxes	56.7	54.6
Net income	155.4	129.7
Net income attributable to non-controlling interests	3.0	5.2
Net income attributable to owners of parent	152.4	124.4

Consolidated Statement of Comprehensive Income

(Billions of yen)

	FY2019	FY2020
Net income	155.4	129.7
Other comprehensive income	(131.6)	142.4
Net unrealized gains (losses) on available-for-sale securities	(124.1)	141.9
Net deferred gains (losses) on hedges	(10.5)	(5.9)
Foreign currency translation adjustments	4.7	(6.0)
Remeasurements of defined benefit plans	(1.7)	12.3
Share of other comprehensive income of affiliates accounted for using the equity method	(0.0)	0.0
Total comprehensive income	23.7	272.2
Total comprehensive income attributable to:		
Owners of parent	25.2	261.2
Non-controlling interests	(1.4)	10.9

Consolidated Statement of Changes in Net Assets

(Billions of yen)

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

(Billions of yen)

FY2020	Stockholders' equity					Accumulated other comprehensive income								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2020	50.4	—	1,720.0	(12.8)	1,757.6	306.1	16.6	40.2	(1.9)	(40.4)	320.6	0.2	237.9	2,316.5
Cumulative effect due to revision of accounting standards for foreign subsidiaries			(0.2)		(0.2)								(0.2)	(0.4)
Restated balance	50.4	—	1,719.8	(12.8)	1,757.4	306.1	16.6	40.2	(1.9)	(40.4)	320.6	0.2	237.6	2,316.0
Changes during the fiscal year														
Issuance of new stock	0.0	0.0			0.1									0.1
Dividends paid			(48.3)		(48.3)									(48.3)
Net income attributable to owners of parent			124.4		124.4									124.4
Purchase of treasury stock				(1.4)	(1.4)									(1.4)
Disposal of treasury stock		(0.0)		1.6	1.6									1.6
Cancellation of treasury stock		(10.2)		10.2	—									—
Reversal of revaluation reserve for land			0.5		0.5									0.5
Change in ownership interest of parent due to transactions with non-controlling interests		25.8			25.8									25.8
Net changes except for stockholders' equity during the fiscal year						136.7	(5.9)	(0.5)	(3.9)	9.9	136.2	(0.0)	(35.5)	100.6
Total changes during the fiscal year	0.0	15.7	76.6	10.4	102.9	136.7	(5.9)	(0.5)	(3.9)	9.9	136.2	(0.0)	(35.5)	203.5
Balance at March 31, 2021	50.5	15.7	1,796.4	(2.4)	1,860.3	442.9	10.6	39.7	(5.8)	(30.4)	456.9	0.2	202.0	2,519.6

Consolidated Statement of Cash Flows

(Billions of yen)

	FY2019	FY2020
Cash flows from operating activities		
Income before income taxes	212.1	**184.3**
Depreciation and amortization	34.1	**34.6**
Impairment losses on fixed assets	7.7	**6.5**
Equity in earnings of investments in affiliates	(0.5)	**(0.4)**
Increase (decrease) in reserve for possible loan losses	2.1	**29.8**
Increase (decrease) in reserve for possible losses on investments	0.0	**0.0**
Increase (decrease) in reserve for employees' bonuses	(2.0)	**1.1**
(Increase) decrease in net defined benefit asset	(13.1)	**(11.4)**
Increase (decrease) in net defined benefit liability	3.6	**(7.3)**
Interest income (accrual basis)	(478.2)	**(435.6)**
Interest expenses (accrual basis)	47.1	**18.2**
Net (gains) losses on securities	(17.5)	**(55.1)**
Net foreign exchange (gains) losses	(18.6)	**(43.6)**
Net (gains) losses on disposal of fixed assets	(0.6)	**0.0**
Net (increase) decrease in trading assets	(129.3)	**225.6**
Net increase (decrease) in trading liabilities	(33.6)	**(47.6)**
Net (increase) decrease in loans and bills discounted	(511.0)	**(2,333.4)**
Net increase (decrease) in deposits	1,801.3	**5,781.2**
Net increase (decrease) in negotiable certificates of deposit	(252.5)	**(203.6)**
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	21.2	**6,453.4**
Net (increase) decrease in due from banks (excluding those deposited at Bank of Japan)	46.9	**(4.1)**
Net (increase) decrease in call loans and other	(262.7)	**393.0**
Net increase (decrease) in call money and other	(75.9)	**564.2**
Net increase (decrease) in payables under securities lending transactions	(8.4)	**532.0**
Net (increase) decrease in foreign exchange assets	8.2	**(31.9)**
Net increase (decrease) in foreign exchange liabilities	0.6	**2.9**
Net increase (decrease) in straight bonds	36.2	**(30.0)**
Net increase (decrease) in due to trust account	161.0	**(12.4)**
Interest receipts (cash basis)	487.3	**435.8**
Interest payments (cash basis)	(48.6)	**(22.0)**
Other, net	(3.1)	**(4.5)**
Subtotal	1,013.5	**11,419.7**
Income taxes paid or tax refund	(39.0)	**(25.0)**
Net cash provided by (used in) operating activities	974.5	**11,394.7**

(Billions of yen)

	FY2019	FY2020
Cash flows from investing activities		
Purchase of securities	(7,505.8)	**(6,671.3)**
Proceeds from sales of securities	6,057.5	**4,079.1**
Proceeds from redemption of securities	1,182.1	**1,213.5**
Purchase of tangible fixed assets	(9.4)	**(10.1)**
Proceeds from sales of tangible fixed assets	7.6	**3.4**
Purchase of intangible fixed assets	(10.7)	**(5.2)**
Proceeds from sales of intangible fixed assets	—	**0.1**
Purchase of shares of affiliates accounted for using the equity method	—	**(0.2)**
Other, net	(0.2)	**(0.2)**
Net cash provided by (used in) investing activities	(278.8)	**(1,390.9)**
Cash flows from financing activities		
Decrease in subordinated borrowings	(4.0)	**(5.2)**
Repayment of subordinated bonds	(100.0)	**(40.0)**
Proceeds from issuance of stock	—	**0.1**
Dividends paid	(48.5)	**(48.3)**
Dividends paid to non-controlling interests of consolidated subsidiaries	(4.5)	**(1.8)**
Purchase of treasury stock	(10.0)	**(1.4)**
Proceeds from sales of treasury stock	1.0	**1.0**
Purchases of subsidiaries' shares that do not result in change in scope of consolidation	(1.6)	**(18.8)**
Net cash provided by (used in) financing activities	(167.7)	**(114.3)**
Effect of exchange rate changes on cash and cash equivalents	(0.0)	**0.0**
Net increase (decrease) in cash and cash equivalents	527.9	**9,889.4**
Cash and cash equivalents at the beginning of the fiscal year	14,707.4	**15,235.4**
Cash and cash equivalents at the end of the fiscal year	15,235.4	**25,124.8**

Corporate Data

Corporate Profile (As of March 31, 2021)

Company Name	Resona Holdings, Inc.
President	Masahiro Minami
Head Office	(Tokyo Head Office) 5-65, Kiba 1-chome, Koto-ku, Tokyo 135-8582, Japan (Osaka Head Office) 2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8608, Japan
Establishment	December 2001
Number of Employees	20,308 (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/


Tokyo Head Office


Osaka Head Office

Credit Ratings (As of June 30, 2021)

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

Stock Information (As of March 31, 2021)

Issued Stock 2,302,829,191

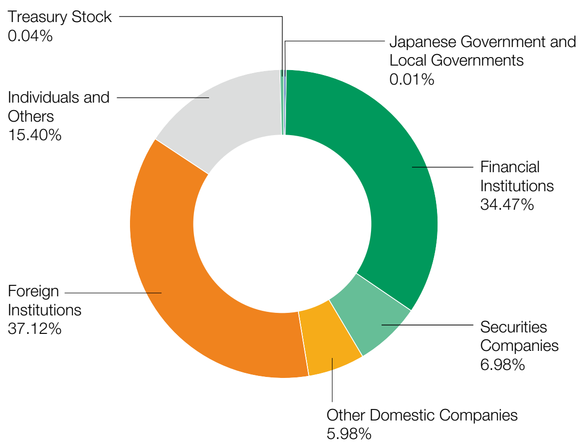
Number of Shareholders 278,877 (Common stock)

Major Shareholders (Top Ten) Common stock

Name of shareholder	Percentage of total shares issued (%)*
The Master Trust Bank of Japan (Trust Account)	7.04
Custody Bank of Japan, Ltd. (Trust Account)	5.21
The Dai-ichi Life Insurance Company, Limited	4.61
Nippon Life Insurance Company	2.84
Custody Bank of Japan, Ltd. (Trust Account 7)	2.14
AMUNDI GROUP	1.96
STATE STREET BANK AND TRUST COMPANY 505001	1.87
THE BANK OF NEW YORK MELLON 140044	1.66
JPMorgan Securities Japan Co., Ltd.	1.50
STATE STREET BANK WEST CLIENT-TREATY 505234	1.44

* Shareholding ratio calculated after deduction of treasury shares.

Composition of Stockholders



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

President: Shoichi Iwanaga
Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
Establishment: May 1918
Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)
Number of manned branches: 326
Number of employees: 8,633
Balance of deposits: ¥32,089.6 billion
Balance of loans and bills discounted: ¥21,171.0 billion (banking book)

Saitama Resona Bank
Assets: ¥19.0 trillion

President: Satoshi Fukuoka
Head Office: 4-1, Tokiwa 7-chome, Urawa-ku, Saitama, Japan
Establishment: August 2002
Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)
Number of manned branches: 128
Number of employees: 3,143
Balance of deposits: ¥15,632.6 billion
Balance of loans and bills discounted: ¥8,169.2 billion

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

President: Tetsuya Kan
Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
Establishment: November 2017
Shareholder (shareholding ratio): Resona Holdings, Inc. (100%) (as of April 1, 2021)
Number of employees: 6,042 (consolidated)
492 (non-consolidated)

Kansai Mirai Bank
Assets: ¥10.1 trillion

President: Tetsuya Kan
Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
Establishment: November 1950
Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%)
Number of manned branches: 267
Number of employees: 3,724
Balance of deposits: ¥7,412.3 billion
Balance of loans and bills discounted: ¥6,678.4 billion

MINATO BANK
Assets: ¥4.5 trillion

President: Toshikazu Takeichi (as of April 1, 2021)
Head Office: 1-1, Sannomiya-cho 2-chome, Chuo-ku, Kobe, Japan
Establishment: September 1949
Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%)
Number of manned branches: 105
Number of employees: 1,734
Balance of deposits: ¥3,695.1 billion
Balance of loans and bills discounted: ¥2,907.4 billion

Resona Group

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