



Realizing “Retail No. 1”

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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

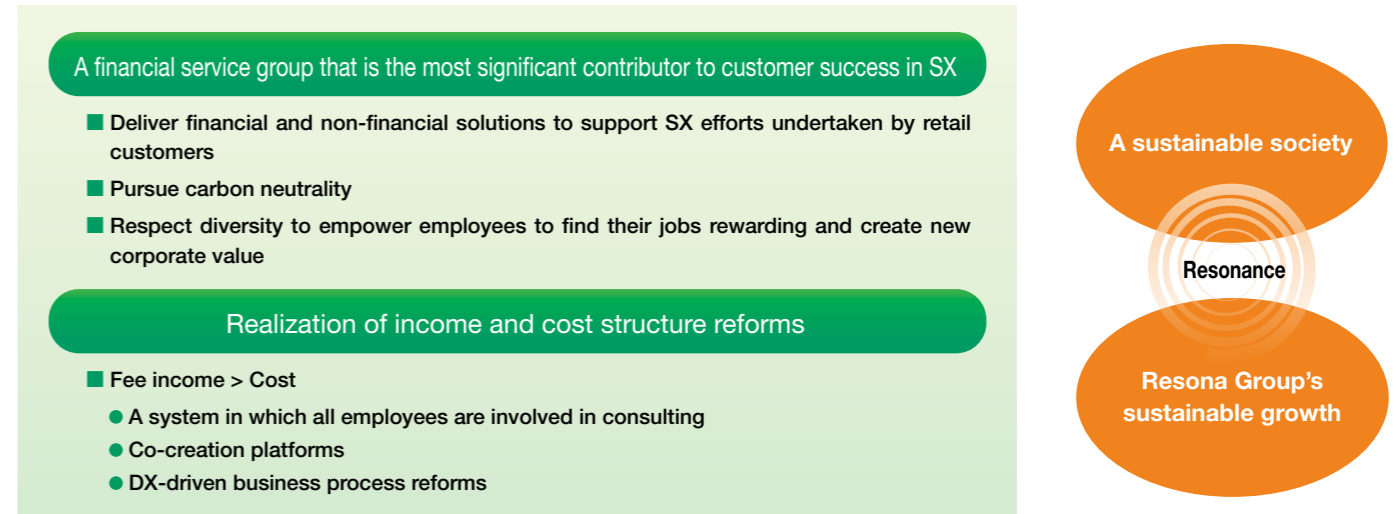
in which all employees are involved in consulting services. Furthermore, we will implement (iii) network reforms based on the integration of face-to-face and digital channels along with promoting (iv) system reforms aimed at realizing next-generation banking services as well as (v) the development of 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.



Vision to be achieved in the period from 2030 to 2050



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.

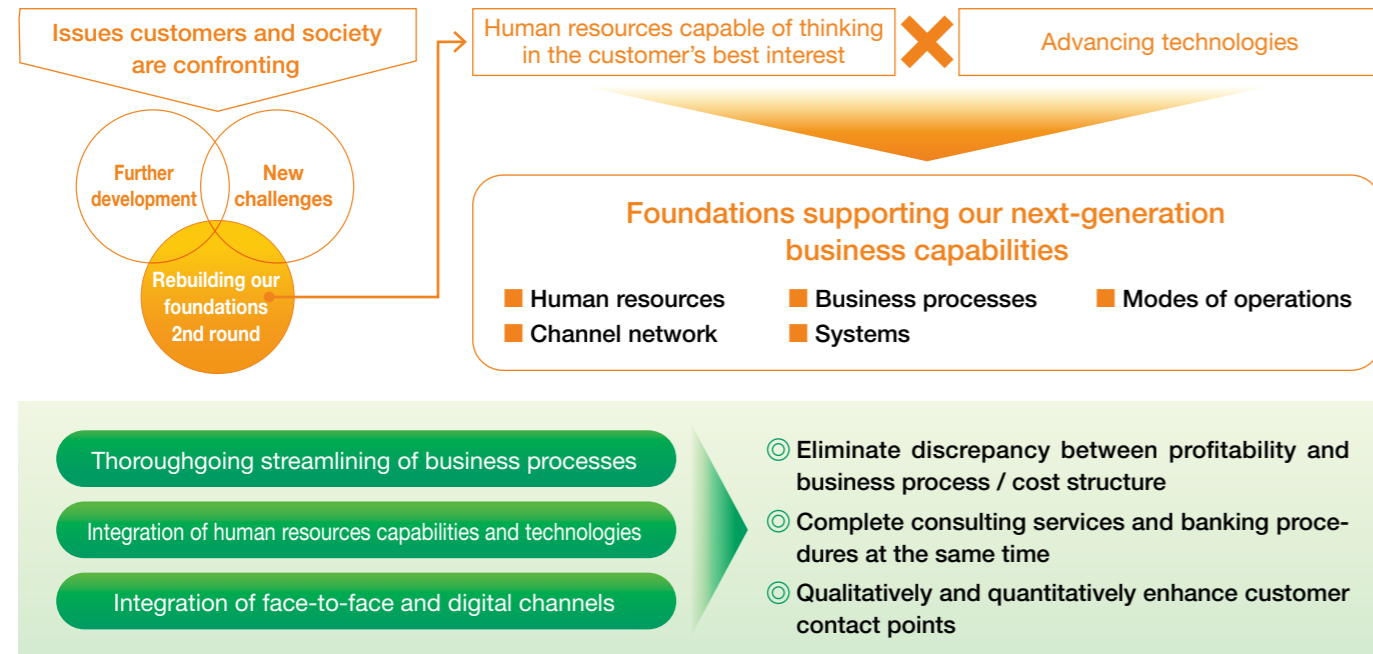
Also, we consider our human resources to be the most important factor affecting the outcome of these reform initiatives. It is human resources that accomplish DX, and they are also at the receiving end of the benefits arising from it. Guided by a belief that innovation derives from the diversity of our 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.



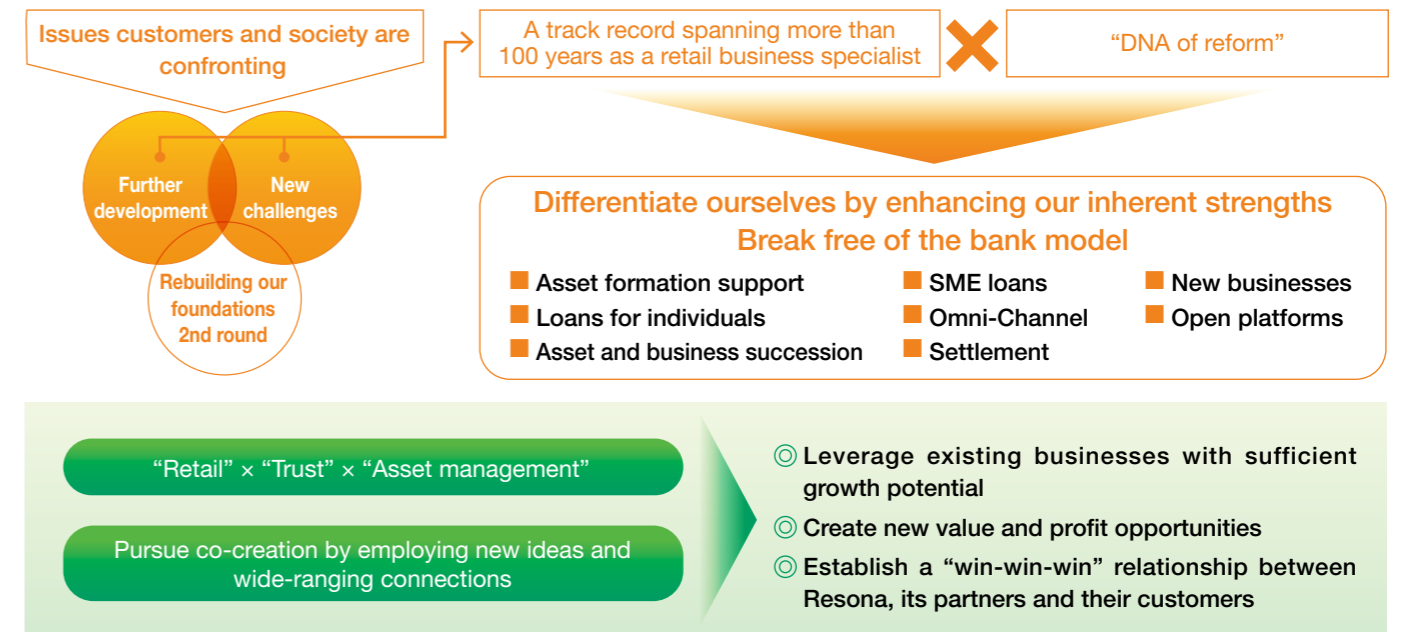
Further development × new challenges

“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 synergistic 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.

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.

