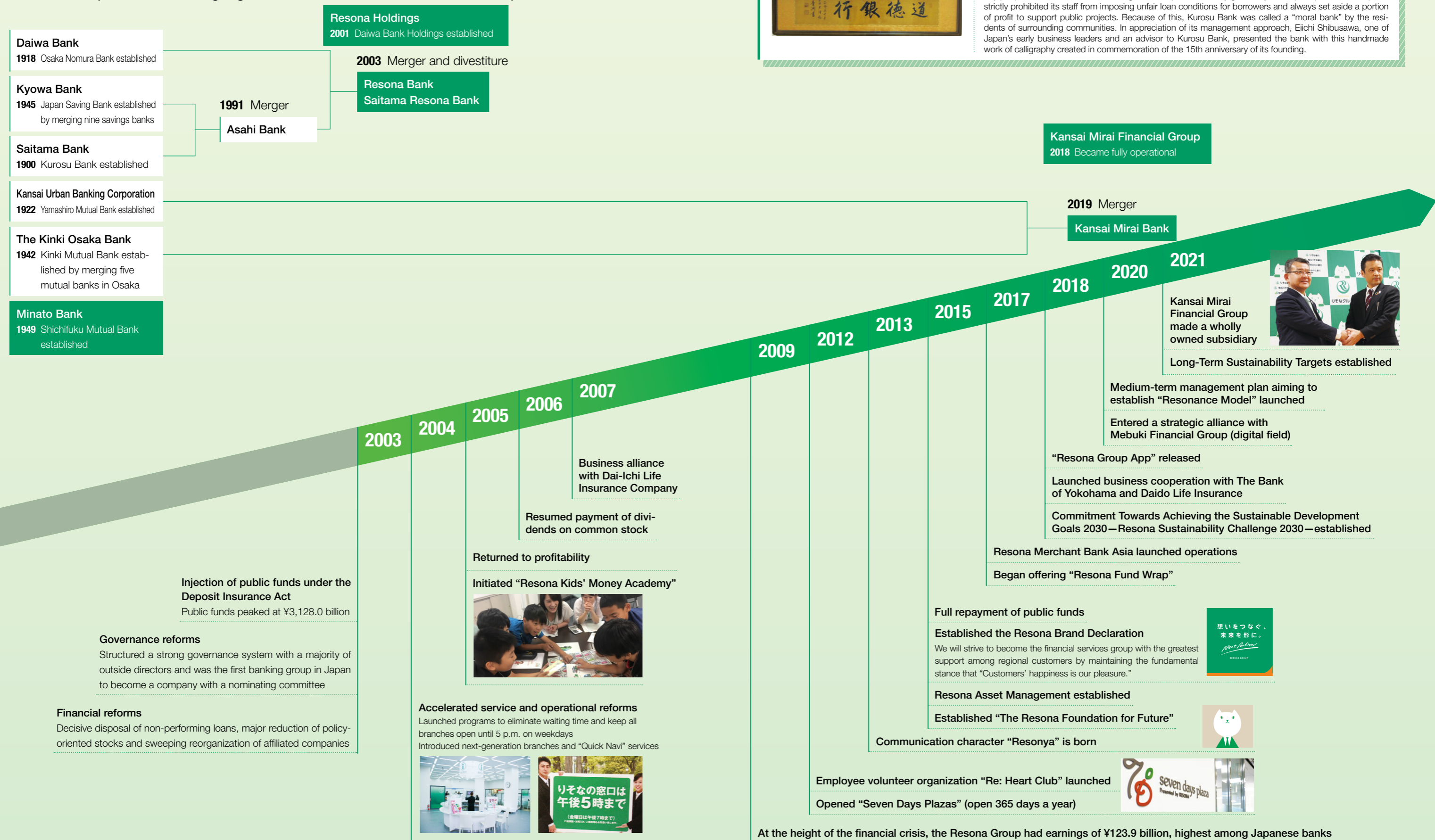


Enhancing Resona's Strength

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 everyday 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.

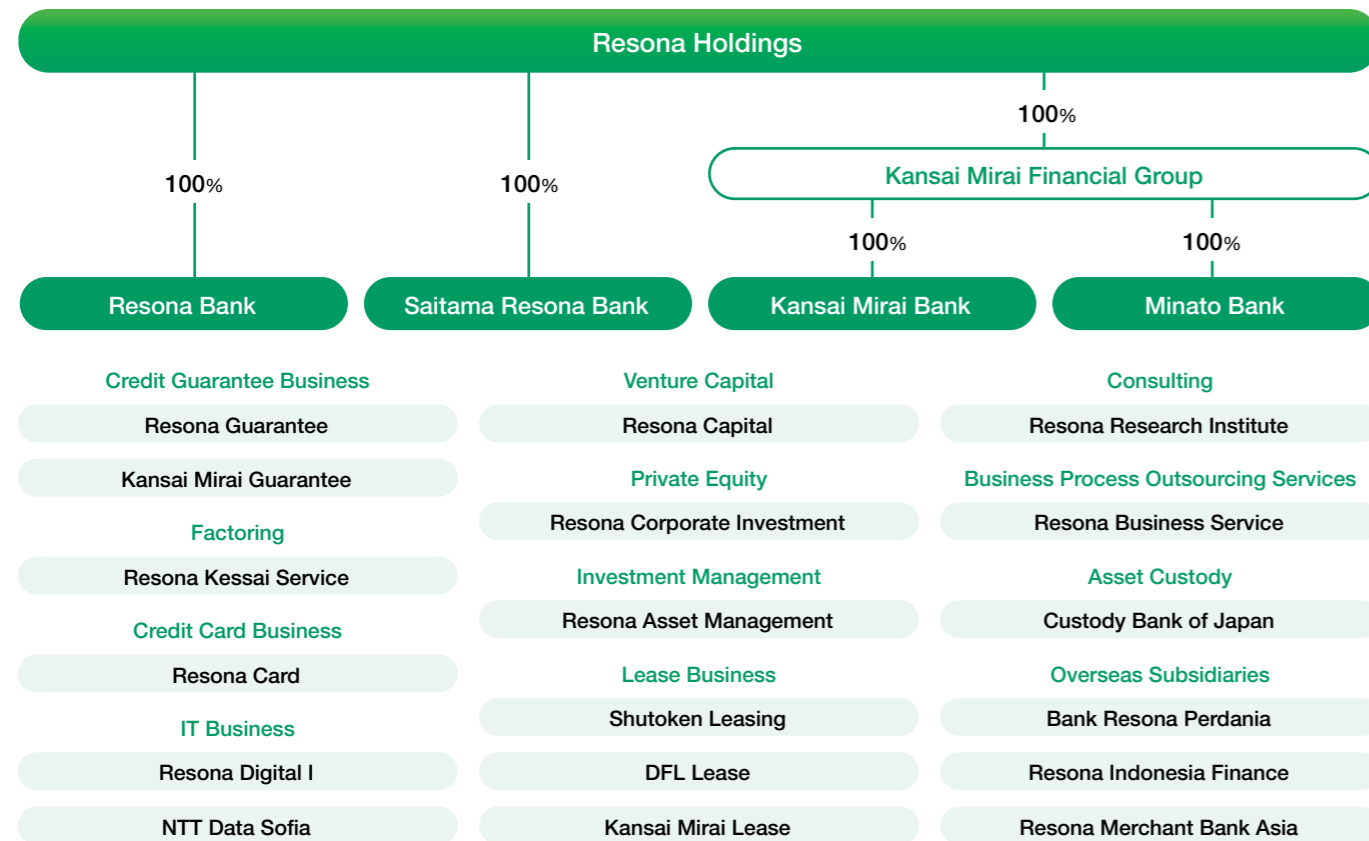


Resona Group at a Glance

Resona Group at a Glance

As of April 1, 2021

Group Structure



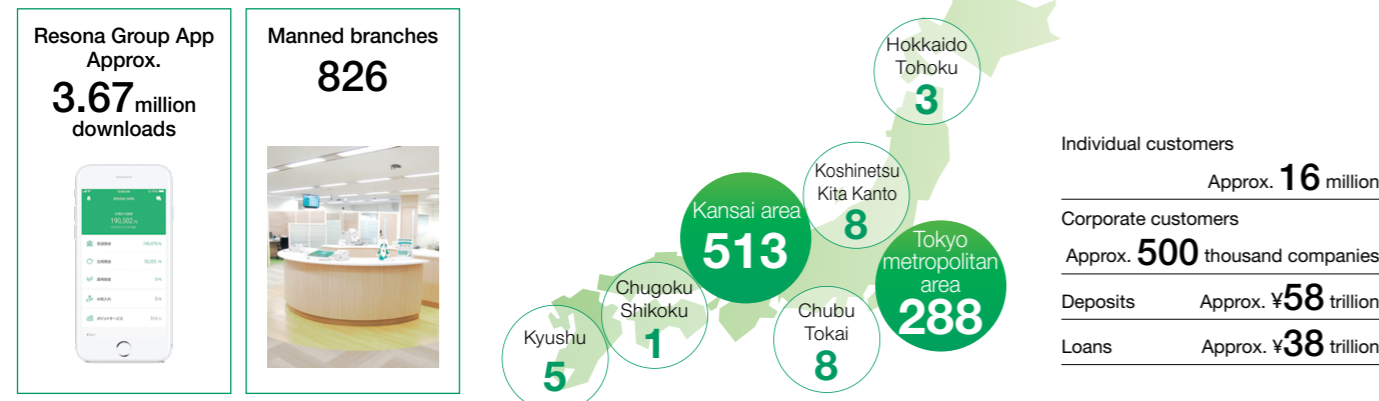
Note: Entities named above represent main Group companies.

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



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

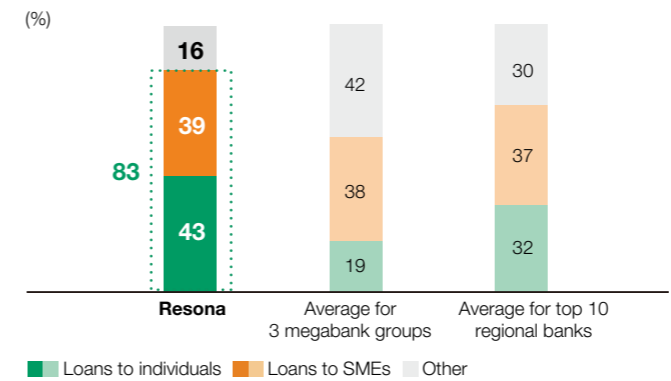
Resona Indonesia Finance (Indonesia)

Resona's Position

Loan Portfolio¹

As of March 31, 2021

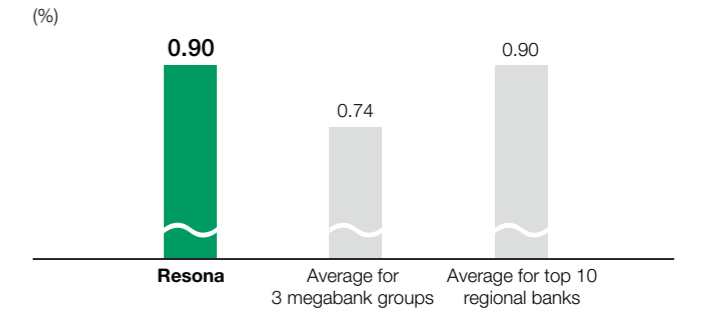
The Resona Group focuses on retail loans. Loans to individuals and SMEs account for about 83% of its loan portfolio.



Interest Margin Comparison¹

(FY2020)

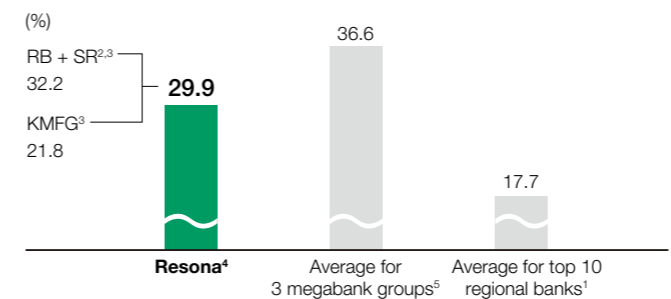
With few generally low-yield loans to large corporations, the Resona Group is able to garner relatively higher yields and appropriately control credit risk by dispersing loans with a portfolio of small loans.



Consolidated Fee Income Ratio Comparison¹

(FY2020)

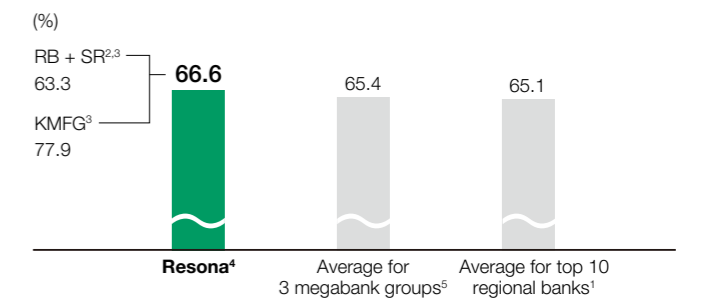
As KMFG boasts substantial growth potential in terms of fee income, we will proactively market Resona's products and services targeting KMFG customers.



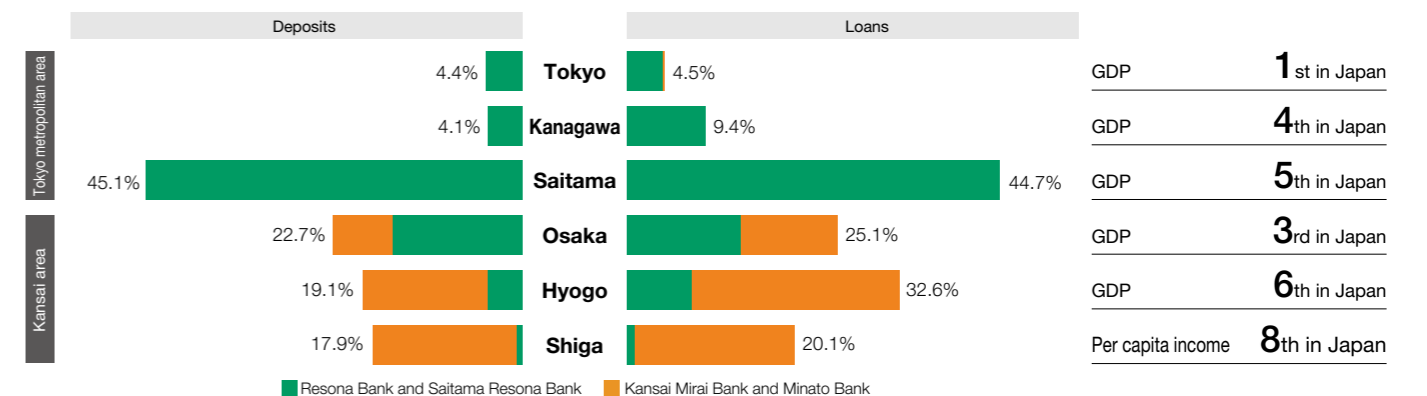
Consolidated Cost-to-Income Ratio Comparison⁶

(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 Share⁷



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, Meibuki FG, Concordia FG, Chiba Bank, Hokuohoku 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

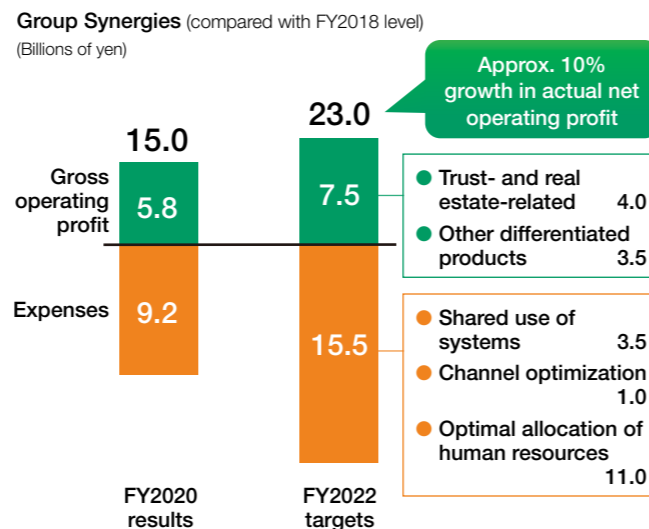
On April 1, 2021, the Resona Group made KMFG a wholly owned subsidiary. With this move as a springboard, we have reinforced our commitment to serving our home market in the Kansai area, which boasts robust potential for economic growth well into the future, while rallying Groupwide strengths to support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



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



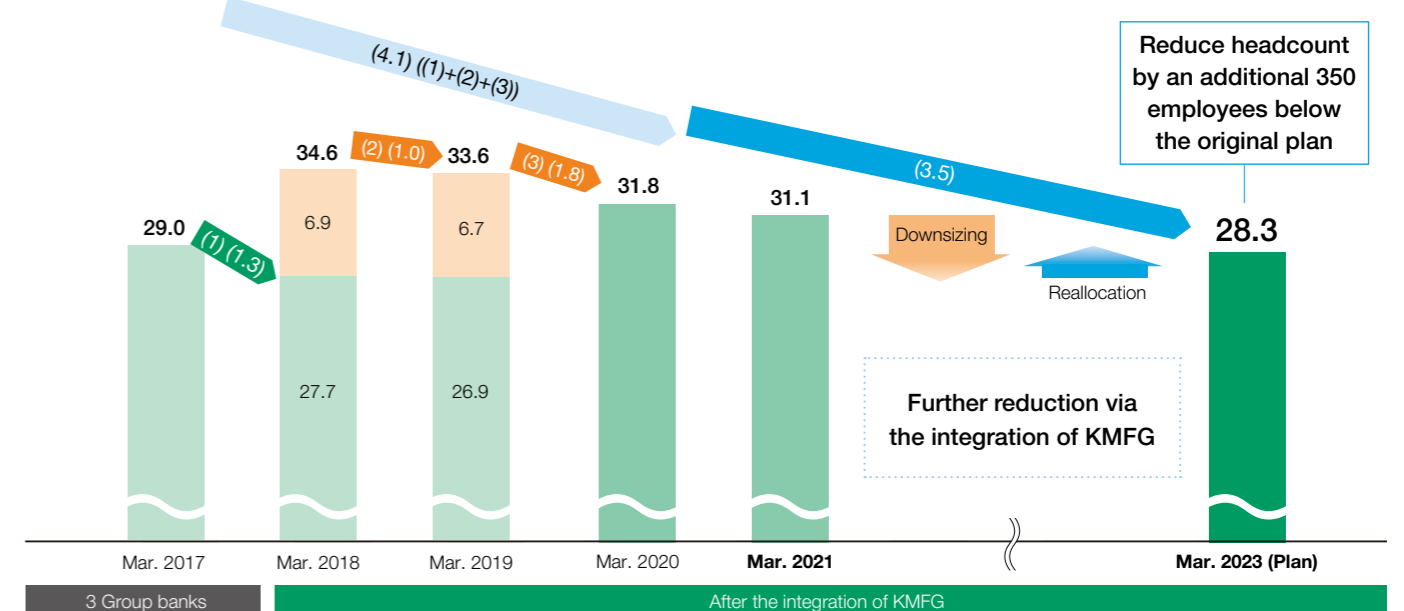
A Business Plaza reception room

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)



Former Kansai Urban Banking Corporation and Minato Bank
Resona Bank, Saitama Resona Bank and former Kinki Osaka Bank

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 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 managers¹

- 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

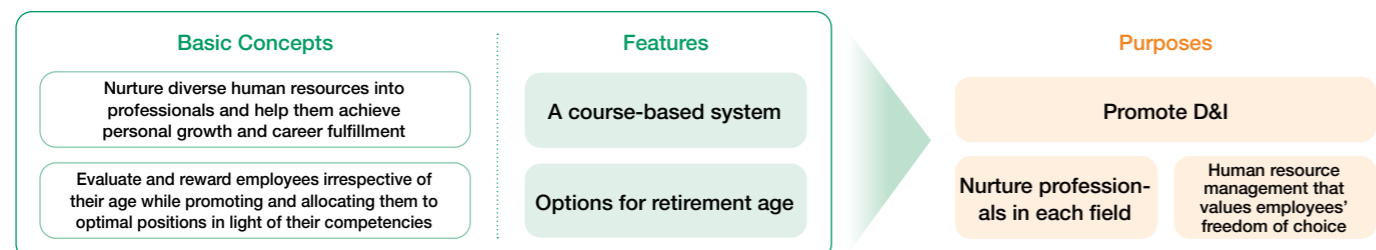
In anticipation of a major shift in the bank business model, we implemented a revision to our personnel system³ in April 2021 aimed at helping each employee grow into a true professional. The revised personnel system is a multi-path structure that offers a total of 19 career courses encompassing various 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.



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

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

Kazuyo Shinya
Executive Officer,
Resona Holdings



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

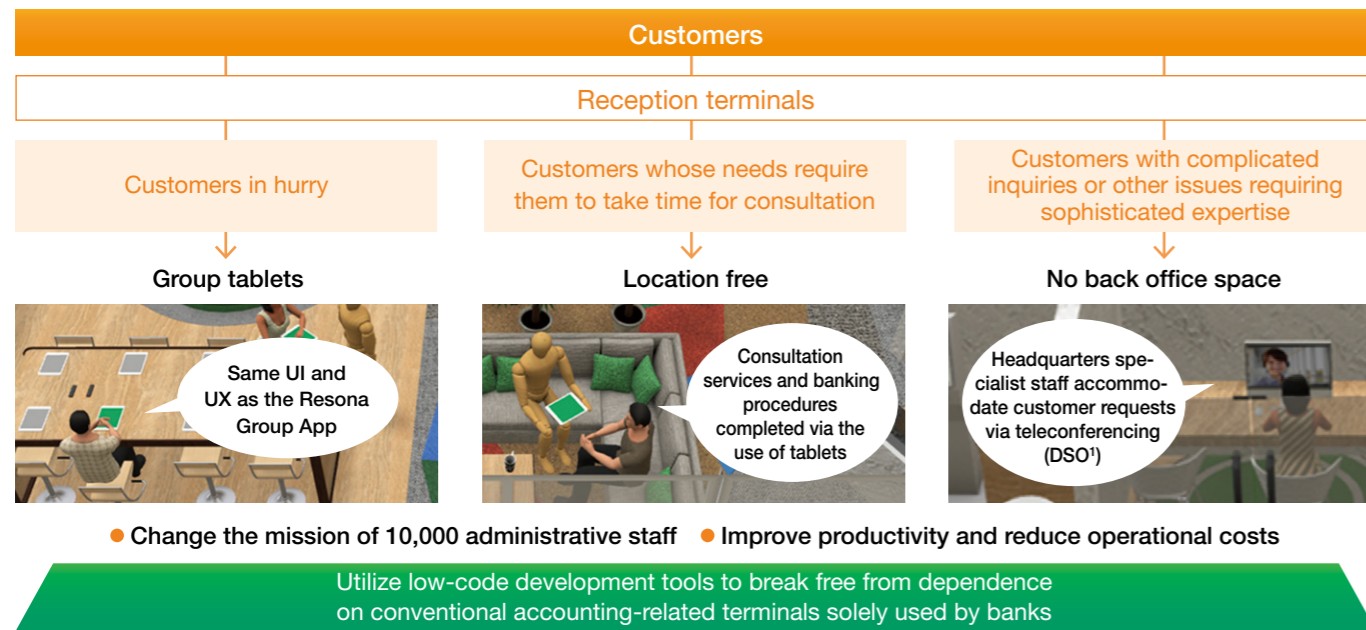
Introduction of a New Branch System

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 programming tool that enables swift software development without deep coding) in the course of developing this branch system. Thanks to this approach, we were able to halve the development period and cut back on development costs.

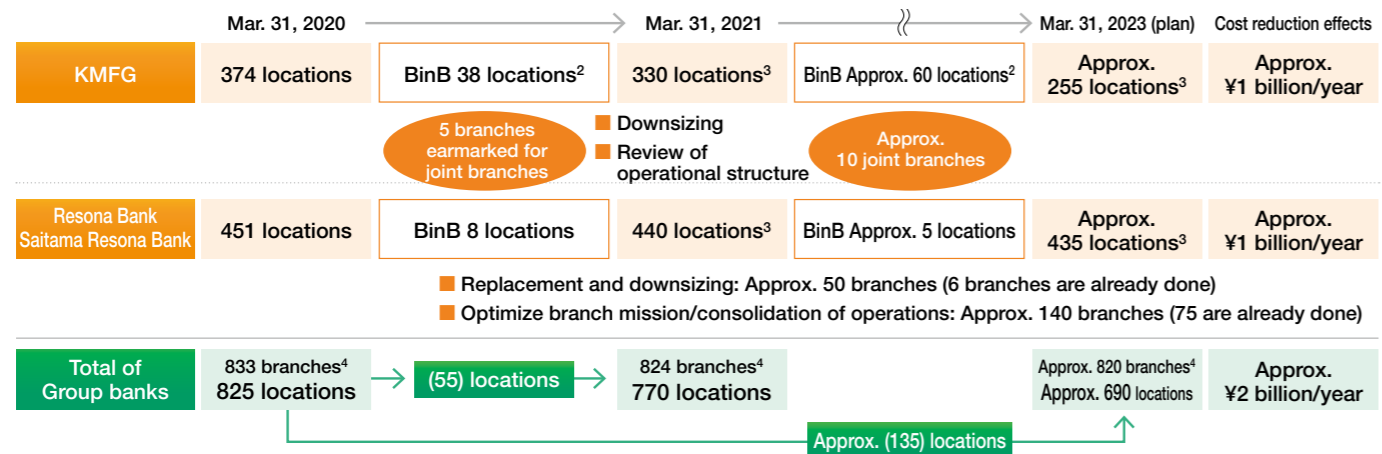


Promotion of Channel Reforms

Having made Kansai 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.

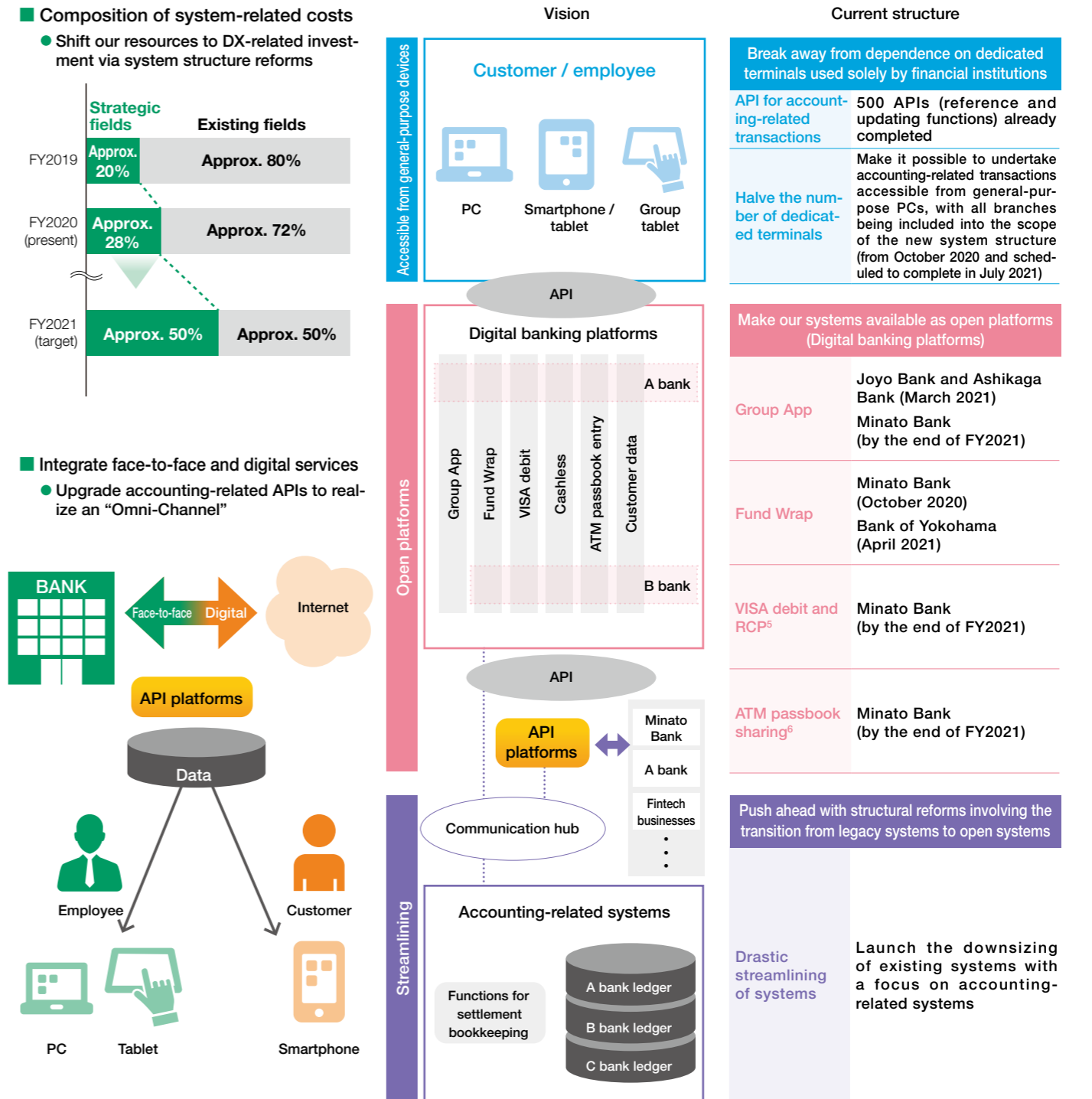
Number of Manned Branches and Other Business Bases



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.



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

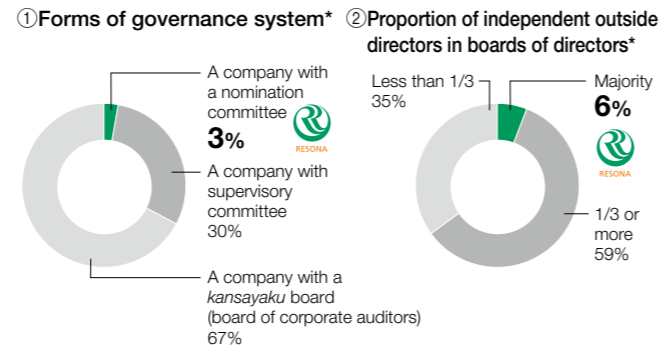
on the first section of the Tokyo Stock Exchange (TSE), those equipped with similarly composed boards of directors account for less than 10%.

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



*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.

Overview of Upgrading of Resona Holdings' Corporate Governance Structure

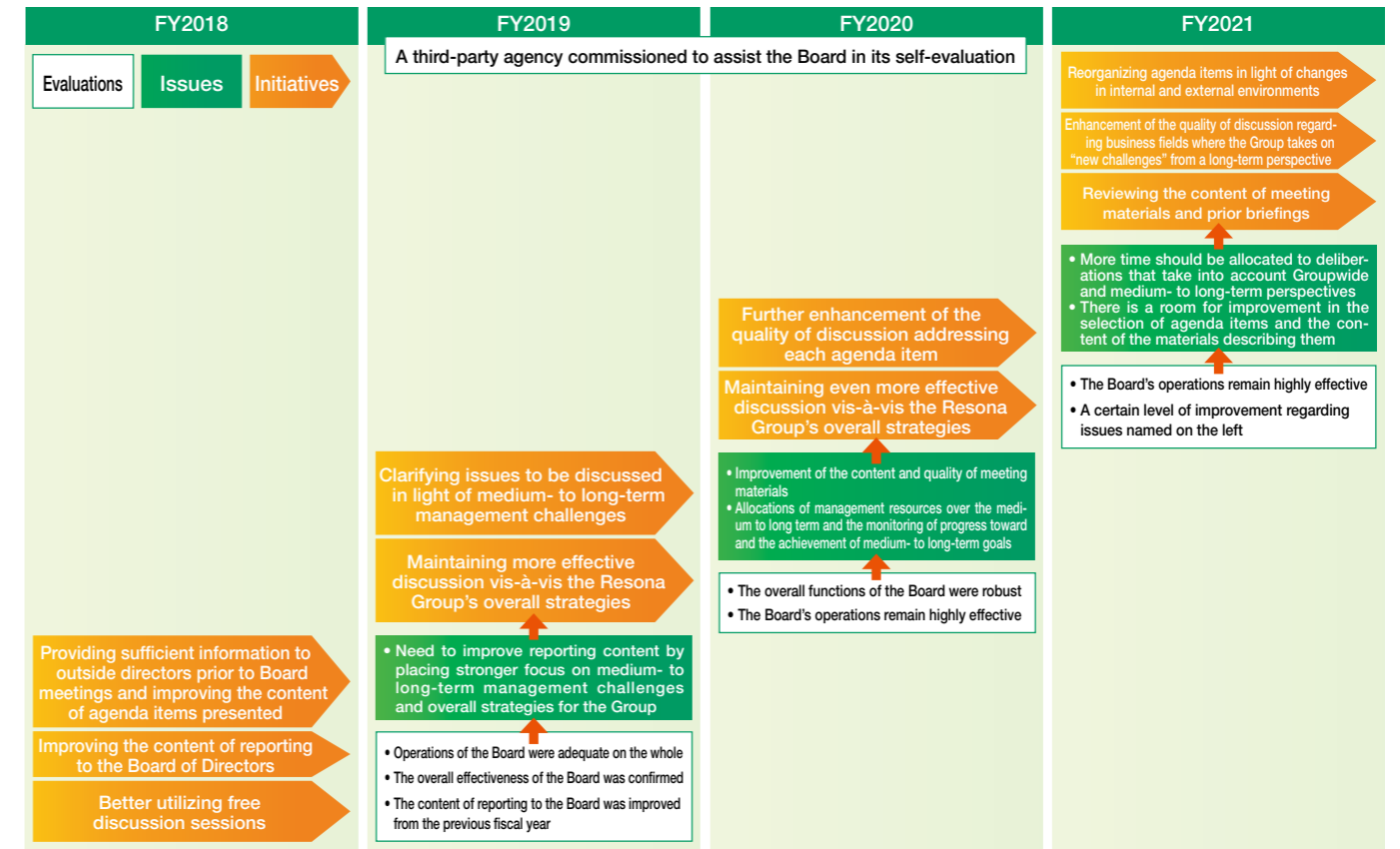
	2003 - 2010	2011 - 2020	2021
Form of governance structure	2003 Transitioned to a company with a nominating committee (First in the domestic banking industry)	2015 The establishment of Japan's Corporate Governance Code	
Board of Directors	2003 Independent outside directors formed majority in the Board 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	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	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	
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

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 entirety of items included in the questionnaire and otherwise strove to upgrade its self-evaluation framework, commissioning a third-party agency to support these endeavors. The fiscal 2020 self-evaluation involved director 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.



Messages from Outside Directors

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

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.



Hidehiko Sato
Member of
Nominating Committee
Member of
Audit Committee

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

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



Kimie Iwata
Member of
Nominating Committee
Member of
Compensation Committee

Resona Holdings, I strive as an outside director to build mutual trust with executives while taking great care not to get too comfortable and cozy. Maintaining this balance, I bring my value systems, experience and knowledge to bear to contribute my unrestrained opinions and 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 espe-

cially 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 indi-

viduals. 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.