

Business for SMEs

Steadily Expanded our Loan Balance by Addressing Issues Customers are Facing in addition to Taking Advantage of Tailwinds Arising from Changes in the Environment



We have seen the emergence of diverse funding demand due to changes in the macro environment, including megatrends associated with SX and DX, the depreciation of the yen and surges in resource prices, while the Bank of Japan pushes ahead with the normalization of its monetary policy. Against this backdrop, our lending business has never been more important than it is now in terms of addressing issues customers are confronting and securing sustainable growth for the Resona Group.

Given these circumstances, our loan balance is expected to expand due to the Group's unique features, which are described as follows.

First, the Group is equipped with a customer base centered on two major metropolitan areas. These areas boast the nation's largest concentrations of population, economic might and industry, and funding demand among local customers is only expected to grow.

Second, we are a commercial bank equipped with full-line trust banking functions and, therefore, are capable of addressing the issues our customers confront on a one-stop basis.

Third, our customer-relations capabilities backed by deep roots in local communities enable each Group bank to offer diverse solutions aligned with the characteristics of the regions and customers they serve.

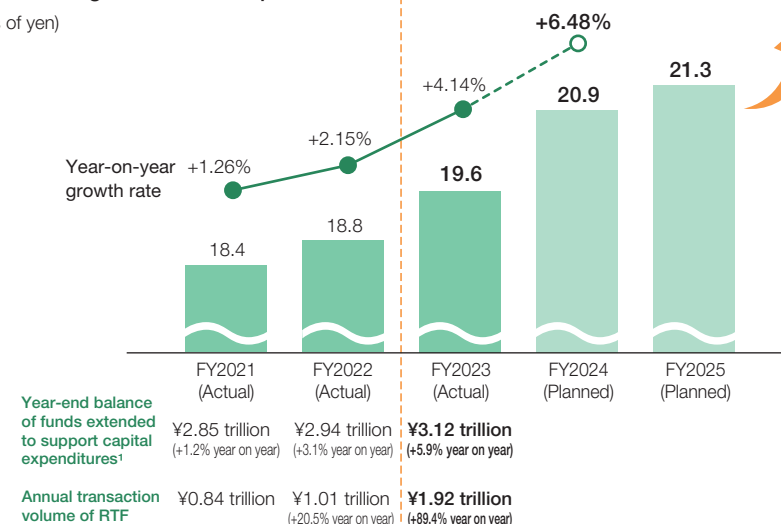
In FY2023, the average balance of corporate loans grew 4.14% year on year to ¥19.6 trillion. In addition, the year-end balance of funds extended to support capital expenditure increased 5.9%. Moreover, the annual volume of funds extended in retail transition financing (RTF) (p. 42) almost doubled.

Over the three-year period from FY2021 to FY2023, the year-on-year growth rate for the average balance of corporate loans amounted to 1.26%, 2.15% and 4.14%, for each year respectively, expanding at a remarkable pace. Striving to further accelerate this pace, in FY2024 we plan to secure a year-on-year increase of 6.48% and thus raise this balance to ¥20.9 trillion. This will be quite close to the ¥21.3 trillion target set for the final year of the MMP.

We will thus achieve "MMP targets and more" even in a phase of capital utilization by raising the balance of loans based on engagement in customer dialogue and the provision of diverse solutions.



Trends in average balance of corporate loans
(Trillions of yen)



Almost reach our MMP target at the end of FY2024
Aim to achieve "MMP targets and more" in terms of the loan balance

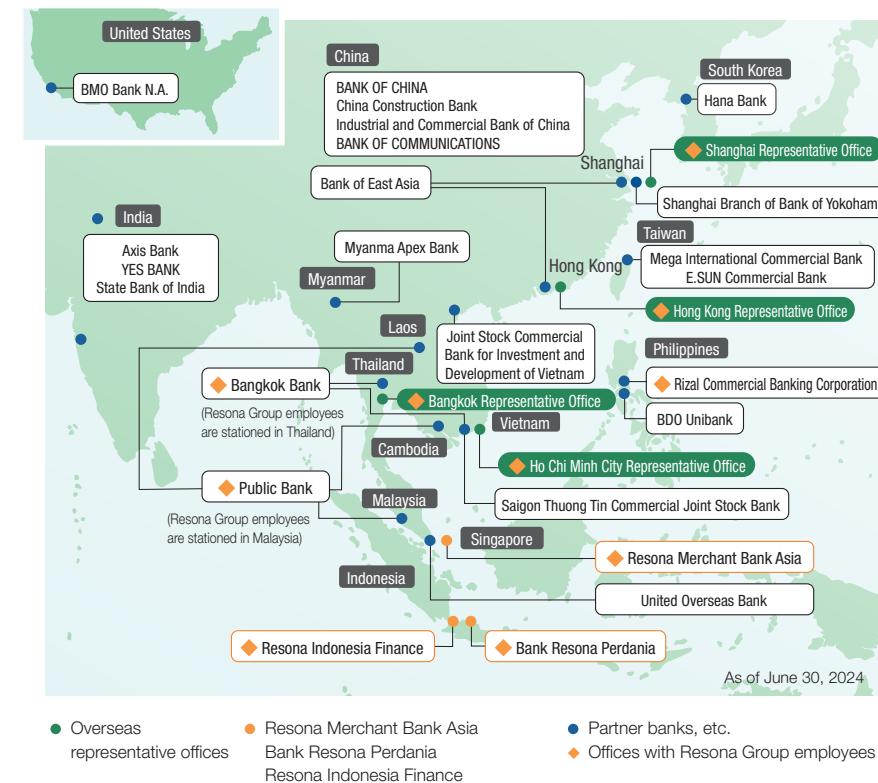
Utilize capital in organic growth fields

Impact of customer dialogue / Early assessment of needs (e.g., preferences regarding interest rates)

¹ Total of Group banks

International Business

Help Customers Align with Changes in the Business Environment via the Use of Our Overseas Network



The Resona Group maintains 10 overseas bases in which its expatriates are stationed. With this network focused on the entire Asian region as well as the United States, we accommodate a broad range of customer needs for global expansion assistance, fundraising and other undertakings.

In Indonesia, Bank Resona Perdania, which boasts a business track record spanning more than 65 years, offers full-line banking services, while the Singapore-based Resona Merchant Bank Asia strives to meet needs for fundraising, M&A and other solutions among customers in ASEAN nations, Hong Kong and India.

We also extend support to customers through representative offices and overseas partner banks, and our plans call for opening new representative offices in Hanoi and Los Angeles by the end of 2024.

Going forward, we will upgrade our structure for supporting customers by upgrading our overseas network and enhancing our capabilities to deliver international business solutions.

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, aligning their services 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 are capable of delivering a diverse range of solutions, including those supporting business and asset succession as well as human resource referrals and DX assistance, to enable customers in the maturity and transition phases to move forward toward a next stage. To this end, we start by closely understanding the owner's vision for the business and thoughts about succession. We then identify optimal solutions and countermeasures.

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.

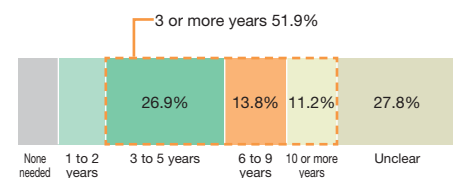
We also operate Business Plazas in five locations (Tokyo, Saitama, Shiga, Osaka and Kobe). Collectively, these provide Group entities

with a universal platform that enables them to offer business matching-related consultation. In addition to business matching services between Resona Group customers, we offer a diverse range of matching services involving local governments, venture startups, and professional human resources to support customers' business growth.

Business and Asset Succession

One-stop solutions that leverage our unique strength as
a commercial bank equipped with full-line trust banking capabilities

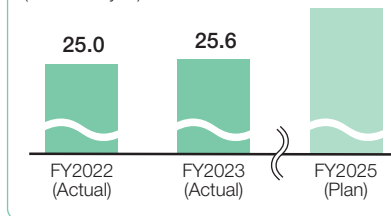
Amount of Time Needed to Complete the
Transition to Successors¹



Trend in the Appointment of
Business Successors by Source²

	2022	2023
Taken over by a family member	37.6%	33.1% ↓
Internal promotion	33.3%	35.5% ↑
M&A, etc.	18.6%	20.3% ↑
Appointed an external individual	7.1%	7.2%
Ongoing management by the founder	3.4%	3.9%

Succession-Related Income
(Billions of yen)



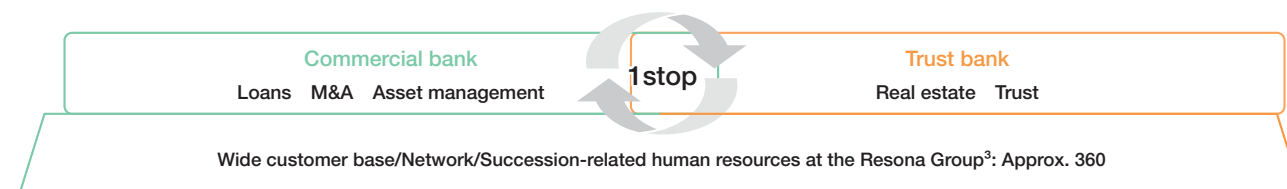
In the succession business, the Resona Group aims to leverage its unique strength and thereby contribute to the resolution of structural issues Japan is now confronting. For example, SMEs are an essential component of Japan's economy and society as they account for approximately 99% of domestic corporations, with their employees constituting approximately 70% of the total Japanese workforce. For Japan to achieve further development despite problems arising from its aging society and lower birthrate, the smooth succession of businesses run and assets held by SMEs and their owners is of critical importance.

In the aftermath of the COVID-19 pandemic, needs for succession-related solutions have diversified more than ever due mainly to the growing ratio of external individuals appointed as successors, a change in the conventional trend toward maintaining family-based ownership.

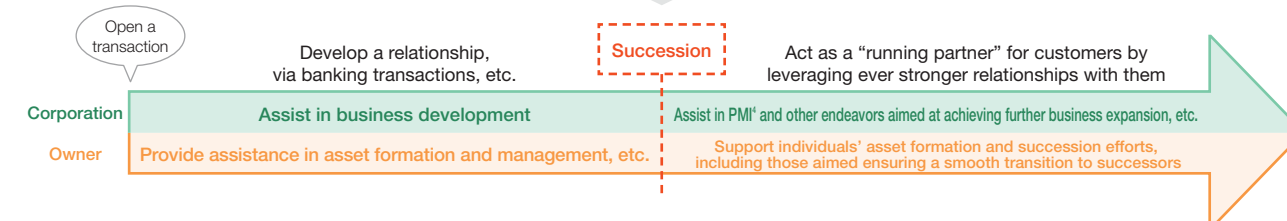
The Resona Group is capable of accommodating needs for diverse solutions backed by its unique strength as a commercial bank equipped with full-line trust banking functions. Although a healthy succession sometimes requires a long period of time, we can act as a "running partner" for corporate and individual customers as our position as a commercial bank gives us the ability to maintain long-term transactions and serve their best interests by bringing together our functions related to lending, settlement, business matching,

asset formation support and real estate sales and purchases.

Succession-related income is defined as income from succession trusts, such as will trusts, as well as related M&A and the real estate business. In FY2023, income from succession trusts, M&A and the real estate business amounted to ¥6.5 billion (up ¥0.5 billion year on year), ¥4.0 billion (up ¥0.4 billion year on year) and ¥15.0 billion (down ¥0.4 billion year on year), respectively, bringing our total succession-related income to ¥25.6 billion (up ¥0.5 billion year on year). We have thus seen steady growth in income, with income from M&A hitting a record high. In this area, we are currently striving to allocate management resources to reinforce our capabilities to help resolve issues our customers and Japanese society as a whole are confronting. Having set a target of achieving ¥33.0 billion in annual succession-related income in the final year of the MMP, we are rallying all the Group's strengths to realize this target.



Boast particular strength in providing medium- to long-term assistance that transcends
the conventional scope of succession and acting as customers' "running partner"



¹ The third edition of *Business Succession Guidelines* issued by the Small and Medium Enterprise Agency

² Nationwide Trend Survey of the Ratio of Corporations Lacking Successors by TEIKOKU DATABANK (2023)

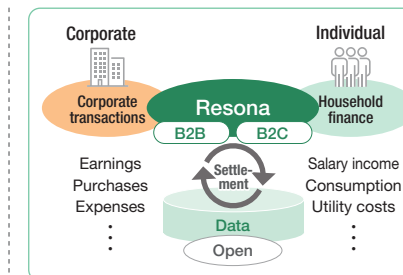
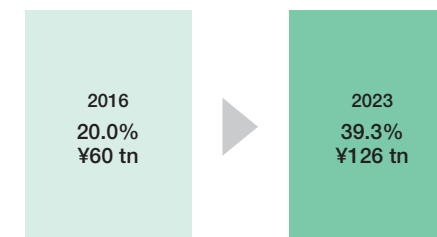
³ Resona Bank, Saitama Resona Bank, Kansai Mirai Bank, Minato Bank, Resona Research Institute, Resona Corporate Investment

⁴ Post-Merger Integration

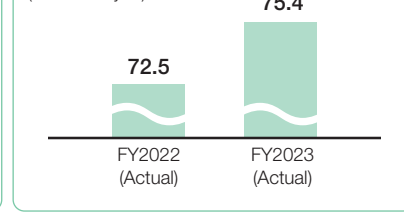
Cashless and DX Solutions

Offering Convenience for Household Finances and Corporate Transactions

Cashless Ratio / Market-Size*



Settlement-Related Income
(Billions of yen)



Currently accounting for around 40% of total transactions, the domestic cashless market has expanded rapidly in the wake of the COVID-19 pandemic and continues to grow. At the same time, our corporate customers are facing a variety of emerging issues related to settlement, such as the need to digitize their operations on the back of pressing labor shortages as well as to maintain compliance with the revised Electronic Book Storage Act.

The Resona Group offers a diverse range of solutions to meet needs for cashless and digitized payment to support day-to-day household finance and corporate transactions, with the aim of delivering new value to customers.

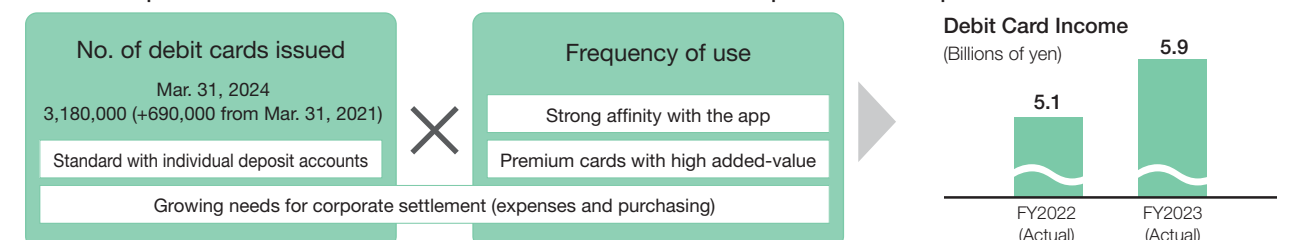
Our debit cards help corporate and individual customers go cashless. As of March 31, 2024, the number of debit cards issued totaled 3,180,000, an increase of 690,000 (28.0%) over the course of the last three years. These cards are issued as standard with individual deposit accounts while boasting strong affinity with the banking app, which has become the most frequently used transaction

channel. Because of these and other factors, debit cards are being used by a growing number of customers in their day-to-day transactions. Similarly, an increasing number of corporate customers now opt to use debit cards in the course of expense settlement and purchasing.

To expand the scope of solutions we can offer, we are also engaged in co-creation involving external partners. In April 2024, we released "Resona PayResort+," a non-face-to-face settlement service for corporate customers. This is the first service created through the enhanced capital and business alliance with Digital Garage, Inc. (DG). Employing cutting-edge technologies and know-how afforded by DG, this one-stop service enables our customers to utilize diverse settlement methods.

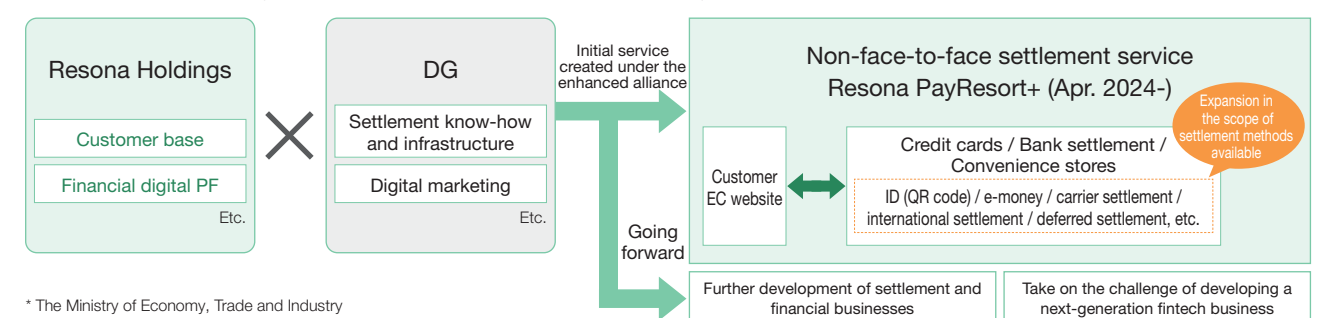
In the field of settlement, we will continue to address issues our corporate and individual customers are facing even as we strive to raise settlement-related income.

Assist corporate and individual customers in their transition to cashless operations via the provision of debit cards



Accommodate evolving needs for even more diverse settlement methods via external collaboration

● Co-creation with DG (launched in Dec. 2023 under enhanced alliance)



* The Ministry of Economy, Trade and Industry

Asset Formation Support

Providing Retail Customers with Access to Professional Asset Management Know-How We Have Accumulated through 60 Years of Corporate Pension Fund Management

The Resona Group feels that it is being called to assist as many people as possible in their efforts to build assets and secure economic preparedness in an era where people are living to 100 years of age. Doing so is essential to helping customers and regional societies enjoy a brighter future. Accordingly, we have positioned asset formation support and corporate pension businesses as our fields of focus as part of management strategies.

Furthermore, we aim to contribute to the development of the entire investment chain. To this end, we are rallying the functions of Group companies, including Resona Asset Management and each Group bank, to provide customers with optimal asset building solutions backed by the Group's strength as a retail commercial bank equipped with full-line trust banking capabilities. In addition, Resona Bank has taken on the task of assisting corporate customers in the management of their pension plans.

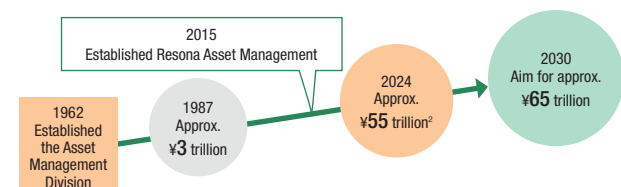
Specifically, Resona Asset Management provides retail customers with access to the asset management know-how nurtured through more than 60 years of corporate pension asset management, with the aim of extending optimal asset formation assistance to each customer. With the recent trend in favor of a transition "from savings to investment" as a tailwind, we plan to increase the balance of AUM from the current ¥55 trillion to around ¥65 trillion in 2030.

Meanwhile, each Group bank offers long-term, stable and

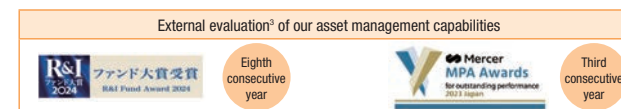
dispersed asset management services to customers. These services include "Resona Fund Wrap," which strongly appeals to bank customers as it offers stable asset management, lower necessary costs, asset administration functions and other built-in features. We also offer "Tsumitate Box," a digital-driven service through which we act as a "running partner" for customers, helping them take the first step in asset management. Through these and other initiatives, we plan to increase the balance of investment trusts, the fund wrap, insurance and other products from ¥6.8 trillion as of March 31, 2024 to ¥7.5 trillion by March 31, 2026.

In the field of corporate pensions, we will leverage our strength as a retail commercial bank equipped with full-line trust banking capabilities in order to provide one-stop solutions for issues retail customers are now confronting based on meticulous consulting. We will also enhance our structure for extending comprehensive support to the business operators implementing corporate pension plans and the employees enrolled in them with an eye to raising the balance of corporate pension-related assets from ¥6.5 trillion as of March 31, 2024 to around ¥10 trillion by March 31, 2033.

To realize "Retail No. 1" in the asset management field, we will continue rallying the comprehensive capabilities offered by the full lineup of Resona Group members.

Balance of AUM¹

Human resource structure capable of focusing on asset management	Number of staff in asset management-related divisions (Mar. 31, 2024) 128 (approx. 65% of overall employees)
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R&I Fund Grand Prize https://www.r-i.co.jp/investment/fund_award/index.html (Japanese only)
Mercer MPA (Japan) Award <https://www.mercer.co.jp/newsroom/mpa-awards.html> (Japanese only)

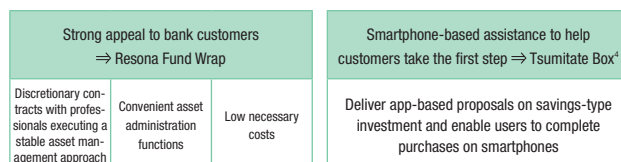


¹ Including AUM held by Resona's precursors: Daiwa Bank, Asahi Trust Bank, Daiwa Trust Bank and Resona Trust Bank

² Sum of the balance of assets managed under discretionary investment contracts or investment trusts for which we act as an asset manager as of Mar. 31, 2024

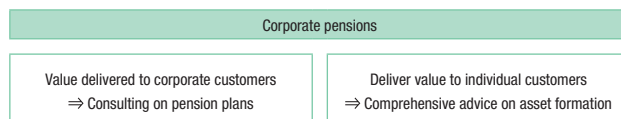
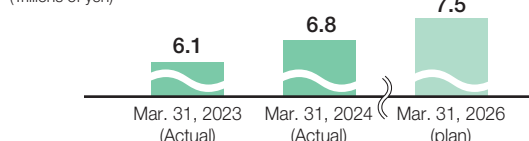
³ Including products delivered by Resona Bank for corporate pension customers

⁴ Available at Resona Bank, Saitama Resona Bank and Kansai Mirai Bank



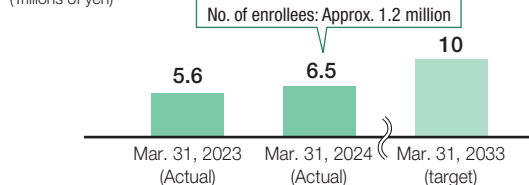
Balance of Investment Trusts, Fund wrap, Insurance, etc.

(Trillions of yen)



Balance of Corporate Pension-Related Assets

(Trillions of yen)



Housing Loans

High-Quality and Profitable Portfolio

The environment surrounding the loan business is undergoing a radical evolution due largely to the ongoing diversification of individual customer lifestyles as well as recent moves toward the normalization of Japan's monetary policy. The Resona Group has a tradition of strength in the housing loan business that it will continue to leverage as it maintains its focus on this field. Here, we explain our stance on this priority business.

① Progress in the development of a robust structure for providing products and services finely tuned to meet customer needs and maximize convenience

In July 2023, we established a structure enabling customers to remotely complete housing loan transactions. We have also promoted the development of such new products as loan products designed to support the purchase of eco-friendly housing, women-specific housing loans and group credit life insurance.

② Expansion in transactions based on individual customer life cycles starting with obtaining housing loans

Around 90% of housing loan customers install the Group App at the time of borrowing, enabling us to maintain bidirectional communications that, in turn, lead to a diverse range of transactions.

③ A loan portfolio boasting superiority in terms of credit costs

Our housing loans involve relatively low capital charges as we keep credit costs down.

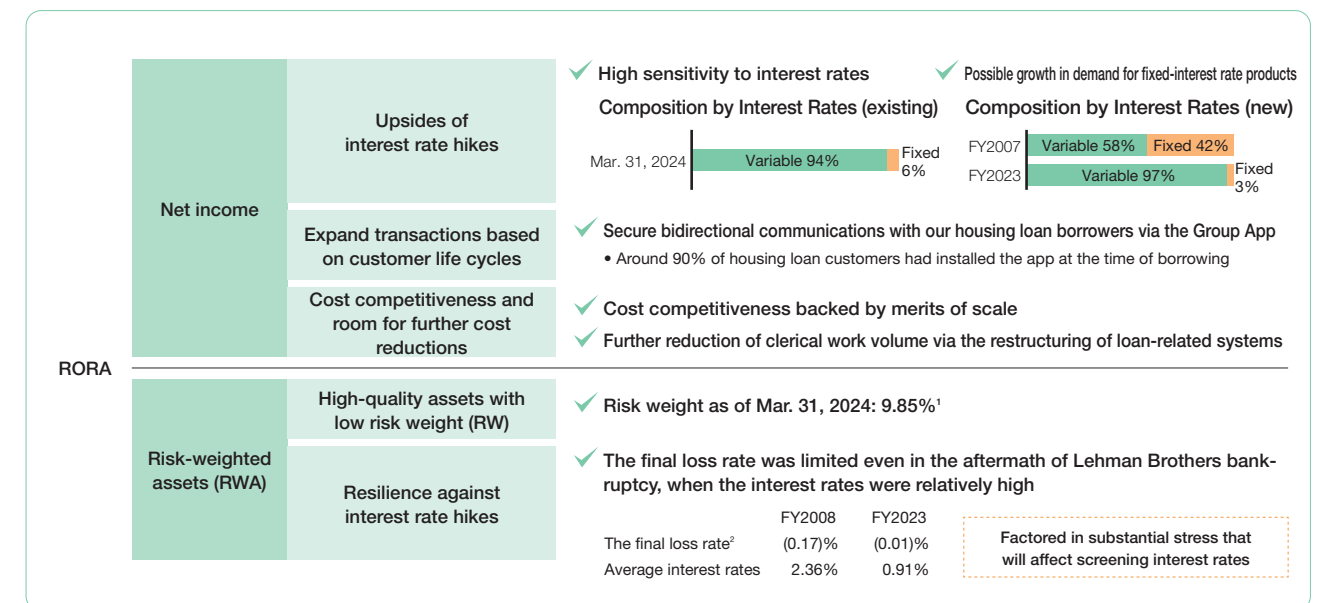
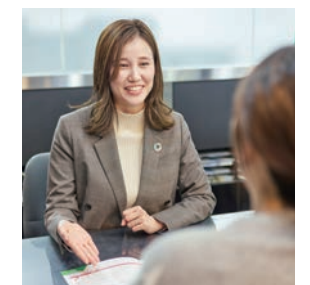
④ Cost competitiveness backed by merits of scale

With the restructuring of loan-related systems currently under way, we expect further reductions in the volume of relevant clerical work.

⑤ Expansion in profit upon the future hikes in interest rates

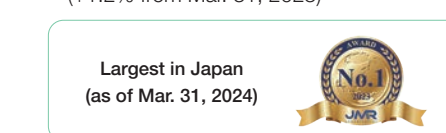
While floating interest rate products currently account for a large proportion, inflation could cause fixed interest rate products to become more sought after.

As of March 31, 2024, the Resona Group's balance of housing loans stood at ¥13.8 trillion, the largest in Japan. Looking ahead, we will strive to extend these loans to as many customers as possible, with our plans calling for increasing this balance to ¥14.7 trillion by March 31, 2026.



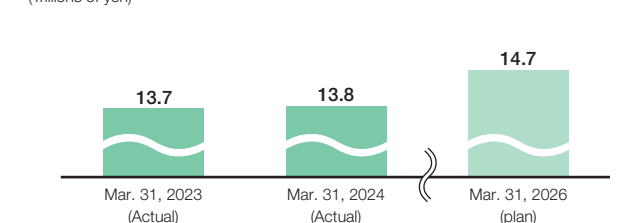
■ A frontrunner of housing loans

- Balance of housing loans as of Mar. 31, 2024: ¥13.8 trillion (+1.2% from Mar. 31, 2023)



Balance of Residential Housing Loans

(Trillions of yen)



¹ Resona Bank; as of Mar. 31, 2024; non-default

² Housing loans guarantee subsidiaries' subrogation ratio x (1-collection after subrogation); sum of residential housing loans and apartment loans

Financial Digital Platform

Co-Creation through Wide-Ranging External Collaboration That Transcends the Conventional Framework

Our aim in developing our financial digital platform (PF) is to enable regional financial institutions and partners from different sectors, as well as their customers, to enjoy win-win relationships through wide-ranging collaboration that transcends the conventional framework.

As part of these efforts, in February 2024, we entered into a strategic business alliance agreement with Juroku Financial Group, Inc. Due to the expansion of similar partnerships, regional financial institutions that handle Resona Group products and services now comprise six groups and seven banks, including partners planning to initiate the handling of these offerings. We have also made our banking app and fund wrap available at these regional financial institutions to benefit their customers. These two products have garnered solid reputations while enjoying steady growth in user numbers. Going forward, we will strive to further expand the number of PF participants and users by, for example, enhancing the menu of functions offered.

We have also made progress in initiatives to co-create new businesses with partners from different sectors. In the settlement field, we stepped up a capital and business alliance with Digital Garage in December 2023 with a shared policy of delivering settlement and financial solutions developed by the Resona Group and

this firm to the customers of both. In the data utilization field, we entered into an "individual agreement" in April 2024 with Shizuoka Bank and our capital and business alliance partner BrainPad based on a basic agreement regarding the commissioning of businesses. The new agreement aims to upgrade Shizuoka Bank's mode of data utilization.

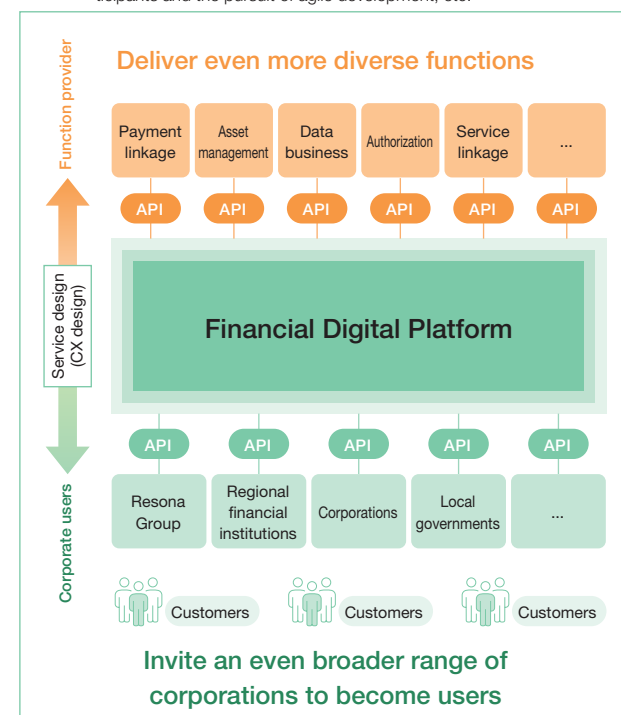
We will continue to engage in external collaboration to enhance the menu of PF functions and expand the volume of transactions.



Develop and expand an ecosystem in which all PF participants enjoy win-win relationships

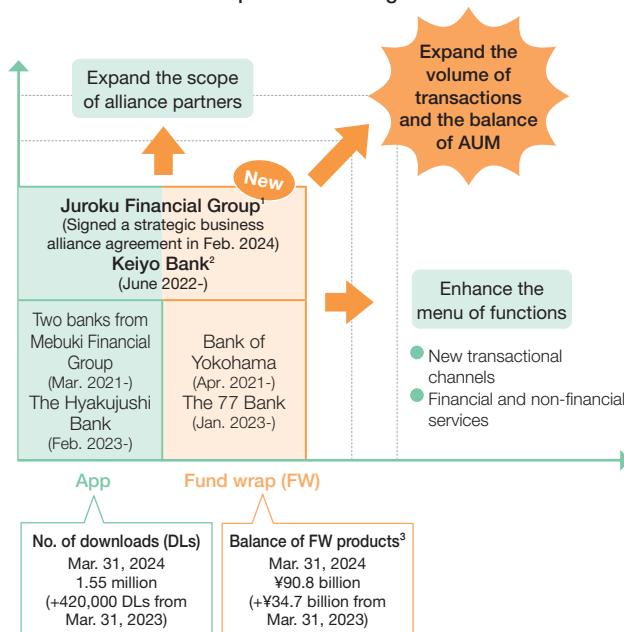
Engage in co-creation with leading companies in the field of banking systems

- Established FinBASE in tandem with IBM Japan and NTT DATA to act in collaboration with the above two partners in the exploration of new participants and the pursuit of agile development, etc.



1 Planning to handle the app and FW going forward
2 Planning to handle the app going forward
3 Including corporate customers

Roll out Resona Group solutions to regional financial institutions



Capital and business alliance to enhance functions

- Settlement: Digital Garage (strengthened alliance in Dec. 2023)
- Data analysis: BrainPad (Feb. 2022-)

In Apr. 2024 Resona Bank, Shizuoka Bank and BrainPad together entered into an "individual agreement" based on a basic agreement regarding the commissioning of businesses that was aimed at upgrading Shizuoka Bank's mode of data utilization.

Inorganic Strategy

Expanding Inorganic Growth Investment Aimed at Improving ROE

Delivering New Value via Co-Creation

Winning customers not yet reached by Resona will

① Enhance our customer base

Securing specialist and other human resources will

② Enhance our management resources

Strengthening businesses that have affinity with existing banking operations as well as those that transcend the framework of finance will

③ Enhance our functions

The Resona Group has transitioned to a phase in which it can fully utilize capital. With this in mind, we consider pursuing inorganic growth to be a matter of ever greater strategic importance. Through this mode of growth, we aim to enhance our customer bases, management resources and functions in order to augment our ability to deliver new value. In FY2023, the first year of the current MMP, we closed two deals in this regard.

First, we transformed two leasing companies, DFL Lease and Shutoken Leasing, from equity-method affiliates into wholly owned subsidiaries. We undertook this move with an eye to generating significant synergies by combining lease functions, which have strong affinity with banking operations, and the Resona Group's 500,000 company strong corporate customer base. In April 2024, these two subsidiaries merged together to form Resona Leasing Co., Ltd., which is striving to

engage in close collaboration with other Group entities.

Second, we strengthened our capital and business alliance with Digital Garage, Inc. (DG). Amid the ongoing expansion of the settlement market, we aim to bring together the strength of DG—one of the largest settlement service providers in Japan—and financial functions afforded by the Resona Group, in order to further upgrade our settlement and financial businesses. This move is also intended to jointly promote open innovation via investment in next-generation fintech businesses and startups with the launch of a corporate venture capital (CVC) fund worth ¥13 billion in April 2024.

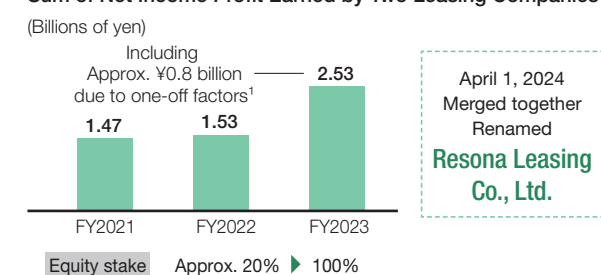
We expect the two deals to contribute to medium- to long-term improvement in our ROE. Looking ahead, we will continue to consider deals related to inorganic investment without limiting the scope of potential counterparts.

Results for FY2023

Transformed two leasing companies into wholly owned subsidiaries

ROIC: Around 10%

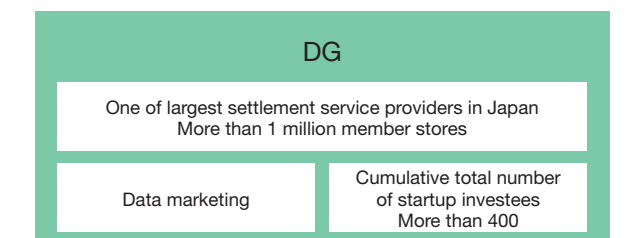
Sum of Net Income Profit Earned by Two Leasing Companies



Closer collaboration with Group banks
Realization of greater synergies

Strengthening of capital and business alliance with DG

Aim for an ROIC of around 10% (sixth year)



Strengthen the integrated management structure
Transfer 20% of shares in RKS² to DG

Launch startup investment
CVC fund worth ¥13 billion

1 Shutoken Leasing: Special dividends from the former subsidiary
2 Resona Kessai Service Co., Ltd.