

Medium-term Management Plan (FY2023-FY2025)

- Accelerate initiatives to realize “Retail No. 1” -

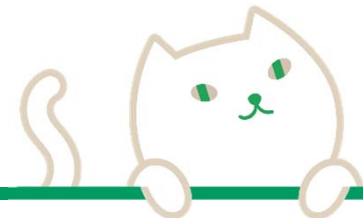
Beyond Finance,
for a Brighter Future.

RESONA GROUP



Resona Holdings

May 12, 2023



What the Resona Group Should Look Like over the Long Term



Customers' happiness is our pleasure

Issues that must be overcome

[External]

A phase of profound structural transition, including trends towards SX/DX

Ever more diverse issues confronting our customers and regional communities require ever more sophisticated solutions

[Internal]

Gaps between income and cost structures for the retail business

Inevitability of CX

Remain true to our fundamental stance of "Customers' happiness is our pleasure" and contribute to society to a greater degree

Take full advantage of our traditional strengths while endeavoring to create new value that transcends the conventional framework of financial services



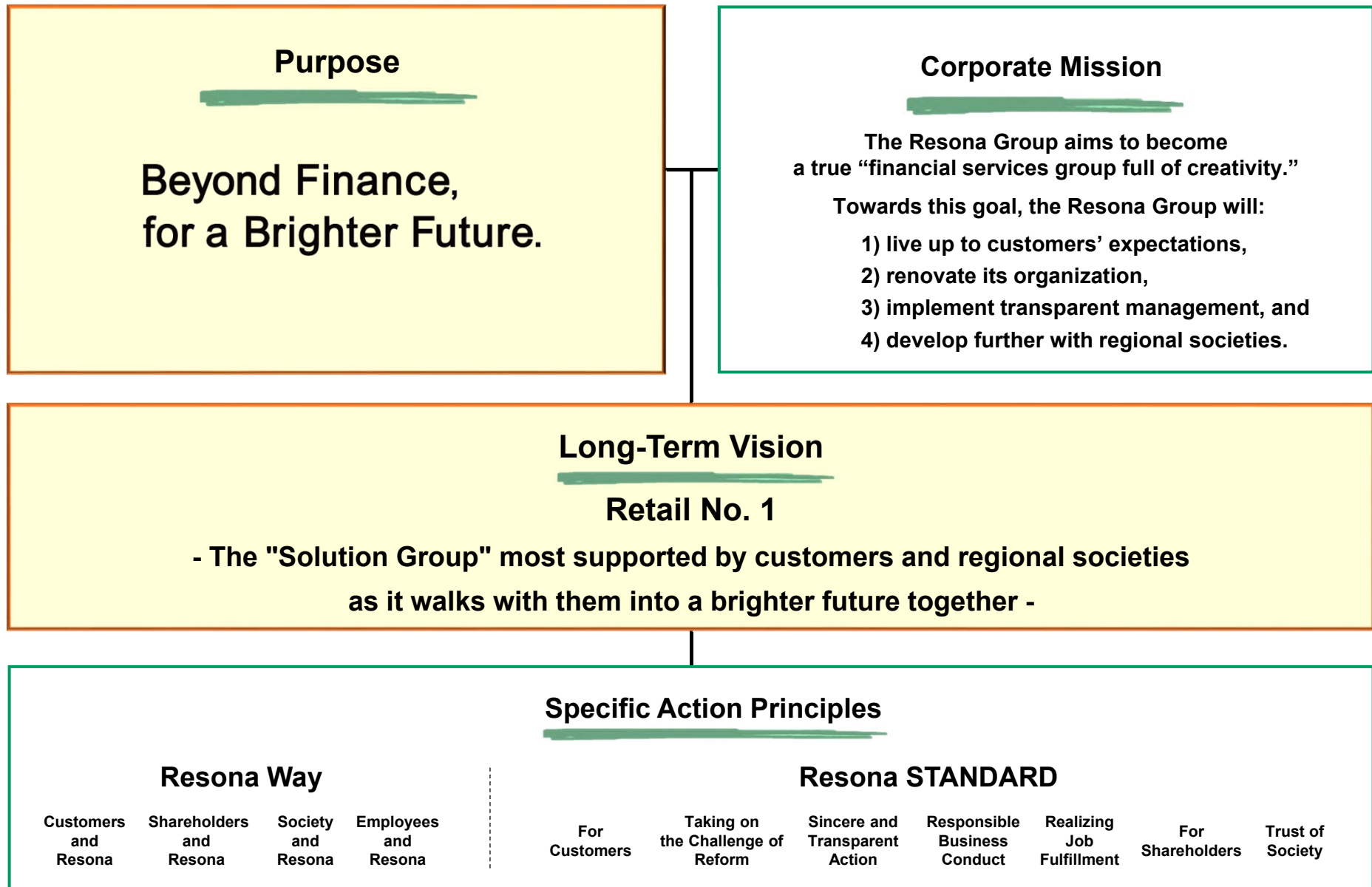
Need to step forward toward CX to transform our conventional business structure and management platforms

CX

Strengthening of value creation capabilities

Development of next-generation management platforms

Purpose and Long-Term Vision / The Group's Conceptual Structure



Overview of the MMP

Accelerate initiatives to realize “Retail No. 1”: The first 1,000 days of taking on corporate transformation (CX)
-From rehabilitation to taking on new challenges-

- ◆ Adapt to changes in light of such trends as SX, DX, etc.
- ◆ Further accelerate income and cost structure reforms

Strengthening of Value Creation Capabilities

- ◆ Striving for the further development of businesses backed by the group’s inherent strengths and creating new value

Further Development and New Challenges

- Strengthening our consulting capabilities in terms of both quality and quantity
- Leverage the combined capabilities offered by all Resona Group companies (customer bases and service functions)
- Utilizing technologies and data

Co-creation and Expansion of Value

- Expanding customer bases, management resources and functions
 - ✓ Financial digital platform
 - ✓ Inorganic investment

<Value to be delivered> <Areas of business focus>

Ever more diverse issues confronting our customers require ever more sophisticated solutions

Circulation of businesses and assets

Facilitation

Transition of social structure

- SME loans
- Business and asset succession
- Cashless and DX
- Asset formation support
- Corporate pensions
- Housing loans

Development of Next-Generation Management Platforms

- ◆ Further strengthening the consolidated management of Group companies and executing integrally reforms of management platforms

Governance

- Strengthen Group governance
- Upgrade our mode of risk governance
- Pursue the thorough practice of customer-oriented business conduct

Human capital

- Realize value creation and well-being
- Resonance of the three pillars (engagement, professionalism and co-creation)

Intellectual capital

- Business processes: Exhaustive overhaul
- Channels: Integration of face-to-face and digital channels
- Systems: Pursuing generalization, openness and streamlining

Transitioning from striving to qualitatively and quantitatively enhance capital to a new phase in which we can fully utilize it

KPIs under the MMP

	FY2022 (Results)	FY2025 (Plan)	
Realize income and cost structure reforms Optimization of balance between financial soundness, growth investment and shareholder return	Net income attributable to owners of parent	JPY160.4 bn	JPY170.0 bn
	Consolidated core income*1	JPY163.6 bn	JPY180.0 bn
	Consolidated cost income ratio	67.4%	Lower half of the 60% range
	ROE*2	7.66%	8%
	CET1 ratio*3	Approx. 10%	10% level
	Total shareholder return ratio	40.6%	50% level
	Realize sustainable society	ESG index selected by GPIF (domestic stock)*4	ESG index selected by GPIF (domestic stock)

[FY2025 assumed conditions : Overnight call rate (0.05) %, Yield on 10Y JGB 0.40%, Nikkei 225 28,000 yen]

*1. Net interest income from domestic loans and deposits + Interest on yen bonds, etc. (interest on yen bonds and income from interest rate swaps) + Fee income + Operating expenses

*2. Net income / Total shareholders equity (simple sum of the balance at the beginning and the end of the term/2)

*3. Based on the full enforcement of the finalized Basel 3 regulations under the international standard; excluding net unrealized gains on available-for-sale securities

*4. FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, MSCI Japan ESG Select Leaders Index, S&P/JPX Carbon Efficient Index series, MSCI Japan Empowering Women Index and Morningstar Japan ex-REIT Gender Diversity Tilt Index

Roadmap for Securing Profit

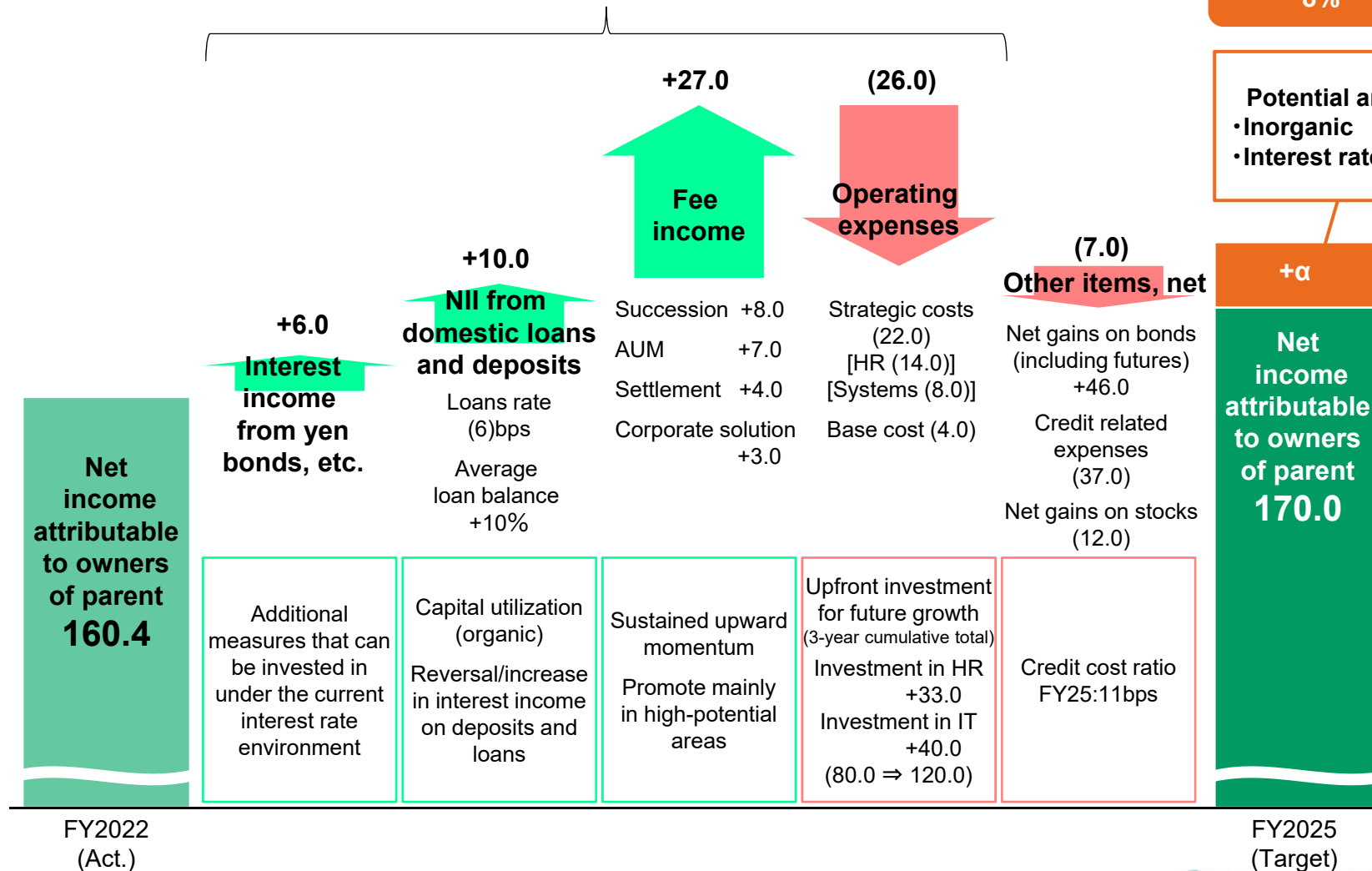
Aim for growth in core profit that will exceed outlays associated with forward-looking investment aimed at improving employee engagement and productivity, with our plan calling for achieving an ROE of 8%

(JPY bn)

Core income [including Interest on yen bonds, etc.] +17.0

ROE target
8%

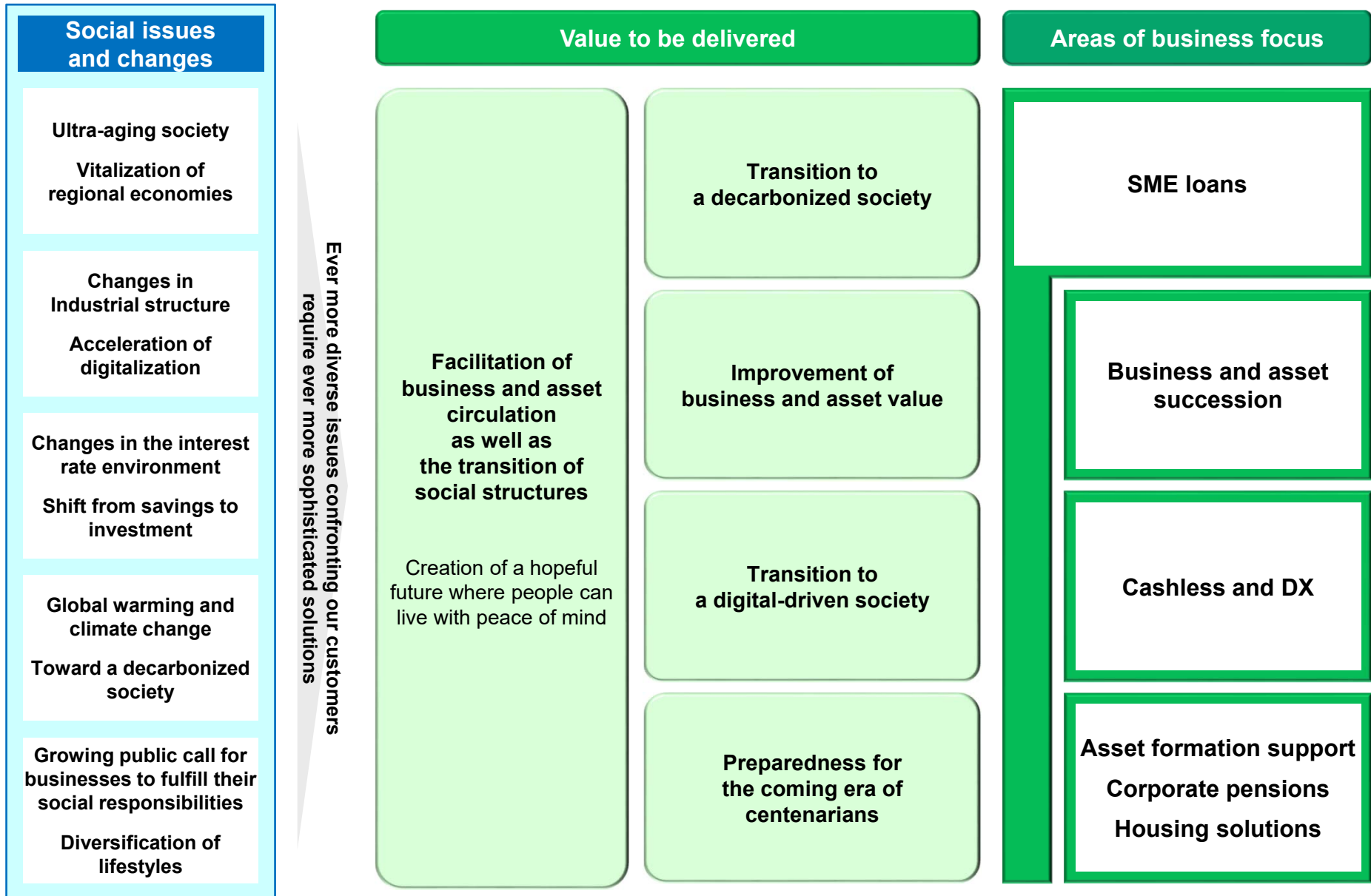
Potential and upside
• Inorganic
• Interest rate hikes etc.



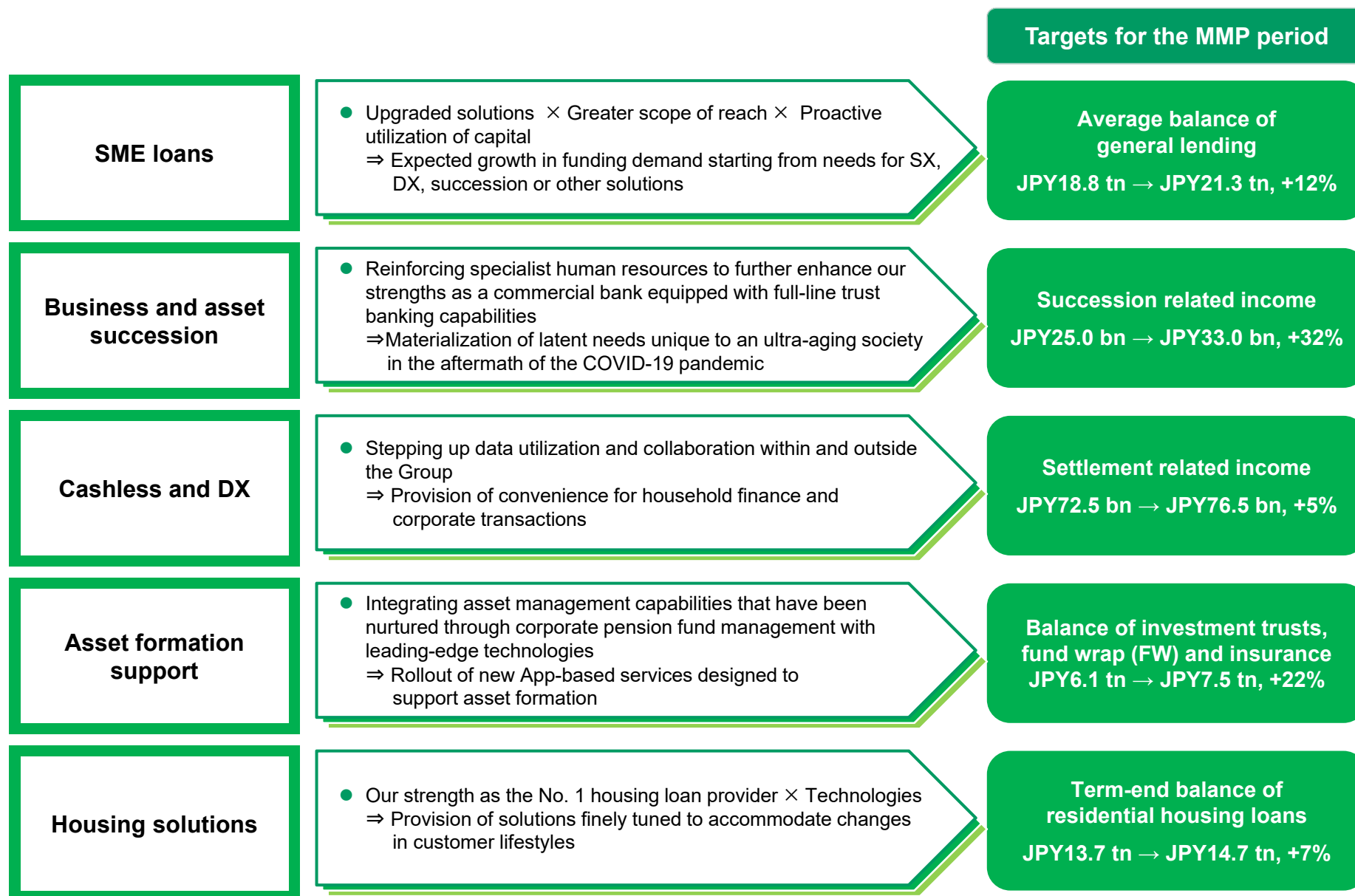
FY2022
(Act.)

FY2025
(Target)

Strengthening of Value Creation Capabilities



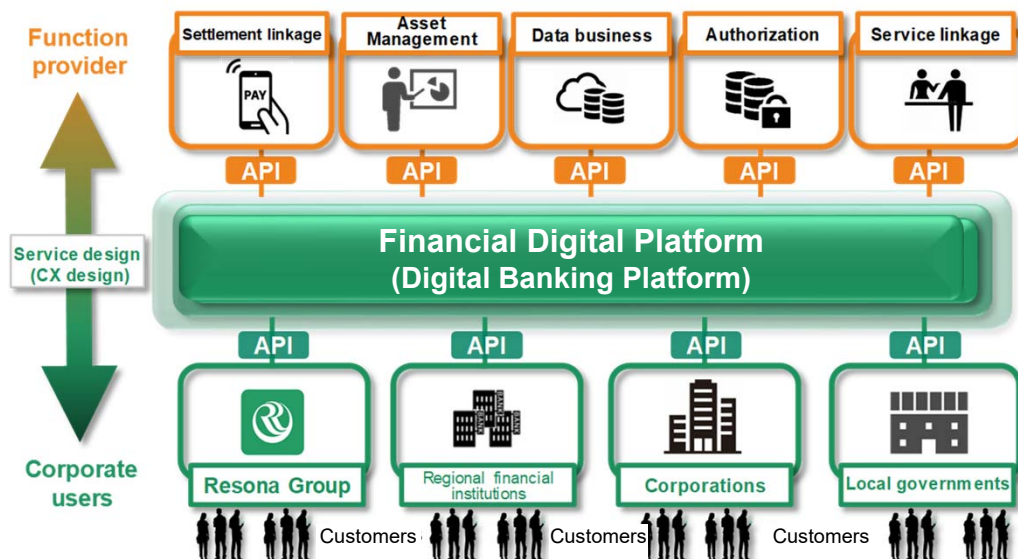
Strengthening of Value Creation Capabilities: Further Development and New Challenges



Strengthening of Value Creation Capabilities: Co-creation and Expansion

Delivering new value to customers and society by leveraging new ideas that transcend the scope of the traditional banking framework and a broad range of relationships

Enhancing our financial digital platform: Enhancing ecosystems in which every platform participant can benefit from “win-win” relationships



<Collaboration with regional financial institutions>

[Current status]	FW Banking app	Enhancement of new product and service lineups + Expansion of the scope of alliance partners
Functions to be delivered	Five corporate groups and six banks	Growth in transactions / AUM
Recipients		

<Collaboration with partners from different sectors>

- Looking into the possibilities of new businesses that transcend the traditional frameworks
 - Data utilization (financial × non-financial), facial recognition, etc.
- Expanding relationships with diverse partners
 - Capital and business alliances, consortiums on new technological research, etc.

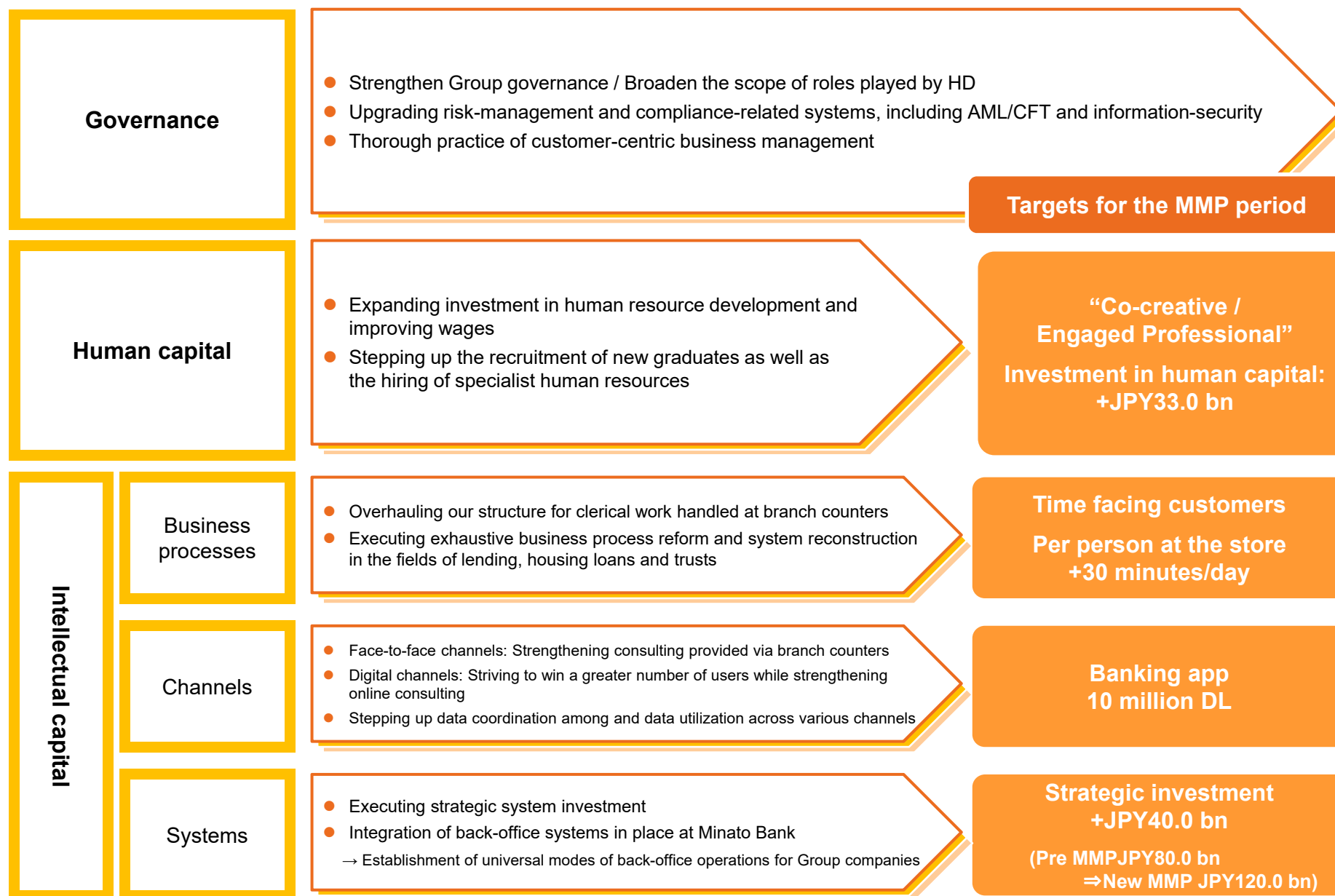
Stepping up inorganic investment: Our handling of capital is shifting from an exclusive focus on qualitative and quantitative growth to a new phase in which we utilize it

Enhancing the customer base
Forming alliances with regional financial institutions and partners from different sectors, etc.

Enhancing management resources
Securing IT professionals, etc.

Enhancing functions
Strengthening businesses that have affinity with banking operations, etc.

Development of Next-Generation Management Platforms



Capital Management of the MMP

Enter a new phase in which we can step up the utilization of capital ⇒

Aim for ROE*1 of 8%

Financial soundness

- Maintain the CET1 ratio*2 at the 10% range
 - CET1 ratio as of Mar. '23 : Approx. 10%

Growth investment

- Organic ⇒ Expand loan assets, etc. with high returns relative to risk
- In-organic ⇒ Expanding customer bases, management resources and functions

Improve
Corporate Value

Shareholder return

- Enhance the content of shareholder returns in a way that gives due consideration to maintaining soundness and securing growth investment opportunities
- Aim for a total shareholder return ratio of around 50% even as we continue to deliver a stable dividend stream
 - FY'22 : 40.6%

Up to now

"Improving soundness" through
"accumulation" of capital

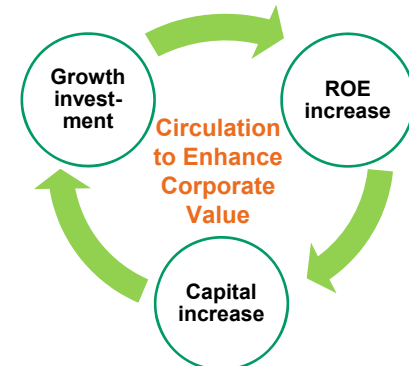
Capital RWA CET1 ratio ROE



In the future

Improving Profitability through
Capital "Utilization"
(Constructing a cycle in which capital generates further capital)

Capital RWA CET1 ratio ROE



*1. Net income attributable to owners of parent / Total shareholders equity (simple sum of the balance at the beginning and the end of the term/2)

*2. Based on the full enforcement of the finalized Basel 3 regulations under the international standard; excluding net unrealized gains on available-for-sale securities

Long-Term Sustainability Indicators

Aiming for sustainable improvement in social and corporate value

		FY2022 (results)	FY2030 (target levels)
Value for customers and society	NEW Value Creation Capability Indicator Number of cases where solutions are provided	10.5 mil cases	20 million cases
	Retail Transition Financing Target	Cumulative total: JPY1.865 tn	JPY 10 tn
Environmental value	NEW Declaration of Net-zero Greenhouse Gas Emissions in the Investment and Financing Portfolio	-	(2050: Net zero)
	NEW Interim target for the energy sector (Portfolio carbon intensity)	139 gCO ₂ e/kwh (FY2021)	100 - 130 gCO ₂ e/kWh
	Carbon Neutrality Target (Scope 1 & 2)	vs FY2013 (43)% (FY2021)	Net zero
Social value	Targets for the Empowerment and Promotion of Women Ratio of female directors and executive officers (Resona Holdings) Ratio of female senior managers (6 Group companies* ¹) Ratio of female line managers (6 Group companies* ¹)	15.3% 13.4% 31.4%	30% or more 20% or more 40% or more
	NEW Well-Being Indicator Ratio of positive responses in questionnaires regarding a sense of fulfillment felt in work and private life as part of employee surveys	69.3%	Increase the ratio of positive responses

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