

The Three Components of Our “Omni Strategy”

The Resona Group seeks to help resolve various social issues in ways that fully take advantage of its unique strength in financial services, which represent its core operations. Supporting this approach is our “Omni Strategy,” a basic strategy consisting of three components aimed at creating customer value and realizing our goal of “Retail No. 1.”

Omni-Channel Strategy

Applying our Omni-Channel Strategy, we are striving to provide a greater number of customers with the best solutions anywhere, anytime and, to this end, painstakingly addressing situations in which customers feel inconvenienced by, uncertain of, dissatisfied with, or distrustful of banks. Our coordinated initiatives include strengthening and combining digital channels—which include the Internet and smartphones and offer a broader range of contact points with customers—and face-to-face channels in which we engage in dialogue with customers at branches.

Digital Channels

Digital channel initiatives are expanding services available via smartphones. In February 2018, we released Resona Group App for smartphones. Under the theme, “Bank in your pocket,” this outstandingly designed app provides a simple user-friendly interface and won the Good Design Award 2018. The number of downloads had exceeded 1 million as of April 30, 2019.

We expect that the provision of various smartphone-based functions will yield a rise in long-term frequent users of our services. At the same time, smartphone

services will help us secure and nurture a stream of recurring fee revenues. Our estimates for future income growth are broadly based on the following formula: 3 million users x ¥10 growth per user per day x 365 days = ¥10 billion growth per year. Against the goal of securing ¥10 in daily income per user, we have already succeeded in securing daily income growth per user of ¥3.5.

Resona Group App is also attracting a significantly growing number of users in their 20s and 30s, proving it has been successful in terms of reaching out to new customers.

Moreover, our app delivers timely, optimal proposals personalized for each customer. This function is expected to stimulate customer awareness of their needs, thereby helping us usher them into multifaceted transactions. Having established the Data Science Office in April 2019, we are stepping up efforts to improve customer communication employing findings from data analysis.

Looking ahead, we will strive to enhance customer convenience by securing superior service quality via the expansion of product lineups and the adoption of sophisticated marketing methods.

Face-to-Face Channels

Customer needs for services provided in bank branches are radically changing due to the graying of society and the diversification of lifestyles. Against this backdrop, the Resona Group aims to accommodate the needs of customers who, for example, require hours of expert counsel about complex issues or find it difficult to visit a bank branch during regular weekday working hours.

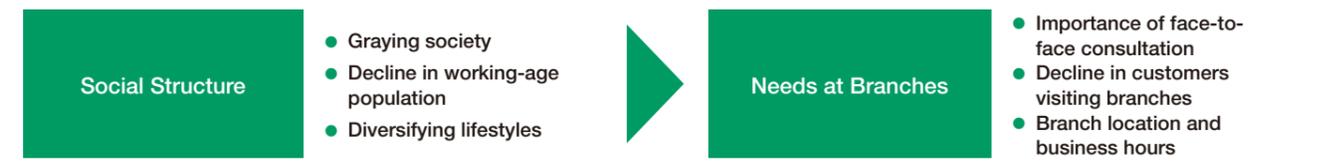
Although some banks plan to reduce the number of branches in the prolonged low interest-rate environment, the Resona Group recognizes that its physical branch network provides important contact points with customers and, therefore, is determined to maintain as many branches as possible.

To date, the Resona Group has established a platform that allows a relatively small staff to efficiently handle operations through the implementation of operational reforms. Drawing on know-how accumulated in the course of these reforms, we will also promote digitalization as a tool for flexible branch management. Specifically, when taking such steps as downsizing and replacement, we will give due consideration to the characteristics of each branch and the area it serves with the goal of simultaneously realizing low-cost operations and superior customer convenience. As of May 2019, the number of branches specializing in consultation amounts to 26. These include Seven Days Plaza and other bases that are open even on weekends and national holidays. Currently, approximately 80% of the customers visiting these branches

are in their 50s or younger. Considering that the majority of customers visiting our conventional branches are in their 60s or older, we are confident that these specialized branches are helping us expand our contact points with new customers.

To realize superior customer convenience and further lower the cost of operations, efforts are also under way to develop a next-generation branch system. The new system is designed to automatically interface with customers and usher them through the procedures needed to complete their desired transaction, thereby eliminating the need for branch staff dedicated solely to handling routine clerical work. At the same time, if a customer is looking to consult someone about a complex issue or needs human support when going through procedures, the system will help them connect to an expert via teleconferencing. In this way, the new system will enhance customer satisfaction while reducing workload at branches. Furthermore, we will offer self-service banking transactions via tablets to deliver an inspiring user experience to customers. Tablets will also be utilized by consulting staff when they engage with customers. This will help realize location-free reception and make it easier to set aside sufficient time for customer engagement, thus enabling staff to provide both consulting services and clerical procedure assistance at the same time.

We plan to introduce this system in FY2020 at Resona Bank's branches, and are now engaged in verification testing at a mock branch installed within Tokyo Head Office's laboratory.



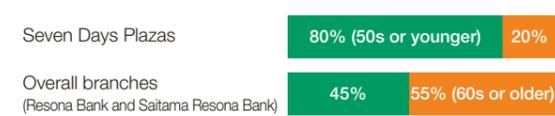
Simultaneously enhance customer convenience and low-cost operations

- **Approx. 840 physical branches**
 - Maintain existing branches as much as possible
 - Placement of staff according to market characteristics
- **Establish low-cost operations**
 - Digitalization
 - ➔ Branch operation with fewer staffs
 - Downsizing and relocation
 - ➔ Optimize branch facilities and locations
- **Raise the number of branches that operate on holidays**
 - Consultation-focused branches, which open seven days a week (26 branches as of June, 2019)
 - ➔ Open in weekday evenings, on weekends and holidays
 - ➔ Continue to open new branches

New branch system features (to be introduced in FY2020)

No counter, no back office space Handle all basic procedures in a single line 	Digital service offices (TV counters) Complicated inquiries and consultation via teleconferencing
Self-service banking transactions Inspire customers by offering new banking experience with tablets 	Location free Integrate consultation services and banking procedures via the use of tablets

Branch visitors by age

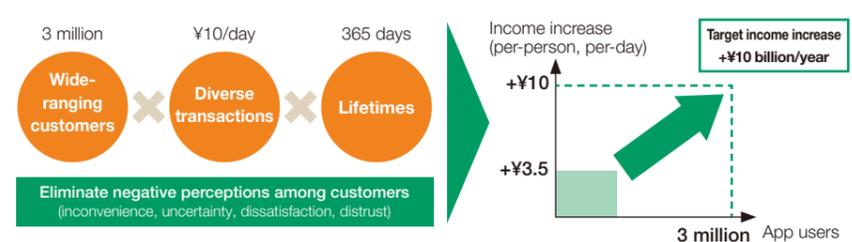


Outstanding Design and User-Friendliness

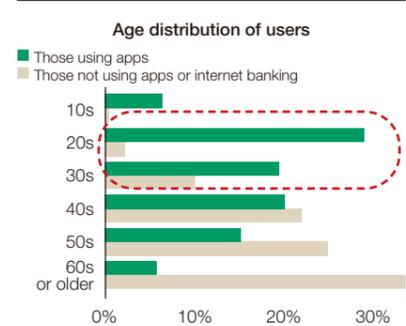
GOOD DESIGN AWARD 2018

More than **1 million** downloads as of April 2019 (Released in February 2018)

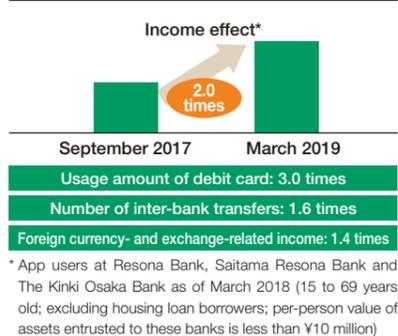
Recurring Fee Business Model



Reach out to New Customers



Contribute to Multifaceted Transactions



Continuous Improvement

Enhance service menu	
Switchover to debit cards (January 2019~)	Opening of investment trust accounts (May 2019~)
Installation of service app on branch terminals (trial basis) (June 2019~)	Submission of application for new credit card issuance (July 2019~)
Sophisticated marketing methods	
The Data Science Office (April 2019)	AI-based proposal systems

Omni-Advisor Strategy

Our medium-term management plan defines Omni-Advisors as consultants capable of understanding and providing solutions that satisfy the true latent needs of customers. As such, these individuals must possess a mindset that embodies the following principle and abilities.

- “Customers’ happiness is our pleasure”
- Draw out customer concerns
- Provide solution options and information that leads to solutions
- Propose only what is thought good for the customer’s future
- Turn down what is thought not good for the customer’s future

Omni-Advisors are not only expected to think seriously about customers and provide proposals that will benefit them; they are also asked to deliberately avoid anything that is not good for them.

These requirements were defined based on our customer-centric business approach, which has been consistently applied in the formulation of Fiduciary Duty Action (FDA) in April 2016, the announcement of Resona Fiduciary Duty

Basic Policies in June 2017, and the establishment of the Fiduciary Duty Promoting Committee. In line with this approach, we abolished sales targets for financial products in April 2017 and shifted our focus to the balance of asset formation support products.

In many instances, customers who wish to consult bank staff are unable to clearly articulate their concerns and are not necessarily well-versed in the products and services offered by banks. Omni-Advisors are called to draw out and accurately identify customers’ latent needs by communicating with and getting to know them.

Although Omni-Advisors are thus required to have wide-ranging knowledge of our businesses, including trusts, so as to be in the position to propose various solutions, knowledge alone is not sufficient. Rather, the success of an Omni-Advisor hinges on their ability to truly emphasize with their customer.

In this light, we consider the following three attributes essential to becoming an Omni-Advisor:

- Committed to resolving customer concerns
- Experienced and able to empathize with everyone
- Sophisticated communication skills

Nurturing Omni-Advisors via Diversity Promotion

Today, customer values are becoming increasingly diverse. In order for the Resona Group to accurately identify their latent concerns, Resona Group employees must also be diverse. Employees are thus encouraged to have diverse life experience, for example, enjoying time with their families and interacting with people other than their colleagues. The Group therefore considers enhancing labor productivity via across-the-board work-style reforms essential, as it aims to ensure that all employees are allowed to set aside sufficient time off for leisure activities.

To accelerate our efforts to train Omni-Advisors, we opened Resona Academy, a platform for nurturing professionals, in July 2019. In addition to instilling financial expertise on par with that of independent financial advisors, this institution offers cultural literacy education, planning and communication skill training, and other practical training programs aimed at assisting employees in their pursuit of higher competencies and personal growth. Looking ahead, we will increase the lineup of training programs available at Resona Academy to raise overall employee skills.

In addition, we are renovating our human resource management practices, for example, extending the retirement

age to 70, expanding the range of employees who are allowed to work from home (“telework”) and switching a portion of childcare leave to additional paid leave. These measures are expected to raise employees’ motivation to pursue growth.

Although nurturing Omni-Advisors may take time, we nevertheless believe that a robust team of Omni-Advisors with diverse backgrounds will strongly empower the Resona Group to differentiate itself from other companies.



Topic Human Resource System

The management crisis of 2003, which we refer to as the “Resona Shock,” led us to make the concept of diversity management, namely, an approach that enables employees to thrive at work regardless of such factors as gender, age or job category, the center of our human resource management.

Our human resource system has evolved to reward people who excel and make a strong contribution. We therefore believe in consistent and equal evaluation and treatment regardless of job category under a system that provides the same compensation to everyone doing the same work.

We continually review our personnel system, ensuring that all employees have the opportunity to demonstrate their full potential. This involves listening to the opinions of many people

from sources that include our annual employee survey and the recommendations of the “Resona Women’s Council,” an advisory body that reports directly to management.

In addition, since October 2015 we have operated the “smart employee” system in which permanent employees can set limits on their working hours or scope of work. And, in April 2017 we introduced a telecommuting system.

Ideally, each employee should be able to choose how to work according to work-life balance and career development choices. We therefore need to broaden our work-style and career-path options to enable such growth and development. We will progressively review our personnel system because diversity management is more important than ever.

Human Resource System

	Employees	Smart employees (2 classifications)		Partner employees
Scope of work	Open-ended	Open-ended	Limited	Limited
Working hours	Open-ended	Limited	Open-ended	Limited
<p>Equal work, equal compensation</p> <p>Same basic compensation for the same job grade (Full-time hourly wage conversion)</p>				
<p>Shared core evaluation</p> <p>Shared job grade (job class) and personnel evaluation reflecting the relative intensity of job difficulty and responsibility</p>				

Nurture Consultants Who can Think and Act in the Best Interests of Their Customers ▶ Attain “Customers’ happiness”

Consider the best interests of their customers

Improve ability to offer solutions

Expand sales contacts and allocate more time

- Work-style reforms
- Diversity

- Training for professionals
- Digitalization

Resona Academy opened (July 2019)

A platform for nurturing professionals

Practical training

Support for graduates

Skills for specific operations

Business skills

4th
Issue-solving skills

1st
Planning skills

3rd
Proposal skills

2nd
Communication skills

Consider the best interests of their customers

- Launch a course aimed at nurturing retail professionals on par with IFAs

- 30 days of 6-month training
- Follow-up training (one year after graduation)

- Be advisors of choice for customers
- Draw on a broad range of ideas to make proposals

Programs designed to motivate employees to pursue growth

- Employee Support Series (April 2019-)

- Extend retirement age to 70, promote “telework” and switch portion of childcare leave to additional paid leave

Customer-centric approach

- Announced Fiduciary Duty Action (FDA) (April 2016)

- Abolished sales targets for financial products and placed focus on balance of asset formation support products
- Set up an Asset Advisory Committee

- Adopted Principles for Customer-Oriented Business (June 2017)

- Upgraded the FDA to Resona Fiduciary Duty Basic Policies
- Set up a FD Promoting Committee

Improve ability to offer solutions and expand time to engage with customers via digitization

- Proposal via tablet devices

- Insurance (May 2016-)
- Investment trusts (June 2019-)

- Corporate SFA (Sales Force Automation) (May 2018-)

Omni-Regional Strategy

This strategy focuses on providing a greater number of customers with sophisticated solutions backed by Resona’s robust functions and meticulous retail banking services by collaborating with a broad range of regional financial institutions and fintech companies regardless of capital relationships. Resona expects this approach to offer substantial benefit to its customers, its business partners and the Resona Group.

For business partners, this strategy will enable them to enhance their solution functions, including those related to trust and real estate, upgrade their administrative processes and systems, reduce operational costs and utilize a nationwide network. For the Resona Group, this strategy will help expand its customer base in addition to enhancing its business functions.

Kansai Mirai Financial Group (KMFG), which launched full-scale operations in April 2018, exemplifies the success of this strategy. In the fiscal year ended March 2019, we also commenced international business cooperation with Bank of Yokohama and Daido Life Insurance while entering a strategic partnership with a fintech company to develop cashless settlement services. Thus, we have made progress in our platform and functional development.

With the inauguration of KMFG, the Resona Group’s customer base now comprises approximately 16 million individual

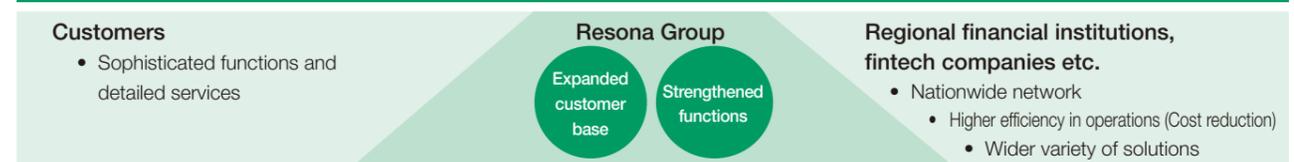
customers and 500 thousands corporate customers. These figures represent more than 20% growth from the numbers prior to the inauguration. Furthermore, we now have around 840 manned branches in Japan, making ours the largest domestic branch network of its kind.

Currently, we are striving to ensure that Kansai Mirai Bank and Minato Bank provide meticulous services employing a locally-rooted approach. At the same time, we are striving to convey to customers the benefits arising from the management integration by allowing them to draw on the strengths of the Resona Group’s extensive network, trust and real estate functions, and other unique solutions.

In the course of integrating systems at Kansai Mirai Bank and Minato Bank with Resona’s systems, we are fully leveraging the Resona Group’s collective expertise in instituting operational reforms while promoting digitalization aimed at allowing employees to allocate more time to customer consulting and reducing overall operational cost.

The Resona Group will continue to practice this strategy and offer (1) Resona Group Apps, (2) the Resona Cashless Platform (RCP), (3) Resona systems, and (4) products managed by Resona Asset Management (RAM), making these items and platforms available via such partners as regional financial institutions. By doing so, we will build “win-win” partnerships regardless of capital ties.

Broader Alliances with Regional Financial Institutions with or without Capital Ties ▶ Provide new value to a wider range of customers



Recent activities

	Platform	Function	International business	iDeCo	M&A
	Creation of a new banking group Kansai Mirai Financial Group	Resona Cashless Platform (RCP) Strategic alliances with 12 companies	Expanded business alliances/cooperation Jul. 2018: Bank for Investment and Development of Vietnam Oct. 2018: Bank of Yokohama and Daido Life Insurance	Growing number of financial institutions handling Resona products 17 institutions (As of Jun. 30, 2019)	M&A platform 36 participant companies (As of Jun. 30, 2019)
		System NTT Data Sofia D&I Information Systems Became equity-method affiliates in Nov. 2017		Lease DFL Lease Shutoken Leasing Became equity-method affiliates in Jul. 2018	SME Support (Succession/business succession) (Support for management improvement, etc.) Business alliance Daido Life Insurance (Oct. 2018)

Further Initiatives to regional financial institutions etc.



Topic

Accelerating Initiatives to Realize Synergies with KMFG

The Resona Group is accelerating various initiatives on sales and administrative fronts, with the aim of realizing integration synergies at the earliest possible date.



Initiatives to realize synergies at the earliest possible date

- Progress in the management integration**
 - Apr. 2019: Kansai Mirai Bank (KMB) inaugurated, initiating the realignment of credit card subsidiaries (merger between Resona Card and Kansai Credit Service)
 - Oct. 2019: Integration of KMB clerical work process and systems (planned)
Second half of FY2021: Integration of Minato Bank clerical work process and systems (planned)
- Broaden the scope of collaboration between Group entities**

Personnel exchanges	32 people in trust, real estate, private banking, and other divisions	
Products and services	New iDeCo accounts: approx. 1.9 times	Business matching deals: approx. 1.3 times
	Individuals Will trusts: approx. 1.6 times New estate division: approx. 1.4 times	Corporate M&A commissions: approx. 2 times Global expansion assistance: approx. 1.3 times
Number of transactions newly acquired by KMFG (YoY)	Jun. 2018 onward: RAM investment trust (R246, <i>Nihon-no-Mirai</i> , <i>Mitsuboshi Flight</i> , etc.) FY2019: Group apps, fund wrap, cashless platforms, etc.	
Capital management	FY2018: Adopted the same credit rating system as Resona FY2019: F-IRB approach applicable to KMB and MB (planned)	
Market operations	Pursue more sophisticated market analysis and risk management methods while strengthening HR development and management systems via, for example, staff exchange	

KMFG's branch network and loan and deposit balances

