RESONA

Resona Holdings, Inc.

ANNUAL REPORT 2009

CORPORATE PROFILE

Company Name: Resona Holdings, Inc.

Head Office: (Osaka Head Office)
2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8608, Japan
(Tokyo Head Office)
1-2, Otemachi 1-chome,
Chiyoda-ku, Tokyo 100-8107, Japan

Chairman: Eiji Hosoya (Concurrently serves as Chairman of Resona Bank, Ltd.)

President: Seiji Higaki

Establishment: December 12, 2001

Paid-in Capital: ¥327,201 million (As of March 31, 2009, Non-consolidated)

Lines of Business: Management and supervision of banking and other subsidiaries as well as other ancillary activities

Stock Exchange Listings:
(Common Shares) Tokyo Stock Exchange (First Section)
Osaka Securities Exchange (First Section)

Credit Ratings (As of June 30, 2009):
Credit ratings for Resona Holdings and Resona Group banks are as follows:

Resona Holdings	Long-term	Short-term
R&I	A-	—

Resona Bank	Long-term	Short-term
Moody's	A1	P-1
S&P	A-	A-2
R&I	A	a-1
JCR	A	J-1

Saitama Resona Bank	Long-term	Short-term
Moody's	A1	P-1
R&I	A	—
JCR	A	J-1

Kinki Osaka Bank	Long-term	Short-term
Moody's	A1	P-1

CONTENTS

This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions. In addition, the following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology, and evolving banking industry standards and similar matters.

CORPORATE MISSION

The Resona Group aims at becoming a true "financial services group full of creativity." Towards this goal, the Resona Group will:

1) live up to customers' expectations,
2) renovate its organization,
3) implement transparent management, and
4) develop further with regional societies.

RESONA

RESONA WAY (Resona Group Corporate Promises)

Customers and "Resona"

Resona cherishes relationships with customers.

- The Resona Group offers its customers services with integrity for their joy and happiness, placing highest priority on winning their confidence in Resona.
- The Resona Group makes every effort to respond fully to the needs of customers by offering high-quality services.
- The Resona Group always welcomes customers with gratitude.

Shareholders and "Resona"

Resona cherishes relationships with shareholders.

- The Resona Group aims at maximizing its corporate value by implementing sound management based on a long-term perspective.
- The Resona Group returns an appropriate amount of sound profits to its shareholders.
- The Resona Group seeks to offer timely solutions to customer needs in all situations, endeavors for transparent management, and actively upgrades its disclosure.

Society and "Resona"

Resona places importance on its ties with society.

- The Resona Group makes every effort for an extensive number of citizens to acknowledge the significance of Resona's existence.
- The Resona Group observes every rule of society.
- The Resona Group contributes to regional societies as a good corporate citizen.

Employees and "Resona"

Resona highly regards employees' dignity and personality.

- The Resona Group creates a workplace where employees can take pride in being a member of Resona.
- The Resona Group thinks highly of its employees' mind-set and endeavors to make the Group's business atmosphere challenging and creative.
- The Resona Group cherishes each employee's dignity and personality and evaluates ability and achievement in a fair manner.

About "Resona"

The Resona Group's corporate name was derived from the Latin word *resonus* meaning "resonate" or "resound." By adopting the corporate name Resona, we want to express our desire to build stronger ties with our customers by "resonating" or "resounding" with them. We designed our Group logo to suggest the resonance between the "R" in Resona and the "R" in the Resona Group's key word "Regional." We then enclosed the two "Rs" inside a perfect circle to express a sense of security and trust. We chose green as our principal Group color because it suggests "gentleness" and "transparency" and orange as the Group's sub-color to create a sense of "familiarity" and "warmth."

MESSAGE FROM THE CHAIRMAN

Eiji Hosoya

Chairman and Representative Executive Officer
Resona Holdings, Inc.

I would like to thank you for your continued interest in and patronage of the Resona Group.

During the fiscal year ended March 31, 2009, the operating environment surrounding financial institutions proved to be much more challenging than we had assumed at the beginning of the fiscal year. Especially, following the collapse of Lehman Brothers in September 2008, the global financial markets became almost completely dysfunctional. As GDP figures temporarily posted significant negative growth, the effects of the downturn in the economy spread rapidly and grew to historically serious proportions.

Despite this operating environment, the Resona Group reported net income of ¥123.9 billion. This represented a significant decline from the previous fiscal year as the performance and credit standing of certain customers, including those in the real estate and construction industries, deteriorated, and the Group implemented preemptive measures, including write-offs and provisions to loan loss reserves, to prepare for future downside risk.

While stock prices plunged, impairment losses on equities were relatively limited because of the Group's lower relationship-purpose equity holdings. This is because the Group has reduced equity holdings by more than ¥1 trillion and concentrated its resources on retail banking business since it received public funds in 2003.

Please note that, over the fiscal year under review, the Group repaid ¥252.3 billion in public funds on an infusion amount basis.

At the start of the new fiscal year on April 1, 2009, Resona Bank and Resona Trust & Banking Co., Ltd., merged their operations. Going forward, our policy will be to offer a broad range of financial solutions drawing on trust business capabilities. These will include strengthening our Life Design Support Business for individual customers and Management Solutions Business for corporate customers. By combining a clear focus on retail banking with high-quality solutions making use of trust capabilities, the Group aims to create a superior financial group that is differentiated from and superior to its competitors because of its capabilities to deliver high-value-added services based on our slogan of "Retail x Trust", which represents a fusion of our retail and trust business strengths.

We look forward to your continuing and renewed support and encouragement in the years ahead.

July 2009

MESSAGE FROM THE PRESIDENT

Seiji Higaki

President and Representative Executive Officer
Resona Holdings, Inc.

Thank you very much for your continuing support and patronage of the Resona Group.

During fiscal 2008, ended March 31, 2009, the effects of the global turmoil in financial markets triggered by the U.S. sub-prime loan problems spread to the real economy. As the domestic and overseas economies weakened, fiscal 2008 proved to be a tough year for bank management. The fact that, even in the midst of this environment, the Resona Group was able to continue to report net income, I believe, is evidence of the results of the many customer-centric reforms that we have implemented.

Fiscal 2009 will be the first year under our New Business Revitalization Plan announced in fall 2008. Under the New Plan, we will complete our transformation into a true retail banking group by fully implementing the Resona differentiation strategies, selecting and focusing on key business domains, concentrating management resources in selected businesses, and endeavoring to establish a distinctive Resona style through creating a new corporate culture, focusing on individuals, and pursuing most-trusted status.

In April this year, we merged Resona Bank, Ltd. and Resona Trust & Banking Co., Ltd. The objectives of this merger included establishing a new business model, which we have expressed as “Retail x Trust,” which will combine Resona Bank’s strengths as a commercial bank in its well-established branch network and personnel with its full-line trust functions and capabilities, to better respond to the needs of both individual and corporate customers. Saitama Resona Bank, Ltd., which has operating systems that are closely linked to the communities it serves, will be working with local communities in Saitama Prefecture to achieve further development. The Kinki Osaka Bank, Ltd., having completed the integration of its IT systems in 2008, is offering its customers highly convenient products and services and contributing to the community through its relationship-based banking style as a regional bank with the largest business base in the Osaka metropolitan area.

Resona is aiming to draw fully on the capabilities of the Group, and, as a financial services company well ahead of its competitors, become a front-runner in retail banking.

As we pursue this objective, we appreciate your continuing patronage and support.

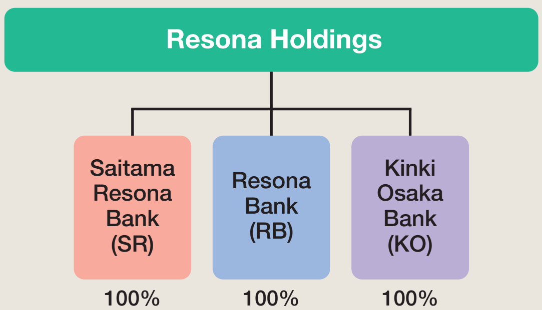
July 2009

RESONA GROUP AT A GLANCE

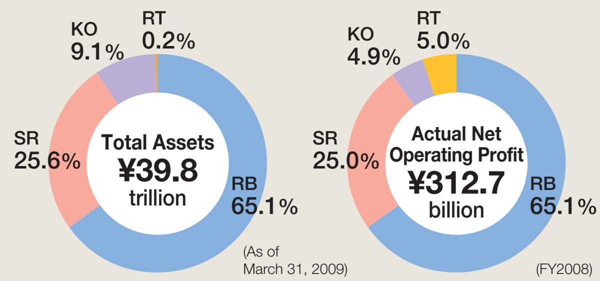
Resona Group's Structure

The Resona Group, with Resona Holdings as the Group holding company, is a financial services group comprising three commercial banks. With aggregate consolidated assets of approximately ¥40 trillion, the Resona Group ranks as Japan's fourth-largest financial group by asset size. Please note that Resona Trust & Banking merged with Resona Bank on April 1, 2009, thus concentrating trust functions and services in Resona Bank.

Corporate Structure



* Resona Bank and Resona Trust & Banking (RT) merged as of April 1, 2009



* Actual net operating profit: Operating profit after exclusion of nonperforming claims disposed of in the trust account and provisions to the general reserve (Aggregate of three banking subsidiaries)

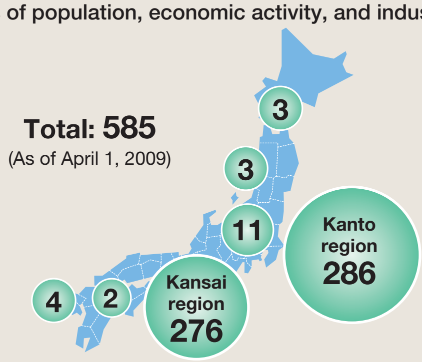
Competitive Strengths of Resona Group

(1) Strong franchise value

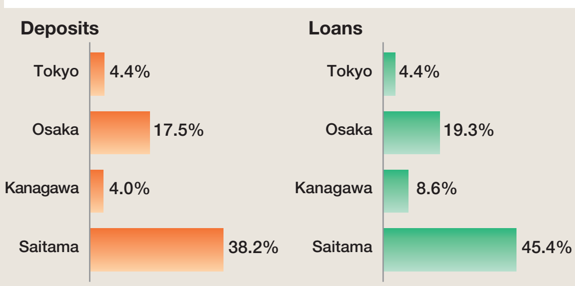
The Resona Group's key markets are the greater Tokyo metropolitan area and the Kansai region, where Japan's largest clusters of population, economic activity, and industry are concentrated. Our branch network in these two areas rivals those of Japan's megabanks, and we have established a strong presence. We are implementing marketing activities closely tailored to regional needs and are aiming to become "the unrivaled leader in retail financial services." Especially, in Saitama and Osaka prefectures, our shares of deposits and loans are approximately 40% and close to 20%, respectively.

Focus on Retail Banking Business

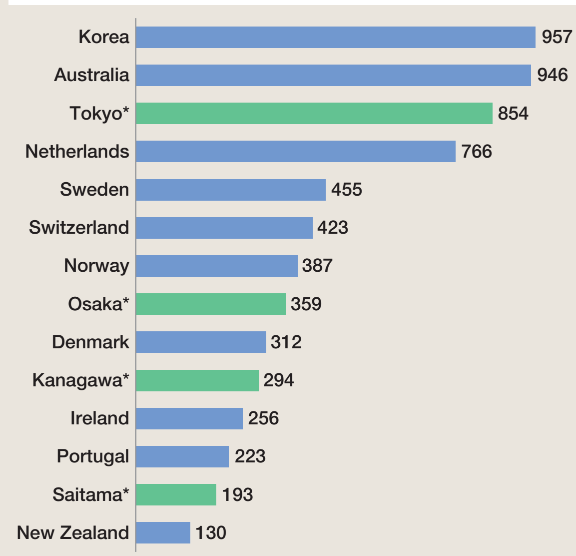
■ Solid presence in the Tokyo metropolitan area and the Kansai region where there are high concentrations of population, economic activity, and industry



Market Share (As of March 31, 2009)



GDP Comparison (2007[*1]) (Billion U.S. dollars)



Source: UN, National Accounts Main Aggregates Database, and other sources
* Data for 2006

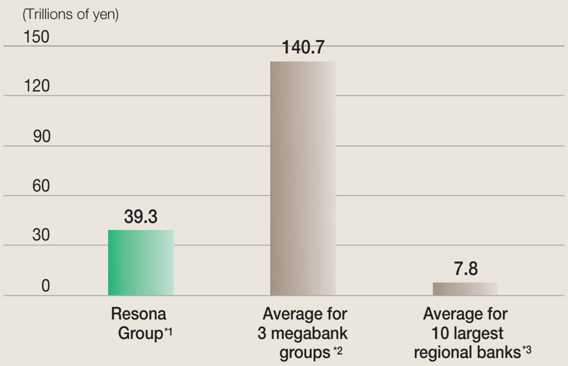
(2) Efficiencies derived from economies of scale

Compared with the principal regional banks in Japan, the Resona Group, with aggregate consolidated assets of approximately ¥40 trillion, can pursue greater economies of scale. Also, even though the Resona Group is closely focused on retail banking operations, its cost-to-income ratio is comparable to those of the Japanese megabanks.

Efficiencies Derived from Economies of Scale

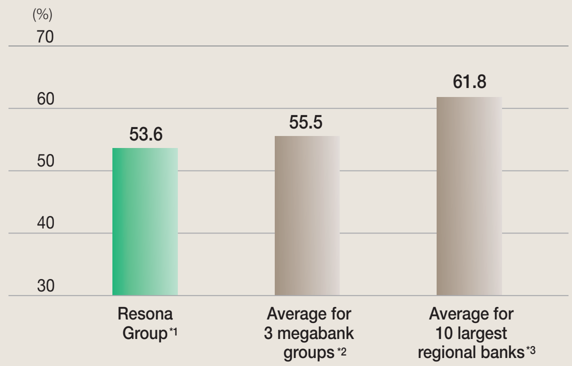
Total Assets (As of March 31, 2009)

■ 4th largest banking group in Japan, with ¥40 trillion in assets



Cost-to-Income Ratio (FY2008)

■ Operational efficiency comparable to megabanks



*1 Total of 4 group banks (RB, SR, KO and RT)
*2 MUFG (BTMU + MUTB), Mizuho FG (Mizuho BK + Mizuho CBK), SMFG (SMBC)
*3 10 largest regional banks in terms of non-consolidated total assets (Yokohama, Chiba, Shizuoka, Fukuoka, Joyo, Nishinihon City, Kyoto, Hiroshima, Hachijuni, and Gunma)

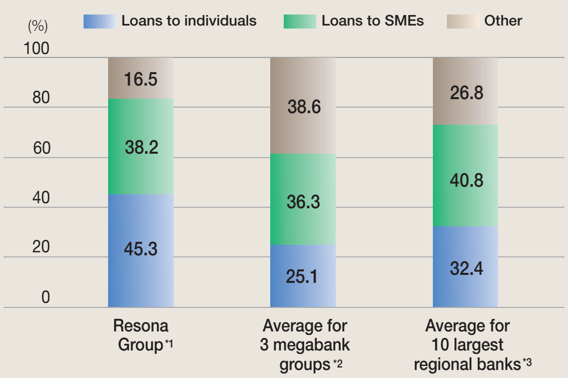
(3) Focus on retail banking business

Loans to SMEs and individuals account for more than 80% of total loans and bills discounted. Deposits placed by individuals account for more than 60% of total deposits. As these figures on the composition of deposits and loans suggest, Resona is strongly focused on retail banking.

Focus on Retail Banking Business

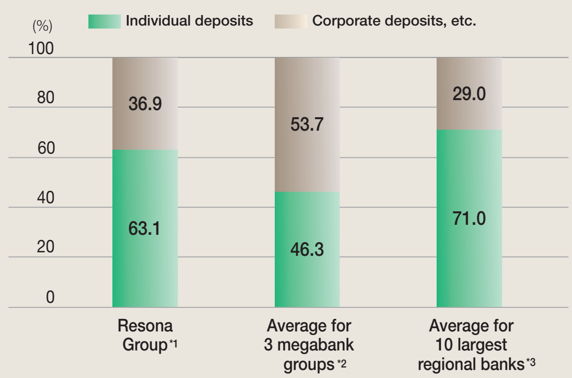
Comparison of Loan Portfolio
(Loans in the domestic account, As of March 31, 2009)

■ Loan portfolio focused on retail banking



Composition of Deposits
(Including negotiable certificates of deposit (NCDs))

■ Individual deposits account for more than 60% of the total.



*1 Total of 4 group banks (RB, SR, KO and RTB)
*2 MUFG (BTMU + MUTB), Mizuho FG (Mizuho BK + Mizuho CBK), SMFG (SMBC)
*3 10 largest regional banks in terms of non-consolidated total assets (Yokohama, Chiba, Shizuoka, Fukuoka, Joyo, Nishinihon City, Kyoto, Hiroshima, Hachijuni, and Gunma)

INITIATIVES TO ADDRESS MANAGEMENT ISSUES AIMED AT SUSTAINABLE GROWTH

—Aiming to Become the Unrivaled Leader in Retail Financial Services

On April 1, 2009, Resona Bank and Resona Trust and Banking merged. As a result, Resona Bank made a new beginning as a commercial bank offering the full lineup of trust functions for all its customers, from individuals to corporations.

At present, the Resona Group is working to become the unrivaled leader in retail financial services by implementing marketing activities that are closely tailored to regional needs. Following the merger, the Resona Group will accelerate its drive to reach this objective, and it is taking up the challenge of establishing its "Retail x Trust Business" brand through the integration of its customer base and trust functions and establish a strong position as a front-runner in retail banking.

Thus far, corporate pension and securities trust operations have been provided by Resona Trust & Banking, and the Group's commercial banks have functioned agents for these trust services. As a result of the recent merger, all these trust services, ranging from those offered to individuals (inheritance trusts, estate planning, and other services) to those provided to corporations (real estate, corporate pensions, securities trusts, and other services) will be concentrated in Resona Bank. This will enable Resona Bank to differentiate its services from those of other banking institutions.

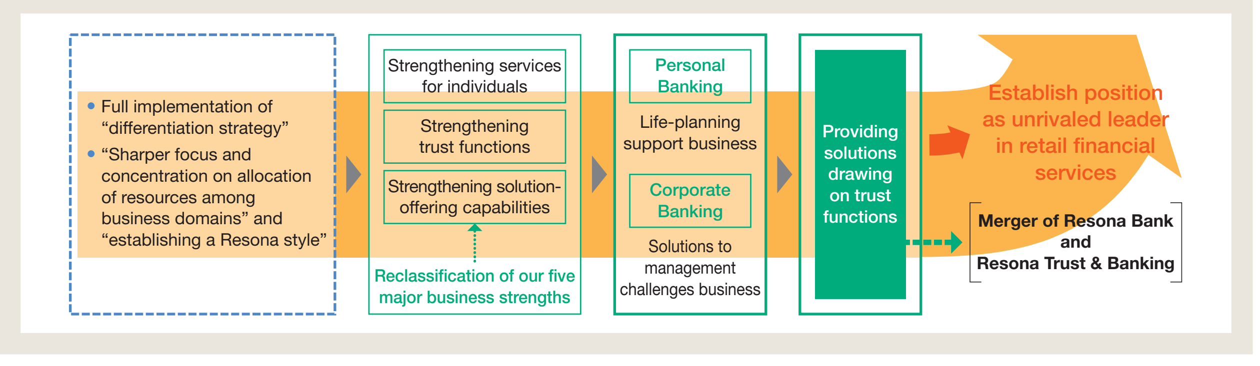
This original business style, offering a combination of retail banking and trust functions—featuring provision of trust functions through the Resona Bank itself, close ties with regional communities, and initiatives in offering other financial services—will be an advantage in competing with the megabanks. On the other hand, Resona's customer base, its nationwide network of about 600 branches, and its marketing capabilities will represent important strengths in competing with specialized trust banks. Resona will, therefore, strive to attain sustainable growth as it draws on its sophisticated specialized capabilities as "a financial services institution for the 21st century that combines the functions and services of trust and commercial banking."

Differentiation Strategy Drawing on Trust Functions

The Resona Group will continue to fully implement its previously existing differentiation strategies, while stepping up its initiatives to "achieve focus and concentration in the allocation of its resources among business domains" and "establishing a Resona style." To this end, Resona will reformulate its marketing strategy by reclassifying its five major business strengths (transactions with SMEs, loans to individuals, sales of financial products, real estate, and corporate pensions) around three themes: namely, "strengthening services for individuals," "strengthening our trust functions," and "strengthening solution-offering capabilities" with the objective of "providing life-planning support by offering products and services based on true customer needs" and "providing solutions to management challenges that will support the growth of corporate customers." The merger of Resona Bank and Resona Trust & Banking was implemented with the aim of accelerating these initiatives.

The Resona Group will aim to become the unrivaled leader in retail financial services by drawing on its sophisticated capabilities in trust services and its superior capabilities for providing solutions.

[Initiatives to Become the Unrivaled Leader in Retail Financial Services]



Redefining Missions by Department and Realizing Synergies with Trust Functions

To enhance the level of services provided to customers, Resona has clarified the positioning of its personal banking and corporate banking activities as well as the measures it will implement in these fields going forward. In addition, Resona is working to strengthen its marketing systems and expand the number of personnel to promote the active use of trust functions.

Personal Banking

Resona will provide support to its individual customers to help them to plan for affluent lifestyles by offering them the best products and services for a wide range of life situations. Resona will work to provide its customers with services over the course of their lifetimes especially in areas where it has strengths, including consulting and proposals related to loans for individuals, asset management, estate management, and other fields.

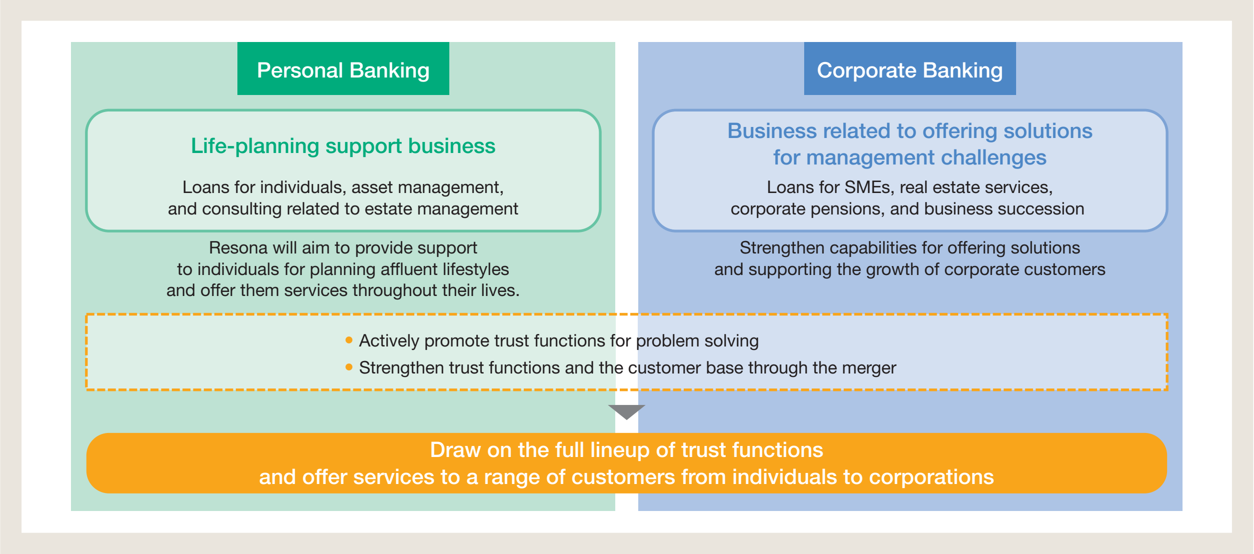
Specific activities will include offering a broader range of services when customers establish inheritance trusts, including the sale of financial products, intermediary services for real estate purchases, and loans for the development of apartment houses and condominiums. In addition, Resona will step up its initiatives to develop business with those customers who have strong requirements for asset management services and will concentrate efforts on the development of new products that make use of trust functions.

Corporate Banking

As the management issues confronting corporate customers become increasingly complex and diverse, Resona will endeavor to develop its services for providing solutions for addressing management challenges by drawing together its expertise and skills. In addition to providing loans for SMEs and real estate services, Resona will work to support the growth of the businesses of its customers by offering solutions for management challenges, including corporate pensions and business succession.

Among specific activities, Resona will strive not only to expand its corporate pension trust business through strengthening its marketing capabilities but also offer trust products for corporations, including specified money trusts and fund trusts as well as tailor-made trust products, such as intellectual property trusts. Through these activities, as Resona has the opportunity to offer a wider range of trust solutions, it will build closer ties of trust with corporate customers and management and thereby create long-term, stable transaction relationships.

[Redefining Personal Banking and Corporate Banking and Realizing Synergies with Trust Functions]



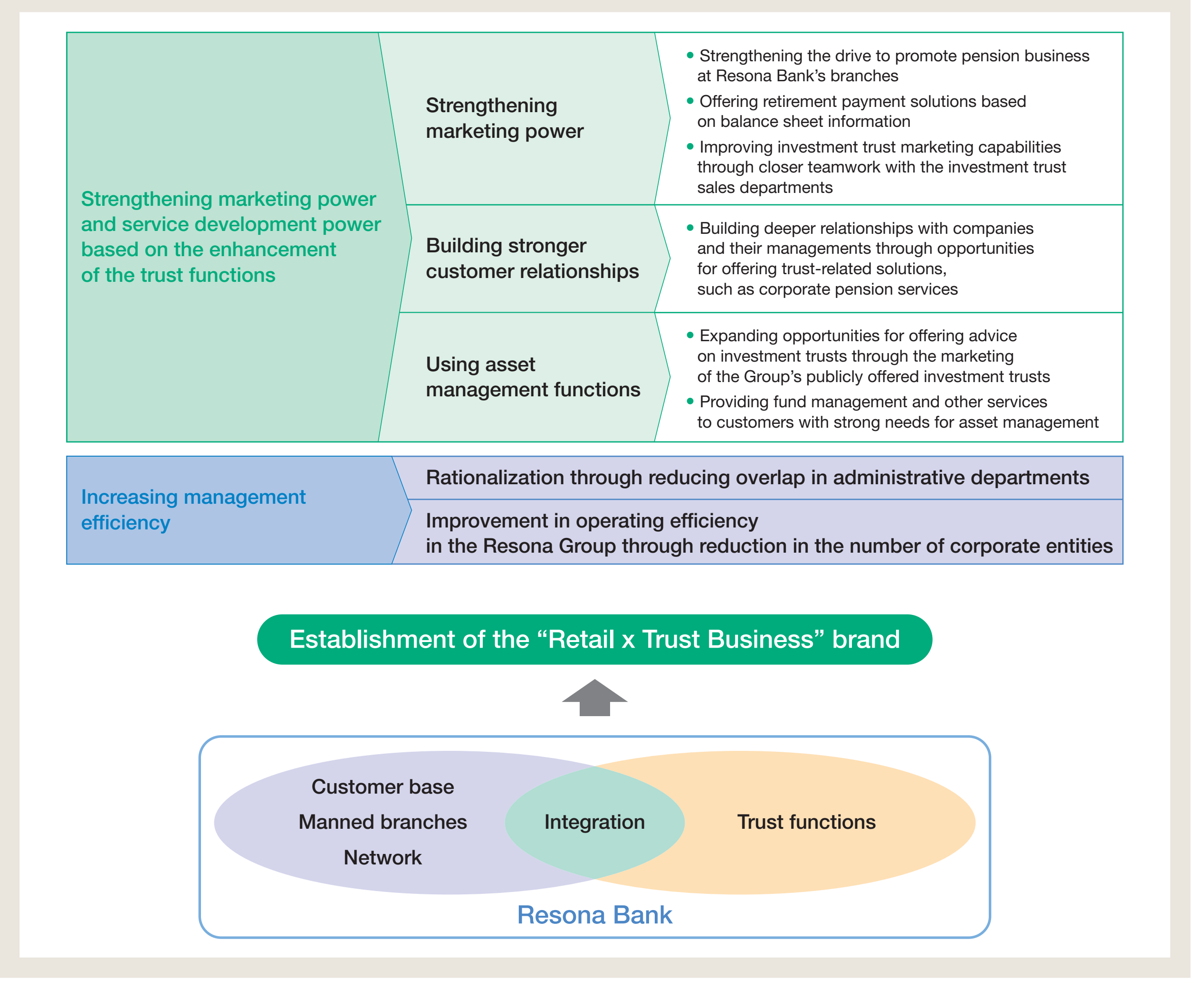
Positive Impact of the Merger

As a result of the merger, Resona Bank has made a new beginning as a commercial bank that is also positioned to provide the full lineup of trust functions to a range of customers from individuals to corporations. By combining the strengths of a commercial bank—including its customer base, manned branches, and network—with its trust functions, Resona will be able to offer trust services to a wider range of customers and it will work to establish its new "Retail x Trust Business" brand.

There are two major positive impacts expected as a result of the merger. The first is "strengthening marketing power and service development power based on the enhancement of the trust functions," and the other is "increasing management efficiency." (Please refer to the diagram below.)

By establishing the "Retail x Trust Business" brand in both personal banking and corporate banking fields, Resona will be able to build stronger bonds of trust with its customers and create long-lasting, stable transaction relationships with them. Resona will aim not only to expand income obtained directly from the trust business but also increase income obtained indirectly (through synergies), including fees and other income, other than earnings from deposit and lending activities and trust functions.

[Anticipated Positive Impact of the Merger]



STATUS OF REPAYMENT OF PUBLIC FUNDS AND FUTURE CAPITAL POLICY

Basic Policy toward Repayment of Public Funds

The Resona Group announced the following “Basic Policy toward Repayment of Public Funds” in May 2006.

(1) To secure a source of funds for repayment as soon as possible,
(2) To maintain an appropriate capital adequacy ratio, and
(3) To avoid the dilution of common shares as much as possible.

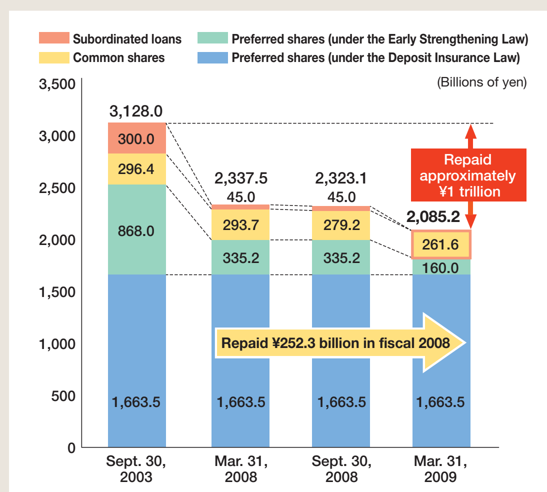
Measures Taken in Fiscal 2008 for Early Repayment of Public Funds

1. Repayment of ¥252.3 Billion of Public Funds

During fiscal 2008, the Deposit Insurance Corporation of Japan transferred a part of the common shares of Resona Holdings it owned to The Dai-ichi Mutual Life Insurance Company in June 2008 and another portion of the common shares of Resona Holdings to Credit Agricole S.A. in December 2008. This transaction resulted in partial repayments of common shares in the amounts of ¥14.4 billion and ¥17.5 billion, respectively, on an infusion amount basis. In addition, in March 2009, Resona Holdings repurchased and cancelled ¥175.2 billion in preferred shares issued under the Early Strengthening Law on an infusion amount basis, and repaid ¥45 billion of the perpetual subordinated debt borrowed under the Early Strengthening Law.

As a result of these repayments, Resona Holdings returned a total of ¥252.3 billion (on an infusion basis) of public funds throughout fiscal 2008 and fully completed the repayment of its subordinated loans from public sources (which were originally ¥300 billion and borrowed under the Financial Function Early Stabilization Law and the Early Strengthening Law). Moreover, the amount of public funds repaid on a cumulative basis since 2003 has exceeded ¥1 trillion on an infusion amount basis. As a result of these repayments, the balance of public funds still outstanding as of the end of March 2009 is shown in the table below entitled “List of Public Funds Outstanding (on an Infusion Amount Basis).”

[Progress in Repayment of Public Funds (on an infusion amount basis)]



[List of Public Funds Outstanding (on an infusion amount basis)] (Billions of yen)

	Amount Sept. 30, 2003 (1)	Amount March 31, 2009 (2)	Amount Repaid (2)-(1)
Total Public Funds Received	3,128.0	2,085.2	(1,042.7)
Preferred Shares	2,531.5	1,823.5	(708.0)
Early Strengthening Law	868.0	160.0	(708.0)
Class B No. 1	408.0	—	(408.0)
Class C No. 1	60.0	60.0	—
Class E No. 1	300.0	—	(300.0)
Class F No. 1	100.0	100.0	—
Deposit Insurance Law	1,663.5	1,663.5	—
Class One No. 1	550.0	550.0	—
Class Two No. 1	563.5	563.5	—
Class Three No. 1	550.0	550.0	—
Subordinated Loans	300.0	—	(300.0)
Financial Function Early Stabilization Law	200.0	—	(200.0)
Early Strengthening Law	100.0	—	(100.0)
Common Shares	296.4	261.6	(34.7)

* Amounts less than ¥0.1 billion are rounded down.

2. Response to Potential Dilution Arising from Conversion of Preferred Shares Subscribed with Public Funds

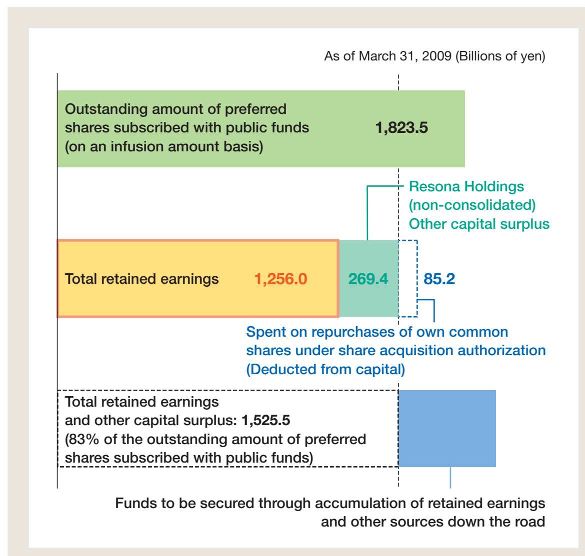
As a countermeasure for the possible dilution that could arise from the Early Strengthening Law Preferred Shares with mandatory conversion dates, Resona Holdings repurchased its own common shares from the market during the period from September 2008 through March 2009. The total cumulative number of shares purchased was approximately 63.5 million shares (with a total purchase value of ¥85.2 billion). Should the preferred shares under the Early Strengthening Law that are still outstanding be converted upon their respective mandatory conversion dates, Resona Holdings could effectively avoid the dilution from taking place since it could deliver the common shares it repurchased to the holder of such preferred shares.

Specific Approaches to Repayment of Public Funds

1. Preferred Shares Still Outstanding: ¥1,823.5 billion on an infusion amount basis

The basic policy is to repurchase these preferred shares using the accumulated retained earnings and the proceeds (other capital surplus) from the issuances of new preferred shares in the market. As of the end of March 2009, the preferred shares subscribed with public funds that are still outstanding amount to ¥1,823.5 billion on an infusion amount basis while Resona Holdings and its subsidiary banks combined secured ¥1,525.5 billion in funds available for repayments, which cover 83% of the aforesaid remaining amount.

[Accumulation of Funds Available for Repayments]



2. Common Shares Subscribed with Public Funds: ¥261.6 billion on an infusion amount basis

While assessing prevailing market conditions, Resona Holdings will proceed with discussions with the relevant authorities with a view to realizing repayments through sales in the market as early as possible.

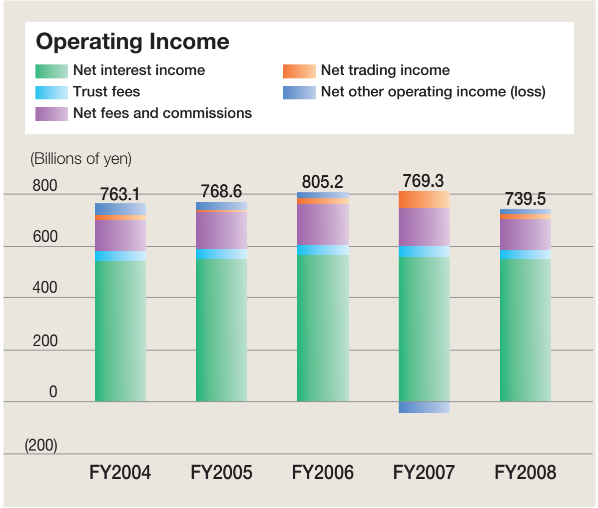
FINANCIAL REVIEW

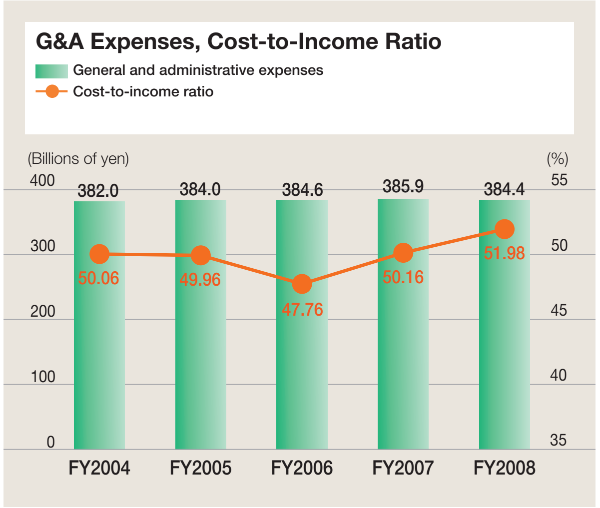
Selected Financial Data (Consolidated)

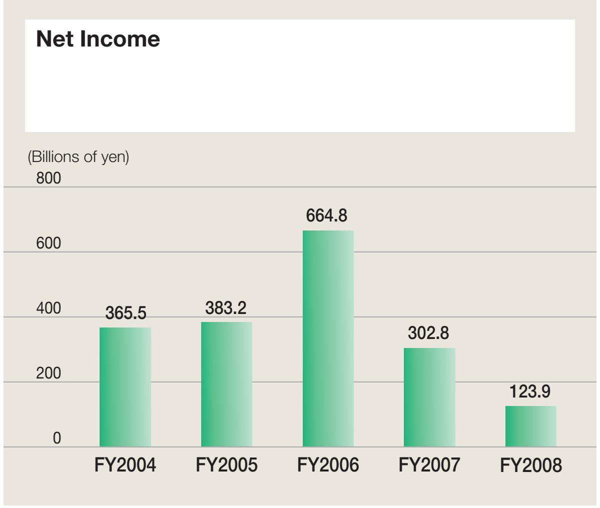
Resona Holdings, Inc. and Consolidated Subsidiaries	Billions of Yen					
	FY2008 (A)	FY2007 (B)	FY2006	FY2005	FY2004	Change (A) – (B)
Scope of consolidation and application of the equity method:						
Consolidated subsidiaries	**19**	19	21	36	36	—
Affiliated companies accounted for by the equity method	**2**	2	2	2	2	—
Total	**21**	21	23	38	38	—
Income statement data:						
Net interest income	**547.0**	555.3	563.7	549.8	542.3	(8.2)
Trust fees	**35.4**	41.3	40.4	36.6	35.1	(5.9)
Net fees and commissions	**117.8**	147.0	157.0	144.4	121.1	(29.2)
Net trading income	**21.0**	67.8	21.5	4.9	20.6	(46.8)
Net other operating income (loss)	**18.2**	(42.3)	22.5	32.7	43.8	60.6
Total operating income	**739.5**	769.3	805.2	768.6	763.1	(29.7)
General and administrative expenses	**384.4**	385.9	384.6	384.0	382.0	(1.4)
Net credit costs	**181.4**	58.4	69.7	6.2	62.8	122.9
Other gains (losses), net	**60.9**	(2.1)	74.8	24.1	70.1	63.0
Income before income taxes and minority interests	**234.1**	322.6	426.0	402.5	389.5	(88.4)
Income taxes-current	**9.5**	15.2	12.4	15.6	9.0	(5.6)
Income taxes-deferred (benefit)	**97.4**	(4.4)	(263.6)	(9.1)	2.3	101.9
Minority interests in net income of subsidiaries	**3.2**	9.1	12.3	12.6	12.6	(5.8)
Net income	**123.9**	302.8	664.8	383.2	365.5	(178.9)
Balance sheet data:						
Trading assets	**519.5**	445.9	370.8	678.8	708.3	73.6
Securities	**8,011.7**	6,718.6	7,595.2	8,021.9	7,278.6	1,293.0
Loans and bills discounted	**26,509.2**	26,052.4	26,252.8	26,209.6	25,315.7	456.7
Deferred tax assets	**308.8**	371.8	309.2	3.5	45.5	(62.9)
Customers' liabilities for acceptances and guarantees	**870.3**	969.3	1,075.5	1,721.2	1,762.0	(99.0)
Reserve for possible loan losses	**(440.9)**	(490.8)	(543.1)	(538.4)	(627.0)	49.8
Total assets	**39,863.1**	39,916.1	39,985.6	40,399.5	39,563.3	(53.0)
Deposits, including negotiable certificates of deposit	**32,689.8**	32,997.5	33,531.3	33,320.9	33,003.5	(307.7)
Trading liabilities	**122.2**	139.3	115.3	71.0	39.0	(17.1)
Borrowed money	**647.5**	684.1	993.2	241.9	498.4	(36.6)
Bonds	**825.2**	892.1	866.1	763.4	555.9	(66.8)
Deferred tax liabilities	**0.0**	0.0	0.0	25.0	2.2	0.0
Acceptances and guarantees	**870.3**	969.3	1,075.5	1,721.2	1,762.0	(99.0)
Total liabilities	**37,685.0**	37,391.5	38,015.5	38,585.6	38,090.5	293.5
Minority interests in subsidiaries	**/**	/	/	156.8	286.3	/
Capital stock	**327.2**	327.2	327.2	327.2	327.2	—
Total net assets	**2,178.0**	2,524.6	1,970.1	/	/	(346.5)
Total shareholders' equity	**/**	/	/	1,657.0	1,186.4	/
Per share data (yen):						
Net assets per share	**(303.63)**	(137.11)	(236.76)	(784.99)	(1,205.62)	(166.52)
Net income per share	**76.27**	236.90	539.33	319.43	304.03	(160.63)
Diluted net income per share	**53.83**	164.01	342.37	170.53	140.36	(110.18)
Capital adequacy data (%):						
Tier I capital ratio	**9.92**	10.33	6.51	5.95	5.27	(0.41)
Total capital adequacy ratio	**13.45**	14.28	10.56	9.97	9.74	(0.83)
Other data:						
Return on equity (%)	**5.6**	14.4	38.3	—	—	(8.8)
Price earnings ratio (x)	**17.17**	7.00	5.87	12.67	7.07	10.17
Cost-to-income ratio (%)	**51.98**	50.16	47.76	49.96	50.06	1.82
Net deferred tax assets as a percentage of Tier I capital (%)	**14.86**	16.50	19.93	(1.51)	3.62	(1.64)
Number of employees	**16,498**	16,343	16,245	16,123	16,260	155
Trust assets under management and custody	**34,420.3**	36,733.5	34,203.0	30,041.3	27,435.4	(2,313.1)

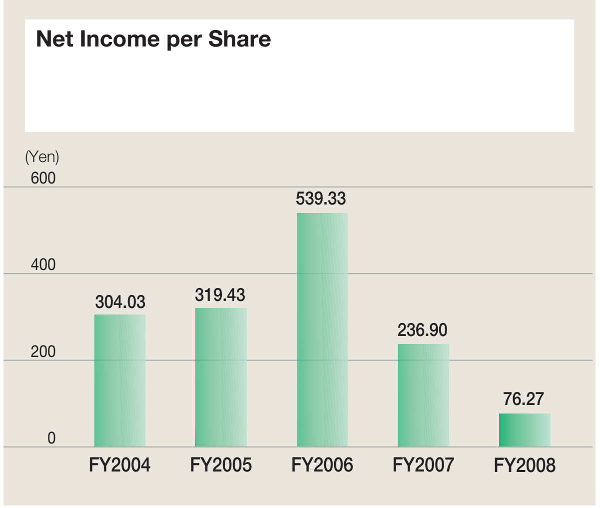
*1 In accordance with revisions to the Business Accounting Standards Implementation Guidance No. 4, from FY2006, net assets per share include deferred gains or losses on derivatives qualified for hedge accounting.

*2 On August 2, 2005, the Company implemented a reverse split of shares, consolidating every 1,000 shares into one share for all outstanding common and preferred stock shares. Also, on January 4, 2009, the Company implemented a split of shares, dividing every one share into 100 shares for all outstanding common and preferred stock shares. Per share data presented for FY2004 are multiplied by 10 times and the same data presented for FY2005 through FY2007 are divided by 100 with a view to ensuring comparability of the per share data presented.









The consolidated financial position and operating results of the Resona Group (Resona Holdings, Inc., and consolidated subsidiaries) were as follows.

Total assets decreased ¥53.0 billion, compared with the previous fiscal year-end, to ¥39,863.1 billion.

In assets, securities increased ¥1,293.0 billion, to ¥8,011.7 billion, and loans and bills discounted rose ¥456.7 billion, to ¥26,509.2 billion. However, call loans and bills bought decreased ¥985.6 billion, to ¥658.6 billion; cash and due from banks were down ¥641.2 billion, to ¥1,404.3 billion.

In liabilities, bills sold under repurchase agreements increased ¥773.4 billion, to ¥790.4 billion, and deposits rose ¥472.3 billion, to ¥32,107.7 billion. However, negotiable certificates of deposit decreased ¥780.0 billion, to ¥582.0 billion. Please note that time deposits (included in deposits) were up ¥121.7 billion from the end of the previous fiscal year and amounted to ¥12,415.3 billion at fiscal year-end.

Among total equity, as a result of the repurchase and cancellation of Class B No. 1 and Class E No. 1 preferred stocks, total shareholders' equity, which is defined as total equity less total valuation and translation items and minority interests in consolidated subsidiaries, declined ¥169.0 billion, to ¥2,021.1 billion. Also, as a consequence of the decrease in net unrealized gains on available-for-sale securities and other factors, total valuation and translation items declined ¥171.2 billion, to ¥26.9 billion. In addition, minority interests in consolidated subsidiaries decreased ¥6.2 billion, to ¥129.9 billion. As a result of the above, total equity was down ¥346.5 billion, to ¥2,178.0 billion.

Turning to business performance, consolidated total operating income of the Resona Group declined ¥29.7 billion, or 3.8%, from the previous fiscal year, to ¥739.5 billion. Total gross operating profit of the four Group banks on a non-consolidated basis decreased ¥24.7 billion, or 3.5%, to ¥675.3 billion, and actual net operating profit was down ¥25.1 billion, or 7.4%, to ¥312.7 billion. A breakdown for the four Group banks on a non-consolidated basis shows that net interest income decreased just ¥2.3 billion, or 0.4%, to ¥471.6 billion, but trust fees declined ¥5.9 billion, or 14.4%, to ¥35.4 billion, and net fee and commission income fell ¥28.1 billion, or 28.9%, to ¥68.9 billion. This was because performance of business activities generating net interest income held firm at the level of the previous fiscal year, but, on the other hand, as a result of the deterioration in the market environment, the pension and securities trust, financial product sales, real estate brokerage, and certain other businesses experienced declines in performance.

Consolidated operating expenses for the Group decreased ¥1.4 billion, to ¥384.4 billion. Although the sale of the Tokyo head office building was a factor pushing expenses upward because of the addition of leaseback payments, this increase was more than offset by restraints on base expenses.

Net losses on stocks amounted to ¥37.6 billion (the total for the four Group banks on a non-consolidated basis), mainly because of impairment losses on available-for-sale stocks amounting to ¥25.7 billion owing to the sharp decline in equity prices following the collapse of Lehman Brothers.

Net credit costs rose ¥125.2 billion, to ¥163.9 billion (the total for the four Group banks on a non-consolidated basis), because of the increase in write-offs and provisions to loan loss reserves for certain industries and customers.

Gains from the sale of fixed assets (the total for the four Group banks on a non-consolidated basis) amounted to ¥103.3 billion, which was ¥105.1 billion higher than for the previous fiscal year. The principal reason for this increase was the reporting of ¥104.4 billion in gains from the sale of the Tokyo head office building.

Reversal of the deferred tax assets which the Group registered in the previous fiscal year in relation to the sale of the Tokyo head office building, together with other factors, resulted in an increase in income taxes—deferred of ¥101.9 billion, to ¥97.4 billion on a Group consolidated basis).

As a result of the aforementioned factors, consolidated net income decreased ¥178.9 billion, to ¥123.9 billion. Total net income for the four Group banks on a non-consolidated basis declined ¥139.3 billion, to ¥120.7 billion.

[Operating Results: Total of Non-consolidated Figures of Four Group Banks]

		Total of four banks		
		FY 2008 [A]	[A]-[B]	FY 2007 [B]
Gross operating profit	1	675.3	(24.7)	700.0
Gross operating profit from domestic operations	2	658.0	(11.2)	669.2
Interest income	3	540.0	3.9	536.1
Trust fees (after disposal of problem loans in the trust account)	4	35.4	(5.9)	41.3
<Disposal of problem loans in the trust account>	5	(0.3)	(0.2)	(0.1)
Fees and commissions	6	66.1	(27.8)	93.9
Trading income	7	3.9	1.4	2.4
Other operating income	8	12.4	17.1	(4.6)
Gross operating profit from international operations	9	17.2	(13.5)	30.8
Interest income	10	(7.6)	(8.7)	1.0
Fees and commissions	11	2.7	(0.2)	3.0
Trading income	12	16.1	(51.1)	67.2
Other operating income	13	5.9	46.6	(40.6)
Operating expenses (excluding non-recurring items)	14	362.2	0.0	362.1
Personnel expenses	15	122.8	(0.9)	123.8
Non-personnel expenses	16	217.6	0.4	217.1
Taxes	17	21.7	0.5	21.1
Provision to general reserve for possible loan losses	18	8.4	8.4	(0.0)
Actual net operating profit *1	19	312.7	(25.1)	337.8
Core net operating profit *2	20	302.5	(28.0)	330.5
Net operating profit	21	304.7	(33.2)	337.9
Other gains/(losses), net	22	(219.7)	(94.2)	(125.4)
Net gains/(losses) on stocks	23	(37.6)	8.2	(45.8)
Gains on sale	24	13.6	(7.2)	20.8
Losses on sale	25	25.5	(14.4)	39.9
Losses on devaluation	26	25.7	(0.9)	26.7
Expenses related to disposal of problem loans	27	192.8	112.5	80.3
Write-off of loans	28	186.0	114.3	71.7
Provision to specific reserve for possible loan losses	29	4.9	(0.5)	5.5
Provision to special reserve for certain overseas loans	30	—	—	—
Other disposal of problem loans	31	1.7	(1.3)	3.0
Other	32	10.7	9.9	0.7
Ordinary profit	33	84.9	(127.5)	212.5
Extraordinary profit/ (loss), net	34	134.3	44.7	89.6
Gains from reversal of credit-related expenses	35	36.8	(4.5)	41.4
Gains from reversal of loan loss reserves	36	14.6	9.6	5.0
Gains from recoveries of written-off claims	37	22.2	(14.1)	36.3
Gains/(losses) on sales of premises and equipment	38	103.3	105.1	(1.8)
Losses on impairment of fixed assets	39	3.3	0.3	3.0
Other	40	(2.5)	(55.5)	52.9
Income before income taxes	41	219.3	(82.8)	302.1
Income taxes-current	42	35.0	25.3	9.6
Income taxes-deferred	43	63.4	31.1	32.3
Net income	44	120.7	(139.3)	260.1
Credit-related expenses (5,18,27,35)	45	163.9	125.2	38.7

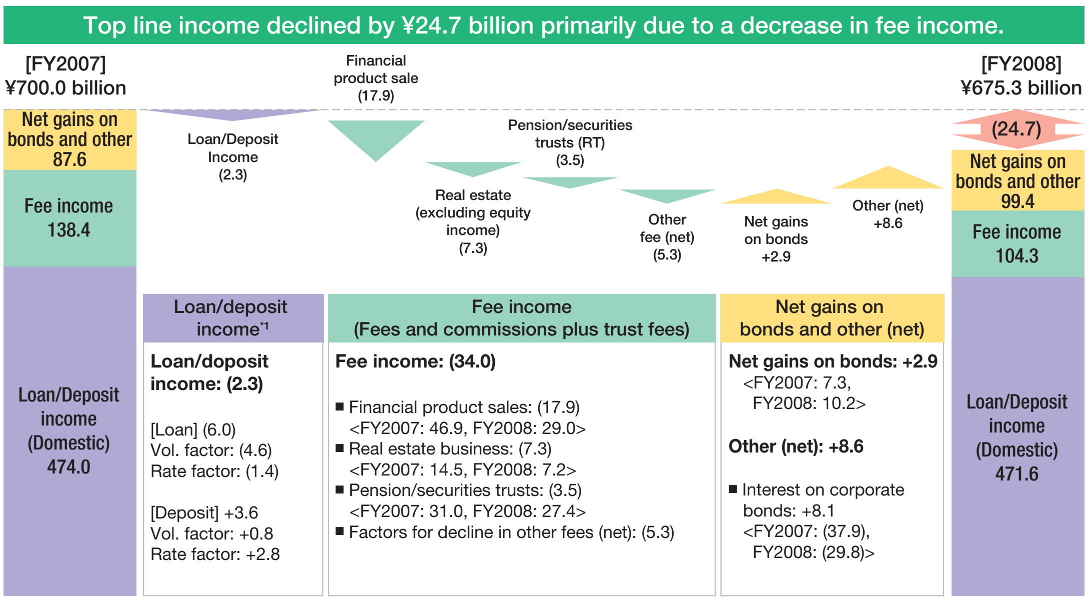
*1 Actual net operating profit: Net operating profit before transfer to general reserve for possible loan losses and expenses related to problem loan disposal in the trust account.
*2 Core net operating profit: Actual net operating profit less bond-related income.
*3 As for the total of general reserve for possible loan losses, specific reserve for possible loan losses and special reserve for certain overseas loans, if the amount of reversal exceeds the amount of addition during each period, the amount of such difference is accounted for as extraordinary gains.

Principal Resona Group Business Trends

[Gap Analysis on Top Line Income (Total of Group banks)]

Top line income declined ¥24.7 billion primarily due to a decrease in fee income.

(Billions of yen)
"+" mark indicates contribution to profit.

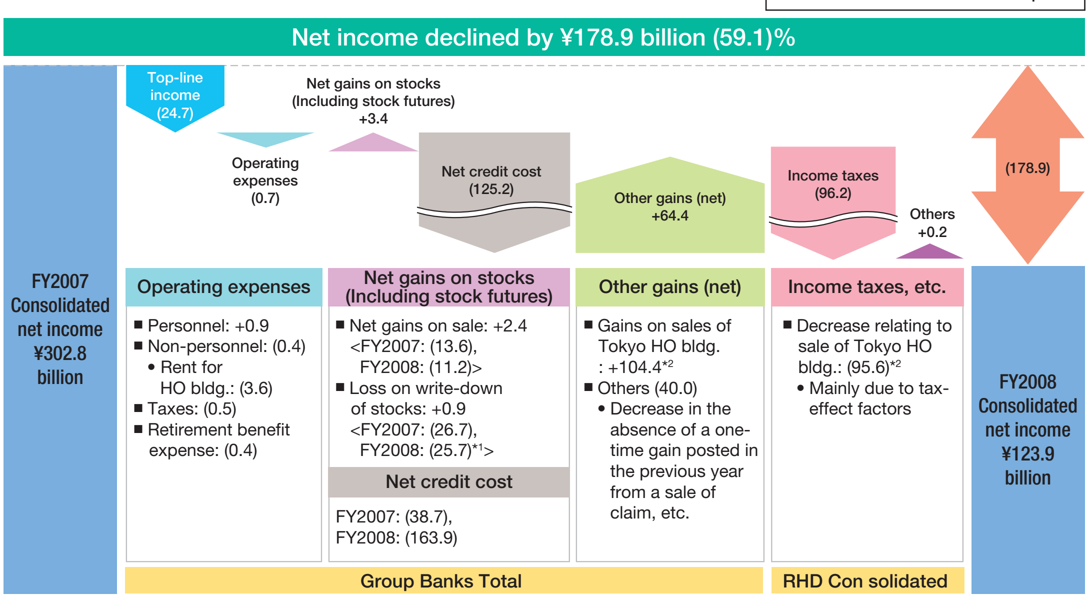


*1 Domestic operations (Deposits include NCDs.)

[GAP Analysis on Change in Consolidated Net Income]

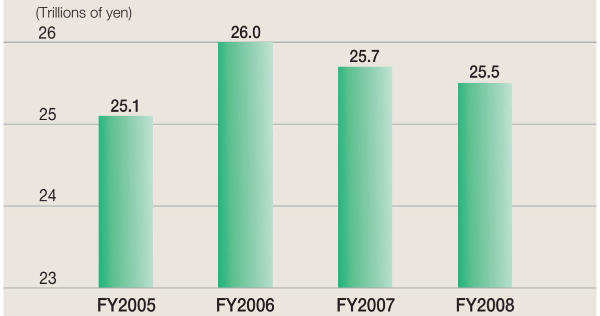
Net income declined ¥178.9 billion, (59.1)%

(Billions of yen)
"+" mark indicates contribution to profit.



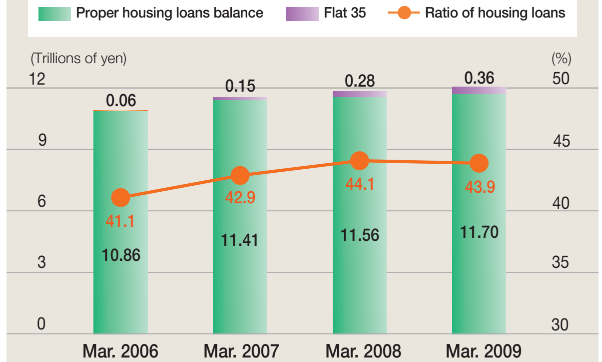
*1 Loss on write-downs of listed stocks in FY2008 was approximately ¥19.2 billion (The remaining loss is for unlisted stocks.)
*2 The net contribution by a sale of the Tokyo HO bldg. was ¥8.8 billion.

Trend of Average Loan Balance (Total of Group Banks)



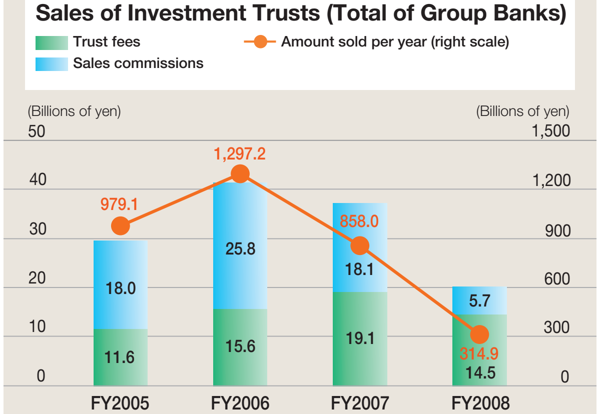
(Domestic banking account)

Balance of Housing Loans (Total of Group Banks)



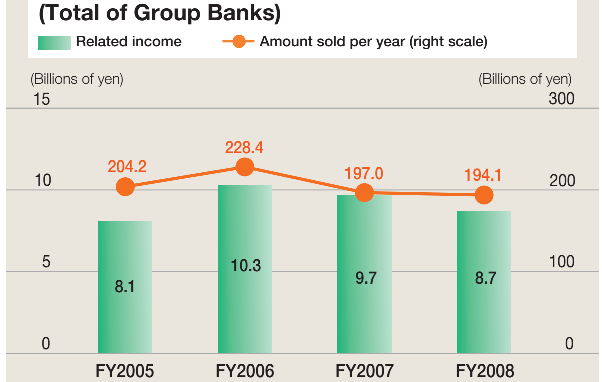
- New loan origination (including Flat 35)
  - FY2008: ¥1.22 trillion

Sales of Investment Trusts (Total of Group Banks)



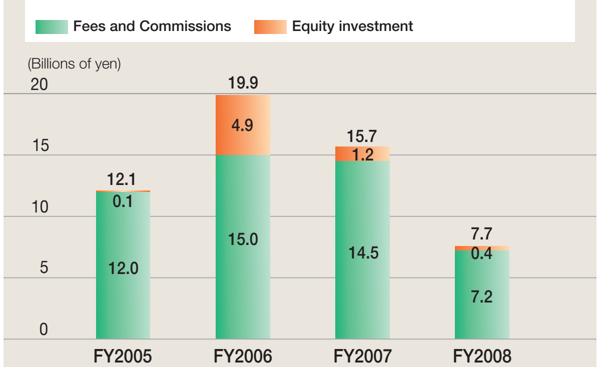
- Slowdown in sales due to turmoil in the market
- Timely introduction of original products according to market situations
- Individual deposits increased by ¥381.5 billion YoY
  - Potential for future shift to investment products

Sales of Personal Annuity Products (Total of Group Banks)



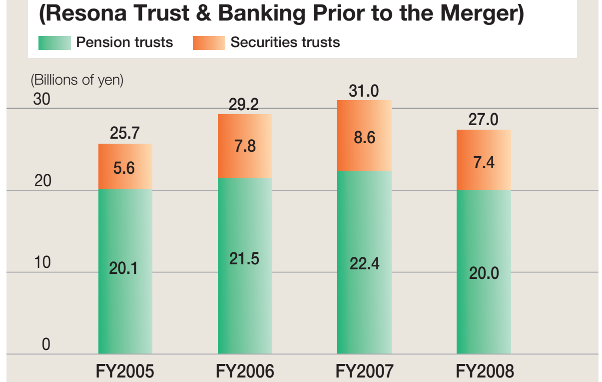
- Introduction of products based on customer needs
- HR development to strengthen sales capabilities
  - Training program aimed at raising the service quality

Real Estate Business (Resona Bank)



- Differentiation vis-à-vis designated trust banks
  - Business structure that makes the best use of branch network and customer base
- Advantage to other commercial banks
  - Real estate brokerage as an effective tool for cultivating transactions with high-net-worth individual clients and business owners

Pension and Securities Trust Operations (Resona Trust & Banking Prior to the Merger)



- Resona Bank and Resona Trust & Banking Merged on April 1, 2009
  - Pursue merger synergies = > Explore potential market
- Abolition of tax-qualified pension plan (Mar. 2012)
  - Providing support and solutions for SME clients considering a shift from tax-qualified pension plan to a new scheme

Initiatives Aimed at Improving Financial Soundness

[Consolidated Balance Sheet of Resona Holdings (As of March 31, 2009)]

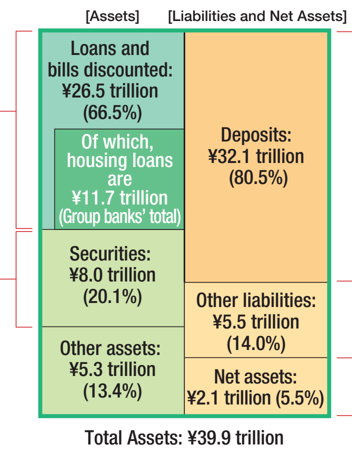
■ Sound assets backed by very stable deposit funding

Sound loan portfolio

- ■ Well-diversified loan portfolio
  - • Housing loan ratio at 44%
  - • SME portfolio well-diversified into over 90 thousand clients
- ■ Net NPL ratio standing at 0.35%

Conservative securities portfolio

- ■ Mostly comprised of JGBs
- ■ Limited downside risk relating to equity exposure
  - • Stockholdings to Tier 1: Apx. 17%
  - • Breakeven Nikkei Avg.: ¥7,000 level
- ■ No exposure to the U.S. sub-prime-related assets



Stable funding structure

- ■ Strong retail deposit base
  - • 13 million retail deposit accounts
  - • Accounts for approx. 66% of total deposit funding
- ■ Funding cost kept at a low level
- ■ Avg. cost of deposits: 0.25%
- ■ Low-cost liquidity deposits account for approx. 55% of total deposit funding
- ■ Very limited dependence on inter-bank funding or securitization
- ■ Ratio of loans and bills discounted to total deposits: 83%

Well capitalized on a regulatory basis

- ■ Capital adequacy ratio: 13.45%
- ■ Tier I ratio: 9.92%
- ■ Ratio of Net DTA to Tier 1: 14.86%

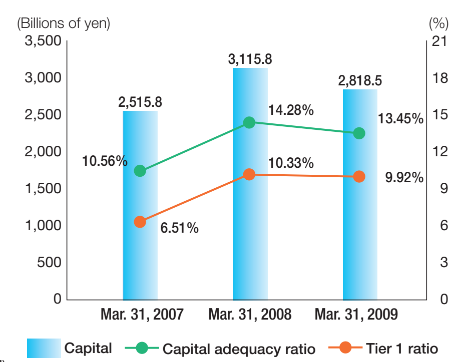
[Consolidated Capital Adequacy Ratio and Total Qualifying Capital]

(Billions of yen, %)

	Mar. 31, 2007	Mar. 31, 2008	Mar. 31, 2009
Capital adequacy ratio	10.56	14.28	13.45
Tier 1 ratio	6.51	10.33	9.92
Qualifying capital	2,515.8	3,115.8	2,818.5
Basic items (Tier 1)	1,551.7	2,253.3	2,078.8
Supplementary items (Tier 2)	1,001.7	910.4	771.4
Deductions	37.5	47.8	31.6
Risk-weighted assets	23,803.3	21,809.3	20,944.8

For reference: Capital adequacy ratios of Group banks

Resona Bank: 9.99% (consolidated)
Kinki Osaka Bank: 9.67% (consolidated)
Saitama Resona Bank: 10.54% (non-consolidated)
Resona Trust & Banking: 46.23% (non-consolidated)



Financial Soundness

Claims Disclosure According to the Financial Reconstruction Law (Total of the Three Banks*)

(Includes Jointly Operated Designated Money Trusts, of which the principal is guaranteed by a Group bank)

		Billions of Yen		
March 31		**2009 (1)**	2008 (2)	Change (1)-(2)
Unrecoverable or valueless claims		**137.0**	74.1	62.9
Risk claims		**367.2**	342.8	24.4
Claims in need of special attention		**163.5**	182.2	(18.6)
Subtotal	(A)	**667.8**	599.1	68.7
Nonclassified claims		**26,893.7**	26,662.0	231.7
Total claims	(B)	**27,561.5**	27,261.1	300.4
Ratio of classified claims (%)	(A)/(B)	**2.42**	2.19	0.22

*Sum of non-consolidated figures for Resona Bank, Saitama Resona Bank and Kinki Osaka Bank.

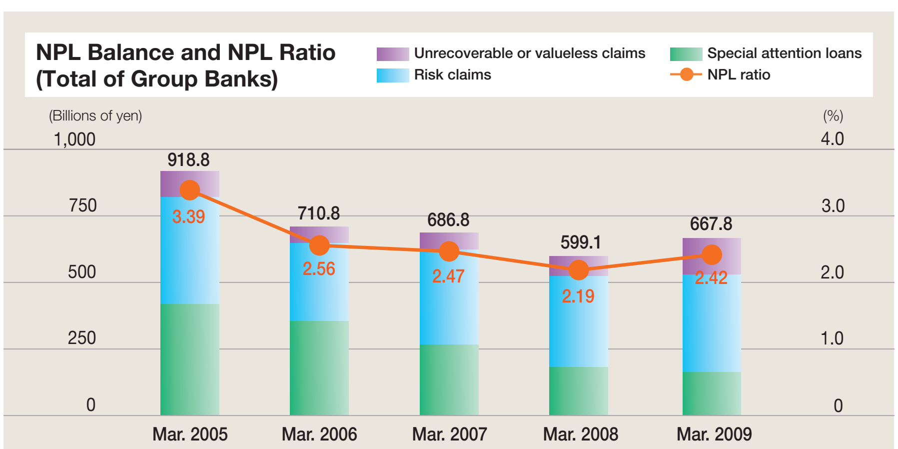
Reserve for Possible Loan Losses (Total of the Three Banks*)

(Includes Jointly Operated Designated Money Trusts, of which the principal is guaranteed by a Group bank)

	Billions of Yen		
March 31	**2009 (1)**	2008 (2)	Change (1)-(2)
General reserve for possible loan losses	**225.4**	246.0	(20.5)
Specific reserve for possible loan losses	**125.8**	145.1	(19.2)
Special reserve for certain overseas loans	**0.8**	0.3	0.5
Total reserve for possible loan losses	**352.2**	391.4	(39.2)
Reserve for write-off of loans in the trust account	**0.3**	0.3	(0.4)

*Sum of non-consolidated figures for Resona Bank, Saitama Resona Bank, and Kinki Osaka Bank.

NPL Balance and NPL Ratio (Total of Group Banks)

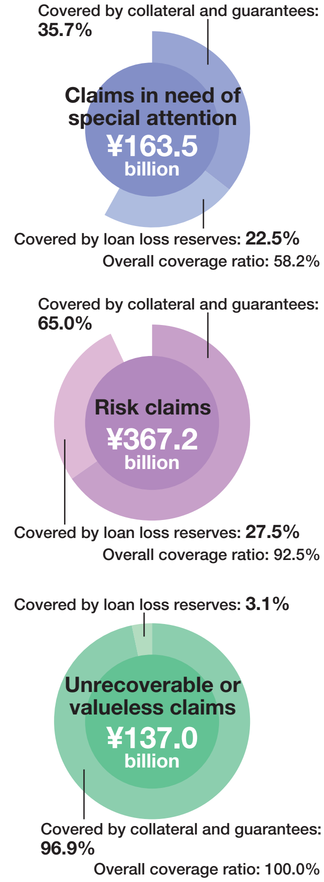


Risk Management Loans (Consolidated)

(Includes Jointly Operated Designated Money Trusts, of which the principal is guaranteed by a Group bank)

	Billions of Yen		
March 31	**2009 (1)**	2008 (2)	Change (1)-(2)
Loans to borrowers in legal bankruptcy	**84.5**	22.1	62.4
Past due loans	**438.1**	414.3	23.8
Loans past due three months or more	**27.4**	8.1	19.2
Restructured loans	**163.2**	206.9	(43.6)
Risk management loans	**713.3**	651.5	61.8

Coverage of Credit Exposure
(as of March 31, 2009)

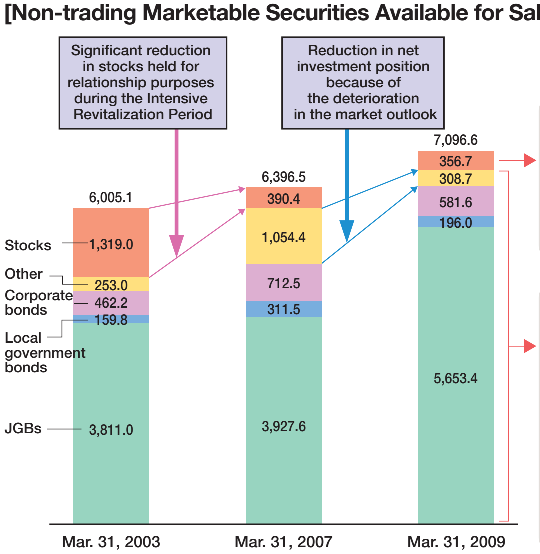


Amortized Cost and Fair Value of Marketable Securities (Consolidated)

	Billions of Yen									
	2009					2008				
March 31	Amortized cost	Estimated fair value	Net unrealized gains (losses)	Gross unrealized gains	Gross unrealized losses	Amortized cost	Estimated fair value	Net unrealized gains (losses)	Gross unrealized gains	Gross unrealized losses
Securities being held to maturity:										
Japanese national government bonds	**375.2**	**377.8**	**2.5**	**3.3**	**0.7**	—	—	—	—	—
Japanese local government bonds	**223.8**	**228.5**	**4.7**	**4.8**	**0.0**	188.9	194.8	5.8	5.8	0.0
Total	**599.1**	**606.4**	**7.3**	**8.1**	**0.8**	188.9	194.8	5.8	5.8	0.0
Securities available-for-sale:										
Japanese stocks	**356.7**	**393.9**	**37.1**	**68.4**	**31.2**	385.5	589.9	204.3	216.1	11.7
Bonds	**6,431.1**	**6,374.6**	**(56.5)**	**4.2**	**60.7**	5,104.4	5,074.4	(29.9)	7.6	37.6
Japanese national government bonds	**5,653.4**	**5,596.7**	**(56.7)**	**2.1**	**58.8**	4,184.4	4,151.6	(32.7)	3.2	36.0
Japanese local government bonds	**196.0**	**196.8**	**0.7**	**1.3**	**0.5**	250.7	253.2	2.5	3.0	0.5
Japanese corporate bonds	**581.6**	**581.0**	**(0.6)**	**0.8**	**1.4**	669.1	669.5	0.3	1.3	1.0
Other	**308.7**	**295.5**	**(13.2)**	**2.4**	**15.7**	451.8	449.1	(2.7)	8.0	10.8
Total	**7,096.6**	**7,064.0**	**(32.5)**	**75.1**	**107.7**	5,941.8	6,113.5	171.6	231.8	60.2

Securities Portfolio with Minimized Downside Risks

[Non-trading Marketable Securities Available for Sale] (Billions of yen, at cost)



■ Net unrealized gain on stocks: ¥37.1 billion
- Stockholdings for relationship purposes reduced to ¥356.7 billion
- Impairment loss on listed stocks for year ended March 31, 2009: ¥19.2 billion
- Nikkei Average for breakeven (no unrealized gains or losses): Approximately ¥7,000

■ Net unrealized loss on JGBs: ¥56.7 billion
- Floating rate JGBs consistently marked to market prices
  Holdings of floating rate JGBs: ¥670.1 billion, unrealized loss: ¥30.4 billion
  Note: The unrealized gain on floating rate JGBs calculated using theoretical prices for internal management purposes was ¥3.6 billion.

■ Net unrealized loss on “other”: ¥13.2 billion
- No investments in assets linked to the U.S. subprime housing loans
- All securitized products held by the Group were developed in Japan, and 86% are backed by housing loans originated in Japan.

CORPORATE GOVERNANCE

Basic Approach to Corporate Governance

The basic policy of the Resona Group is to strengthen its corporate governance by establishing responsible management systems and strengthening supervision as well as surveillance functions while working to improve the transparency of management.

With the injection of public funds into Resona Bank in June 2003, Resona Holdings became the first banking institution to adopt the Committees Governance Model in the interest of realizing highly transparent as well as sound and efficient management. Resona Holdings increased management transparency by appointing a majority of independent directors not only to the Appointments Committee, Compensation Committee, and Auditing Committee, but also to the Board of Directors. In our quest for management that reflects the Resona Group's management philosophy, we have separated management oversight and operations functions, shifting certain responsibilities to the Executive Officers to enable quick decision making while bolstering the Board of Directors' supervisory function.

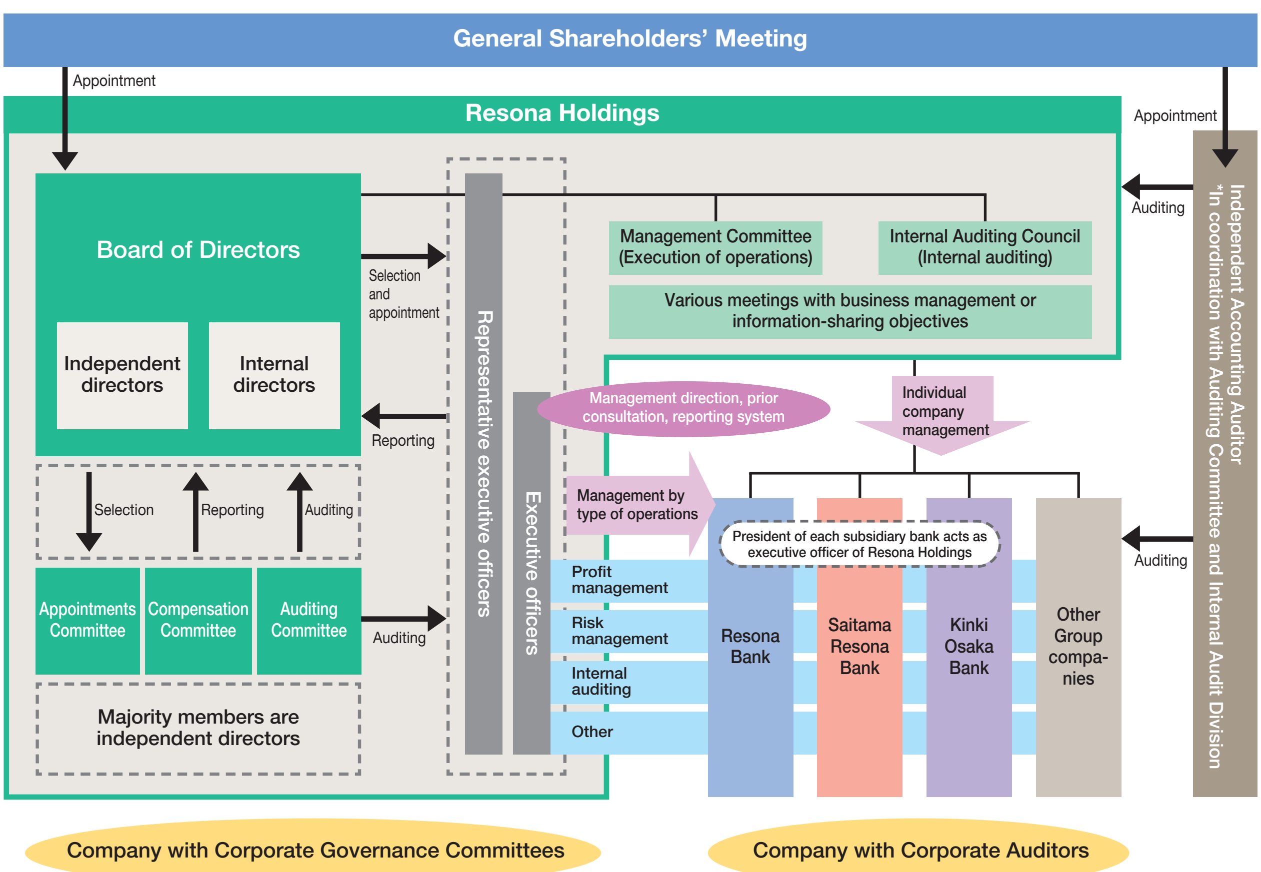
The subsidiary banks under Resona Holdings uniformly adopt the Auditors Governance Model. This governance framework at Group banks ensures consistency in the strengthening of Groupwide governance as a whole and the framework of subsidiary banks' governance structure that facilitates their autonomous management.

Activities at Resona Holdings

Board of Directors

The Board of Directors, with ten directors, six of whom are independent directors, fully ensures that management engages in substantial discussion in fulfilling their responsibilities of making decisions about important Group management issues and supervising the execution of business activities by executive officers and directors. One of the

[Group Corporate Governance Framework]



unique features of the Committees Governance Model is that while the Board of Directors makes decisions regarding important management issues and supervises the execution of operations, clearly defined roles give executive officers responsibility for the execution of operations, thus strengthening the Board of Directors' supervisory function and accelerating the execution of operations. In June 2005, the presidents of all subsidiary banks became executive officers of Resona Holdings to create a system in which they periodically make reports, thereby ensuring enhanced supervisory functions of the holding company vis-à-vis subsidiary banks. The Board of Directors met 19 times in fiscal 2008.

Appointments Committee

The Appointments Committee comprises three directors, with the committee chairman and one other member being independent directors. The committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the General Meeting of Shareholders, based on the specific qualities that the Group should seek in its directors, discussed and decided at the committee's meetings, as well as the Standards for Appointing Independent Director Candidates. In fiscal 2008, the committee met six times. Please note that, to accelerate Group management reforms and attain sustained increases in corporate value, the Appointments Committee introduced a succession plan in June 2007, which serves as a mechanism to ensure that the most appropriate candidates are selected to fill top management roles and responsibilities.

Compensation Committee

The Compensation Committee comprises three directors, including two independent directors, one of whom serves as the committee chairman. This committee makes decisions about policies regarding benefits for individual directors and executive officers as well as the actual benefits for specific individuals. In addition, the committee considers the role a director compensation system should play in enhancing the Group's corporate value. In fiscal 2008, the committee met four times. Please note that the committee chose to eliminate the directors' retirement benefit system in fiscal 2004 and introduced a performance-based compensation system.

Auditing Committee

The Auditing Committee comprises three directors, including two independent directors, one of whom chairs the committee. In addition to auditing the execution of duties by executive officers and directors, this committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors. In addition, the committee works with the Internal Audit Division and other internal control departments to supervise and verify internal control systems and make the necessary responses, urging executive officers and other responsible persons to make necessary improvements. This committee met 13 times in fiscal 2008.

Executive Committee

Resona Holdings has set up an Executive Committee as a body to deliberate and report on generally important management items and important matters in the execution of operations to support the decision-making process in the execution of operations. The Executive Committee consists of representative executive officers as well as executive officers and employs serious debate to ensure the transparency of decisions regarding significant management issues. In fiscal 2008, this committee met 50 times.

Internal Auditing Council

As a body to deliberate and report on important matters related to internal audits, Resona Holdings has established an Internal Auditing Council that is independent from the Executive Committee, which serves as a body for the execution of business. The council is composed of all representative executive officers, the executive officer in charge of the Internal Audit Division, and a general manager of the Internal Audit Division. Contents of deliberations and reports are conveyed to both the Auditing Committee and the Board of Directors.

The council met 16 times in fiscal 2008 and, in addition to discussing the internal auditing plan, it reported on the results of internal audits.

Management Supervision of Group Companies

Resona Holdings, as the Group holding company, supervises the management of its subsidiary banks and other Group companies, with the objective of raising corporate value. The Company has established a system for managing and controlling Group companies, clearly identifying items for which prior discussion with Resona Holdings is necessary and items that require reporting.

Subsidiaries' Corporate Governance Systems

Subsidiary banks, which are managed as Group members by Resona Holdings, work together to raise corporate value.

The Board of Directors, which includes independent directors, fully ensures that management employs thorough discussion in making decisions regarding the execution of duties and oversees the execution of duties by directors and executive officers.

The Corporate Auditors Meeting, which comprises the corporate auditors, was established to carry out solid auditing functions in the Bank's operations.

In addition to this are the Executive Committee*, a body that makes decisions, deliberates, and reports on generally important issues related to management as well as important issues related to the execution of operations; the Credit Committee*, which makes decisions, deliberates, and reports on important items related to credit operations; and the Auditing Committee*, which makes decisions, deliberates, and reports on important items related to internal auditing.

* Established at Resona Bank, Saitama Resona Bank, and Kinki Osaka Bank. In Resona Bank, these have been established as discussion and reporting organizations.

Internal Control

Basic Stance

The Resona Group is implementing a thoroughgoing differentiation strategy with the aim of becoming "the unrivaled leader in retail financial services." Key elements of this strategy are further selectivity and concentration in business domains (review and confirmation of priority regions and priority businesses) and the establishment of a Resona Style (emphasizing the creation of a new corporate culture, placing more importance on individuals, and pursuing the most-trusted status).

Moving toward the attainment of these business goals, Resona is working to secure greater efficacy and efficiency in its operations and to clarify processes related to compliance in its business activities. We are aiming to construct internal control systems befitting the Resona Group—systems that are understood and followed by the entire Group.

Basic Policy

To enhance the Group's corporate value, the Board of Directors has established a basic policy on internal control for Resona Holdings and all other Group companies, with the aim of realizing systems befitting the Resona Group.

Status of Internal Control Systems

In accordance with its basic policy in Group internal control systems, the Resona Group is striving to ensure the efficacy of its internal control systems through appropriate development and operations of all internal control systems, including the Internal Auditing System, the Compliance System, and the Risk Management System.

COMPLIANCE SYSTEMS

The Resona Group is strongly aware of the responsibilities of banking institutions to society and to acting in the public interest. Under its basic principles of compliance, the Group defines compliance as the strict observance not only of laws and regulations but also social norms to strengthen the trust placed in the Group by society at large. Therefore, the Resona Group has positioned compliance as a key management issue and is working to implement effectively and enhance the compliance systems of the Group as a whole.

Basic Activities

The Resona Group has established its *Corporate Mission*, which forms the basis for the judgments and behavior of directors and employees; the *Resona Way* (Resona Group Corporate Promises), which outlines the basic stance, based on the *Corporate Mission*, that directors and employees should take toward all Group stakeholders; and the *Resona Standards* (the Resona Group's Behavior Guidelines), specific guidelines about behavior expected from directors and employees under the *Corporate Mission* and the *Resona Way*. The *Corporate Mission, Resona Way,* and *Resona Standards* are applied uniformly across Group companies.

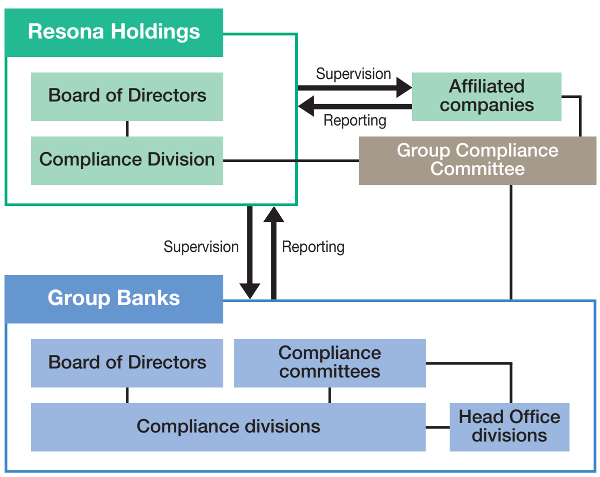
The introduction to the *Resona Standards* is "Aiming to Be a Good Company," a message from the chairman of Resona Holdings. It takes a clear stance on compliance at the Resona Group, stating that corporate ethics must be improved, and identifies the most important issues as 1) what the company can do for society as a member of society and 2) continuing to be a company that practices compliance.

Moreover, Resona Holdings and the Group banks have prepared a Basic Compliance Policy, which makes clear, from a compliance point of view, the roles of directors and employees as well as a basic framework for organizational systems based on the *Corporate Mission* and other statements. To put compliance into practice, we have also prepared a *Compliance Manual* that is distributed to all employees.

Group Management Systems

Group Compliance Management Systems

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems Groupwide. Resona Holdings, Group banks, and affiliated companies all have members on the Group Compliance Committee, which discusses and evaluates all problems related to Group compliance.



Systems for Protecting Group Customers

These days, amid such challenging developments as increasing investment needs from customers, the sophistication of information management required of businesses, and the development of such laws as the Act on the Protection of Personal Information and the Financial Instruments and Exchange Law, financial institutions must strive to provide customers with proper responses and improve user-friendliness, working harder than ever before to ensure that customers can use their services with peace of mind. Therefore, Resona Holdings and Group banks are working energetically to make improvements to their explanations to customers, responses to customer inquiries and complaints, the management of customer information, the management of outsourcers to which they have consigned operations, the management of conflicting interests in banking transactions on the part of Group banks and their customers, and other areas related to providing better responses and user-friendliness for customers.

Specifically, we have clearly defined the departments and individuals responsible for improving responses to and user-friendliness for customers, and they sit on the Service Quality Management Committee, which discusses and deliberates initiatives for raising customer trust and improving user-friendliness.

Compliance Programs

The members of the Resona Group have prepared compliance programs for putting guidelines into everyday action. Progress reports on compliance matters are made periodically to the boards of directors of Group member companies, and activities are under way to systematically strengthen compliance systems.

Compliance Advisory Resources

Resona Legal Counsel Hotline and Resona Compliance Hotline

We recognize an understanding of the issues and clear communication among all employees are essential to a strong compliance system; therefore, we have established Group compliance advice and reporting systems using the Resona Legal Counsel Hotline and the Resona Compliance Hotline.

Moving forward, we will make continuous efforts to ensure that the systems take root while working to detect compliance issues early and create a transparent corporate culture.

In accordance with the Whistleblower Protection Act, which went into effect in April 2006, we endeavor to protect whistleblowers with the previously mentioned hotlines as well as establish rules for internal reporting at Resona Holdings and all other Group companies.

Resona Accounting Audit Hotline

Resona Holdings has established the Resona Accounting Audit Hotline for reporting fraudulent or improper processing related to accounting or accounting-related internal controls and internal audits.

Management of Customer Information

The protection of customer information is one of the most important factors in enabling customers to use the Resona Group with peace of mind. We strive to properly manage information in compliance with the Act on the Protection of Personal Information by publicizing the Promise to Protect Personal Information of All Group Companies, establishing a framework for protecting against leaks or the loss of personal information, and conducting ongoing and thorough employee education.

Elimination of Anti-Social Forces

The Resona Group believes that preventing and eradicating transactions with anti-social forces are critically important to its public mission and social responsibility as a financial institution. Our basic approach is to intervene in and nullify transactions that would support anti-social forces through the corporate activities of Resona Holdings and Group companies.

The Resona Group has designated its compliance divisions as the departments responsible for countering anti-social forces and has set specific internal rules and regulations, as well as providing ongoing training and education on these compliance issues for directors and employees. To prevent and nullify transactions with anti-social forces, we have formed cooperative relationships with law-enforcement agencies, law firms, and other professional organizations.

Moreover, when commencing transactions with customers, we have the customers affirm and declare that they are not currently linked with anti-social forces and will not be so linked at any time in the future. If this affirmation should be violated, beginning in April 2009, all Resona Group banks have introduced an “Anti-Social Force Clause” in their contracts that provides the legal basis for suspending lending transactions with such parties.

RISK MANAGEMENT SYSTEMS

RISK MANAGEMENT SYSTEMS

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the injection of public funds in June 2003 caused the people of Japan, our customers, and other stakeholders. Consequently, we have established the risk management principles below to enhance our risk management systems and methods as well as risk control. Resona Holdings and other Resona Group companies conduct their risk management activities with an eye to securing the soundness of operations and enhancing profitability.

1. We will not assume levels of risk in excess of our economic capital.
2. We will deal promptly with losses that we have incurred or expect to incur.
3. We will take risks appropriate for our earnings power.

Risk Management Policies and Systems

Resona Holdings has established the *Group Risk Management Policy* that serves as the Group's basic risk management policy.

Based on the *Group Risk Management Policy*, each Group bank has established its own risk management policy that is tailored to its operations, unique characteristics, and the risks it must address. The risk management policies of Resona Holdings and Group banks create a basic framework for managing risk by defining the types of risk that must be managed and establishing organizations or systems that manage risk.

Resona Holdings and Group banks have established risk management departments for managing different types of risk, along with a Risk Management Division, to integrate the management and control of all types of risk. Principal risk categories are outlined below, and each risk is managed using a method that is tailored to its characteristics.

Principal Group companies, other than the banks, have also established risk management policies that are tailored to their own operations, special characteristics, and risks. In addition to establishing risk management systems and frameworks, these policies establish guidelines for avoiding risks outside their fundamental business areas. These Group companies have also established risk management departments for managing different categories of risk and risk management divisions for comprehensive risk management.

In addition, to prepare for the worst case scenario in which risks are triggered by disasters or systems failures, the effect goes beyond the scope of usual risk management and reaches a crisis proportion, Resona Holdings and all Resona Group companies have established a crisis management policy to respond quickly and achieve a fast recovery of operations through sustaining business activities or early rehabilitation of operations.

Risk Category	Risk Management Methods
	Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, etc.)
Credit risk	Credit ratings, self-assessments, credit ceiling system, risk limits setting, etc.
Market risk	Setting risk limits, setting loss limits, setting position limits, etc.
Liquidity risk	Recognition of liquidity emergencies, response system for emergencies, guidelines for liquidity risk management indicators, etc.
Operational risk	Control self-assessments (CSAs), analysis of loss data, key risk indicator (KRI), etc.
Processing risk	Improvements in business processes, training and education, guidance for clerical operations, etc.
Systems risk	Control through systems risk management standards, preparation of contingency plans, etc.
Legal and compliance risks	Compliance checks, improvements through compliance programs, etc.
Trust asset management risk	Improvement in business processes, training and education, guidance for clerical operations, etc.
Other operational risk	Improvements in systems to minimize risks of natural disasters and financial crime by outsiders, strengthening procedures, etc.
Reputational risk	Dissemination of timely and appropriate information, monitoring of media, etc., preparation of crisis management systems.

Group Management by Resona Holdings

Resona Holdings provides common guidance and direction to all Group companies regarding risk management policies, standards, and systems.

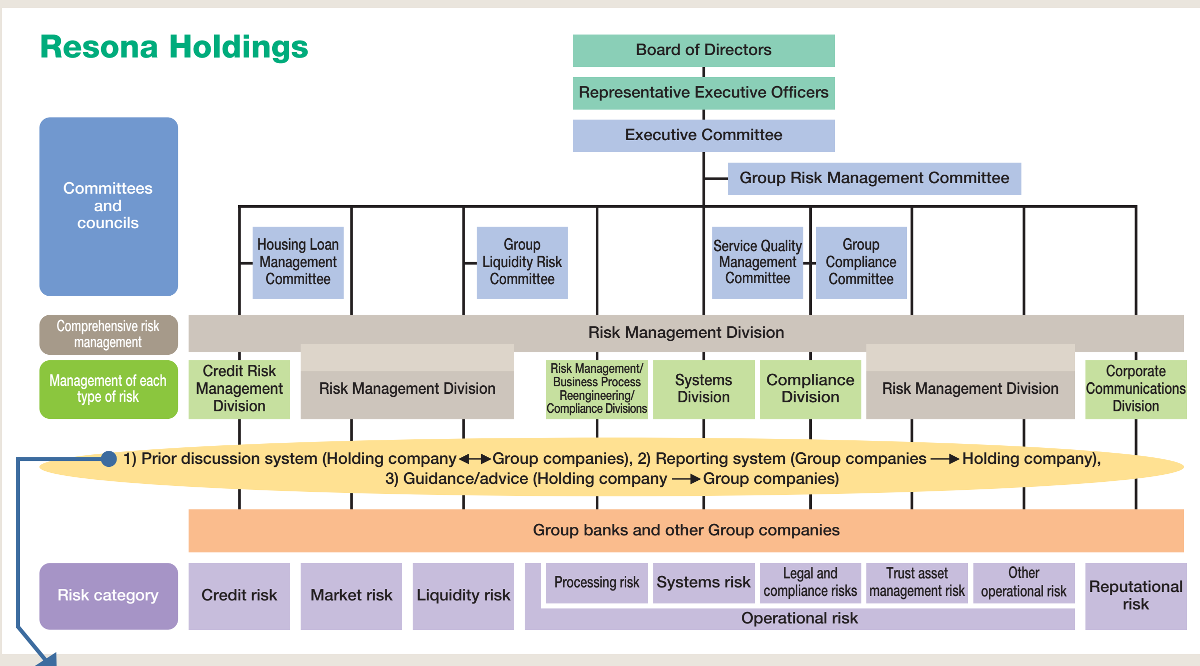
The Group management framework requires that Group companies confer with Resona Holdings in advance of making decisions on important matters related to risk management and base their decisions on those consultations.

In addition to providing direction to Group companies regarding risk management policies as well as rules, standards, and systems, Resona Holdings verifies risk management policies, rules, standards, and systems at all Group companies through prior discussion, thus controlling the Group risk management framework.

Furthermore, Resona Holdings controls risk-taking by Group companies by requiring prior discussion of their limits and guidelines. Group companies must make reports to Resona Holdings regarding the risk conditions and their management on a regular and as-needed basis so that the holding company can provide guidance and direction where necessary.

As shown by the chart below, we have formed risk management divisions within Resona Holdings for managing each type of risk on a Groupwide basis.

[Group Risk Management Systems in Outline]



Resona Holdings Group Management Framework	
1) Prior discussion system	Group companies must engage in prior discussion with Resona Holdings in the situations listed below. • When establishing or revising important risk management policies or rules • When establishing all types of risk-related limits and guidelines • When making decisions about other important risk management matters
2) Reporting system	• All Group companies must make periodic reports to Resona Holdings regarding the status of risks and risk management. • Reports are made as needed, for example, when critical risk management issues arise.
3) Guidance and advice	•Resona Holdings presents such Groupwide risk management items as policies, standards, and systems to all Group companies. •Resona Holdings provides individual guidance and advice as necessary, based on reports from Group companies.

COMPREHENSIVE RISK MANAGEMENT

Value at Risk (VaR) is a risk management indicator that uniformly measures various types of risk. It applies statistical methods to calculate the maximum amount of losses over a specified period, with a specified confidence level. Based on VaR, all Resona Group banks establish risk limits (risk capital allocations) by periodically measuring credit risk, market risk (including price-fluctuation risk associated with investment securities), and operational risks (processing risk, systems risk, etc.) to control risks within acceptable limits.

Specifically, all Group banks are required not to take risks in excess of their management strength by establishing risk limits that are within the scope of their Tier I capital and other buffers.

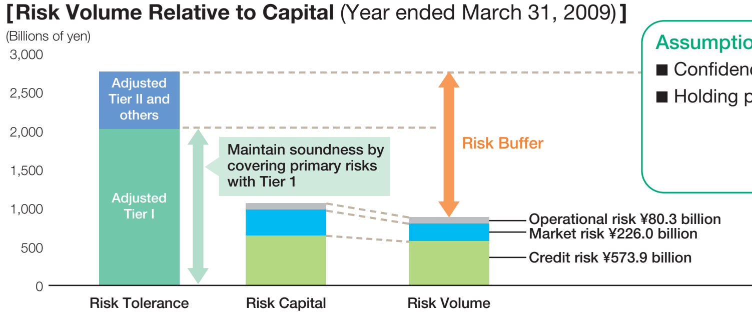
As part of its oversight and management of Group banks, Resona Holdings holds prior discussions with the banks to establish risk limits and verifies that they are within the limits of the banks' economic capital and do not threaten the banks' financial soundness. Furthermore, Resona Holdings ensures that the risk limits for the entire Group are within the scope of the Group's aggregate economic capital.

Although Resona Holdings is constantly working to improve the quality of risk measurement through various means, including the application of the VaR method, there are risks that cannot be quantified by statistical data compiled using such means. Based on this fact, Resona Holdings and Group banks strive to study and understand the incompleteness and specific weak points of the VaR method, thereby assessing and recognizing the impact of such limitations of their risk measurement. For risks that cannot be identified or quantified by the VaR method, Resona Holdings conducts qualitative assessment through various stress-testing and the use of risk-assessment mapping. In this way, Resona Holdings aims to enhance the quality of its comprehensive risk management.

[Resona Group's Allocation of Risk Capital (Establishment of Risk Limits)**]**

- Primary risks such as credit, market and operational risks are controlled within the adjusted Tier I limit.
- Risk buffers comprised of excess Tier I and Tier II are provided against the risk volume assumed under a stress scenario or the risks difficult to measure.

[Risk Volume Relative to Capital (Year ended March 31, 2009)**]**



Assumptions for measuring the VaR

■ Confidence interval	99%
■ Holding period	Credit risk: 1 year
	Market risk: 10 days to one year, depending on the nature of assets
	Operational risk: 1 year

CREDIT RISK MANAGEMENT

Credit Risk Management System

We define credit risk as "a risk that arises when the value of assets declines or is destroyed as a result of the deterioration of the financial position of obligors."

The Resona Group manages credit risk by maintaining appropriate earnings in relation to credit costs (average credit loss amount) by accumulating sound and profitable assets through appropriate credit analysis and management. At the same time, by promoting the thorough distribution of risk through accurate credit portfolio management and controlling credit risk within appropriate limits, we aim to maintain the soundness of our operations.

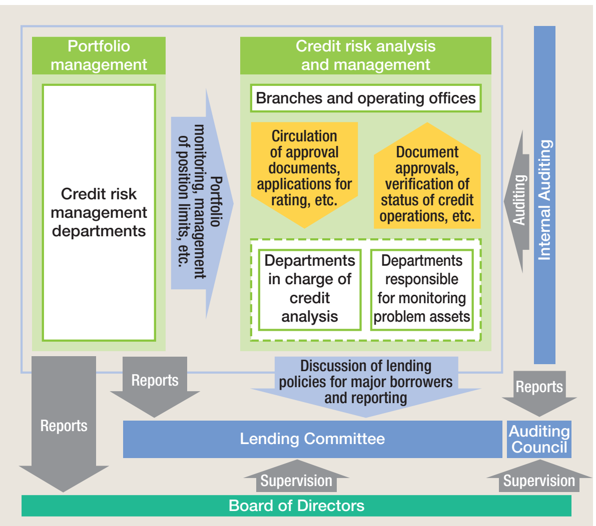
Positioning credit risk management as one of the most important management issues, Resona Holdings has formulated the *Group Risk Management Policy*. Based on this policy, the Resona Group establishes and upgrades its credit risk management systems and relevant procedures.

Credit Risk Management Frameworks and Systems

The Credit Risk Management Division is in charge of managing credit risk at Resona Holdings. This division collects information relating to credit and other risks from all Resona Group banks and controls Groupwide credit risk management while coordinating relevant activities through effective planning and strategy formulation. When the division identifies credit risk management issues through its operations, it collaborates with the Risk Management Division in charge of comprehensive risk management within the entire Group, on an as-required basis, to implement appropriate measures, such as instructing relevant Resona Group banks and divisions to solve the issues. In addition, the Credit Risk Management Division, regularly or on an as-required basis, monitors the status of Groupwide credit risk and Group banks' management. The results of such monitoring are reported to the management of Resona Holdings through the Executive Committee and other relevant committees.

With the aim of complementing the aforementioned Groupwide structure and systems, Resona Group banks have in place effective credit risk management frameworks and systems consistent with the nature of their credit risk management. Organizations responsible for credit risk management at Resona Group banks are credit committees and credit risk management-related departments, which include divisions responsible for credit risk management, credit analysis, and administration of problem loans.

[Credit Risk Management System of the Resona Group Banks]



Credit Policy

The Resona Group, reflecting upon its experience of receiving a capital infusion with public funds, has established a unified *Group Credit Policy*, which lays out a standard set of basic principles for credit management for the Group as a whole. The Credit Policy describes in detail principles and rules for credit operations with the objective of building a sound portfolio of loans to SMEs and individuals that is well diversified and yielding appropriate returns. *Group Credit Policy* is frequently referred to in the daily operating procedures as well as on the occasions of internal training.

Outline of Procedures for Credit Risk Management

■ Identification and Assessment of Credit Risk

To accurately assess and measure credit risk, each Group bank assigns a credit rating to every obligor and reviews this rating at least once a year. Also, in cases where claims are past due or the business performance of obligors deteriorates, timely and appropriate reviews are conducted.

Moreover, to accurately assess and measure the credit risk of the Group's credit portfolio, Group companies measure exposure and credit costs (average loan loss amount) and use statistical methods, such as value at risk (VaR), to quantify risk volume.

■ Monitoring of Credit Risk

Group companies monitor the credit risk standing of their customers by monitoring their fulfillment of contractual repayment schedules, their business performance, financial position, qualitative factors, and other indicators. Especially for customers to which the Group has major credit exposure and may have a major impact on the Group's management, monitoring is carried out more strictly and on a continuing basis.

To monitor the credit risk of the Group's portfolio, related data is classified according to assigned credit rating, industry, region, and other criteria. Based on this classification, Group companies calculate credit risk exposure, credit cost, credit VaR, and other indicators and follow carefully and analyze changes in credit risk, concentrations of credit risk, and risk versus return conditions.

■ Control and Mitigation of Credit Risk

When screening applications for credit, Group companies examine and gain a firm grasp of the applicant's financial position, uses of funds, resources for the repayment of obligations, and other related matters, and, then taking account of special risk characteristics or other issues, perform appropriate credit analyses.

To deal with concentrations of exposure to specific customers or groups of customers, in view of possible repercussions for the Group's management, Group companies set credit limits, or credit ceilings, and adopt other measures to manage such circumstances.

When we determine that certain customers need to be given special attention because of deterioration in performance or other circumstances, Group companies make appropriate provisions for potential credit losses and immediately take steps to revitalize the customer's business activities and recover credit to keep losses to an absolute minimum.

Internal Credit Ratings

Outline of Internal Credit Ratings

Resona Group banks assess the credit risk of their customers based on their financial position and other factors in accordance with established rules, assigning one of 12 notch ratings. These credit ratings reflect the obligor's credit risk standing, and they are used as one important criterion in making judgments regarding the extension of credit. Assignment of customers to the obligor classification is based on their credit ratings. Since necessary write-offs and loan loss reserves are estimated based on the results of self-assessments of asset quality, the internal credit rating system occupies an extremely important position as a basic indicator for self-assessments as well as write-offs and provision of loan loss reserves. Expected credit costs are calculated based on the probability of default for each credit rating category, and such estimated credit costs are used to measure and manage the profitability of individual customer accounts. As a result, the Group works to obtain earnings that are commensurate with the credit risk taken.

Various models used in such internal credit ratings are verified at least once a year by the Credit Risk Management Division for adequacy. The results of such verification are reported to the management of Resona Holdings, and these risk models are subject to review and revision on an as-required basis.

[Credit Rating Scale]

Obligor Ratings	Borrower Category		Definition
SA	Normal	Outstanding	Very high probability of meeting obligations; operations are stable
A		Superior	High probability of meeting obligations; operations are stable
B		Good	Sufficient probability of meeting obligations but, if the economy and business environment deteriorate substantially, there is a possibility this will have an effect on the obligor
C		Above average	There are no problems regarding the probability of meeting obligations, but, if the economy and the business environment deteriorate substantially, there is a possibility that the probability of meeting future obligations will decrease.
D		Average	There are no problems regarding the probability of meeting obligations for the time being, but, if the economy and business environment deteriorate substantially, there is a possibility that the probability of meeting future obligations will decrease.
E		Below average	There are no problems regarding the probability of meeting obligations at present, but there are elements of uncertainty regarding industry conditions and financial position, and, as a result of changes or other developments related to economic trends and the business environment, there is concern that problems may arise related to meeting future obligations.
F	Watch	Watch I	Industry conditions are weak or uncertain, and there are problems related to financial position and other matters; therefore, close monitoring and attention are necessary going forward.
G		Watch II	Industry conditions are weak or uncertain, and there are problems related to financial position and other matters; therefore, close monitoring and attention are necessary going forward.
H		Special attention	Industry conditions are weak or uncertain, there are problems related to financial position and other matters regarding the obligor, and there are problems regarding lending conditions and meeting obligations.
I	Doubtful		At present, the obligor is not in bankruptcy but is experiencing management difficulties, the state of progress toward the implementation of management reform plans is not satisfactory, and, going forward, there is a strong possibility of bankruptcy.
J	Effectively Bankrupt		Although not, in fact, legally or formally, in bankruptcy, the obligor is effectively in bankruptcy, as it is recognized to be experiencing serious management difficulties, and there are no prospects for restructuring.
K	Bankrupt		The obligor is legally and formally in bankruptcy.

Outline of Rating Procedures

■ Corporate Exposures

For industrial corporations in general, business proprietorships, financial institutions, and others, the Group uses a rating model to assign credit scores based on the obligor's financial information. The Group decides on credit ratings based also on qualitative factors, ratings by external agencies, the credit condition of related parties, and, the most important, the most up-to-date information that can be collected. In the case of governments, regional governments and entities, and other obligors for which scoring based on rating models is not appropriate, ratings are assigned based on financial strengths, taking account of the special features of these entities.

■ Specialised Lending

In the case of non-recourse loans for which the nonexempt property is public infrastructure, tangible assets (such as ships and aircraft), and/or commercial real estate, such loans are divided into four types—project finance, object finance, commercial real estate lending, and highly volatile commercial real estate lending—and scoring models for each of these four types are applied. For all of these four types, indicators that are used as the basis for scoring include the loan to value (LTV) ratio (ratio of the loan exposure to the value of the assets) and the debt service coverage ratio (DSCR, the ratio of the annual interest and principal to be paid to net income). In addition, qualitative and other information, such as the viability of the underlying business activities and information on the nonexempt property, are also taken into account in deciding on ratings.

■ Retail Exposures

Resona Bank and Saitama Resona Bank divide exposure other than that outstanding to industrial corporations and others into three categories—residential mortgage exposures, qualified revolving retail exposures, and other retail exposure. Exposures in each category that have similar risk characteristics are then organized into pools and risk management is conducted for each of these pools.

■ Equity Exposures

Resona Bank and Saitama Resona Bank employ the PD/LGD method* for calculating risk assets among its investments for relationship purposes (with the exception of those stocks for which other methods of calculation have been specified) and uses the same method that is used in calculating exposure to industrial corporations to assign credit ratings.

* Under the PD/LGD method, credit risk assets are calculated by assigning a credit rating to the obligor, and then taking into account the probability of default (PD) (the probable ratio of defaults over a one-year period) and the loss given default (LGD).

■ Funds, Etc. (Equivalent Exposure Basis)

The Group makes investments in equity investment trusts, bond investment trusts, alternative investment trusts, and various types of other funds. For fund risk assets, the Group conducts a look-through (examination of the individual assets underlying these funds) and, in principle, uses the amount of underlying individual credit risk assets to calculate its exposure. When the PD/LGD method is used to calculate the credit risk assets of the underlying assets through the conduct of a look-through, a method following that used in calculating exposure to industrial corporations and others is employed to assign credit ratings.

■ LGD (Loss Given Default) Ratings

Resona Bank and Saitama Resona Bank adopt an LGD rating approach which assigns a rating to an individual credit. Together with the internal credit ratings, LGD ratings are used as criteria for decision-making in the assessment of individual credit while being applied in the monitoring of overall profitability for each customer account as well as in credit portfolio management. Individual credits are assigned with a rating in accordance with their estimated collectibility as measured in LGD. A high rating indicates low LGD, representing high collectibility at loan default, while a low rating indicates high LGD, representing low collectibility.

■ Parameter Estimates

Resona Bank and Saitama Resona Bank estimate and verify the probability of default (PD: probability of an obligor experiencing default within a year) for each internal credit rating category in accordance with the stipulation under the Notification on Capital Adequacy, based on their past data. Such estimates are used in the calculation of the two banks' capital adequacy ratios. These parameters are also used for decision-making concerning risk capital allocation and risk-adjusted asset management by major business lines.

[Portfolio Classification and Internal Credit Ratings]

Asset Classification			Definition	Applicable Systems and Rules
Corporate Exposures	Corporate	Enterprises	Business with credit amount exceeding ¥100 million	Internal Credit and LGD Ratings
		Self-employed Individuals	Self-employed individuals with credit amount exceeding ¥100 million	Internal Credit and LGD Ratings
		Specialised Lending	Project finance, object finance, commercial real estate lending, and highly volatile commercial real estate lending	Internal Credit Ratings
	Sovereign		Central governments, central banks, government affiliated institutions, local public organizations, certain public corporations, credit guarantee corporations, international institutions, and others (Japan, overseas)	Internal Credit and LGD Ratings
	Financial Institution		Banks and securities companies (Japan, overseas)	Internal Credit and LGD Ratings
Retail Exposures	Residential Mortgage		Loans for individuals to acquire residential real estate	Rules for Retail Pool Management*1
	Qualifying Revolving Loans		Unsecured card loans for individuals with a credit ceiling of less than ¥10 million	
	Other Retail Exposures		Retail exposures (excluding exposures to those who are self-employed) other than loans to acquire residential real estate and qualifying revolving loans Exposures other than the above having a credit amount less than ¥100 million	
Equity Exposures			Cross-held stocks	Internal Credit Ratings

* Internal credit ratings are applied to those enterprises classified as "other retail exposures."

Portfolio Management

Framework to Monitor and Eliminate Concentration Risks

Credit portfolio management, which involves management of the overall portfolio of loans and bills discounted, is one of the two pillars of credit risk management, with credit analysis being another pillar.

Excessive concentrations of loans and bills discounted to certain obligors resulted in substantial credit losses, and, in light of the Resona Group's experience in receiving a capital infusion with public funds, it has implemented a uniform credit ceiling system that prevents excessive concentration of credit risk. Under this system, subsidiary banks established an upper limit based on their respective financial strength to prevent the total credits they extend to a single obligor from exceeding the ceiling. Adherence by subsidiary banks to their respective ceilings is monitored on a regular basis.

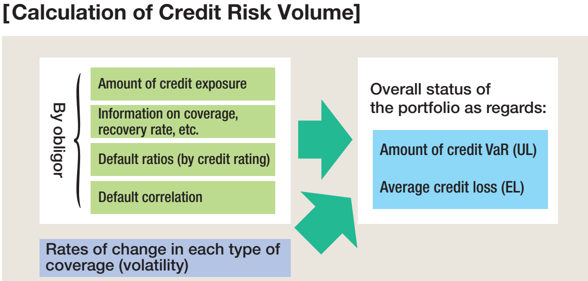
By analyzing the composition of our credit portfolio by such criteria as credit rating, industry, and regional classifications, we regularly monitor changes in the amount of credit exposure and credit costs as well as the state of risks and returns.

In particular, we have established a designated division for managing the housing loan portfolio, which is becoming an increasingly large portion of our loan portfolio. Resona Holdings and Resona Bank periodically hold meetings of the Housing Loan Management Committee, a cross-Group organization, to promote the sophistication of credit risk management.

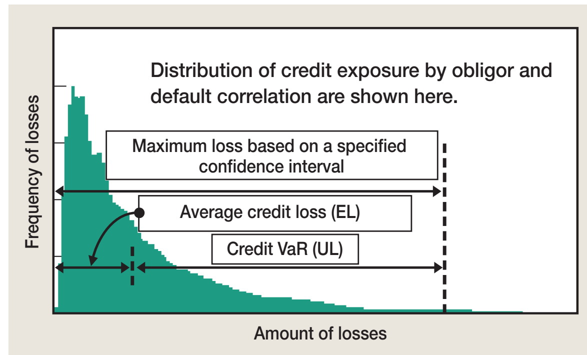
Quantifying and Establishing Limits for Credit Risk

The Resona Group calculates credit risk for its entire credit portfolio using a credit risk measurement model developed within the Group. Using the credit amount, amount covered, the ratio of recoveries, the default ratios by credit rating category, and average losses making use of default correlations, we calculate average credit loss (EL: expected loss) as well as credit VaR (UL: unexpected loss), establishing a limit on VaR to control quantified credit risk within fixed limits.

[Calculation of Credit Risk Volume]



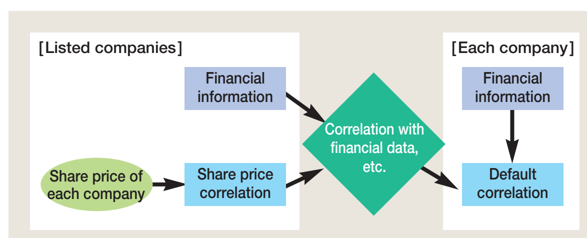
[General Image of the Distribution of Losses]



Default Correlation

The method of estimating the default correlation is important when quantifying the credit risk of a portfolio. The Resona Group examines the relationship between credit losses and stock prices, available financial information, industries, and other factors of listed companies, and estimates the default correlation among all obligors by applying such observed relationships to unlisted obligors.

[Default Correlation]



Method of Distributing Credit Risk by Segment

To promote the sophistication of risk management with such initiatives as credit portfolio analysis, it is necessary to calculate credit VaR for individual obligors as well as for individual business units. The Resona Group uses a concept of risk contribution to calculate credit risk for individual obligors. Risk contribution uses the marginal credit VaR* method to distribute credit VaR calculated for the entire credit portfolio into individual obligor units.

* Marginal credit VaR measures the effect of a specific obligor on the credit VaR of the entire credit portfolio. Specifically, the calculation involves determining the decrease (increase) in credit VaR when the credit extended to a specific obligor is removed from (added to) the credit portfolio.

Credit Analysis Management

Individual Credit Assessments

Credit analysis entails case-by-case credit assessments, or the credit management of individual obligors. In handling credit operations, to make highly accurate and reliable credit assessments, Group bank branches engage in comprehensive evaluations of such quantitative information as financial statements and such qualitative information as information about the business environment and the quality of the management, along with assessments of how the capital will be used, the adequacy of repayment sources, lending conditions, and other matters.

In cases where potential obligors request credit above certain established levels, the Head Office divisions responsible for credit analysis and management of problem claims make decisions on the application. The credit analysis divisions use an assessment system that takes account of the potential obligor's size, industry, and the level of credit risk.

Obligor Management

After credit has been granted, the Group banks monitor the use of loan proceeds and the fulfillment of lending conditions as well as periodically assess business conditions and the status of company plans.

Through the monitoring of the status of obligors' credit risk, the credit analysis divisions, on an as-required basis, formulate appropriate policies and specific measures. Based on these policies and measures, the credit analysis divisions provide necessary guidance to branch offices while monitoring their operations to assure that the guidance provided is closely observed. In particular, the credit analysis divisions monitor large obligors more strictly and frequently, compared with other obligors, due to the significant impact they could have on its management and performance. In addition, the credit analysis divisions conduct discussions with and make reports to the Credit Committees with regard to the status of credit risk management and relevant policies for such obligors.

Resona Group banks, in principle, manage problem loans in accordance with the significance of their credit risk. In more specific terms, such claims are separately managed depending on their internal ratings and obligor classification assigned to them. For obligors falling below a certain rating and obligor classification, the division responsible for problem loan management works to accurately monitor and manage their business status. After assessing their ability to recover their business in an appropriate manner, the problem loan management division makes a decision on business revitalization or liquidation and claim collection. For obligors whose business is deemed recoverable, the Group banks prioritize supporting their revitalization through such means as supervising them in the formulation of revitalization plans. This approach applies particularly for SMEs to which Resona Group banks proactively provide support through detailed management consultation and guidance.

Self-Assessments, Write-Offs, and Reserves

Self-Assessments of Asset Quality

Self-assessments of asset quality involve assessing the individual assets that Group banks hold and classifying them according to the degree of risk in their recovery and impairment with a view to fully understanding the condition of the banks' assets and increasing their financial soundness.

Self-assessments of asset quality are the means for credit risk management as well as a preparatory step for compiling objective and accurate financial statements which fully reflect the write-offs and provisions of loan loss reserves necessitated by the results of such self-assessments.

Criteria for Write-Offs and Reserves

The Resona Group banks have established *Criteria for Write-Offs and Reserves*, and, based on the results of their self-assessments of asset quality, in principle, Group banks make write-offs of exposure and provisions to loan loss reserves.

Rating	Borrower category	Claims category	Write-offs/reserves
SA	Normal	I (unclassified)	Reserves are provided based on the expected credit loss rate*.
A			
B			
C			
D			
E			
F	Watch	II	
G			
H	Special Attention		
I	Doubtful	III	The uncovered portion is provided for with reserves or written off*.
J	Effectively Bankrupt	IV	
K	Bankrupt		

* For certain large obligors among Watch, Special Attention, and Doubtful borrowers, reserves are provided based on the discounted cash flow (DCF) method.

- For exposure to obligors classified as normal, Group banks set aside provisions to loan loss reserves based on expected losses calculated using the historical loan loss rate for a specified period in the past. The amount of expected losses over the coming one-year period is added to the general reserve for possible loan losses.
- For exposure to watch obligors, Group banks set aside provisions to loan loss reserves based on expected losses calculated using the historical loan loss rate for a specified period in the past. The amount of expected losses over the coming one-year period (or over the coming three-year period in the case of watch obligors requiring special attention) is added to the general reserve for possible loan losses.
- For exposure to doubtful obligors, Group banks subtract the amount deemed recoverable based on the value of collateral upon disposal and the value of guarantees, and then, based on the expected loss ratio calculated from actual defaults over a specified period in the past, the Group banks estimate the amount of the expected loss over the coming three years and add this expected loss to the specific reserve for possible loan losses.
- For exposure to effectively bankrupt and bankrupt obligors, Group banks subtract the amount deemed recoverable based on the value of collateral upon disposal and the value of guarantees and then either write off the unrecoverable amount or add such amount to the specific reserve for possible loan losses.

Securitization Transactions

Securitization transactions for purposes of making notification on capital adequacy are defined as follows. "Transactions in which the underlying assets are classified into two or more categories by the level of credit risk (from preferred to subordinated) and then sold, in part or in their entirety, to third parties. However, specialised lending claims are excluded from such transactions."

Securitization Exposures Held by the Holding Company Group as an Investor

The Group banks may hold for investment purposes securitized products for which the underlying assets are housing loans or other claims that have been issued and are traded as well as investment instruments, etc., for which the underlying assets are commercial real estate, etc. These may include instruments that are classified as securitization exposure. To manage the risk of this exposure, criteria based on ratings issued by qualified credit rating agencies (Eligible External Credit Assessment Institutions (ECAI) have been established for acquiring such securitized products, and investment instruments and position limits have been set to diversify risk.

Securitization Exposures Originated by the Holding Company Group

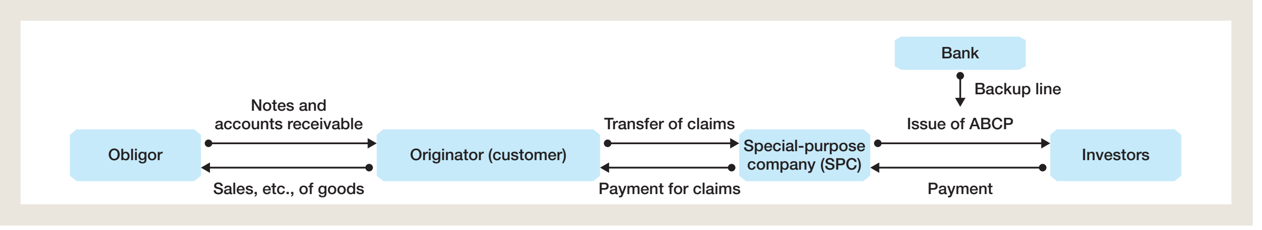
To control credit risk and interest rate risk of assets on the balance sheets, when housing loans and non-performing loans are securitized and in those cases where the Group holds a portion of such securitized claims, these claims may be included among securitization exposure. When assets held by the Group banks are securitized, various relevant laws and regulations are confirmed and judgments are made regarding the effects of risk transfer, the appropriateness of transaction schemes, and other considerations.

Securitization Exposure as Sponsor of Securitization Programs

The Group banks offer asset-backed commercial paper (ABCP) programs (Please refer to the diagram on page 35.) and asset-based lending (ABL) programs to enable its customers to raise funds through the securitization of their accounts receivable and notes receivable; however, certain of these may be classified as ABCP backup line exposure and ABL securitization exposure. When such transactions are conducted, conditions regarding claims that can be securitized and originator criteria have been established. In addition, confirmations are made regarding the absence of related risks, including the risk that claims may be contested by third parties, risks of fraud—such as the non-existence of the actual claims—the risks of dilution of claims as a result of the return of goods, and the risk of claims being offset by counterclaims.

As mentioned on page 34, each of the Group banks is aware of the wide range of risk inherent in securitization transactions, including credit risk, interest rate risk, and operational risk, and works to manage these risks appropriately.

[Example of ABCP Program Scheme]



Credit Risk Mitigation Techniques

Credit risk mitigation is possible by taking measures to provide coverage for credit exposure, such as taking collateral, providing guarantees, and other methods that supplement the obligor's credit standing and enhance the quality of credit exposure.

Eligible collateral includes deposits held at Resona Group banks, Japanese Government Bonds and other bonds or stocks of listed companies and other marketable securities, commercial bills, real estate, and other items. This pledged collateral is retained under strict standards and properly managed by regular reevaluation of their values. Additionally, guarantees of all types, agreements on bank transactions that allow for a netting of unpledged deposits and loans obligations, and cross-netting contracts for derivatives transactions and repurchase agreements are among the credit risk mitigation techniques. The Resona Group considers profits and cash flows generated by an obligor to be the primary source for repayments and makes efforts not to depend too much on collateral and guarantees for collecting and recovering credits.

Derivatives

Regarding counterparty risk in derivatives transactions, the Group banks add this risk to the credit risk relating to loans and other transactions with the same counterparty to supervise and manage credit risk in a comprehensive manner. Group banks make proper credit judgments and establish credit lines based on the *Group Credit Policy*, which established the principles, rules, and guidelines for actions related to credit risk management. Unlike risk arising from loans and other credit-providing activities, the credit risk amount arising from derivatives transactions fluctuates according to market trends. For this reason, the credit risk amount after transactions have been conducted is monitored periodically according to a method that takes account of the fair value and future risks (the "current exposure" method). In transactions with financial institutions, Group banks set credit lines based on the credit rating of such financial institutions, the level of their capital, and other considerations. In addition, the risk capital for derivatives transactions is included in the risk capital allocated to credit and market risks.

Policies Regarding Collateral and Calculation of Reserves

In addition to the management of loans and other forms of credit, Resona Group banks adhere to the strict control of credit lines and the status of collateral pledged. Furthermore, Resona Group banks calculate amounts of loan loss reserves based on their criteria for self-assessments of asset quality, write-offs, and provisions of loan loss reserves.

Impact of Additional Collateral Required due to Deterioration of Own Credit Standing

In its market-related business activities such as derivatives transactions with collateral agreements, the Resona Group works to manage counterparty risk through such frameworks as establishing credit lines for individual counterparties. In the event that the Resona Group is forced to additionally pledge qualified financial assets as collateral due to a deterioration in its credit standing, or that transaction volumes exceed, or are expected to exceed, the credit lines established due to market and transaction conditions, it will review and adjust transactions with applicable counterparties or review and revise, if deemed necessary, policies relating to transactions of applicable financial products.

MARKET RISK MANAGEMENT

Market Risk Management

Market Risk Management System

Resona Group banks conduct their market-related business operations matched to the size and special characteristics of their operations based on the guidance and advice provided by Resona Holdings.

Since mutual checking functions are needed in the management of market risk, Group banks divide their market-related operations into three sections: namely, departments that handle transactions (front office), departments that handle risk management (middle office), and departments that handle processing operations (back office).

Market Risk Management Methods

All Group banks estimate the fair value of market transactions and establish limits on risk capital, loss limits and sensitivity*1 by types of instruments.

We supervise the observance of these limits, monitoring most on a daily basis to ensure that limits are maintained and assess profits and losses.

Resona Holdings supervises risk in the Group as a whole, and, as necessary, provides guidance and advice to each of the Group banks.

*1 The amount of fluctuation in the fair value of a market transaction corresponding to a change in market price indices. An example of this is basis point value (BPV), which reflects a change in fair value based on a 0.01% change in interest rate.

[Group VaR Performance]

The VaR for Resona Bank, Saitama Resona Bank, and Kinki Osaka Bank in the period from April 1, 2008 to March 31, 2009 was as follows.

Resona Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Trading activities	1.93	3.83	0.21	1.57
Banking activities	47.2	85.4	39.8	55.4

* Excluding cross-held stocks.

	Trading activities	Banking activities
Confidence interval	99%	99%
Holding period	10 business days	20 business days*
Observation period	One year	Five years
Risk measurement method	Historical Simulation Method	Historical Simulation Method

* The holding period for alternative investments and investment funds held for relationship purposes is 125 business days.

Saitama Resona Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Trading activities	0.07	0.14	0.00	0.03
Banking activities	27.5	28.2	20.9	25.2

* Excluding cross-held stocks.

	Trading activities	Banking activities
Confidence interval	99%	99%
Holding period	10 business days	20 business days*
Observation period	One year	Five years
Risk measurement method	Historical Simulation Method	Historical Simulation Method

* The holding period for alternative investments is 125 business days.

Kinki Osaka Bank

(Billions of yen)	Period end	Maximum	Minimum	Average
Banking activities	6.8	7.0	3.0	4.6

* Excluding cross-held stocks.

	Banking activities
Confidence interval	99%
Holding period	125 business days
Observation period	Five years
Risk measurement method	Historical Simulation Method

Equity Exposures in the Banking Book

For investments in funds in the banking book, which are held for investment purposes or for relationship purposes, and for investments in equities, which are held for relationship purposes and other strategic objectives, the Resona Group banks strictly select, only after prior analysis of each issuer, such investments according to the rules and regulations set internally. In addition, to restrain excessive risk taking, the Group sets position limits in advance on such investments.

Also, the middle office, which is independent of the front office, supervises these investments by quantifying various risks on a portfolio basis. The Group banks calculate the risk of price fluctuations using the VaR method, employing a holding period of 125 business days with a confidence interval of 99%.

Furthermore, for non-marketable securities held by the Resona Group banks, risks in association with holding such securities are being measured in terms of credit risk, regardless of their type, such as available-for-sale securities and stocks of subsidiaries and affiliated companies.

Interest-Rate Risk in the Banking Book

Risk Management Policies and Procedural Overview

With the aim of stabilizing and maximizing earnings, the Resona Group banks strive to manage interest-rate risk in the banking book in an appropriate manner through close observation of interest rate fluctuations and overall economic conditions and optimal risk diversification. In principle, the Resona Group banks engage in derivative transactions primarily for the purpose of hedging risks. Detailed procedures are similar to those followed in the risk management of trading transactions and equity price fluctuations: The Resona Group banks allocate risk capital and establish loss limits to restrain excessive risk-taking, while the middle office, independent of the front office, monitors interest-rate and other risks, in principle, on a daily basis. In addition, the middle office monitors the status of risk limit observance and earnings. The results of such monitoring are regularly reported to the management to assure appropriate risk management.

In addition to ordinary risk measurement, the Resona Group banks regularly conduct stress-testing to quantify the impact of sudden changes in market conditions. The Resona Group performs monitoring in conjunction with the quantified amounts while applying the results of such quantification in its comprehensive risk management.

Outline of Methods Used by Resona Group to Measure Interest-Rate Risk in the Banking Book

The methods used by the Resona Group to measure interest-rate risk in the banking book for internal control purposes are outlined as follows:

- Holding period:
  Resona Bank, Saitama Resona Bank: 20 business days
  Kinki Osaka Bank: 125 business days
- Confidence interval: 99%
- Observation period: 5 years
- Risk measurement methods: Historical simulation method
- Other major assumptions: Among liquid deposits without maturity dates, for those that have been held in accounts for long periods (so-called core deposits), interest rate risk is calculated over a maximum period of 5 years and an average period of 2.5 years. In addition, at Resona Bank and Saitama Resona Bank, the interest rate risk for housing loans, etc., is based on future cash flow estimates that take account of possible prepayments. Estimates of loans that may be repaid before maturity are calculated based on analyses of the actual records of the time intervals from the time loans were made to early repayments.

LIQUIDITY RISK MANAGEMENT

Approach to Liquidity Risk Management

Rumors of uncertainty regarding funds operation can trigger a negative spiral, and quieting of these rumors can take a considerable amount of time. To avoid potential liquidity risks that could have a significant effect on our business, we hold assets that can be easily converted to cash (liquid assets) and manage our cash position to ensure stability and, in the event that risks do materialize, we prevent the emergence of further issues by responding quickly and eliminating the problem.

We have developed systems for management of liquidity risk that require periodic and appropriate monitoring activities and reports to management. Resona Holdings, which is responsible for overall management supervision, has established a liquidity risk management unit, and has developed overall Group systems for managing liquidity risk.

Assessment of Liquidity Risk

The Resona Group and its banks classify the level of liquidity risk into four phases. These are Normal and then increasing degrees of liquidity risk: namely, Phase 1 (Caution required), Phase 2 (Concerned situation), and Phase 3 (Critical). After the level of liquidity risk has been identified, depending on the phase, systems have been developed to take predetermined specific measures in a timely and appropriate manner.

Also, in declaring an emergency, we will make a comprehensive evaluation, analyzing the situation by looking at both Groupwide external factors (the price of Resona Holdings stock, the Company's credit rating, reputational factors, the economic climate, and monetary policies) and internal factors (deposits and market borrowings that indicate the stability of funds operation at Group banks).

Liquidity Risk Management Indices

All Group banks establish essential liquidity risk indices based on their size and special characteristics as well as their liquidity condition, and use these to monitor liquidity. In addition, prior discussions are held with Resona Holdings as necessary to establish and manage guidelines for liquidity risk management indices. Based on the understanding that it is particularly important to hold an ample volume of liquid assets to maintain stable funds operation, each of the Group banks has established guidelines for minimum levels of amounts of liquid assets they will hold, based on their size and nature of their operations. These guidelines are followed strictly on a daily basis to implement smooth funds operation. Moreover, Group banks make daily reports to Resona Holdings on the status of principal liquidity risk indices.

Response System for Liquidity Emergencies

To deal with liquidity emergencies, Resona Holdings convenes a meeting of the Group Liquidity Risk Committee. Each of the Resona Group banks deals with liquidity emergencies in a similar way by convening meetings of liquidity risk committees. Moreover, in the event that the emergency is a serious crisis or is likely to become one, a Crisis Response Headquarters—headed by the president—is formed to organize the response.

OPERATIONAL RISK MANAGEMENT

Operational Risk Management

Basic Policies and Procedures

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risks encompass a wide range of risks, including processing, systems, legal, and compliance risks.

In dealing with operational risks, the Resona Group works to manage and reduce risks by identifying and evaluating potential and inherent risks and discussing measures to prevent incidents that will have a major impact on business or result in losses or inconvenience for our customers. We also promote the full preparedness of our management systems by including outsourced operations within the scope of our operational risk management activities. In addition, to grasp the degree of the impact that potential operational risks might have on their businesses, we will quantify operational risks and use this information as a part of comprehensive risk management.

[Classification of Operational Risk]

Risk Categories Adopted by Resona Group		Specific Examples (Possible internal and external examples)
Processing risk	Fraud	Embezzlement or misappropriation of customer deposits or the banks' assets Intentional unauthorized trading, fabrication
	Processing errors	Clerical errors, mistakes in reporting, loss of documents, neglect or failure to meet deadline
Legal and compliance risks		Failure to fulfill the duty of explanation, coerced sales, failure to fulfill fiduciary responsibility, sales of unauthorized products, inappropriate industry practices
Trust asset management risk		Failure to fulfill fiduciary responsibility, violation of fiduciary relationships, improper conduct in the management of assets, violations of guidelines, clerical errors
Systems risk •System failure and inadequacy, security breach		System failure, hacking, infection with computer viruses
Other operational risk	Disasters	Cessation of business activities due to disaster or power outage
	External crime •Crime in which the bank's products and services are misused •Robbery, burglary, act of violence •Phishing attempts targeting Resona Group banks' customers	Stolen passbook, forged bank cards Robbery, theft Fraud affecting the bank's customers
	Defects of facilities and equipment	Loss on assets due to natural disasters or terrorism Compensation required due to breakdown of facilities and equipment
	Human resources management	Litigation over unpaid allowance for overtime work Settlement package for sexual harassment lawsuit, etc.

Operational Risk Management Structure

Resona Holdings provides guidance and advice to all Resona Group banks on their risk management structure through prior consultations over their risk management policies, rules and regulations, and important measures for operational risk management. It also monitors conditions of operational risk with each Group bank and reports to the management.

Furthermore, Resona Holdings and each Group bank maintain a structure in which the Board of Directors, Executive Committee, divisions responsible for comprehensive risk management, divisions responsible for managing each category of risk, and internal auditing departments play their clearly defined roles and ensure collaboration as well as mutual checking.

Collection and Use of Loss Data

The Resona Group uses unified Group standards to collect loss data related to operational risks. Based on this data, Group banks and Resona Holdings analyze potential operational risks. In addition, to grasp the degree of the impact that potential operational risks might have on their businesses, they use loss data to quantify operational risks and use this information as a part of comprehensive risk management.

Operational Risk Assessments

We conduct operational risk assessments (Operational Risk—Control Self-Assessment [OpR-CSA]) and evaluate the status of risks inherent in all operations (frequency and impact of potential risks) as well as the status of risk management (design of systems and their operating condition) to handle inherent risks.

Based on operational risk assessments, we improve the operating condition of systems based on a management enhancement action plan to prevent major incidents and establish and monitor a risk index (key risk indicator [KRI]) to enable us to detect problems at an early stage.

Responding to Emerging Risks

If an incident happens at a Group bank that may give rise to significant operational risks, a system is in place that requires making an initial report to management teams at the respective bank and Resona Holdings as well as any other relevant parties. This system works to promote information-sharing regarding potential cases of operational risk by ensuring rapid reporting to management teams as well as relevant parties.

In the event that a risk materializes and has a substantial impact on the business, under this system, we can endeavor to make a rapid and appropriate initial response to prevent further impact.

Processing Risks

Accurate and fast processing is necessary for banks to earn customer trust. To accurately and quickly handle the high-volume, extremely time-sensitive transaction processing that arises in the wide spectrum of banking operations, we must have measures in place to control and minimize processing risks.

Responding to Processing Risks

To prevent processing errors, the Resona Group has processing procedures in place and conducts employee education and training. Furthermore, the Group is promoting systematization to reduce processing errors and carries out ongoing reviews of its work procedures and processing to make them simpler and concentrate handling in specific centers.

Clerical work processing that occurs at branch offices is verified to ensure that internal control functions are working to prevent processing errors and misconduct. Representatives from the Head Office's administration departments visit branch offices to provide advice.

For risks that have become of real concern, we collect data on clerical errors and operational mistakes, and conditions for occurrence and degree of impact are scrutinized and assessed. After understanding all factors through a multifaceted analysis, operational processes are reviewed and training to prevent recurrence is thoroughly implemented.

Systems Risk Management

The emergence of such systems risks as systems failures and flaws is not simply a technical problem but can inconvenience our customers, have an impact on society as a whole, and disrupt operations.

Resona Group banks have established systems risk management divisions as the basis of their systems risk management. Under these management systems, Group banks work to improve information security by raising the quality of information systems to prevent failures, establishing measures to prevent the spread of risk when failures occur, and prevent the loss or leakage of customer information. Further, we have a contingency plan in place to handle such emergencies as systems failures or disasters.

For systems risks that occur as an actual system failure or flaw, Resona Group banks identify conditions for occurrence and degree of impact and scrutinize what has caused the failure. For inherent risks, Resona Group banks assess all systems risks on a regular basis so that they can detect any problems and implement countermeasures in accordance with the importance of each system.

Legal and Compliance Risks

Using the compliance checks as well as guidance and advice given by the legal and compliance departments that have been established at all Group banks, we are avoiding the emergence of legal and compliance risks by taking preventive measures. Furthermore, we use planned training programs to raise directors' and employees' awareness about respecting the law as well as other legal and compliance issues.

For risks that have become an actual concern, we specify and assess the status of occurrence and degree of impact, and after analysis, formulate measures to prevent reoccurrence. For inherent risks, assessment is conducted through compliance checks and compliance programs. After examination of control status, we reduce risk by developing countermeasures which are reflected in operations and compliance programs.

Additionally, legal and compliance risk departments centralize related information, including information about lawsuits, so that they can appropriately manage risks related to lawsuits and other such matters.

Efforts to Prevent Financial Crime

In recent years, incidence of financial crime has been on the rise. The Resona Group has taken action to strengthen identity verification to prevent disbursements with stolen passbooks, money laundering, and the establishment of accounts for improper uses. We strive to protect the precious assets of our customers, and as countermeasures to forged and stolen bank cards, we have implemented a service where individuals can set limits on the amount of money that can be withdrawn from ATMs, a card lock service, and an IC card with a biometric verification function.

To deal with crimes involving deceptive requests for bank transfers, we have provided toll-free numbers in each of the Group banks for making related inquiries. We are also accepting requests for return of such funds (when they remain in the accounts of the perpetrators of these crimes), in accord with the Law for Relief to Persons Victimized by Deceptive Transfer Requests.

In addition, when customers begin transactions, we are beginning to request and receive pledges with clauses (anti-social group clauses) that they are not currently linked to and will not have future connections with anti-social groups. If this pledge is broken, we have a legal basis for cancelling their loans transactions. These pledges are currently being introduced in all Group banks

Trust Asset Management Risk

In managing and administering trust funds, we are required to fulfill our fiduciary responsibilities and provide valuable advice to customers. Resona Bank's principal businesses are managing and administering important customer assets, including their pension funds, and we recognize that the fulfillment of fiduciary responsibility is an especially important role. Processing, systems, legal, and compliance risks can materialize owing to neglect of fiduciary responsibilities. We have a management system that recognizes these categories of risks associated with the management and administration of trust funds as "Trust Fund Management Risks" and promotes the fulfillment of duties as a trustee.

Implementation of External Audits

In November 1998, Resona Trust & Banking became the first Japanese bank to conduct external audits in its trust fund management and administration divisions. In fiscal 1998 and fiscal 1999, we used U.S. auditing standard SAS70*1; from fiscal 2000 to fiscal 2005, we used the Japanese version of SAS70*2, and, since January 2006, we have reverted to the U.S. auditing standards to evaluate our operations.

*1 Auditing standards for assessing internal controls introduced at custody departments and client asset management departments in the United States.

*2 Based on the 18th report of the Auditing Standards Committee of the Japan Institute of Certified Public Accountants, Evaluating the Effectiveness of Internal Controls Related to Entrusted Business (revised in January 2003 to Evaluating Control Risks Related to Entrusted Business)

REPUTATIONAL RISK MANAGEMENT

Characteristics of Reputational Risk

Reputational risk is linked to all other types of risk, and in the event that reputational issues arise, they can cause more damage than may be expected, including loss of trust, a fall in share prices, fewer transactions, and damage to the brand. These potential issues are the reason why we consider reputational risk to be an important area within risk management.

Managing Reputational Risk

The Resona Group takes preventive measures against the emergence of reputational risk by maintaining and enhancing trust through the timely and appropriate disclosure of information.

Given that reputational risk can materialize through the mass media, bad publicity, or rumors, we monitor all types of media for such risks as Internet rumors or speculative articles in the mass media, to work to provide ourselves with information on potential risks early on.

When reputational risk materializes, we protect the profits of our stakeholders (shareholders, customers, and employees) with a quick and appropriate response to prevent further impact. If there is a possibility that Group operations will be affected, and there is a real crisis, the matter is quickly transferred to the Crisis Management System.

Responses to external inquiries are centralized at Resona Holdings, rather than at individual Group companies, so as to preserve the consistency of the Group's information disclosure to the media.

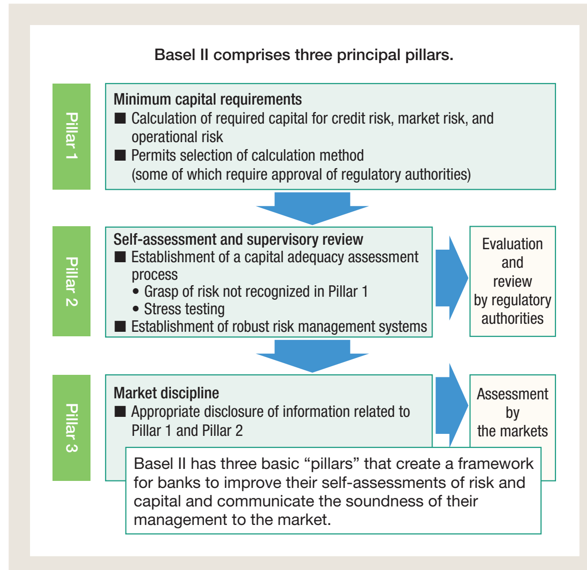
CAPITAL MANAGEMENT SYSTEM

Resona Group's Response to Basel II

Japanese banks adopted the Basel II capital adequacy standards, which are a framework aimed at securing the soundness of banks through enhancement of capital, from the fiscal year ended March 31, 2007.

To secure sufficient capital for the Resona Group, in line with the Basel II framework, Resona Holdings has established a "Basic Policy for Group Capital Management," while all Resona Group banks have established their own basic policies for capital management. These policies set forth (1) taking actions for maintaining a sufficient level of capital, (2) taking actions for the proper capital assessment, and (3) taking initiatives for the accurate computation of the capital adequacy ratio. The Group is also moving forward with initiatives to enhance the level of risk management. Please note that the following methods were adopted in calculating the capital adequacy ratio for the year ended March 31, 2009.

(For reference) Basel II Framework



Company Name	Risk Categories	Methods
Resona Holdings, Inc. Resona Bank, Ltd. Saitama Resona Bank, Ltd.	Credit risk	Foundation Internal Ratings-Based (F-IRB) Approach
	Operational risk	The Standardized Approach (Note 3)
The Kinki Osaka Bank, Ltd. (Note 2) Resona Trust & Banking Co., Ltd.	Credit risk	The Standardized Approach
	Operational risk	The Standardized Approach (Note 3)

* Since an exceptional treatment is applicable to all above-mentioned entities, the amount equivalent to market risk is not included.

Notes: (1) The Capital Adequacy Ratio of Resona Holdings, Inc., is calculated on a consolidated basis under BIS Domestic Standards, defined in "Standards for Bank Holding Companies to Examine the Adequacy of its Capital Based on Assets, Etc. held by it and its subsidiaries pursuant to Article 52-25 of the Banking Law" (Notification 20, issued in 2006 by the Japanese Financial Services Agency). The capital adequacy ratio of each subsidiary bank is calculated on a consolidated and/or non-consolidated basis under BIS Domestic Standards, defined in "Standards for Banks to Examine the Adequacy of its Capital Based on Assets, Etc. held by it and its subsidiaries pursuant to Article 14-2 of the Banking Law" (Notification 19, issued in 2006 by the Japanese Financial Services Agency). For the period ending December 31, 2008 to March 31, 2012, the capital adequacy ratio is calculated based on "Exceptional Standards for Banks to Examine the Adequacy of its Capital Based on Assets, Etc. held by it and its subsidiaries pursuant to Article 14-2 of the Banking Law" (Notification 79, issued in 2008 by the Japanese Financial Services Agency).

(2) The Kinki Osaka Bank, Ltd., is currently preparing for transition to the Foundation Internal Ratings-Based (F-IRB) Approach in calculating the credit risk assets (phased roll-out of F-IRB).

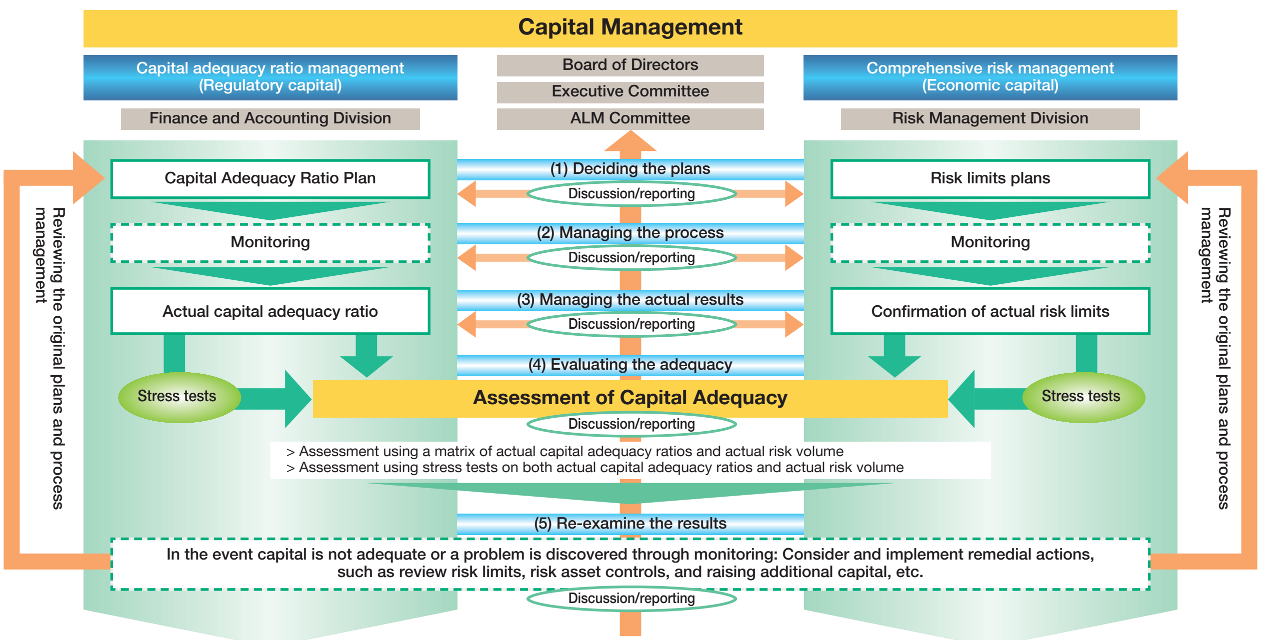
(3) Under the Standardized Approach, the amount equivalent to operational risk is calculated based on "gross profit" for the previous three years. The "gross profit" is defined under the Notification on Consolidated Capital Adequacy and differs from the "gross operating profit" that appears on the Resona Group's financial statements.

Resona's Capital Management System

Resona Holdings and all Group banks believes that, to maintain sound and stable business operations, securing sufficient capital to cover the risk level is extremely important. Accordingly, the Company manages the capital of the Resona Group to maintain the appropriate level of capital adequacy ratio.

Specifically, we have developed a system in which dedicated departments in charge of managing the capital adequacy ratio and departments in charge of comprehensive risk management play their respective rolls and work together organically. Each department in charge implements dynamic and responsive management processes that include planning for capital adequacy and risk limits, monitoring compliance with these plans, analyzing and evaluating the actual results, evaluating the level of capital adequacy, and implementing policies in response when necessary. Departments in charge also make timely reports to management.

[Capital Management System]



Methods for Assessment of Capital Adequacy

Resona Holdings and Resona Group banks evaluates the "level of capital adequacy" from two perspectives: 1) management of the capital adequacy ratio based on the Basel II regulations and 2) comprehensive risk management. In addition, to prepare for risks that may emerge under unforeseen conditions, we conduct a range of stress tests to measure the impact under various scenarios, and, by taking account of the principal risks that are not included in pillar 1 of the Basel II capital adequacy calculations (such as credit concentration risk, interest rate risk in the banking book, and other risks), we make comprehensive assessments of capital adequacy.

During the fiscal year ended March 31, 2009, Resona Holdings and Resona Group banks maintained sufficient capital to maintain the sound and stable operation of their business activities.

INTERNAL AUDITING SYSTEMS

Group Internal Auditing

The objective of internal auditing at the Resona Group is to serve the essential function of facilitating improvements in corporate value by verifying and evaluating progress as well as promoting improvements in all management activities to ensure sound and appropriate operations and to gain social trust in the business management systems established by Resona Holdings and other Group companies.

To ensure that internal audits meet our objectives and serve their functions properly, we put internal auditing systems in place and make sure that they are effective, establishing independent internal auditing departments at Resona Holdings and its Group companies and clearly establishing their internal auditing responsibilities, including the authority to conduct audits, the authority to access information, and their obligation of confidentiality.

Organization

We believe that the role that the internal auditing units play in working to attain the Resona Group's management objectives of "responding to the trust of customers" and "conducting transparent management" is extremely important. Accordingly, we have created the organization structure below for internal auditing.

In Resona Holdings, we have formed the Internal Audit Division, which reports to the Representative Executive Officers and the Executive Officer in charge of internal auditing. Moreover, we have formed an Internal Auditing Council, separate from the Executive Committee and made up of Representative Executive Officers, the Executive Officer in charge of internal auditing, and the general manager of the Internal Audit Division, to discuss matters related to internal auditing.

The Group's subsidiary banks have established independent internal audit divisions under the direction of their respective boards of directors. According to the type of business and size of operations, these banks have formed "auditing councils," which report directly to the board of directors of their banks to make decisions on important and fundamental matters related to internal auditing.

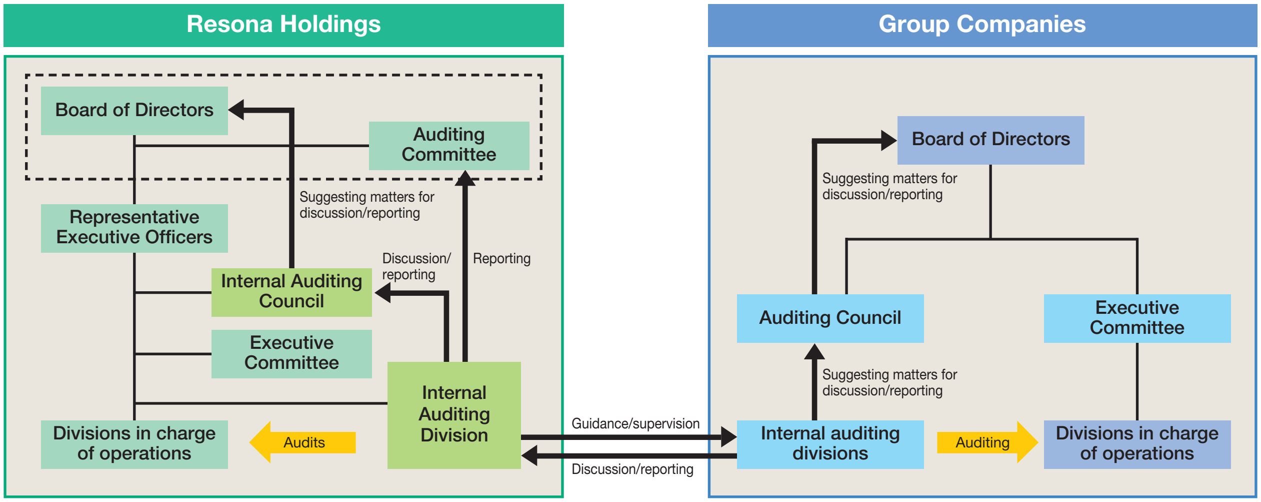
Functions and Roles

To guide the preparation of specific plans for internal auditing, the Internal Audit Division of Resona Holdings prepares the *Basic Plan for Internal Auditing*, a manual containing the Group's policies, a statement of issues subject to auditing, and other major items. This manual is approved by the Board of Directors of Resona Holdings.

The internal auditing departments of each of the Group companies also prepare basic plans for internal auditing in discussion with the Internal Audit Division of Resona Holdings. These plans are to be approved by the boards of directors of the respective banks.

The internal auditing divisions at Resona Holdings and its Group companies conduct audits based on the *Basic Plan for Internal Auditing*. Resona Holdings reports the results of internal audits to its Board of Directors and the Auditing Committee. Group companies report results of internal audits to their respective boards of directors and auditors as well as Resona Holdings.

[Group Internal Auditing Systems]



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Improving Environmental Initiatives

In order to clarify its environmental efforts, in April 2008, the Resona Group formulated the *Resona Group Environmental Policies* as a guide for corporate environmental activities and as a component of CSR. We have also been a participant in Team -6%, a Japanese government initiative to reduce greenhouse gas emissions, and the Cool Biz and Warm Biz campaigns in Japan to adjust thermostats in the office to save on energy consumption. We have proactively communicated issues about the environment to our customers by holding seminars on the topic. We are also strengthening our efforts to tackle environmental problems and energetically working to raise awareness about preserving the environment.

Resona Group Environmental Policies

1. **Observance of Environment-related Laws and Regulations**
   We abide by laws relating to environment conservation and to other requirements that we have subscribed.
2. **Environmental Conservation through our Core Business**
   We support environmental conservation activities by developing and providing environment-conscious products and services.
3. **Environmental Load Reduction in Our Offices**
   We work toward reducing the environmental load through resource- and energy-saving activities in our offices.
4. **Environmental Communication**
   We take active measures to communicate environment-related information inside and outside of the Group and promote environmental education activities.
5. **In-house Education and Full Participation**
   We ensure that all Group executives and employees are familiar with our environmental policies, and that all executives and employees act in an environmentally responsible manner.
6. **Public Disclosure of Environmental Policies**
   We disclose our environmental policies to all parties.

Revitalizing Regional Communities—One of the Original Roles of Banks—and Being Close to Regional Communities and Providing Support to Help Customers Address Their Problems

Based on its awareness that supporting regional communities is one of the particularly important missions of banks during these times—they are said to be the worst financial crisis in 100 years—the Resona Group is engaging in many initiatives that are closely linked to regional communities. These include arranging for environment-related business events, the Resona DE Monitor (Resona Bank), exhibitions and business events related to agriculture and food, and other activities. Additionally, Kinki Osaka Bank has formed a support department for regional enterprises, and Resona Bank has created an office to provide support

to local companies. These activities underscore our commitment to regional communities. Moreover, Japan's Small and Medium Enterprise Agency designated Saitama Resona Bank again last year and Kinki Osaka Bank beginning in 2009 as bases for coordinating regional strengths and support, and we are cooperating with a range of other organizations to promote the revitalization of regional areas.

Evidence that Enterprises Where Women Are Active Are "Energetic Companies" Active Group Initiatives Receive and Recognition and Group Members Continue to Receive Awards

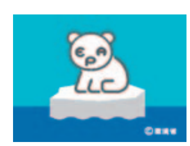
The Resona Group has aimed to become the bank that receives No. 1 support from women. To achieve this aim, we have endeavored to create a working environment where women can continue to work for many years and to aggressively develop a corporate culture where women can be active in business. These efforts and initiatives were recognized by the Japan Women's Innovative Network (J-Win), a nonprofit organization, in February 2009, when Resona Bank received an award for being a company that contributes to higher awareness of women's issues. Saitama Resona Bank and Kinki Osaka Bank won the "Equality and Compatibility Corporate Award" in October 2008 for their efforts as "enterprises taking initiatives in creating workplaces where employees, regardless of whether they are male or female, can use their capabilities to the fullest."

Saitama Resona Bank: Award for Excellence in the Family Friendly Corporate Division from the Head of the Saitama Labor Bureau

Kinki Osaka Bank: Award for Excellence in the Equality Promotion Corporate Division from the Head of the Osaka Labor Bureau

Striving to Implement the Group's Environmental Policy and Active Initiatives for Preserving the Earth's Environment

The Resona Group formulated and issued its *Resona Group Environmental Policies* in April 2008 and has been actively engaged in helping to preserve the natural environment. Members of the Group that have obtained ISO 14001 certification for their environmental management systems are Kinki Osaka Bank (in October 2008) and Saitama Resona Bank (in December 2008). Resona Bank is currently making preparations for ISO 14001 and plans to obtain certification in fiscal 2009. In addition, in October 2008, Resona Bank began to participate in the Eco Action Point program promoted by Japan's Ministry of the Environment with its "TIMO" ordinary deposit account, which does not require the issuance of a passbook, being a targeted product with a view to promoting the awareness of environmental preservation among customers and reducing the consumption of paper materials.



IR Seminars Held in Tokyo and Osaka Led by Top Management

In March 2009, Resona Holdings held IR seminars for investors in Tokyo and Osaka with the participation of its top management. In Osaka, the seminar was held in Resona's Head Office building and featured a discussion about CSR and investment between Resona's Chairman Eiji Hosoya and Ms. One Akiyama, president of IntegreX, a professional in the field of socially responsible investing (SRI). The seminar program also included a panel discussion including prominent guest participants from various industries. In Tokyo, Resona participated in an IR event for individual investors sponsored by the Tokyo Stock Exchange entitled “TSE IR Festa 2009.” Resona President, Seiji Higaki, gave a presentation in person to investors on the Resona Group's management performance.

Providing Active Support for Children Who Will Lead the Next Generation and Continuation of Financial Education for Children and the “Table for Two (TFT)” Program

As a part of its activities contributing to regional communities and society as a whole, the Resona Group conducts financial and economic educational programs for children. The aims of these programs are to give children the opportunity to learn, in a fun atmosphere, what they should know about the role of money in realizing their dreams and the importance of working. Resona staff have prepared the program themselves, filled with quizzes and games, and staff volunteers are responsible for conducting the educational sessions.

In addition to these activities, Resona is continuing to participate in the TFT program, which works like this: employees order a low-calorie healthy meal at the Head Office employee cafeterias of Resona Group banks, and ¥20 of the meal cost is donated toward school meals in developing countries. Through the TFT program, Resona is also contributing to improving the educational environment for children around the world.

Deloitte.

Deloitte Touche Tohmatsu
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel: +81(3)3457 7321
Fax: +81(3)3457 1694
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Resona Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of Resona Holdings, Inc. (the "Company") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Resona Holdings, Inc. and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 22, 2009

CONSOLIDATED BALANCE SHEETS

Resona Holdings, Inc. and consolidated subsidiaries
March 31, 2009 and 2008

	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	**2009**
Assets:			
Cash and due from banks (Notes 3 and 13)	**¥ 1,404,333**	¥ 2,045,603	**$ 14,297**
Call loans and bills bought (Notes 4 and 13)	**658,619**	1,644,268	**6,705**
Deposits paid for securities borrowing transactions	**245,111**	101,250	**2,495**
Monetary claims bought	**403,411**	509,277	**4,107**
Trading assets (Notes 5, 13 and 29)	**519,567**	445,962	**5,289**
Securities (Notes 6 and 13)	**8,011,712**	6,718,651	**81,569**
Loans and bills discounted (Notes 7,13,14 and 33)	**26,509,254**	26,052,461	**269,896**
Foreign exchange assets (Note 8)	**78,588**	71,854	**800**
Other assets (Notes 9 ,13, 29 and 30)	**906,688**	1,051,340	**9,231**
Premises and equipment (Notes 10, 12, 21 and 28)	**326,503**	391,423	**3,324**
Intangible fixed assets (Notes 11, 12 and 28)	**61,107**	33,664	**622**
Deferred tax assets (Note 27)	**308,893**	371,871	**3,144**
Customers' liabilities for acceptances and guarantees (Note 20)	**870,318**	969,346	**8,860**
Reserve for possible loan losses	**(440,967)**	(490,803)	**(4,489)**
Total Assets	**¥39,863,143**	¥39,916,171	**$405,855**
Liabilities and Equity:			
Deposits (Notes 13, 15 and 33)	**¥32,107,797**	¥31,635,428	**$326,896**
Negotiable certificates of deposit	**582,040**	1,362,130	**5,925**
Call money and bills sold (Notes 4 and 13)	**336,790**	428,328	**3,428**
Bills sold under repurchase agreements (Note 13)	**790,455**	16,976	**8,047**
Deposits received for securities lending transactions (Note 13)	**79,613**	40,638	**810**
Trading liabilities (Notes 5 and 29)	**122,205**	139,328	**1,244**
Borrowed money (Notes 13, 16 and 33)	**647,508**	684,186	**6,592**
Foreign exchange liabilities (Note 8)	**2,548**	2,896	**25**
Bonds (Note 17)	**825,258**	892,130	**8,402**
Due to trust account	**345,877**	367,996	**3,521**
Other liabilities (Notes 13, 16, 18, 29 and 33)	**898,915**	767,862	**9,152**
Reserve for employees' bonuses	**12,403**	16,965	**126**
Reserve for employees' retirement benefits (Note 30)	**6,707**	4,349	**68**
Other reserves (Note 19)	**25,901**	20,454	**263**
Reserve under special laws	**—**	0	**—**
Deferred tax liabilities (Note 27)	**22**	0	**0**
Deferred tax liabilities on land revaluation (Note 21)	**30,695**	42,494	**312**
Acceptances and guarantees (Note 20)	**870,318**	969,346	**8,860**
Total Liabilities	**¥37,685,059**	¥37,391,514	**$383,680**
Equity (Notes 22 and 34):			
Capital stock	**¥ 327,201**	¥ 327,201	**$ 3,331**
Capital surplus	**493,309**	673,764	**5,022**
Retained earnings	**1,287,467**	1,190,557	**13,107**
Treasury stock at cost	**(86,795)**	(1,280)	**(883)**
Valuation and translation differences:			
Net unrealized gains on available-for-sale securities (Note 6)	**(32,345)**	123,207	**(329)**
Net deferred gains on hedges	**21,976**	18,308	**223**
Revaluation reserve for land (Note 21)	**41,712**	58,961	**424**
Foreign currency translation adjustments	**(4,363)**	(2,252)	**(44)**
Total	**2,048,163**	2,388,467	**20,852**
Minority interests in consolidated subsidiaries	**129,921**	136,188	**1,322**
Total Equity	**2,178,084**	2,524,656	**22,175**
Total Liabilities and Equity	**¥39,863,143**	¥39,916,171	**$405,855**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Resona Holdings, Inc. and consolidated subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	**2009**
Income:			
Interest income (Note 23)	**¥ 677,567**	¥ 703,122	**$ 6,898**
Trust fees	**35,414**	41,380	**360**
Fees and commissions	**166,611**	198,765	**1,696**
Trading profits (Note 24)	**21,277**	67,953	**216**
Other operating income (Note 25)	**42,467**	50,719	**432**
Other income (Note 26)	**163,516**	146,612	**1,664**
Total Income	**1,106,855**	1,208,552	**11,269**
Expenses:			
Interest expenses (Note 23)	**130,492**	147,772	**1,328**
Fees and commissions	**48,804**	51,666	**496**
Trading losses	**251**	107	**2**
Other operating expenses (Note 25)	**24,209**	93,090	**246**
General and administrative expenses	**384,465**	385,919	**3,914**
Other expenses (Note 26)	**284,436**	207,303	**2,895**
Total Expenses	**872,658**	885,860	**8,884**
Income before income taxes and minority interests	**234,196**	322,692	**2,384**
Income taxes (Note 27):			
Current	**9,563**	15,232	**97**
Deferred	**97,471**	(4,488)	**992**
Total Income Taxes	**107,035**	10,744	**1,089**
Minority interests in net income	**3,250**	9,129	**33**
Net income	**¥ 123,910**	¥ 302,818	**$ 1,261**

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 31)	**¥76.27**	¥ 236.90	**$0.77**
Net income per share (Diluted) (Note 31)	**53.83**	164.01	**0.54**
Cash dividends applicable to the year (Notes 22 and 34)	**10.00**	1,000.00	**0.10**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Resona Holdings, Inc. and consolidated subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	**2009**
Equity:			
Capital stock:			
Balance at beginning of year	**¥ 327,201**	¥ 327,201	**$ 3,331**
Changes of items during the year			
Net changes during the year	**—**	—	**—**
Balance at end of year	**¥ 327,201**	¥ 327,201	**$ 3,331**
Capital surplus:			
Balance at beginning of year	**¥ 673,764**	¥ 223,810	**$ 6,859**
Changes of items during the year			
Issuance of preferred stock	**—**	450,000	**—**
Disposal of treasury stock	**(19)**	(46)	**(0)**
Retirement of treasury stock	**(180,435)**	(0)	**(1,837)**
Net changes during the year	**(180,455)**	449,953	**(1,837)**
Balance at end of year	**¥ 493,309**	¥ 673,764	**$ 5,022**
Retained earnings:			
Balance at beginning of year	**¥1,190,557**	¥ 917,277	**$12,121**
Changes of items during the year			
Dividends paid	**(44,249)**	(31,062)	**(450)**
Net income	**123,910**	302,818	**1,261**
Reversal of revaluation reserve for land	**17,249**	1,523	**175**
Net changes during the year	**96,910**	273,279	**986**
Balance at end of year	**¥1,287,467**	¥1,190,557	**$13,107**
Treasury stock at cost:			
Balance at beginning of year	**¥ (1,280)**	¥ (898)	**$ (13)**
Changes of items during the year			
Acquisitions of treasury stock	**(266,256)**	(586)	**(2,710)**
Disposal of treasury stock	**306**	203	**3**
Retirement of treasury stock	**180,435**	(0)	**1,837**
Net changes during the year	**(85,514)**	(382)	**(870)**
Balance at end of year	**¥ (86,795)**	¥ (1,280)	**$ (883)**
Valuation and translation differences:			
Net unrealized gains (losses) on available-for-sale securities:			
Balance at beginning of year	**¥ 123,207**	¥ 301,013	**$ 1,254**
Changes of items during the year			
Net changes during the year	**(155,553)**	(177,805)	**(1,583)**
Balance at end of year	**¥ (32,345)**	¥ 123,207	**$ (329)**
Net deferred gains on hedges:			
Balance at beginning of year	**¥ 18,308**	¥ (15,675)	**$ 186**
Changes of items during the year			
Net changes during the year	**3,668**	33,984	**37**
Balance at end of year	**¥ 21,976**	¥ 18,308	**$ 223**

(Continued)

	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	**2009**
Revaluation reserve for land:			
Balance at beginning of year	**¥ 58,961**	¥ 60,484	**$ 600**
Changes of items during the year			
Net changes during the year	**(17,249)**	(1,523)	**(175)**
Balance at end of year	**¥ 41,712**	¥ 58,961	**$ 424**
Foreign currency translation adjustments:			
Balance at beginning of year	**¥ (2,252)**	¥ (1,400)	**$ (22)**
Changes of items during the year			
Net changes during the year	**(2,111)**	(851)	**(21)**
Balance at end of year	**¥ (4,363)**	¥ (2,252)	**$ (44)**
Total:			
Balance at beginning of year	**¥2,388,467**	¥1,811,812	**$24,317**
Changes of items during the year			
Issuance of preferred stock	**—**	450,000	**—**
Dividends paid	**(44,249)**	(31,062)	**(450)**
Net income	**123,910**	302,818	**1,261**
Acquisitions of treasury stock	**(266,256)**	(586)	**(2,710)**
Disposal of treasury stock	**287**	157	**2**
Reversal of revaluation reserve for land	**17,249**	1,523	**175**
Net changes of items in valuation and translation differences	**(171,245)**	(146,195)	**(1,743)**
Net changes during the year	**(340,304)**	576,655	**(3,464)**
Balance at end of year	**¥2,048,163**	¥2,388,467	**$20,852**
Minority interests in consolidated subsidiaries:			
Balance at beginning of year	**¥ 136,188**	¥ 158,327	**$ 1,386**
Changes of items during the year			
Net changes during the year	**(6,267)**	(22,138)	**(63)**
Balance at end of year	**¥ 129,921**	¥ 136,188	**$ 1,322**
Total equity:			
Balance at beginning of year	**¥2,524,656**	¥1,970,139	**$25,704**
Changes of items during the year			
Issuance of preferred stock	**—**	450,000	**—**
Dividends paid	**(44,249)**	(31,062)	**(450)**
Net income	**123,910**	302,818	**1,261**
Acquisitions of treasury stock	**(266,256)**	(586)	**(2,710)**
Disposal of treasury stock	**287**	157	**2**
Reversal of revaluation reserve for land	**17,249**	1,523	**175**
Net changes of items in valuation and translation differences	**(177,512)**	(168,333)	**(1,807)**
Net changes during the year	**(346,571)**	554,517	**(3,528)**
Balance at end of year	**¥2,178,084**	¥2,524,656	**$22,175**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Resona Holdings, Inc. and consolidated subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	**2009**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 234,196**	¥ 322,692	**$ 2,384**
Adjustments for:			
Depreciation and amortization	**20,920**	15,945	**212**
Impairment losses on premises and equipment	**3,370**	3,054	**34**
Amortization of goodwill	**7,242**	7,270	**73**
Equity in earnings of investments in affiliated companies	**(201)**	(409)	**(2)**
Decrease in reserve for possible loan losses	**(49,835)**	(52,334)	**(507)**
Decrease in reserve for possible losses on investments	**—**	(14,819)	**—**
Increase (decrease) in reserve for employees' bonuses	**(4,562)**	16,965	**(46)**
Increase in reserve for employees' retirement benefits	**2,357**	582	**23**
Interest income (accrual basis)	**(677,567)**	(703,122)	**(6,898)**
Interest expenses (accrual basis)	**130,492**	147,772	**1,328**
Net losses (gains) on securities	**456**	(11,639)	**4**
Net gains on money held in trust	**(73)**	(248)	**(0)**
Net foreign exchange gains	**(61,305)**	(58,341)	**(624)**
Net losses (gains) on disposal of premises and equipment	**(103,314)**	1,575	**(1,051)**
Net increase in trading assets	**(73,605)**	(45,322)	**(749)**
Net increase (decrease) in trading liabilities	**(39,087)**	46,424	**(397)**
Net decrease (increase) in loans and bills discounted	**(456,793)**	200,400	**(4,650)**
Net increase (decrease) in deposits	**472,368**	(95,653)	**4,809**
Net decrease in negotiable certificates of deposit	**(780,090)**	(438,090)	**(7,942)**
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	**9,321**	(237,609)	**94**
Net decrease (increase) in due from banks (excluding deposits with the Bank of Japan)	**598,816**	(604,131)	**6,096**
Net decrease (increase) in call loans, bills bought and monetary claims bought	**1,091,515**	(382,301)	**11,112**
Net decrease (increase) in deposits paid for securities borrowing transactions	**(143,861)**	13,200	**(1,464)**
Net increase in call money, bills sold and bills sold under repurchase agreements	**681,941**	307,494	**6,942**
Net increase (decrease) in deposits received for securities lending transactions	**38,975**	(14,937)	**396**
Net decrease (increase) in foreign exchange assets	**(6,734)**	11,767	**(68)**
Net decrease in foreign exchange liabilities	**(348)**	(302)	**(3)**
Net increase in straight bonds	**10,326**	1,599	**105**
Net decrease in due to trust account	**(22,119)**	(49,718)	**(225)**
Interest receipts (cash basis)	**681,558**	711,900	**6,939**
Interest payments (cash basis)	**(137,854)**	(151,875)	**(1,403)**
Other—net	**(21,564)**	(90,212)	**(219)**
Subtotal	**1,404,942**	(1,142,424)	**14,304**
Income taxes paid	**64,287**	(11,357)	**654**
Net cash provided by (used in) operating activities	**1,469,230**	(1,153,782)	**14,958**
Cash flows from investing activities:			
Purchases of securities	**(35,881,690)**	(33,119,422)	**(365,319)**
Proceeds from sales of securities	**28,338,559**	29,687,455	**288,521**
Proceeds from maturities of securities	**6,243,375**	4,023,801	**63,565**
Increase in money held in trust	**(232,557)**	—	**(2,367)**
Decrease in money held in trust	**232,557**	10,269	**2,367**
Purchases of premises and equipment	**(10,883)**	(9,201)	**(110)**
Proceeds from disposal of premises and equipment	**165,099**	2,362	**1,680**
Purchases of intangible fixed assets	**(9,567)**	(5,755)	**(97)**
Proceeds from disposal of intangible fixed assets	**2**	14	**0**
Net cash provided by (used in) investing activities	**(1,155,104)**	589,524	**(11,760)**
Cash flows from financing activities:			
Proceeds from subordinated borrowed money	**—**	27,000	**—**
Repayment of subordinated borrowed money	**(46,000)**	(106,000)	**(468)**
Proceeds from issuance of subordinated bonds	**—**	68,678	**—**
Repayment of subordinated bonds	**—**	(10,000)	**—**
Proceeds from issuance of preferred stock	**—**	448,367	**—**
Dividends paid	**(44,249)**	(31,062)	**(450)**
Dividends paid to minority shareholders of consolidated subsidiaries	**(211)**	(218)	**(2)**
Payments related to acquisitions of treasury stock	**(266,256)**	(586)	**(2,710)**
Proceeds from disposal of treasury stock	**287**	157	**2**
Net cash provided by (used in) financing activities	**(356,430)**	396,337	**(3,628)**
Effect of exchange rate changes on cash and cash equivalents	**(148)**	107	**(1)**
Decrease in cash and cash equivalents	**(42,453)**	(167,813)	**(432)**
Cash and cash equivalents at beginning of year	**1,153,744**	1,321,557	**11,746**
Cash and cash equivalents at end of year (Note 3)	**¥ 1,111,291**	¥ 1,153,744	**$ 11,314**

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Holdings, Inc. and consolidated subsidiaries
Years ended March 31, 2009 and 2008

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Resona Holdings, Inc. (the "Company") and its consolidated subsidiaries (together, the "Group") in accordance with the provisions set forth in the Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, the notes to the consolidated financial statements include certain information, which is not required under Japanese GAAP but is presented herein as additional information.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of the readers outside Japan and has been made at the rate of ¥98.22 to U.S.$1.00, the rate of exchange prevailing in the Tokyo Foreign Exchange Market on March 31, 2009. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

Amounts of less than one million yen and one million U.S. dollars have been rounded down to the nearest million in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(1) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Principles of consolidation

The Group defines its consolidation scope using the control and influence concept. Under the control and influence concept, those entities in which the Group, directly or indirectly, is able to exercise control over finance and operations through voting interest and/or other means are fully consolidated, and those entities over which the Group has the ability to exercise significant influence are accounted for by the equity method.

In order to apply the control and influence criteria for certain collective investment vehicles, such as investment associations *(Toshi Jigyo Kumiai),* limited partnerships, *Tokumei Kumiai* (silent partnership) structures and other entities with similar characteristics, the Group looks to the proportionate share of decision-making authority over such vehicles, together with other factors indicating substantial control and influence, in accordance with the guidance of Practical Issues Task Force ("PITF") No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations," issued by the Accounting Standards Board of Japan (the "ASBJ").

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2009 and 2008 was 19. The changes in the number of consolidated subsidiaries for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
At beginning of year	**19**	21
Decrease:		
Liquidation	**—**	2
At end of year	**19**	19

Decreases in consolidated subsidiaries are recorded by adjusting the retained earnings in the period of deconsolidation.

The Group excludes accounts of certain subsidiaries from consolidation when the total assets, total income, net income or loss, retained earnings, deferred gains or losses on hedges and other components of equity of these subsidiaries would not have a material effect on the consolidated financial statements.

The Group excludes one special purpose securitization vehicle from the scope of consolidation pursuant to Article 8, Paragraph 7 of the Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements, which does not regard a special purpose entity as a subsidiary of an investor irrespective of the indicator of control if the entity is established and operated for the purpose of asset securitization and satisfies certain eligible criteria. ASBJ Implementation Guidance No. 15, "Implementation Guidance on Disclosures about Certain Special Purpose Entities," requires a company to disclose the information regarding the nature, relationships, transactions and financial figures of a special purpose entity which would be determined to be a subsidiary in its substance but is not regarded as a subsidiary in accordance with another accounting pronouncement. In accordance with this guidance, the Group has disclosed the information for such special purpose securitization vehicles in Note 2. (g), "Special purpose entities."

(b) Application of equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2009 and 2008 was 2.

The equity method of accounting has not been applied to investments in certain non-consolidated subsidiaries and affiliates, as the net income or loss, retained earnings, deferred gains or losses on hedges and other components of equity of these subsidiaries and affiliates are immaterial in relation to the consolidated financial statements.

Non-consolidated subsidiaries and affiliates include investment funds in the form of an investment association *(Toshi Jigyo Kumiai),* an unincorporated entity similar to an investment partnership.

Entities not accounted for as affiliates in which the Group owns voting interests of 20% or more (but not more than 50%) included one company and one joint venture as of March 31, 2009, and three companies and one joint venture as of March 31, 2008. Those companies are portfolio investees of a venture capital, one of the consolidated subsidiaries, and are invested in solely for operating purposes to nurture the venture businesses. The joint venture was established by the banks in the Kinki region registered with the Second Association of Regional Banks to guarantee residential mortgage loans, and its operation is administered by all those banks' discussion and unanimous vote. The Group does not have intent to control or exercise influence over these entities and they were not accounted for as affiliates.

(c) Balance sheet dates of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries as of March 31, 2009 and 2008 were as follows:

	2009	2008
End of December	**4 subsidiaries**	4 subsidiaries
End of March	**15 subsidiaries**	15 subsidiaries

Subsidiaries have been consolidated based on their accounts at their respective balance sheet dates. Appropriate adjustments have been made for significant intervening transactions occurring during the period from the respective balance sheet dates of the above subsidiaries to the consolidated balance sheet date.

(d) Goodwill

Assets and liabilities of consolidated subsidiaries are measured at fair value when they are first included in the scope of consolidation.

The Group accounts for an excess of cost over the fair value of net assets of an acquired company in a purchase business combination as goodwill. Goodwill is included in "Intangible fixed assets" and is amortized over a period of 5 years, using the straight-line method. Goodwill, however, is charged to income when incurred if the amount is not significant.

(e) Eliminations of intercompany balances and transactions

All significant intercompany transactions, related account balances, and unrealized profits and losses have been eliminated in consolidation.

(f) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

Accounting change

For the fiscal years ended before April 1, 2008, a company was allowed to use the financial statements of foreign subsidiaries which were prepared in accordance with accounting principles generally accepted in their respective jurisdictions for its consolidation process unless they contained accounting treatments that were clearly unreasonable. On May 17, 2006, the ASBJ issued PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income or loss is accounted for in accordance with Japanese GAAP unless they are not material:

(i) Amortization of goodwill
(ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(ii) Capitalization of intangible assets arising from development phases
(iv) Cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting.
(v) Retrospective application when accounting policies are changed
(vi) Accounting for net income attributable to a minority interest

PITF No. 18 is effective for fiscal years beginning on or after April 1, 2008, and the Group adopted it for the year ended March 31, 2009. There was no effect by the adoption.

(g) Special purpose entities

The Group securitized its residential mortgage loans through special purpose entities, which were established in the Cayman Islands, mainly to mitigate credit risks on such loans. Under the securitization scheme, the Group transferred residential mortgage loans to those special purpose entities, which issued bonds backed by the transferred loans to third-party investors and paid the proceeds from the issuance to the Group for the transferred loans.

As of March 31, 2009 and 2008, one of the special purpose entities was excluded from the scope of consolidation pursuant to Article 8, Paragraph 7 of the Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements and was subject to the disclosure requirements in accordance with ASBJ Implementation Guidance No. 15. Its total assets and liabilities as of March 31, 2009 and 2008 were ¥4,960 million ($50 million) and ¥4,979 million ($50 million), and ¥7,008 million and ¥7,031 million, respectively. The Group had no investments with voting rights in that entity and dispatched no directors, officers or employees to the entity. The amounts of transactions with the special purpose entity in the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Millions of U.S. dollars
As of March 31	**2009**	2008	**2009**
Transferred assets:			
Residential mortgage loan claims	**¥3,460**	¥5,075	**$35**
Retained interest:			
Subordinated claims on assets transferred	**2,251**	2,233	**22**

Note: Income and expenses such as trust fees and dividends are not disclosed due to the immaterial amounts involved.

(3) Trading assets and trading liabilities

Transactions whose purposes are to earn a profit by taking advantage of short-term fluctuations in the market or discrepancies in interest rates, currency exchange rates, share prices or other market indices on different markets ("transactions for trading purposes") are included in "Trading assets" or "Trading liabilities," as appropriate, in the consolidated balance sheets on a trade-date basis.

Securities and monetary claims, etc. held for trading purposes are stated at fair value as of the consolidated balance sheet date. Derivatives including swaps, futures and options, held for trading purposes are stated at the "closed-out" value, assuming the respective contracts are closed out at the consolidated balance sheet dates.

(4) Trading profits and trading losses

Profits and losses on transactions for trading purposes are included in "Trading profits" or "Trading losses," as appropriate, in the consolidated statements of income on a trade-date basis.

Trading profits and trading losses include interest received and paid during the year, net changes in fair value of securities and monetary claims, etc., and changes in the close-out value of derivatives during the year.

(5) Securities

Securities other than investments in non-consolidated subsidiaries and affiliates which are accounted for by the equity method are classified and accounted for, depending on management's intent, as follows:

(i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost determined by the moving-average method (the amortization/accretion is recorded by the straight-line method).

(ii) investments in non-consolidated subsidiaries and affiliates which are not accounted for by the equity method are stated at cost determined by the moving-average method.

(iii) marketable available-for-sale securities are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The fair values of domestic equity securities with quoted market prices are determined based on the average quoted market prices in the last month of the year. The fair values of securities other than domestic equity securities with quoted market prices are generally determined based on their respective quoted market prices at the balance sheet dates (the cost of securities sold is calculated by the moving-average method), otherwise, reasonable estimate of fair values would be used.

Non-marketable available-for-sale securities are stated at cost, with the cost of securities sold being calculated by the moving-average method.

Investment securities other than trading securities are written down to estimated fair value when the decline in fair value is determined to be other-than-temporary based on the assessment of the severity and duration of the decline in value, the issuers' credit standing and certain other factors. Impairment losses are recognized by a charge against income.

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

(i) all derivatives other than those used for hedging purposes are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized currently in the consolidated statements of income.

(ii) derivatives used for hedging purposes, if they meet certain hedging criteria, including high correlation and effectiveness between the hedging instruments and the hedged items, are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivatives used for hedging purposes are generally deferred over the terms of the hedged items and are reclassified to income when gains and losses on the hedged items are recognized. Net deferred gains or losses on qualifying hedges are reported as a separate component of equity. Fair value hedge accounting can be applied for certain hedged items, including available-for-sale securities.

An exceptional accounting treatment is applicable to certain hedging relationships with interest rate swaps. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria, requiring certain critical terms of the swaps and the hedged items to be substantially the same, are not remeasured at fair value and the interest differentials paid or received are recognized over the term of the swap agreements and netted with the interest income or expenses of the hedged transactions in the consolidated statements of income.

Generally, a specific hedging relationship is designated between a stand-alone derivative and a single asset or liability (or a group of identical assets or liabilities) as a condition for the application of hedge accounting. However, certain industry-specific hedge accounting may be applied as follows.

(a) Hedges of interest rate risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of interest rate risk associated with financial assets and liabilities in accordance with the Industry Audit Committee Report No. 24, "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants (the "JICPA Industry Audit Committee Report No. 24").

The JICPA Industry Audit Committee Report No. 24 permits banks to designate a group of derivatives as a hedge of a group of financial assets or financial liabilities, taking into consideration the nature of derivative activities in the banking industry. Under the JICPA Industry Audit Committee Report No. 24, hedges to offset changes in fair value of fixed rate instruments (such as loans or deposits) ("fair value hedges") and changes in anticipated cash flows from variable rate instruments ("cash flow hedges") are applied by grouping hedging instruments and hedged items by their maturities.

For fair value hedges, a group of hedging instruments are designated as a hedge of a group of assets or liabilities which are grouped by their maturities in the same manner as the group of hedging instruments. The assessment of hedge effectiveness is generally based on the analysis of the changes in interest rate factors affecting the respective fair values of the groups of hedging instruments and hedged items rather than the assessment based on the accumulated changes in relevant fair values.

For cash flow hedges, the hedging instruments and hedged items are grouped based on their index repricing dates and/or maturities. A regression analysis is employed to test the correlations between interest rate indices underlying the hedging instruments and hedged items to determine the effectiveness of the hedge. A hedge is, however, assumed to be effective and the assessment can be omitted when the interest rate indices are the same for each of the hedging instruments and hedged items, and the repricing dates and intervals are substantially identical for the hedging instruments and hedged items.

Prior to April 1, 2003, consolidated domestic banking subsidiaries applied macro hedge accounting for interest rate-related derivatives to manage interest rate risk from various financial assets and liabilities as a whole, in accordance with the JICPA Industry Audit Committee Report No. 15, "Provisional Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry" (the "JICPA Industry Audit Committee Report No. 15"). Under macro hedge accounting, gains and losses on hedging derivatives were deferred and amortized by the straight-line method over a defined period pursuant to their internal risk management policies.

In accordance with the transitional treatment in the JICPA Industry Audit Committee Report No. 24, which superseded the JICPA Industry Audit Committee Report No. 15, deferred hedge gains or losses recorded in the prior periods under macro hedges were recognized as interest income or expenses over a period not exceeding 10 years from the fiscal year ended March 31, 2004, based on the remaining terms and notional amounts of the hedging instruments. The remaining balances of deferred hedge gains and losses on macro hedges were ¥1,051 million ($10 million) and ¥399 million ($4 million) as of March 31, 2009, and ¥2,651 million and ¥1,804 million as of March 31, 2008, respectively.

Certain assets and liabilities were accounted for using deferral hedge accounting or fair value hedge accounting, designating a stand-alone derivative as a hedge of a specific asset (group of assets) or specific liability (group of liabilities).

(b) Hedges of foreign currency risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of foreign currency risk associated with foreign-currency-denominated financial assets and liabilities in accordance with the JICPA Industry Audit Committee Report No. 25, "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry" (the "JICPA Industry Audit Committee Report No. 25").

In accordance with the JICPA Industry Audit Committee Report No. 25, consolidated domestic banking subsidiaries designate certain currency swaps and foreign exchange swaps as hedges for the exposure to changes in foreign exchange rates associated with foreign-currency-denominated receivables or payables when the foreign currency positions of the hedged receivables or payables including principals and the related accrued interest are expected to exceed the principal and related accrued interest on the hedging instruments over the terms of the hedging instruments. Hedges are assessed as effective when it is determined that banking subsidiaries continue to hold foreign currency positions of the hedging derivatives corresponding to the positions of the hedged items denominated in foreign currencies.

For hedges of foreign-currency-denominated available-for-sales securities (other than bonds), consolidated domestic banking subsidiaries adopt deferral hedge accounting and fair value hedge accounting on a portfolio basis to hedge the foreign currency risk attributable to such securities. The hedging criteria include specific designation of hedged securities and the foreign-currency-denominated on- and off-balance sheet liability positions covering the costs of the hedged securities denominated in the same foreign currencies.

(c) Inter- and intra-company derivative transactions

For inter- and intra-company derivative transactions ("internal derivatives"), including currency and interest rate swaps, consolidated domestic banking subsidiaries currently recognize gains and losses on internal derivatives or defers them as assets or liabilities without elimination in accordance with the JICPA Industry Audit Committee Reports No. 24 and No. 25, which permit a bank to retain the gains and losses on internal derivatives without elimination in the financial statements if the bank establishes and follows the strict hedging criteria for external transactions, requiring mirror-image transactions to be entered into within three business days with external parties after the designation of the internal derivatives as hedging instruments.

(7) Depreciation and amortization

(a) Premises and equipment (excluding leased assets)

Depreciation of premises and equipment (excluding leased assets) is mainly computed by the straight-line method for buildings and by the declining-balance method for equipment over the estimated useful lives. The estimated useful lives of major premises and equipment are as follows:

- Buildings: 2 – 50 years
- Equipment: 2 – 20 years

(b) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets (excluding leased assets) is mainly computed by the straight-line method. Costs of software developed and obtained for internal use are capitalized and amortized by the straight-line method over the estimated useful lives (mainly 5 years).

(c) Leased assets

For the year ended March 31, 2009, leased assets other than those under finance leases that are deemed to transfer the ownership of the leased property to the lessee are depreciated by the straight-line method over the lease term. Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

Furthermore, depreciation of leased assets deemed to transfer the ownership to the lessee is computed by the same method used for the proprietary assets.

(8) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group (identified as a cash-generating unit) exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset or asset group exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or asset group (i.e., value in use) or the net selling price at disposition.

For the purpose of testing impairment, certain domestic banking subsidiaries recognize individual branch offices as cash-generating units for which they identify specific cash flows. Assets which do not have identifiable cash flows such as corporate headquarters, training centers, computer centers and welfare facilities are treated as corporate assets as a whole. Branch offices to be closed and facilities not used in operations are individually assessed for impairment.

Recoverable amounts are generally measured by net realizable value, which is principally determined at appraisal values less estimated disposal costs. For certain branch offices used in operations, recoverable amounts are measured by value in use, which is calculated based on the present value of future cash flows using a reasonable discount rate.

(9) Deferred charges

Discounts on bonds are presented as a deduction from bonds and amortized by the straight-line method over the terms of the bonds or the periods before the bonds are redeemable.

Bond and stock issuance costs are charged to income as incurred.

(10) Dormant deposits

Consolidated domestic banking subsidiaries derecognize the balance of customer deposits in their balance sheets and recognize a gain when they determine that the deposit account has been dormant for a period of more than 5 years and they are not able to locate or identify claimants for the balance after reasonable efforts. However, the balance has generally been reimbursed subsequent to the period of derecognition if a legitimate claimant appears, and such reimbursement of deposit is accounted for as a charge against income.

The Company provides a reserve for future losses on estimated reimbursements in responses to the legitimate claims subsequent to the period of derecognition of the related deposit liabilities.

(11) Reserve for possible loan losses

The principal consolidated subsidiaries have provided reserves for possible loan losses in accordance with their internal standards for write-offs and reserves as follows:

For claims to insolvent borrowers who are undergoing bankruptcy or special liquidation ("borrowers under bankruptcy proceedings") or who are in substantially the same deteriorating financial condition although not yet in formal bankruptcy proceedings ("borrowers substantially in bankruptcy"), a reserve is provided at the full amount of claims after deducting any direct write-offs and excluding the amounts deemed collectible from the disposal of collateral and the amounts recoverable from the execution of guarantees.

For claims to borrowers who are not currently in the condition of bankruptcy or insolvency but with a high probability of becoming insolvent ("borrowers with high probability of becoming insolvent") and certain identified claims subject to close watch, including claims to borrowers with restructured loan terms ("restructured loans"), the discounted cash flow method (the "DCF method") is applied to determine the amount of reserve for individually large balances which exceeds a certain pre-established threshold in amount. The DCF method, however, is applied only when future cash flows from collection of principal and interest can be reasonably estimated. Under the DCF method, a reserve is provided for the difference between the present value of future cash flows discounted by the original interest rate and the carrying value of the claim.

For claims to other borrowers, a reserve is computed by using the loan loss ratios derived from the historical loss experience for a specified period.

For claims to certain foreign borrowers with country risk exposure, a reserve is provided for the estimated losses determined by considering the political and economic situations of respective countries.

The operating divisions initially assess all claims based on the internal standards for self-assessment of asset quality. The Internal Audit Division, which is independent from the operating divisions, examines their assessments. The reserves for possible loan losses are provided based on the results of these assessments of the operating divisions and the examination of the Internal Audit Division.

For collateralized or guaranteed claims to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written off. Such uncollectible amounts as of March 31, 2009 and 2008 were ¥494,193 million ($5,031 million) and ¥374,040 million, respectively.

Other consolidated subsidiaries mainly provide a general reserve against claims at the amount deemed necessary based on their historical loan-loss experience, and a reserve for specific claims individually determined to be uncollectible such as those to borrowers under bankruptcy proceedings.

Accounting change

For claims to borrowers with a high probability of becoming insolvent which are not subject to the DCF method, the Company used to provide a reserve against the estimated uncollectible amount determined by considering the amount deemed collectible from the disposal of collateral or execution of guarantees and performing the comprehensive analysis of the borrowers' ability to repay. However, for the year ended March 31, 2009, the actual loan losses arising from such claims turned out to be significantly different from the amount provided as a loan loss reserve. Based on attribution analysis, the Company determined that the reserve for possible loan losses would be more reasonable to capture loan losses to be identified in the current portfolio if it was calculated based on the loan loss ratios derived from the historical loan loss experience. Therefore, as of March 31, 2009, the Company provided the loan loss reserve based on the loan loss ratios derived from the historical loan loss experience. As a result of the change, income before income taxes and minority interests increased by ¥24,890 million ($253 million), compared to the amounts calculated under the previous method.

(12) Reserve for possible losses on investments

A reserve for possible losses on investments is provided as of for the estimated losses on certain non-marketable equity securities based on an assessment of the issuers' financial condition and uncertainty about future recoverability of the decline in fair values of the investments.

(13) Reserve for employees' bonuses

A reserve for employees' bonuses is provided for the payment of performance bonuses to employees at an estimated amount accrued as of the consolidated balance sheet dates.

(14) Reserve for employees' retirement benefits

A reserve for employees' retirement benefits is provided for the payment of retirement benefits to employees in the amount deemed necessary based on the projected benefit obligation and the fair value of plan assets as of the consolidated balance sheet dates.

Prior service cost is charged to income as it is incurred.

Unrecognized actuarial gains and losses are amortized from the next year after incurrence by the straight-line method over a period (10 years) defined within the average remaining service years of eligible employees.

(15) Other reserves

Other reserves are provided to cover future expenses and losses that can be reasonably estimated.

(16) Translation of foreign currencies

The financial statements of foreign subsidiaries are translated into Japanese yen at the exchange rates as of the respective balance sheet dates, except for equity accounts, which are translated at historical exchange rates. Differences arising from such translations are shown as "Foreign currency translation adjustments" as a separate component of equity.

Consolidated domestic banking subsidiaries translate foreign-currency-denominated assets and liabilities into Japanese yen primarily at the exchange rates at the balance sheet dates, with the exception of investments in affiliates which are translated at historical exchange rates.

Foreign-currency-denominated assets and liabilities of other consolidated subsidiaries are translated into Japanese yen at the exchange rates at the respective balance sheet dates.

(17) Income taxes

The provision for income taxes is computed based on the pre-tax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

The Group assesses the realizability of deferred tax assets based on an assessment of the available evidence, including future taxable income, future reversal of existing temporary differences and tax planning strategies. A valuation allowance reduces the carrying amount of deferred tax assets to the extent that it is not probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets to be realized. Such valuation allowance may be reversed to the extent that it becomes probable that sufficient taxable income will be available and warrant the realization of tax benefits.

The Company has filed with the Japanese tax authorities a national income tax return under the consolidated corporate-tax system, which allows national income tax payments to be based on the combined profits or losses of the Company and its wholly owned domestic subsidiaries. Deferred taxes are measured based on the future tax benefits expected to be realized in consideration of the expected combined profits or losses of eligible companies in accordance with the consolidated corporate-tax system. Consolidated corporate-tax amounts, once determined, are allocated to each of the subsidiaries and are used as a basis for the income taxes to be recorded in their separate financial statements.

In addition to "income", the tax basis of the enterprise taxes includes "added value" and "amount of capital," as defined in the Local Tax Law, and the enterprise taxes based on "added value" and "amount of capital" are included in "General and administrative expenses" in the consolidated statements of income in accordance with PITF No. 12, "Practical Treatment of Presentation of External Standards Transaction Portion of Enterprise Taxes on the Statement of Operations," issued by the ASBJ.

(18) Consumption tax

The Company and its domestic consolidated subsidiaries account for consumption tax and local consumption tax by the tax-exclusion method whereby receipts and payments of consumption taxes are not included in the transaction amounts and, accordingly, consumption tax amounts do not affect the measurement of profit or loss transactions.

(19) Leases

Prior to April 1, 2008, all leases were accounted for as operating leases. Under the previous Japanese accounting standards for leases, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized, while other finance leases were permitted to be accounted for as operating lease transactions and were not capitalized in the balance sheet if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements.

Accounting change

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," issued on March 30, 2007 and ASBJ Guidance No. 16, "Implementation Guidance on the Accounting Standard for Lease Transactions," issued on March 30, 2007 became effective for fiscal years beginning on or after April 1, 2008. These accounting standards and implementation guidance require that all finance lease transactions entered into on or after the effective date should be capitalized, recognizing leased assets and corresponding obligations under finance leases in the balance sheets. However, finance lease transactions that do not transfer ownership of the leased property to the lessee entered into before fiscal years beginning on April 1, 2008 could continue to be accounted for as operating lease transactions. The Group adopted these accounting standards and implementation guidance for the year ended March 31, 2009, but the effect of the adoption was not material.

(20) Appropriations of retained earnings

Appropriations of retained earnings at each year-end are reflected on the consolidated financial statements for the following year upon shareholders' approval or resolution of the Board of Directors.

(21) Cash and cash equivalents

Cash and cash equivalents generally include cash and short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash and cash equivalents on the consolidated statements of cash flows include cash and the balances due from the Bank of Japan.

(22) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the year, retroactively adjusted for any stock splits.

Diluted net income per share reflects the potential dilutive effect of outstanding warrants and convertible securities, including convertible preferred stock, which would occur if such warrants or conversion options were exercised and the securities were converted into common stock. Diluted net income per share of common stock assumes full conversion of outstanding convertible securities at the beginning of the year (or at the time of issuance, if the securities were issued during the year) with applicable adjustments for related interest expense and dividends, net of any tax effect, and exercise of all conversion options outstanding.

For the years ended March 31, 2009 and 2008, diluted net income per share was computed reflecting the potential dilutive effect of outstanding convertible preferred stock, which was assumed to be fully converted into common stock at the beginning of the year, with an applicable adjustment for the related preferred dividends.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

(23) New accounting pronouncements

(a) Financial instruments disclosure

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," which was originally issued on January 22, 1999. The revision requires, among other things, expanded disclosures for all classes of financial instruments, including information about fair values and certain quantitative and qualitative information. In addition, the ASBJ issued ASBJ Guidance No. 19, "Guidance on Disclosures about Fair Value of Financial Instruments," to provide guidance for the application of the disclosure requirements in the revised ASBJ Statement No. 10.

According to the revised accounting standard and guidance, a company shall disclose qualitative information about financial instruments, including policies and objectives for using financial instruments; nature, types and risks of financial instruments (e.g., credit risk, market risk, liquidity risk); and risk management systems (e.g., policies, procedures, divisions, risk mitigation techniques or measurement methods). In connection with market risk management, quantitative disclosures for market risk are also required if a company holds significant financial assets and liabilities that are essential in view of the business purposes and activities and are highly sensitive to market risk variables. Such quantitative market risk disclosures shall include the quantitative measures of market risk (e.g., value-at-risk) for financial instruments whose market risk is quantitatively analyzed. For financial instruments for which a company does not perform a quantitative analysis of market risk, hypothetical changes in fair values arising from the reasonably possible changes in relevant risk variables (e.g., sensitivity analysis) shall be disclosed along with the discussion about underlying assumptions and calculation method.

In addition, a company shall disclose information about carrying amounts and fair values of financial instruments according to the account classifications presented in the balance sheet, together with methods and assumptions used to estimate such fair values. If it is extremely difficult to estimate and disclose the fair value of a financial instrument, information about the nature and carrying amount of the financial instrument and the reason why it is extremely difficult to estimate and disclose the fair value shall be disclosed.

The revised accounting standard and implementation guidance are first effective for the annual financial statements for the fiscal year ending March 31, 2010 with early adoption permitted at the beginning of the fiscal years ending before April 1, 2009. One-year deferral is permitted for certain quantitative disclosures of market risk and a company may elect to adopt the related provisions for the fiscal years ending on and after March 31, 2011.

(b) Asset retirement obligations

On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made.

Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

(c) Business combinations

On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Principal accounting changes under the revised accounting standard are as follows:

(i) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interest method is no longer allowed.

(ii) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(iii) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether the company has correctly identified all of the assets acquired and all of the liabilities assumed and appropriately allocated the purchase price to those identified assets and liabilities.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

(d) Segment information

On March 21, 2008, the ASBJ issued ASBJ Statement No. 17, "Accounting Standard for Disclosures about Segments of an Enterprise and Related information," and ASBJ Guidance No. 20, "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information," which revise the existing accounting standards for segment information to incorporate the management approach in identifying the reportable operating segment. An operating segment is defined as a component of a company which is engaged in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions about resources to be allocated and assess its performance, and for which discrete financial information is available. The standard and implementation guidance prescribe disclosures about segments of an enterprise, enterprise-wide disclosures and information about impairment loss of fixed assets in reportable segments, and information about goodwill in reportable segments.

These accounting standards and guidance are effective for fiscal years beginning on or after April 1, 2010 (fiscal year 2010). In the first year of application, comparative segment information for fiscal year 2009 shall be disclosed under the revised accounting standard in addition to the previous accounting standard, unless it is impracticable to do so.

(e) Disclosure about fair value of investment and rental property

On November 28, 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property," and ASBJ Guidance No. 23, "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property," which require disclosures about fair value of investment and rental property, including description, carrying amount, fair values and the method of fair valuation, and the income and expenses related to investment and rental property.

These accounting standards and guidance are effective for fiscal years ending on or after March 31, 2010 with early adoption permitted.

3. Cash and Cash Equivalents

The reconciliation between “Cash and cash equivalents” in the consolidated statements of cash flows and “Cash and due from banks” in the consolidated balance sheets as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Cash and due from banks	**¥1,404,333**	¥2,045,603	**$14,297**
Due from banks except for the Bank of Japan	**(293,042)**	(891,858)	**(2,983)**
Cash and cash equivalents	**¥1,111,291**	¥1,153,744	**$11,314**

4. Call Loans and Bills Bought, and Call Money and Bills Sold

Call loans and bills bought as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Call loans	**¥658,619**	¥1,414,268	**$6,705**
Bills bought	**—**	230,000	**—**
Total	**¥658,619**	¥1,644,268	**$6,705**

Call money and bills sold as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Call money	**¥336,790**	¥428,328	**$3,428**
Bills sold	**—**	—	**—**
Total	**¥336,790**	¥428,328	**$3,428**

5. Trading Assets and Trading Liabilities

Trading assets and liabilities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Trading assets:			
Trading securities	**¥ 23,548**	¥ 34,858	**$ 239**
Trading-related financial derivatives	**149,837**	153,613	**1,525**
Commercial paper	**346,058**	257,490	**3,523**
Derivatives of securities related to trading transactions	**119**	—	**1**
Derivatives of trading securities	**4**	—	**0**
Total	**¥519,567**	¥445,962	**$5,289**
Trading liabilities:			
Trading securities sold for short sales	**¥ —**	¥ 14,660	**$ —**
Derivatives of trading securities	**5**	101	**0**
Derivatives of securities related to trading transactions	**—**	46	**—**
Trading-related financial derivatives	**122,199**	124,520	**1,244**
Total	**¥122,205**	¥139,328	**$1,244**

6. Securities

Securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Japanese government bonds	**¥5,971,992**	¥4,151,666	**$60,802**
Japanese local government bonds	**420,654**	442,263	**4,282**
Japanese corporate bonds	**975,396**	1,164,135	**9,930**
Japanese stocks	**482,231**	691,728	**4,909**
Other securities	**161,438**	268,856	**1,643**
Total	**¥8,011,712**	¥6,718,651	**$81,569**

As of March 31, 2009 and 2008, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥19,121 million ($194 million) and ¥19,047 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥6,260 million ($63 million) and ¥11,857 million, respectively.

The amortized costs, aggregate fair values and unrealized gains and losses of held-to-maturity debt securities as of March 31, 2009 and 2008 were as follows:

	Millions of yen				
	Amortized cost	Estimated fair value	Net unrealized gains	Gross unrealized gains	Gross unrealized losses
March 31, 2009					
Held-to-maturity debt securities:					
Japanese government bonds	**¥375,290**	**¥377,848**	**¥2,557**	**¥3,346**	**¥789**
Japanese local government bonds	**223,811**	**228,595**	**4,784**	**4,842**	**58**
Total	**¥599,101**	**¥606,443**	**¥7,342**	**¥8,189**	**¥847**
March 31, 2008					
Held-to-maturity debt securities:					
Japanese local government bonds	¥188,989	¥194,814	¥5,824	¥5,825	¥ 0

	Millions of U.S. dollars				
	Amortized cost	Estimated fair value	Net unrealized gains	Gross unrealized gains	Gross unrealized losses
March 31, 2009					
Held-to-maturity debt securities:					
Japanese government bonds	**$3,820**	**$3,846**	**$26**	**$34**	**$8**
Japanese local government bonds	**2,278**	**2,327**	**48**	**49**	**0**
Total	**$6,099**	**$6,174**	**$74**	**$83**	**$8**

The amortized costs, aggregate fair values and unrealized gains and losses of available-for-sale securities as of March 31, 2009 and 2008 were as follows:

	Millions of yen				
	Amortized cost	Estimated fair value	Net unrealized gains (losses)	Gross unrealized gains	Gross unrealized losses
March 31, 2009					
Available-for-sale securities:					
Japanese stocks	**¥ 356,788**	**¥ 393,976**	**¥ 37,188**	**¥68,445**	**¥ 31,256**
Bonds:					
Japanese government bonds	**5,653,432**	**5,596,702**	**(56,730)**	**2,102**	**58,832**
Japanese local government bonds	**196,053**	**196,843**	**790**	**1,310**	**520**
Japanese corporate bonds	**581,680**	**581,069**	**(611)**	**804**	**1,416**
Total bonds	**6,431,166**	**6,374,615**	**(56,551)**	**4,217**	**60,769**
Other	**308,732**	**295,500**	**(13,232)**	**2,489**	**15,721**
Total	**¥7,096,686**	**¥7,064,091**	**¥(32,594)**	**¥75,153**	**¥107,747**
March 31, 2008					
Available-for-sale securities:					
Japanese stocks	¥ 385,586	¥ 589,979	¥204,392	¥216,106	¥11,713
Bonds:					
Japanese government bonds	4,184,455	4,151,666	(32,788)	3,273	36,062
Japanese local government bonds	250,751	253,274	2,522	3,046	523
Japanese corporate bonds	669,194	669,506	312	1,346	1,034
Total bonds	5,104,401	5,074,447	(29,953)	7,666	37,619
Other	451,885	449,103	(2,782)	8,089	10,872
Total	¥5,941,874	¥6,113,531	¥171,656	¥231,862	¥60,205

	Millions of U.S. dollars				
	Amortized cost	Estimated fair value	Net unrealized gains (losses)	Gross unrealized gains	Gross unrealized losses
March 31, 2009					
Available-for-sale securities:					
Japanese stocks	**$ 3,632**	**$ 4,011**	**$ 378**	**$696**	**$ 318**
Bonds:					
Japanese government bonds	**57,558**	**56,981**	**(577)**	**21**	**598**
Japanese local government bonds	**1,996**	**2,004**	**8**	**13**	**5**
Japanese corporate bonds	**5,922**	**5,915**	**(6)**	**8**	**14**
Total bonds	**65,477**	**64,901**	**(575)**	**42**	**618**
Other	**3,143**	**3,008**	**(134)**	**25**	**160**
Total	**$72,252**	**$71,921**	**$(331)**	**$765**	**$1,096**

An impairment of securities is recognized if the decline in fair value is substantial and the decline is determined to be other than temporary.

To assess whether or not a decline in fair value is substantial, the Group considers not only the severity and duration of the decline in value but also the classification of the security issuer which is used in the self-assessment of asset quality for loan loss reserving, as follows:

(i) For issuers who are classified as borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy and borrowers with a high probability of becoming insolvent: where the fair value is lower than the carrying value.

(ii) For issuers who are classified as borrowers under close watch: where the fair value declines by 30% or more compared to the carrying value.

(iii) Others: where the fair value declines by 50% or more compared to the carrying value.

For the years ended March 31, 2009 and 2008, an impairment loss of ¥22,007 million ($224 million) and ¥5,628 million, respectively, were recorded with respect to available-for-sale securities with fair values.

Proceeds from sales of available-for-sale securities, gross realized gains and gross realized losses for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gross realized gains	Gross realized losses	Proceeds from sales	Gross realized gains	Gross realized losses
March 31, 2009						
Available-for-sale securities	**¥28,224,898**	**¥48,374**	**¥44,272**	**$287,364**	**$492**	**$450**
March 31, 2008						
Available-for-sale securities	¥29,664,971	¥75,556	¥63,489			

Securities whose fair values were not readily determinable as of March 31, 2009 and 2008 were principally as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Held-to-maturity debt securities:			
Unlisted Japanese corporate bonds	**¥ 26,360**	¥ 30,590	**$ 268**
Available-for-sale securities:			
Unlisted Japanese corporate bonds	**367,967**	464,038	**3,746**
Unlisted Japanese corporate stocks	**69,145**	82,705	**703**

For the years ended March 31, 2009 and 2008, there was no transfer between categories of securities.

The carrying amounts of securities classified as available-for-sale and held-to-maturity by maturities as of March 31, 2009 and 2008 were as follows:

	Millions of yen			
	One year or less	One to five years	Five to ten years	Over ten years
March 31, 2009				
Bonds:				
Japanese government bonds	**¥2,809,850**	**¥1,955,215**	**¥ 745,277**	**¥461,649**
Japanese local government bonds	**12,938**	**168,252**	**239,464**	**—**
Japanese corporate bonds	**323,744**	**591,739**	**18,259**	**41,652**
Subtotal	**3,146,533**	**2,715,207**	**1,003,001**	**503,301**
Other	**20,277**	**69,083**	**30,911**	**179,478**
Total	**¥3,166,810**	**¥2,784,291**	**¥1,033,912**	**¥682,779**
March 31, 2008				
Bonds:				
Japanese government bonds	¥2,739,498	¥ 320,309	¥518,381	¥573,473
Japanese local government bonds	52,857	135,084	254,322	—
Japanese corporate bonds	482,525	618,816	37,897	24,896
Subtotal	3,274,881	1,074,209	810,601	598,369
Other	15,212	62,902	90,446	214,070
Total	¥3,290,093	¥1,137,111	¥901,048	¥812,439

	Millions of U.S. dollars			
	One year or less	One to five years	Five to ten years	Over ten years
March 31, 2009				
Bonds:				
Japanese government bonds	**$28,607**	**$19,906**	**$ 7,587**	**$4,700**
Japanese local government bonds	**131**	**1,713**	**2,438**	**—**
Japanese corporate bonds	**3,296**	**6,024**	**185**	**424**
Subtotal	**32,035**	**27,644**	**10,211**	**5,124**
Other	**206**	**703**	**314**	**1,827**
Total	**$32,242**	**$28,347**	**$10,526**	**$6,951**

A reconciliation of net unrealized gains on available-for-sale securities to the amounts included in "Net unrealized gains (losses) on available-for-sale securities," presented as a separate component of equity as of March 31, 2009 and 2008, on the consolidated balance sheets is as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Net unrealized gains (losses) on available-for-sale securities	**¥(32,594)**	¥171,656	**$(331)**
Discontinued fair value hedge gains previously recognized as income	**(11,889)**	(11,889)	**(121)**
Deferred tax assets (liabilities)	**12,166**	(36,722)	**123**
Unrealized gains (losses) on available-for-sale securities (before adjustment)	**(32,318)**	123,045	**(329)**
Amounts attributable to minority interests	**36**	(176)	**0**
The Company's portion of unrealized gains (losses) on available-for-sale securities of equity method investees	**9**	13	**0**
Amounts recorded in the consolidated balance sheets	**¥(32,345)**	¥123,207	**$(329)**

For securities borrowed without collateral, securities purchased under resale agreements and securities received under securities borrowing transactions collateralized with cash, which permit borrowers to sell or repledge such securities received, ¥245,077 million ($2,495 million) and ¥86,492 million of such securities were repledged, as of March 31, 2009, and March 31, 2008, respectively.

There were no loaned securities under securities lending agreements as of March 31, 2009 and 2008.

There was no money held in trust for trading purposes as of March 31, 2009 and 2008.

7. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Bills discounted	**¥ 216,320**	¥ 258,070	**$ 2,202**
Loans on notes	**1,261,711**	1,526,067	**12,845**
Loans on deeds	**21,664,585**	21,177,139	**220,572**
Overdrafts	**3,366,637**	3,091,182	**34,276**
Total	**¥26,509,254**	¥26,052,461	**$269,896**

The following loans were included in loans and bills discounted as of March 31, 2009 and 2008.

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Loans to borrowers in legal bankruptcy	**¥ 84,558**	¥ 22,057	**$ 860**
Past due loans	**418,639**	394,291	**4,262**
Accruing loans contractually past due three months or more	**27,373**	8,147	**278**
Restructured loans	**159,454**	202,978	**1,623**
Total	**¥690,025**	¥627,474	**$7,025**

The above amounts are stated before the deduction of the reserve for possible loan losses.

"Loans to borrowers in legal bankruptcy" are nonaccrual loans which are highly probable to become unrecoverable. Specific conditions for inclusion in this category are as follows:

(i) Borrowers have made application for procedures under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law, liquidation under the Company Act, or liquidation under other legal provisions.

(ii) Clearance of promissory notes or bills issued by the borrower is suspended.

"Past due loans" are loans on which accrued interest income is not recognized, excluding "Loans to borrowers in legal bankruptcy" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

"Accruing loans contractually past due three months or more" include accruing loans for which principal or interest is past due three months or more.

"Restructured loans" are loans to borrowers in financial difficulty to whom the Group has provided financial support through modification of the lending terms to be more favorable to the borrower, including reduction of interest rates, suspension of repayment of principal and interest and debt forgiveness.

Bills discounted are recorded as lending transactions in accordance with the JICPA Industry Audit Committee Report No. 24. Certain consolidated banking subsidiaries have a right to sell or repledge as collateral such discounted bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, was ¥230,260 million ($2,344 million) and ¥278,367 million as of March 31, 2009 and 2008, respectively.

8. Foreign Exchange

Foreign exchange assets and liabilities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Assets:			
Due from foreign banks	**¥43,100**	¥24,156	**$438**
Loans to foreign banks	**—**	10	**—**
Foreign bills of exchange bought	**13,939**	20,296	**141**
Foreign bills of exchange receivable	**21,547**	27,390	**219**
Total	**¥78,588**	¥71,854	**$800**
Liabilities:			
Due to foreign banks	**¥ 1,770**	¥ 1,525	**$ 18**
Foreign bills of exchange sold	**485**	771	**4**
Foreign bills of exchange payable	**291**	598	**2**
Total	**¥ 2,548**	¥ 2,896	**$ 25**

9. Other Assets

Other assets as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Prepaid expenses	**¥ 7,239**	¥ 4,934	**$ 73**
Accrued income	**61,818**	69,761	**629**
Initial margins for futures transactions	**1,486**	3,022	**15**
Variation margins for futures transactions	**1**	666	**0**
Securities received as collateral	**—**	14,660	**—**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**290,517**	299,612	**2,957**
Prepaid pension cost	**146,993**	139,053	**1,496**
Other	**398,631**	519,629	**4,058**
Total	**¥906,688**	¥1,051,340	**$9,231**

10. Premises and Equipment

Premises and equipment as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Land, building and equipment	**¥530,351**	¥600,546	**$5,399**
Construction in progress	**2,281**	1,389	**23**
Subtotal	**532,632**	601,936	**5,422**
Accumulated depreciation	**(206,129)**	(210,513)	**(2,098)**
Total	**¥326,503**	¥391,423	**$3,324**

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. As of March 31, 2009 and 2008, such deferred profit amounted to ¥54,815 million ($558 million) and ¥61,870 million, respectively.

11. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Software	**¥17,797**	¥13,602	**$181**
Goodwill	**7,242**	14,484	**73**
Leased assets	**30,609**	—	**311**
Other intangible fixed assets	**5,458**	5,577	**55**
Total	**¥61,107**	¥33,664	**$622**

12. Long-Lived Assets

For the years ended March 31, 2009 and 2008, the Group recognized impairment losses of ¥3,370 million ($34 million) and ¥3,054 million. For all assets on which impairment losses were recognized, the Group used an estimated net selling price as the recoverable amount, which was higher than the discounted value in use.

13. Assets Pledged as Collateral

Assets pledged as collateral and debt collateralized as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Assets pledged as collateral:			
Call loans and bills bought	**¥ —**	¥ 230,000	**$ —**
Trading assets	**170,791**	96,807	**1,738**
Securities	**5,203,489**	3,414,322	**52,977**
Loans and bills discounted	**238,036**	268,999	**2,423**
Other assets	**3,978**	4,028	**40**
Debt collateralized:			
Deposits	**¥ 173,982**	¥ 193,289	**$ 1,771**
Call money and bills sold	**—**	250,000	**—**
Bills sold under repurchase agreements	**790,455**	16,976	**8,047**
Deposits received for securities lending transactions	**79,613**	40,638	**810**
Borrowed money	**569,800**	555,600	**5,801**
Other liabilities	**39**	139	**0**

In addition to the pledged assets shown above, "Cash and due from banks," "Securities" and "Other assets," amounting to ¥80 million ($0 million), ¥964,143 million ($9,816 million) and ¥122,682 million ($1,249 million), respectively, were pledged as collateral for settlements of foreign exchanges, over-the-counter derivatives transactions or futures transactions as of March 31, 2009.

In addition to the pledged assets shown above, "Cash and due from banks," "Securities" and "Other assets," amounting to ¥80 million, ¥882,434 million and ¥89,155 million, respectively, were pledged as collateral for settlements of foreign exchanges, over-the-counter derivatives transactions or futures transactions as of March 31, 2008.

"Other assets" included the guarantee deposits of ¥23,337 million ($237 million) and ¥22,477 million as of March 31, 2009 and 2008, respectively.

"Other assets" included initial margins for futures transactions in the amount of ¥1,486 million ($15 million) and ¥3,022 million as of March 31, 2009 and 2008, respectively.

14. Commitment Line Agreements

Overdraft agreements on current accounts and commitment-line agreements for loans are agreements to extend loans up to the prearranged amount at a quoted rate during a specific future period upon customers' requests, unless any terms or conditions in the agreements are violated.

Unused balances related to these agreements amounted to ¥8,182,364 million ($83,306 million) and ¥9,049,701 million as of March 31, 2009 and 2008, respectively, including ¥7,943,019 million ($80,869 million) and ¥8,740,644 million of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty as of March 31, 2009 and 2008, respectively.

The unused balances do not necessarily affect future cash flows of the Group because most of these agreements are expected to expire without being exercised. In addition, most agreements contain provisions, which stipulate that the Group may decline to extend loans or reduce the prearranged commitment amount when there are adverse changes in the financial conditions of the borrowers, or for other reasons.

When extending loans to customers, the Group may request collateral or guarantees such as real estate and securities if deemed necessary. After originating loans, the Group periodically checks the financial condition of the borrowers based on its internal rules and, if necessary, takes measures to ensure the security of the loans.

15. Deposits

Deposits as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Current deposits	**¥ 2,537,720**	¥ 2,454,714	**$ 25,837**
Ordinary deposits	**15,740,579**	15,343,439	**160,258**
Savings deposits	**437,199**	453,504	**4,451**
Notice deposits	**114,047**	107,676	**1,161**
Time deposits	**12,415,356**	12,293,642	**126,403**
Other deposits	**862,893**	982,451	**8,785**
Total	**¥32,107,797**	¥31,635,428	**$326,896**

16. Borrowings and Lease Obligations

(1) Borrowings

As of March 31, 2009 and 2008, the weighted average annual interest rates applicable to borrowed money were 0.45% and 0.84%, respectively.

Borrowed money included borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated borrowings of ¥52,000 million ($529 million) and ¥98,000 million as of March 31, 2009 and 2008, respectively.

The following is a summary of maturities of borrowed money subsequent to March 31, 2009:

Year Ending March 31	Millions of yen	Millions of U.S. dollars
2010	¥588,320	$5,989
2011	2,552	25
2012	2,816	28
2013	478	4
2014	1,272	12
2015 and thereafter	52,067	530
Total	¥647,508	$6,592

(2) Obligations under finance leases

As of March 31, 2009, the weighted average annual interest rate applicable to the finance lease obligations was 0.30%. The following is a summary of maturities of finance lease obligations subsequent to March 31, 2009:

Year Ending March 31	Millions of yen	Millions of U.S. dollars
2010	¥ 7,417	$ 75
2011	7,447	75
2012	7,469	76
2013	6,427	65
2014	2,316	23
Total	¥31,077	$316

Note: The table does not include the amounts related to finance lease transactions that do not transfer ownership of the leased property to the lessee entered into before April 1, 2008. The information about such finance leases is disclosed in Note 28.

17. Bonds

Bonds as of March 31, 2009 and 2008 consisted of the following:

	Rate	Maturity	Millions of yen	Millions of U.S. dollars
As of March 31, 2009				
The Company:				
Straight bond	1.28%	August 12, 2009	¥ 50,000	$ 509
Straight bond	0.84%	December 17, 2009	30,000	305
Straight bond	0.69%	June 24, 2010	30,000	305
Straight bond	0.65%	December 17, 2008	—	—
Straight bond	1.09%	December 17, 2010	30,000	305
Straight bond	1.32%	December 15, 2009	30,000	305
Straight bond	1.64%	December 15, 2011	20,000	203
Straight bond	1.70%	June 20, 2013	30,000	305
Resona Bank, Limited(5):				
Subordinated bonds(1)	1.20% to 5.986%	September 24, 2014 to Perpetuity	498,332	5,073
Saitama Resona Bank, Ltd.(5):				
Subordinated bonds	1.1575% to 2.08%	March 8, 2016 to Perpetuity	95,000	967
Asahi Finance (Cayman) Ltd.(2):				
Subordinated bond	4.25%	Perpetuity	10,000	101
P.T. Bank Resona Perdania(3):				
Straight bond(4)	9.6%	December 6, 2010	1,105	11
Straight bond(4)	10.9%	April 15, 2011	820	8
Total			¥825,258	$8,402
As of March 31, 2008				
The Company:				
Straight bond	1.28%	August 12, 2009	¥ 50,000	
Straight bond	0.84%	December 17, 2009	30,000	
Straight bond	0.69%	June 24, 2010	30,000	
Straight bond	0.65%	December 17, 2008	20,000	
Straight bond	1.09%	December 17, 2010	30,000	
Straight bond	1.32%	December 15, 2009	30,000	
Straight bond	1.64%	December 15, 2011	20,000	
Resona Bank, Limited(5):				
Subordinated bonds(1)	1.20% to 5.986%	September 24, 2014 to Perpetual	575,531	
Saitama Resona Bank, Ltd.(5):				
Subordinated bonds	1.40875% to 2.08%	March 8, 2016 to Perpetuity	95,000	
Asahi Finance (Cayman) Ltd.(2):				
Subordinated bonds	4.25%	Perpetuity	10,000	
P.T. Bank Resona Perdania(3):				
Straight bond	9.6%	December 6, 2010	1,599	
Total			¥892,130	

Notes: (1) The amount includes the balances of foreign currency-denominated bonds originally issued at EUR 1,798 million, U.S. $1,299 million and £400 million.
(2) Asahi Finance (Cayman) Ltd. is a wholly owned subsidiary of the Company.
(3) P.T. Bank Resona Perdania is a consolidated subsidiary of Resona Bank, Limited, which has 43.4% of voting rights.
(4) The amount includes the balance of foreign currency-denominated bonds originally issued at 232,020 million Indonesian rupees.
(5) Resona Bank, Limited and Saitama Resona Bank, Ltd. are both wholly owned subsidiaries of the Company.

The following is a summary of the maturities of bonds subsequent to March 31, 2009:

Year Ending March 31	Millions of yen	Millions of U.S. dollars
2010	¥110,000	$1,119
2011	61,105	622
2012	20,820	211
2013	—	—
2014	30,000	305
2015 and thereafter	603,333	6,142
Total	¥825,258	$8,402

18. Other Liabilities

Other liabilities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Accrued income taxes	**¥ 4,661**	¥ 14,016	**$ 47**
Accrued expenses	**64,023**	72,965	**651**
Unearned income	**23,998**	27,705	**244**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**254,394**	199,549	**2,590**
Other	**551,838**	453,624	**5,618**
Total	**¥898,915**	¥767,862	**$9,152**

19. Other Reserves

Other reserves as of March 31, 2009 and 2008 mainly include a reserve for losses on trust transactions, a reserve for losses on the reimbursement of dormant deposits, a reserve for losses on the burden charge under the credit guarantee system, a reserve for Resona Club points and a reserve for losses on interest repayments.

(i) A reserve for losses on trust transactions is provided for the estimated future losses on the trust transactions without the principal indemnification which a consolidated domestic banking subsidiary as a trustee has been administrating and operating, and amounted to ¥10,906 million ($111 million) and ¥10,686 million as of March 31, 2009 and 2008, respectively.

(ii) A reserve for losses on reimbursement of dormant deposits is provided for the estimated future losses resulting from reimbursements of dormant deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥6,928 million ($70 million) and ¥4,929 million as of March 31, 2009 and 2008, respectively.

(iii) A reserve for losses on the burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥4,749 million ($48 million) and ¥3,958 million as of March 31, 2009 and 2008, respectively.

(iv) A reserve for Resona Club points is provided for the estimated future losses by usage of the points awarded to the Resona Club members and amounted to ¥2,665 million ($27 million) and ¥212 million as of March 31, 2009 and 2008, respectively.

(v) A reserve for losses on interest repayments is provided for the future losses on interest repayment claims based on the historical experience for such repayments and amounted to ¥550 million ($5 million) and ¥560 million as of March 31, 2009 and 2008, respectively.

20. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" is shown on the assets side of the consolidated balance sheets, representing the Group's right of indemnity from the applicants.

In addition to the acceptances and guarantees described above, a consolidated domestic banking subsidiary guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥410,635 million ($4,180 million) and ¥433,580 million as of March 31, 2009 and 2008, respectively.

21. Revaluation Reserve for Land

Effective March 31, 1998, certain domestic consolidated subsidiaries adopted a special one-time measure to revalue their land used in operations in accordance with the "Law Concerning Land Revaluation" (Law 34, announced on March 31, 1998). The land revaluation differences have been recorded in "Revaluation reserve for land" as a separate component of equity in the year ended March 31, 2007 with the related income taxes included in "Deferred tax liabilities on land revaluation".

In accordance with Article 3, Item 3 of the Law, the revaluation was based on the official notice prices stated in the "Law of Public Notice of Land Prices" (assessment date, January 1, 1998) as stipulated in Article 2, Item 1 of the "Ordinance for the Law Concerning Land Revaluation" (Government Ordinance No. 119, announced on March 31, 1998) after making reasonable adjustments for the location and quality of the sites.

The aggregate carrying value of the land after one-time revaluation exceeded its aggregate fair value that was determined in accordance with Article 10 of the Law by ¥25,131 million ($255 million) as of March 31, 2009, whereas it did not exceed its aggregate fair value as of March 31, 2008.

22. Equity

The significant provisions in the Company Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Company Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

The Board of Directors of companies with board committees (an appointment committee, compensation committee and audit committee) can also declare dividends (except for dividends-in-kind) because such companies with board committees already, by nature, meet the above criteria under the Company Act, even though such companies have an audit committee instead of the Board of Corporate Auditors. The Company is organized as a company with board committees.

The Company Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

The Company Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increase, decrease and transfer of stated capital, reserve and surplus

The Company Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock.

Under the Company Act, the total amount of additional paid-in capital and the legal reserve may be available for dividends by resolution of the shareholders after transferring of the amount to retained earnings without limitation. The Company Act also provides that the stated capital, the legal reserve, additional paid-in capital, other capital surplus (capital surplus other than additional paid-in capital) and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders. In addition, the Company can do so without resolution of the shareholders when it meets certain other conditions under Article 447-3 and 448-3.

(c) Treasury stock and treasury stock acquisition rights

The Company Act also provides for companies to acquire treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock acquired cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Company Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Company Act also provides that companies can acquire both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(d) Accounting standards for treasury shares and appropriation of legal reserve

The ASBJ Statement No. 1, "Accounting Standards for Treasury Shares and Appropriation of Legal Reserve," and ASBJ Guidance No. 2, "Guidance on Accounting Standards for Treasury Shares and Appropriation of Legal Reserve," clarify the accounting treatment for retirement of treasury stock, requiring the cost of retired treasury stock be first deducted from other capital surplus (capital surplus other than additional paid-in capital). These standards also require that when the other capital surplus at the end of the year would become negative as a result of retirement of treasury stock, the negative balance of other capital surplus shall be zero and the negative balance shall be deducted from other earned surplus (retained earnings other than the legal reserve).

Common stock and preferred stock as of March 31, 2009 were as follows:

March 31, 2009	Number of shares		Per share (Yen)							
Class of stock	Authorized	Issued and outstanding	Interim cash dividend	Year-end cash dividend paid (1)	Liquidation value	Convertible or not	Convertible period	Voting right	Conversion ratio or price
Common stock	7,300,000,000	1,139,957,691	¥—	¥ 10.00	¥ —	No	Not applicable	Yes	Not applicable
Class C No. 1 preferred stock	12,000,000	12,000,000	—	68.00	5,000	Yes	January 1, 2002 to March 31, 2015	No	¥1,667
Class F No. 1 preferred stock	8,000,000	8,000,000	—	185.00	12,500	Yes	July 1, 2003 to November 30, 2014	No	¥3,597
Class one No. 1 preferred stock	275,000,000	275,000,000	—	31.90	2,000	Yes	On or after July 1, 2006	Yes	¥280
Class two No. 1 preferred stock	281,780,800	281,780,786	—	31.90	2,000	Yes	On or after July 1, 2008	Yes	¥187,226
Class three No. 1 preferred stock	275,000,000	275,000,000	—	31.90	2,000	Yes	On or after July 1, 2010	Yes	(2)
Class four No. 1 preferred stock	10,000,000	2,520,000	—	992.50	25,000	No	—	No	—
Class five No. 1 preferred stock	10,000,000	4,000,000	—	918.75	25,000	No	—	No	—
Class nine No. 1 preferred stock	10,000,000	10,000,000	—	325.50	35,000	Yes	On or after June 5, 2008	No	¥3,324.65

Notes: (1) The payment of year-end cash dividends was approved at the Board of Directors' meeting held on May 15, 2009.
(2) The initial conversion price of Class three No. 1 preferred stock is determined based on the market prices of the Company's common stock on the Tokyo Stock Exchange on July 1, 2010, where the floor conversion price is ¥170.
(3) In addition to the above, the authorized number of the shares for Class six preferred stock, Class seven preferred stock, and Class eight preferred stock was 10,000,000 shares, in each one, as of March 31, 2009.

Holders or registered pledges of preferred shares are entitled to receive annual dividends and the distribution of residual assets in priority to shareholders of common stock but pari passu among themselves. The Company may pay up to one-half the annual dividends payable on each class of preferred stock as an interim dividend. Dividends on the preferred stock are not cumulative.

Each preferred stock except for Class four No. 1 and Class five No. 1 preferred stocks is convertible into common stock at the option of the holder. Conversion prices or ratios are determined based on the market price of the Company's common stock multiplied by certain conversion ratios which are subject to certain reset provisions.

The Company may repurchase Class four No. 1 preferred stock with cash at a price of ¥25,000 plus a daily basis of annual dividends on or after August 31, 2013.

The Company may repurchase Class five No. 1 preferred stock with cash at a price of ¥25,000 plus a daily basis of annual dividends on or after August 28, 2014.

Holders of preferred stock (Class C No. 1 through Class F No. 1 preferred stocks and Class four No. 1, Class five No. 1 and Class nine No. 1 preferred stocks) are not entitled to vote at general shareholders' meetings except where the articles of incorporation entitle the holders to vote.

As of March 31, 2008	Number of shares		Per share (Yen)						
Class of stock	Authorized	Issued and outstanding	Interim cash dividend	Year-end cash dividend paid[1]	Liquidation value	Convertible or not	Convertible period	Voting right	Conversion ratio or price
Common stock	73,000,000	11,399,576.9	¥—	¥ 1,000	¥ —	No	Not applicable	Yes	Not applicable
Class B No. 1 preferred stock	680,000[2]	272,202	—	6,360	600,000	Yes	December 12, 2001 to March 31, 2009	No	3.125
Class C No. 1 preferred stock	120,0000	120,000	—	6,800	500,000	Yes	January 1, 2002 to March 31, 2015	No	¥199,200
Class E No. 1 preferred stock	240,000[3]	9,576	—	14,380	1,250,000	Yes	July 1, 2002 to November 30, 2009	No	¥359,700
Class F No. 1 preferred stock	80,000	80,000	—	18,500	1,250,000	Yes	July 1, 2003 to November 30, 2014	No	¥359,700
Class one No. 1 preferred stock	2,750,000	2,750,000	—	2,564	200,000	Yes	On or after July 1, 2006	Yes	¥299,700
Class two No. 1 preferred stock	2,817,808	2,817,807.8	—	2,564	200,000	Yes	On or after July 1, 2008	Yes	¥187,200
Class three No. 1 preferred stock	2,750,000	2,750,000	—	2,564	200,000	Yes	On or after July 1, 2010	Yes	[4]
Class four No. 1 preferred stock	100,000	25,200	—	99,250	2,500,000	No	—	No	—
Class five No. 1 preferred stock	100,000	40,000	—	54,622	2,500,000	No	—	No	—
Class nine No. 1 preferred stock	100,000	100,000	—	26,769	3,500,000	Yes	On or after June 5, 2008	No	[5]

Notes: (1) The payment of year-end cash dividends was approved at the Board of Directors' meeting held on May 16, 2008.
(2) Based on the resolution of the shareholders' meeting held on June 26, 2008, the authorized number of shares of Class B No. 1 preferred stock was changed to 272,202 shares.
(3) Based on the resolution of the shareholders' meeting held on June 26, 2008, the authorized number of shares of Class E No. 1 preferred stock was changed to 9,576 shares.
(4) The initial conversion price of Class three No. 1 preferred stock is determined based on the market prices of the Company's common stock on the Tokyo Stock Exchange on July 1, 2010, where the floor conversion price is ¥17,000.
(5) Class nine No. 1 preferred stock became convertible on June 5, 2008, with an initial conversion price at ¥332,465 where the floor conversion price is ¥86,730.
(6) In addition to the above, the authorized number of the shares for Class six preferred stock, Class seven preferred stock, and Class eight preferred stock was 100,000 shares, in each case, as of March 31, 2008.

Holders or registered pledges of preferred shares are entitled to receive annual dividends and the distribution of residual assets in priority to shareholders of common stock but *pari passu* among themselves. The Company may pay up to one-half the annual dividends payable on each class of preferred stock as an interim dividend. Dividends on the preferred stock are not cumulative.

Each preferred stock except for Class four No. 1 and Class five No. 1 preferred stocks is convertible into common stock at the option of the holder. Conversion prices or ratios are determined based on the market price of the Company's common stock multiplied by certain conversion ratios which are subject to certain reset provisions.

The Company may repurchase Class four No. 1 preferred stock with cash at a price of ¥2,500,000 plus a daily basis of annual dividends on or after August 31, 2013.

The Company may repurchase Class five No. 1 preferred stock with cash at a price of ¥2,500,000 plus a daily basis of annual dividends on or after August 28, 2014.

Holders of preferred stock (Class B No. 1 through Class F No. 1 preferred stocks and Class four No. 1, Class five No. 1 and Class nine No. 1 preferred stocks) are not entitled to vote at general shareholders' meetings except where the articles of incorporation entitle the holders to vote.

The Company repurchased preferred stock (Class D No. 1 preferred stock) and fully retired them for the year ended March 31, 2008.

The Company split its common stock and preferred stock at a ratio of 100-for-1, effective on January 4, 2009.

The Company issued Class five No. 1 preferred stock and Class nine No. 1 preferred stock on August 28 and June 5, 2007, respectively.

The changes in the number and class of shares issued and outstanding and treasury stock for the year ended March 31, 2009 were as follows:

	(Shares in thousands)				
		Changes during the year			
	As of March 31, 2008	Increase	Decrease	As of March 31, 2009	
Issued stock:					
Common stock	1,139,957	—	—	1,139,957	
Preferred stock:					
Class B No. 1 Preferred Stock	27,220	—	27,220	—	(2)
Class C No. 1 Preferred Stock	12,000	—	—	12,000	
Class E No. 1 Preferred Stock	957	—	957	—	(2)
Class F No. 1 Preferred Stock	8,000	—	—	8,000	
Class one No. 1 Preferred stock	275,000	—	—	275,000	
Class two No. 1 Preferred stock	281,780	—	0	281,780	(3)
Class three No. 1 Preferred stock	275,000	—	—	275,000	
Class four No. 1 Preferred stock	2,520	—	—	2,520	
Class five No. 1 Preferred stock	4,000	—	—	4,000	
Class nine No. 1 Preferred stock	10,000	—	—	10,000	
Total	2,036,436	—	28,177	2,008,258	
Treasury stock:					
Common stock	438	63,920	226	64,133	(4)
Preferred stock:					
Class B No. 1 Preferred Stock	—	27,220	27,220	—	(2)
Class E No. 1 Preferred Stock	—	957	957	—	(2)
Class two No. 1 Preferred stock	—	0	0	—	(3)
Total	438	92,098	28,404	64,133	

Notes: (1) The Company split its common stock and preferred stock at a ratio of 100-for-1, effective on January 4, 2009. The numbers of shares are calculated on the assumption that the stock had been split as of March 31, 2008 in the table above.

(2) The increases in the number of the treasury stock of preferred stocks (Class B No. 1 and Class E No. 1) are due to the shares acquired within the preapproved limit on treasury stock acquisition. The decreases are due to the retirements of the acquired shares of these preferred stocks.

(3) The increase in the number of the treasury stock of preferred stock (Class two No. 1) is due to the exercise of the acquisition rights. The decrease is due to the disposal of the acquired shares of the preferred stock.

(4) The increase in the number of the treasury stock of common stock includes the shares acquired within the preapproved limit on treasury stock acquisition and the acquisition of odd-lot shares. The decrease includes the disposal of odd-lot shares.

The changes in the number and class of shares issued and outstanding and treasury stock for the year ended March 31, 2008 were as follows:

	(Shares in thousands)			
		Changes during the year		
	As of March 31, 2007	Increase	Decrease	As of March 31, 2008
Issued stock:				
Common stock	11,399	0	—	11,399
Preferred stock:				
Class B No. 1 Preferred Stock	272	—	—	272
Class C No. 1 Preferred Stock	120	—	—	120
Class D No. 1 Preferred Stock	0	—	0	—
Class E No. 1 Preferred Stock	9	—	—	9
Class F No. 1 Preferred Stock	80	—	—	80
Class one No. 1 Preferred stock	2,750	—	—	2,750
Class two No. 1 Preferred stock	2,817	—	—	2,817
Class three No. 1 Preferred stock	2,750	—	—	2,750
Class four No. 1 Preferred stock	25	—	—	25
Class five No. 1 Preferred stock	—	40	—	40
Class nine No. 1 Preferred stock	—	100	0	100
Total	20,224	140	0	20,364
Treasury stock:				
Common stock	2	2	0	4
Preferred stock:				
Class D No. 1 Preferred Stock	—	0	0	—
Total	2	2	0	4

23. Interest Income and Expenses

Interest income and expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Interest income:			
Interest on loans and bills discounted	**¥565,879**	¥571,529	**$5,761**
Interest and dividends on securities	**63,564**	61,523	**647**
Interest on call loans and bills bought	**10,222**	16,442	**104**
Interest on deposits paid for securities borrowing transactions	**632**	683	**6**
Interest on due from banks	**10,290**	15,649	**104**
Other interest income	**26,977**	37,293	**274**
Total	**¥677,567**	¥703,122	**$6,898**
Interest expenses:			
Interest on deposits	**¥ 80,347**	¥ 88,856	**$ 818**
Interest on negotiable certificates of deposit	**7,480**	10,353	**76**
Interest on call money and bills sold	**2,271**	1,909	**23**
Interest on bills sold under repurchase agreements	**1,360**	874	**13**
Interest on deposits received for securities lending transactions	**601**	1,319	**6**
Interest on borrowed money	**5,351**	6,689	**54**
Interest on bonds	**28,518**	31,396	**290**
Other interest expenses	**4,559**	6,373	**46**
Total	**¥130,492**	¥147,772	**$1,328**

24. Trading Profits

Trading profits for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Trading profits:			
Income from trading securities	**¥ 1,215**	¥ 195	**$ 12**
Income from trading-related financial derivatives	**16,155**	64,835	**164**
Other trading profits	**3,906**	2,922	**39**
Total	**¥21,277**	¥67,953	**$216**

Income from trading securities included net valuation gain of ¥339 million ($3 million) for the year ended March 31, 2009 and ¥721 million for the year ended March 31, 2008.

25. Other Operating Income and Expenses

Other operating income and expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Other operating income:			
Gains on foreign exchange transactions	**¥ 6,693**	¥ —	**$ 68**
Gains on sales of Japanese government bonds and other	**34,424**	50,576	**350**
Income for financial derivatives	**1,215**	—	**12**
Other	**134**	142	**1**
Total	**¥42,467**	¥50,719	**$432**
Other operating expenses:			
Losses on foreign exchange transactions	**¥ —**	¥28,183	**$ —**
Losses on sales of Japanese government bonds and other	**18,383**	23,357	**187**
Losses on redemption of Japanese government bonds and other	**4,560**	19,302	**46**
Impairment losses on Japanese government bonds and other	**1,264**	646	**12**
Expenses for financial derivatives	**—**	21,600	**—**
Total	**¥24,209**	¥93,090	**$246**

26. Other Income and Expenses

Other income and expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Other income:			
Gains on sales of stocks and other securities	**¥ 13,630**	¥ 24,421	**$ 138**
Gains on disposal of premises and equipment	**105,183**	416	**1,070**
Gains on sales of loans	**—**	41,439	**—**
Recoveries of written-off loans	**22,395**	38,914	**228**
Reversal of reserve for possible losses on investments	**—**	14,779	**—**
Other	**22,307**	26,640	**227**
Total	**¥163,516**	¥146,612	**$1,664**
Other expenses:			
Write-offs of loans	**¥191,598**	¥ 76,579	**$1,950**
Provision for reserve for possible loan losses	**8,715**	15,643	**88**
Losses on sales of stocks and other securities	**25,566**	39,980	**260**
Impairment losses on stocks and other securities	**30,272**	28,271	**308**
Losses on disposal of premises and equipment	**1,869**	1,992	**19**
Impairment losses on premises and equipment	**3,370**	3,054	**34**
Other	**23,044**	41,782	**234**
Total	**¥284,436**	¥207,303	**$2,895**

27. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.63% for the years ended March 31, 2009 and 2008, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Tax loss carryforwards	**¥1,087,369**	¥1,199,460	**$11,070**
Write-downs of securities	**940,033**	933,940	**9,570**
Reserve for possible loan losses and write-offs of loans	**263,854**	242,182	**2,686**
Reserve for employees' retirement benefits	**45,447**	43,218	**462**
Unrealized losses on available-for-sale securities	**15,061**	320	**153**
Other	**110,236**	117,372	**1,122**
Gross deferred tax assets	**2,462,002**	2,536,495	**25,066**
Less: valuation allowance	**(2,098,458)**	(2,083,590)	**(21,364)**
Total deferred tax assets	**363,544**	452,904	**3,701**
Deferred tax liabilities:			
Gains on securities transferred to employees' retirement benefit trust	**(19,126)**	(19,360)	**(194)**
Deferred gains on hedges	**(15,370)**	(13,422)	**(156)**
Unrealized losses on Japanese government bonds deductible for tax purpose	**(10,081)**	(434)	**(102)**
Unrealized gains on available-for-sale securities	**(81)**	(37,042)	**(0)**
Dividends receivable	**(1,447)**	(2,015)	**(14)**
Other	**(8,564)**	(8,758)	**(87)**
Total deferred tax liabilities	**(54,672)**	(81,033)	**(556)**
Net deferred tax assets	**¥ 308,871**	¥ 371,871	**$ 3,144**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008 was as follows:

	2009	2008
Normal effective statutory tax rate	**40.63%**	40.63%
Change in valuation allowance	**6.35**	(35.04)
Amortization of goodwill	**1.25**	—
Lower tax rates applicable to income of subsidiaries	**(1.57)**	(1.20)
Dividends exempted for income tax purpose	**(2.46)**	(1.42)
Other	**1.50**	0.35
Effective tax rate	**45.70%**	3.32%

28. Leases

(1) Lessee

(a) Finance leases

The Group mainly leases cash dispensers and software.

Certain system outsourcing contracts closely combine software finance leases with maintenance and other services and those lease elements are not able to be separated from the entire contracts in order to be recognized as assets and liabilities in the consolidated balance sheets. Future amounts payable determined under such system outsourcing contracts were ¥19,359 million ($197 million) as of March 31, 2009.

As mentioned in Note 2. (19), the Group accounted for finance lease transactions that do not transfer ownership of the leased property to the lessee entered into before April 1, 2008 as operating lease transactions. Total lease payments under such finance lease transactions were ¥2,509 million ($25 million) and ¥2,786 million as of March 31, 2009 and 2008, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation and obligations under such finance leases as abovementioned as of March 31, 2009 and 2008, and the related depreciation expense and interest expense under such finance leases for the years ended March 31, 2009 and 2008, on an “as if capitalized” basis, were as follows:

Pro forma acquisition cost, accumulated depreciation and net book value of the leased assets as of March 31, 2009 and 2008:

	Millions of yen						Millions of U.S. dollars		
	2009			2008			**2009**		
	Equipment	Other	Total	Equipment	Other	Total	Equipment	Other	Total
Acquisition costs	**¥9,105**	**¥498**	**¥9,604**	¥13,774	¥627	¥14,402	**$92**	**$5**	**$97**
Accumulated depreciation	**5,945**	**197**	**6,143**	7,934	302	8,237	**60**	**2**	**62**
Net book value	**¥3,160**	**¥300**	**¥3,460**	¥ 5,840	¥324	¥ 6,164	**$32**	**$3**	**$35**

Future minimum lease payments excluding interests as of March 31, 2009 and March 31, 2008:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Due within one year	**¥1,742**	¥2,409	**$17**
Due after one year	**2,155**	4,235	**21**
Total	**¥3,898**	¥6,645	**$39**

Pro forma depreciation and interest expense for the years ended March 31, 2009 and 2008:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Depreciation	**¥2,399**	¥2,683	**$24**
Interest expense	**136**	206	**1**

Computation of pro forma depreciation:

Pro forma depreciation is computed by the straight-line method over the lease term of the respective assets without residual value.

Computation of pro forma interest expense:

The difference between the total minimum lease payments and the acquisition cost of the asset is considered as pro forma interest expense. The effective interest method is used to allocate the interest over the lease term.

(b) Operating leases

As of March 31, 2009 and 2008, future minimum lease payments including interest expense under non-cancellable operating leases were as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Due within one year	**¥3,775**	¥10	**$38**
Due after one year	**4,466**	3	**45**
Total	**¥8,241**	¥14	**$83**

(2) Lessor

(a) Operating leases

As of March 31, 2009, future minimum lease payments including interest expense under non-cancellable operating leases were as follows:

Year Ending March 31	Millions of yen	Millions of U.S. dollars
Due within one year	¥ 51	$0
Due after one year	822	8
Total	¥874	$8

29. Derivatives

(1) Risk management policy

(a) Overview of derivative activities

The Group transacts primarily in the following derivatives:

(i) Interest rate-related products, including swaps, options, futures, futures options, and forward rate agreements

(ii) Currency-related products, including forward exchange contracts, options and swaps

(iii) Bond-related products, including futures, futures options, and over-the-counter options

(iv) Stock-related products, including index futures and index options, and over-the-counter options

(b) Purpose and policies for using derivatives

Derivative transactions are essential to satisfy sophisticated and diverse financial needs of customers and to manage various risks to which the Group is exposed. The Group's basic policy is to execute derivative transactions in line with its business strategy and resources, and to accurately identify and monitor risks associated with these transactions under the appropriate risk management system. The principal purposes of the derivative transactions are as follows:

(i) Customers' financial needs

Customers are exposed to various risks and, accordingly, their need to hedge these risks are essential and diverse. Therefore, one of the primary purposes of derivative transactions is to provide customers with financial products which enable them to achieve their objectives of hedging and mitigating risks. The Group develops a variety of derivatives and other financial products and offers sophisticated financial solutions to customers. Derivative transactions may, however, result in significant losses to customers depending on the design and nature of the products. Accordingly, in offering such products to customers, the Group follows the strict guidelines which ensure that:

- Customers are given sufficient explanation on the nature of products and their risks in writing. A description of the product, structure, market risk and credit risk associated with the product are required to be included in the explanation documents.
- Customers are ready to take responsibility for the products fully, and are capable and willing to enter into the transactions based on their own judgement.
- Customers are provided with relevant fair value information (i.e., unrealized gains and losses on customers' positions) to assist them in evaluating the products and transactions, periodically or whenever considered necessary. Since the implementation of the Financial Instruments and Exchange Act in September 2007, the Group has introduced an internal qualification system and training program to ensure compliance and develop expertise for sellers of derivatives. The Group will make continuous efforts to improve its customer protection system.

(ii) Hedging risks of existing financial assets and liabilities

The Group uses derivatives to manage interest rate risk associated with various financial assets and liabilities, such as loans and deposits. It uses fair value hedges to protect the fair value of assets and liabilities against risks such as interest rate fluctuations, and cash flow hedges to insure future cash flows from their variability. Hedges are conducted on an individual and a portfolio basis in accordance with the relevant hedge accounting guidelines. In addition, the Group establishes policies and procedures to determine the effectiveness of hedges periodically. For a portfolio hedge, the hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming the high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge, the hedge effectiveness is assessed individually.

(iii) Trading activities

The Group engages in trading activities to earn profits by taking advantage of short-term fluctuations in market indices or market gaps.

(c) Nature of risks and risk management structure

Risks involving derivative transactions primarily consist of market risk and credit risk.

Market risk refers to the risk of loss arising from the changes in values and earnings on assets and liabilities (including off-balance sheet items) due to fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices. Market risk is managed in accordance with the "Basic Policies for Market Risk Management," which outlines overall risk management of the Group and approved by the Board of Directors in accordance with the "Group Risk Management Policy."

The Risk Management Division, independent from market divisions, conducts strict risk management. To manage overall market risk, the Group establishes certain risk limits based on an approach using Value at Risk ("VaR"), a statistical measure for the maximum loss in a portfolio resulting from the potential adverse changes in market with a given confidence interval. The Risk Management Division calculates the VaR daily, monitors market risk and reports to management.

Credit risk refers to the risk of loss arising from the impairment of assets (including off-balance sheet items) due to deterioration of customers' financial conditions or other reasons. The Group periodically measures the risk by the current exposure method, where replacement costs to replicate the cash flows arising from the derivative contracts in the market and potential changes in such replacement costs affected by market fluctuations are considered.

The Loan and Credit Division, independent from market divisions and operation divisions, is responsible for monitoring and managing the credit risk associated with derivative transactions. The division reviews transaction and credit limits applicable to each of the counterparties, on an ongoing basis, in response to the changes in creditworthiness of the counterparties.

(2) The notional principal or contract amounts, fair values and unrealized gains or losses on derivatives

The notional principal or contract amounts, fair values and unrealized gains or losses on derivatives as of March 31, 2009 and 2008 were as follows:

(a) Interest rate-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2009						
Listed	Futures					
		Sold	**¥ 438,541**	**¥ —**	**¥ 1**	**¥ 1**
		Bought	**50,536**	**3,187**	**32**	**32**
Over-the-counter	Swaps					
		Receive fixed/Pay floating	**7,965,117**	**4,929,830**	**130,344**	**130,115**
		Receive floating/Pay fixed	**7,007,871**	**4,814,606**	**(99,954)**	**(99,942)**
		Receive floating/Pay floating	**2,683,000**	**1,603,000**	**323**	**323**
	Caps					
		Sold	**32,079**	**18,308**	**58**	**351**
		Bought	**3,730**	**3,130**	**(6)**	**(6)**
	Floors					
		Sold	**9,300**	**9,100**	**400**	**(154)**
		Bought	**50,486**	**49,612**	**1,021**	**898**
	Swaptions					
		Sold	**220,000**	**—**	**324**	**(44)**
		Bought	**114,100**	**4,100**	**239**	**55**
Total			**¥ —**	**¥ —**	**¥ 31,218**	**¥ 31,630**

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2008						
Listed	Futures					
		Sold	¥ 183,880	¥ —	¥ (110)	¥ (110)
		Bought	47,366	—	(9)	(9)
Over-the-counter	Swaps					
		Receive fixed/Pay floating	9,204,457	6,172,329	117,422	116,573
		Receive floating/Pay fixed	8,602,480	6,168,827	(84,910)	(84,516)
		Receive floating/Pay floating	2,400,500	1,823,000	(3,050)	(3,050)
	Caps					
		Sold	86,694	31,389	274	563
		Bought	69,260	4,060	186	(73)
	Floors					
		Sold	6,300	6,300	221	(66)
		Bought	17,008	16,897	258	236
	Swaptions					
		Sold	—	—	—	—
		Bought	2,600	2,500	87	60
Total					¥ 29,377	¥ 29,607

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2009						
Listed	Futures					
		Sold	**$ 4,464**	**$ —**	**$ 0**	**$ 0**
		Bought	**514**	**32**	**0**	**0**
Over-the-counter	Swaps					
		Receive fixed/Pay floating	**81,094**	**50,191**	**1,327**	**1,324**
		Receive floating/Pay fixed	**71,348**	**49,018**	**(1,017)**	**(1,017)**
		Receive floating/Pay floating	**27,316**	**16,320**	**3**	**3**
	Caps					
		Sold	**326**	**186**	**0**	**3**
		Bought	**37**	**31**	**(0)**	**(0)**
	Floors					
		Sold	**94**	**92**	**4**	**(1)**
		Bought	**514**	**505**	**10**	**9**
	Swaptions					
		Sold	**2,239**	**—**	**3**	**(0)**
		Bought	**1,161**	**41**	**2**	**0**
Total			**$ —**	**$ —**	**$ 317**	**$ 322**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expense in the consolidated statements of income. Derivative transactions under hedge accounting have been excluded from the above table.

2. The fair value of listed contracts is based on the closing prices on the Tokyo Financial Exchange and other exchanges. The fair value of over-the-counter contracts is determined using the discounted value of their future cash flows, option pricing, models, etc.

(b) Currency-related transactions

		Millions of yen			
		Notional or contract amount			
		Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2009					
Over-the-counter	Currency swaps	**¥3,140,591**	**¥2,955,939**	**¥ (7,530)**	**¥25,142**
	Forward contracts				
	Sold	**604,832**	**196,665**	**(1,980)**	**(1,980)**
	Bought	**1,204,566**	**672,236**	**(1,175)**	**(1,175)**
	Currency options				
	Sold	**1,500,204**	**1,173,501**	**83,763**	**5,699**
	Bought	**1,492,452**	**1,194,590**	**136,656**	**56,721**
Total		**¥ —**	**¥ —**	**¥ 42,206**	**¥84,406**
March 31, 2008					
Over-the-counter	Currency swaps	¥3,341,157	¥3,009,776	¥ (5,684)	¥37,760
	Forward contracts				
	Sold	283,084	65,130	9,187	9,187
	Bought	1,046,645	637,277	(17,277)	(17,277)
	Currency options				
	Sold	1,307,289	981,962	69,810	9,157
	Bought	1,366,821	960,007	120,449	56,112
Total				¥ 36,865	¥94,939

		Millions of U.S. dollars			
		Notional or contract amount			
		Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2009					
Over-the-counter	Currency swaps	**$31,975**	**$30,095**	**$ (76)**	**$255**
	Forward contracts				
	Sold	**6,157**	**2,002**	**(20)**	**(20)**
	Bought	**12,263**	**6,844**	**(11)**	**(11)**
	Currency options				
	Sold	**15,273**	**11,947**	**852**	**58**
	Bought	**15,194**	**12,162**	**1,391**	**577**
Total		**$ —**	**$ —**	**$ 429**	**$859**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expense in the consolidated statements of income.

Derivative transactions under hedge accounting, transactions related to financial assets and liabilities denominated in foreign currencies and recognized in the consolidated balance sheets, or transactions related to financial assets and liabilities denominated in foreign currencies which have been eliminated in the consolidation have been excluded from the above table.

2. The fair value is determined using the discounted value of future cash flows.
3. Currency swap transactions and other transactions, for which hedge accounting is applied in accordance with the JICPA Industry Audit Committee Report No. 25, have been excluded from the above table.

(c) Bond-related transactions

	Millions of yen			
	Notional or contract amount			
	Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2009				
Listed Futures				
Sold	**¥19,903**	**¥—**	**¥ 9**	**¥ 9**
Bought	**8,128**	**—**	**119**	**119**
Future options				
Sold	**2,740**	**—**	**5**	**—**
Bought	**—**	**—**	**—**	**—**
Total	**¥ —**	**¥—**	**¥124**	**¥129**
March 31, 2008				
Listed Futures				
Sold	¥105,041	¥—	¥(457)	¥(457)
Bought	5,789	—	3	3
Total			¥(454)	¥(454)

	Millions of U.S. dollars			
	Notional or contract amount			
	Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2009				
Listed Futures				
Sold	**$202**	**$—**	**$ 0**	**$ 0**
Bought	**82**	**—**	**1**	**1**
Future options				
Sold	**27**	**—**	**0**	**—**
Bought	**—**	**—**	**—**	**—**
Total	**$ —**	**$—**	**$ 1**	**$ 1**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expense in the consolidated statements of income. Derivative transactions under hedge accounting have been excluded from the above table.
2. The fair value of listed contracts is based on the closing prices on the Tokyo Stock Exchange and other exchanges.

30. Retirement Benefit Plans

The Company and certain consolidated domestic subsidiaries have lump-sum retirement benefit plans and contributory funded defined benefit pension plans. Other domestic consolidated subsidiaries have lump-sum retirement benefit plans. In addition, supplemental benefits may be provided upon an employee's retirement.

The Company maintains certain plan assets in a segregated retirement benefit trust established at a third-party trustee to fund its lump-sum retirement benefit plans and defined pension plans.

The reserve for employees' retirement benefits as of March 31, 2009 and 2008 is analyzed as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Projected benefit obligation	**¥(351,043)**	¥(350,094)	**$(3,574)**
Plan assets at fair value	**449,914**	600,815	**4,580**
Plan assets in excess of projected benefit obligation	**98,871**	250,721	**1,006**
Unrecognized actuarial loss (gain)	**41,414**	(116,017)	**421**
Net retirement benefit obligation	**140,286**	134,703	**1,428**
Prepaid pension cost	**146,993**	139,053	**1,496**
Reserve for employees' retirement benefits	**¥ (6,707)**	¥ (4,349)	**$ (68)**

Notes: 1. Supplemental benefits are not reflected in the actuarial calculation for the projected benefit obligation.
2. Certain consolidated subsidiaries estimated the projected benefit obligation using the simplified method whereby the amount that would be payable if the eligible employees terminate the employment and certain other alternative measures may be used without employing actuarial calculations in accordance with the Accounting Standard for Retirement Benefits.

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Service costs	**¥9,511**	¥9,215	**$96**
Interest cost	**6,978**	6,888	**71**
Expected return on plan assets	**(5,717)**	(6,452)	**(58)**
Amortization of actuarial gain	**(7,358)**	(7,851)	**(74)**
Others (such as supplemental retirement benefit)	**1,298**	1,099	**13**
Retirement benefit expenses	**¥4,712**	¥2,899	**$47**

Note: Retirement benefit expenses of the consolidated subsidiaries estimated under the simplified method have been included in service costs.

The assumptions used in accounting for the plans in the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
Discount rate	**2.0%**	2.0%
Long-term expected rate of return on plan assets	**2.5%**	2.5%
Method of attributing retirement benefits to periods of services	**Straight-line basis**	Straight-line basis
Amortization period of prior service cost [1]	**1 year**	1 year
Amortization period of unrecognized actuarial gains or losses [2]	**10 years**	10 years

Notes: 1. Prior service cost is charged to income as it is incurred.
2. Unrecognized actuarial gains and losses are charged to income commencing from the next year using the straight-line method over a period defined within the average remaining service years of eligible employees at the time when the gains and losses were incurred.

31. Per Common Share Information

A reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009 and 2008 were as follows:

	Net income (Millions of yen)	Weighted-average shares (Thousands of shares)	EPS (Yen)	EPS (U.S. dollars)
March 31, 2009				
Basic EPS:				
Net income available to common shareholders	**¥ 85,649**	**1,122,938**	**¥76.27**	**$0.77**
Adjustments for the potential effect of dilutive securities:				
Convertible preferred stock	**32,084**	**1,064,003**		
Diluted EPS:				
Net income for computation	**¥117,733**	**2,186,941**	**¥53.83**	**$0.54**
March 31, 2008				
Basic EPS:				
Net income available to common shareholders	¥269,963	1,139,565	¥236.90	
Adjustments for the potential effect of dilutive securities:				
Convertible preferred stock	28,168	678,179		
Diluted EPS:				
Net income for computation	¥298,132	1,817,744	¥164.01	

The Company made a 100-for-1 stock split for the common stock, effective on January 4, 2009. Weighted-average shares and EPS for the year ended March 31, 2008 retroactively reflected the effect of the stock split in the above table.

32. Segment Information

(1) Business segment information

The Group's business operations consist of three business segments, including "banking and trust banking," "securities" and "other financial services."

The "ordinary income," "ordinary profits," and total assets of the "banking and trust banking" segment have accounted for more than 90% of the total of all segments. Therefore, business segment information for the years ended March 31, 2009 and 2008 is not presented.

Ordinary income and ordinary profits are defined as follows:

- "Ordinary profits" means "Ordinary income" less "Ordinary expenses."
- "Ordinary income" means total income less certain special income included in "Other income" in the accompanying consolidated statements of income.
- "Ordinary expenses" means total expenses less certain special expenses included in "Other expenses" in the accompanying consolidated statements of income.

(2) Geographic segment information

Since the ordinary income and total assets attributable to the "Japan" segment have accounted for more than 90% of the total of all geographic segments, geographical segment information for the years ended March 31, 2009 and 2008 is not presented.

(3) Overseas ordinary income

Since overseas ordinary income has accounted for less than 10% of the total ordinary income, overseas ordinary income for the years ended March 31, 2009 and 2008 is not presented.

33. Related Party Transactions

On October 17, 2006, the ASBJ issued ASBJ Statement No. 11, "Accounting Standard for Related Party Disclosures," and ASBJ Guidance No. 13, "Guidance on Accounting Standard for Related Party Disclosures," which redefined the related parties and expanded the related party disclosures to include the information about transactions with close relatives of directors and officers of the Group companies and transactions with other Group companies. The accounting standard and guidance were effective for fiscal years beginning on or after April 1, 2008; however, the Group adopted them early in the year ended March 31, 2008.

Major transactions and major balances for the years ended and as of March 31, 2009 and 2008 with related parties are as follows:

March 31, 2009			Transaction for the year			Balance at end of year	
Related party	Category	Description of the transactions	Millions of yen	Millions of U.S. dollars	Account name	Millions of yen	Millions of U.S. dollars
The Resolution and Collection Corporation	**Subsidiary of a principal shareholder**	**Repayment of borrowings**	**¥ 45,000**(1)	**$ 458**	**Borrowed money**	**¥ —**	**$—**
		Interest on borrowings	**935**	**9**	**Other liabilities**	**—**	**—**
		Acquisition of treasury of own stock	**180,435**(2)	**1,837**		**—**	**—**
The Group's directors and officers and their close relatives		**Loans**(3) (4) (5) (6) (7) (8)	**—**	**—**	**Loans and bills discounted**	**645**	**6**
		Deposits(2)	**—**	**—**	**Deposits**	**96**	**0**

Notes: (1) The borrowing is subordinated borrowed money, and interest rates are substantially the same as for similar transactions with third parties.
(2) The acquisition price of the treasury stock was agreed upon by both parties.
(3) ¥16 million ($0 million) of the balance represents the apartment loan originated by Resona Bank, Limited with guarantee of Resona Guarantee Co., Ltd., which is thirty-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(4) ¥13 million ($0 million) of the balance represents a residential mortgage loan originated by Resona Bank, Limited with guarantee of Daiwa Guarantee Co., Ltd., which is fourteen-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(5) ¥22 million ($0 million) of the balance represents a residential mortgage loan originated by Resona Bank, Limited with guarantee of Resona Guarantee Co., Ltd., which is eighteen-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(6) ¥472 million ($4 million) of the balance represents the apartment loan originated by Saitama Resona Bank, Limited, which is twenty-six-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(7) ¥112 million ($1 million) of the balance, which consists of ¥83 million ($0 million) and ¥29 million ($0 million), represents loans on deed of Resona Bank, Limited with real estate collateral, which are twenty-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(8) ¥10 million ($0 million) of the balance represents a residential mortgage loan originated by Resona Bank, Limited with guarantee of Daiwa Guarantee Co., Ltd., which are fifteen-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(9) The balance consists of ¥15 million ($0 million) and ¥81 million ($0 million) of deregulated interest rate time deposits of Resona Bank, Limited. Interest rates are substantially the same as for similar transactions with third parties.

March 31, 2008			Transaction for the year			Balance at end of year
Related party	Category	Description of the transactions	Millions of yen	Millions of U.S. dollars	Account name	Millions of yen
The Resolution and Collection Corporation	Subsidiary of a principal shareholder	Borrowings(1)	¥ —	$ —	Borrowed money	¥45,000
		Interest on borrowings	1,012	10	Other liabilities	2
The Group's directors and officers and their close relatives		Loans(2) (3) (4) (5)	—	—	Loans and bills discounted	171
		Deposits(6)	—	—	Deposits	60

Notes: (1) The borrowing is subordinated borrowed money; interest rates are substantially the same as for similar transactions with third parties.
(2) ¥17 million of the balance represents the apartment loan originated by Resona Bank, Limited with guarantee of Resona Guarantee Co., Ltd., which is thirty-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate. In relation to the above transaction, one of the directors of the Company has provided the equivalent amount of guarantee for Resona Guarantee Co., Ltd.
(3) ¥15 million of the balance represents a residential mortgage loan originated by Resona Bank, Limited with guarantee of Daiwa Guarantee Co., Ltd., which is fourteen-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(4) ¥23 million of the balance represents a residential mortgage loan originated by Resona Bank, Limited with guarantee of Resona Guarantee Co., Ltd., which is eighteen-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(5) ¥114 million of the balance, which consists of ¥85 million and ¥29 million, represents loans on deed of Resona Bank, Limited with real estate collateral, which are eighteen-year terms and monthly equal installment of principal and interest. Interest rate is reasonably determined based on the market rate.
(6) The balance consists of ¥50 million and ¥10 million of deregulated interest rate time deposits of Resona Bank, Limited. Interest rates are substantially the same as for similar transactions with third parties.

34. Subsequent Event

(1) Appropriation of retained earnings

On May 15, 2009, the Board of Directors approved payment of cash dividends to shareholders of second on March 31, 2009:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends:		
Common stock, ¥10.00 ($0.10) per share	**¥10,758**	**$109**
Class C No. 1 preferred stock, ¥68.00 ($0.69) per share	**816**	**8**
Class F No. 1 preferred stock, ¥185.00 ($1.88) per share	**1,480**	**15**
Class one No. 1 preferred stock, ¥31.90 ($0.32) per share	**8,772**	**89**
Class two No. 1 preferred stock, ¥31.90 ($0.32) per share	**8,988**	**91**
Class three No. 1 preferred stock, ¥31.90 ($0.32) per share	**8,772**	**89**
Class four preferred stock, ¥992.50 ($10.10) per share	**2,501**	**25**
Class five No. 1 preferred stock, ¥918.75 ($9.35) per share	**3,675**	**37**
Class nine No. 1 preferred stock, ¥325.50 ($3.31) per share	**3,255**	**33**
Total	**¥49,019**	**$499**

(2) Merger among Resona Bank and Resona Trust & Banking

Resona Bank, Limited (“Resona Bank”) and Resona Trust & Banking Co., Ltd. (“Resona Trust & Banking”), both wholly owned subsidiaries of the Company, merged under an agreement made by those subsidiaries and the Company, on April 1, 2009.

Purpose of merger

This merger aims to raise the corporate value of the Group and provide better services to customers through the reinforcement of trustee functions and the maintenance and development of expertise.

Method of merger

Resona Bank stays as the surviving company and Resona Trust & Banking was dissolved.

Outline of accounting method used for merger

The merger is treated as a transaction under common control in accordance with the Accounting Standard for Business Combinations issued by the Business Accounting Council on October 31, 2003.

The purchase method is not applied for business combinations between entities under common control as a business combination in which all of the combining entities or businesses ultimately are controlled by the same party of parties both before and after the combination. Accordingly, a company that receives the net assets or equity interest initially recognizes the assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of the transfer in its separate financial statements. Assets and liabilities transferred are initially accounted for at the carrying amounts of Resona Trust & Banking at the date of the merger in Resona Bank’s financial statements. Such transfers are, however, fully eliminated in the consolidated financial statements of the Company.

SUPPLEMENTARY FINANCIAL INFORMATION OF THE GROUP

CONTENTS

FINANCIAL INFORMATION OF RESONA HOLDINGS, INC.

Non-consolidated Balance Sheets

Resona Holdings, Inc.	Millions of yen		Millions of U.S. dollars
March 31, 2009 and 2008	**2009**	2008	**2009**
Assets			
Current assets	**¥ 851,231**	¥1,013,320	**$ 8,666**
Cash and cash equivalents	**501**	1,383	**5**
Securities	**745,100**	828,000	**7,586**
Prepaid expenses	**1**	1	**0**
Deferred tax assets	**34,743**	32,676	**353**
Accrued income	**35**	49	**0**
Other receivables	**34,747**	32,113	**353**
Accrued income tax refunds	**36,101**	119,096	**367**
Non-current assets	**1,177,127**	1,214,630	**11,984**
Tangible fixed assets	**7**	12	**0**
Furniture and fixtures	**7**	12	**0**
Intangible fixed assets	**49**	66	**0**
Trademark	**42**	53	**0**
Software	**7**	13	**0**
Investments and other assets	**1,177,070**	1,214,550	**11,984**
Investment in subsidiaries and affiliates	**1,108,147**	1,111,267	**11,282**
Long-term loans to subsidiaries and affiliates	**70,000**	70,000	**712**
Deferred tax assets	**—**	33,277	**—**
Other	**5**	5	**0**
Reserve for possible losses on investment	**(1,082)**	—	**(11)**
Total Assets	**¥2,028,359**	¥2,227,950	**$20,651**
Liabilities			
Current liabilities	**¥ 113,771**	¥ 52,248	**$ 1,158**
Bonds scheduled for repayment within one year	**110,000**	20,000	**1,119**
Other payable	**257**	31,071	**2**
Accrued expenses	**653**	558	**6**
Income tax payable	**21**	22	**0**
Consumption tax payable	**45**	77	**0**
Reserve for employees' bonuses	**327**	404	**3**
Other	**2,465**	113	**25**
Non-current liabilities	**110,000**	235,000	**1,119**
Bonds	**110,000**	190,000	**1,119**
Long-term debt	**—**	45,000	**—**
Total Liabilities	**223,771**	287,248	**2,278**
Equity			
Capital stock	**327,201**	327,201	**3,331**
Capital surplus	**596,700**	777,155	**6,075**
Capital reserve	**327,201**	327,201	**3,331**
Other capital surplus	**269,498**	449,953	**2,743**
Retained earnings	**967,482**	837,626	**9,850**
Less: Treasury stock	**86,795**	1,280	**883**
Total equity	**1,804,588**	1,940,702	**18,372**
Total liabilities and equity	**¥2,028,359**	¥2,227,950	**$20,651**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Non-consolidated Statements of Income

Resona Holdings, Inc.

Years ended March 31, 2009 and 2008	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Operating income	**¥185,577**	¥600,477	**$1,889**
Dividends from subsidiaries and affiliates	**178,463**	593,813	**1,816**
Fees from subsidiaries and affiliates	**5,665**	4,828	**57**
Interest on loans to subsidiaries and affiliates	**1,448**	1,286	**14**
Other	**—**	549	**—**
Operating expenses	**8,455**	10,551	**86**
Interest expenses	**935**	3,392	**9**
Interest on bonds	**2,663**	2,284	**27**
Bond issuance costs	**121**	—	**1**
General and administrative expenses	**4,734**	4,324	**48**
Other	**—**	549	**—**
Operating profit	**177,122**	589,926	**1,803**
Non-operating profit	**2,259**	1,993	**22**
Interest and dividends on securities	**1,989**	1,710	**20**
Commission received	**133**	130	**1**
Interest on refunds	**61**	22	**0**
Other	**75**	130	**0**
Non-operating expenses	**4,345**	1,633	**44**
Stock issuance expenses	**—**	1,632	**—**
Loss on devaluation of investment in subsidiaries	**3,119**	—	**31**
Reserve for possible losses on investment	**1,082**	—	**11**
Loss from prior period adjustments	**108**	—	**1**
Other	**34**	1	**0**
Income before income taxes	**175,037**	590,285	**1,782**
Income taxes—current	**(34,492)**	(1,024)	**(351)**
Income taxes for prior periods	**4,213**	—	**42**
Income taxes—deferred	**31,210**	(33,364)	**317**
Net income	**¥174,105**	¥624,674	**$1,772**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Statements of Trust Assets and Liabilities

Based on the Law Concerning Concurrent Conduct of Trust Business Operations by Financial Institutions, the amounts of trust assets are the simple totals of such assets held by consolidated subsidiaries in their trust operations.

Resona Holdings, Inc.

March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Assets			
Loans and bills discounted	**¥ 112,856**	¥ 126,327	**$ 1,149**
Securities	**6,366,594**	9,059,990	**64,819**
Trust beneficiary certificates	**26,519,268**	26,115,140	**269,998**
Securities held in custody account	**501**	327	**5**
Monetary claims	**353,466**	374,501	**3,598**
Tangible fixed assets	**678,554**	632,020	**6,908**
Intangible fixed assets	**3,570**	4,165	**36**
Other claims	**10,228**	15,022	**104**
Due from banking account	**345,877**	367,996	**3,521**
Cash and due from banks	**29,421**	38,043	**299**
Total assets	**¥34,420,340**	¥36,733,534	**$350,441**
Liabilities			
Money trusts	**¥13,452,937**	¥16,025,426	**$136,967**
Pension trusts	**4,173,367**	4,761,549	**42,489**
Asset formation benefit trusts	**1,060**	1,272	**10**
Securities investment trusts	**14,820,506**	13,748,252	**150,890**
Pecuniary trusts other than money trusts	**117,901**	171,894	**1,200**
Securities trusts	**527,750**	523,695	**5,373**
Monetary claim trusts	**373,541**	398,201	**3,803**
Real estate trusts	**120,071**	121,327	**1,222**
Land and fixtures lease trusts	**4,689**	4,691	**47**
Composite trusts	**828,512**	977,222	**8,435**
Total liabilities	**¥34,420,340**	¥36,733,534	**$350,441**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.
3. Consolidated subsidiaries included in the summation
Previous fiscal year-end: Resona Bank and Resona Trust and Banking
Fiscal year under review: Same
4. Co-managed trust funds under other trust banks' administration amounted to ¥1,907,990 million ($19,425 million) and ¥2,338,486 million on March 31, 2009 and 2008, respectively.

Jointly Operated Designated Money Trusts (JOMTs)

Resona Holdings, Inc.

March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Assets			
Loans and bills discounted	**¥112,792**	¥126,144	**$1,148**
Other	**298,467**	308,320	**3,038**
Total assets	**¥411,260**	¥434,464	**$4,187**
Liabilities			
Principal	**¥410,635**	¥433,580	**$4,180**
Reserve provided in preparation for write-offs in trust account	**340**	380	**3**
Other	**284**	504	**2**
Total liabilities	**¥411,260**	¥434,464	**$4,187**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.
3. Risk management loans (Trust account)

March 31	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Loans to borrowers in legal bankruptcy	**¥ 38**	¥ 104	**$ 0**
Past due loans	**19,486**	20,021	**198**
Loans past due three months or more	**32**	—	**0**
Restructured loans	**3,803**	3,963	**38**
Total	**23,360**	24,090	**237**
Total loans and bills discounted	**¥112,792**	¥126,144	**$1,148**

FINANCIAL INFORMATION OF RESONA BANK, LTD.

Non-consolidated Balance Sheets

Resona Bank, Ltd. March 31, 2009 and 2008	Millions of yen **2009**	 2008	Millions of U.S. dollars **2009**
Assets			
Cash and due from banks	**¥ 1,067,156**	¥ 1,783,565	**$ 10,864**
Call loans	**410,241**	1,252,187	**4,176**
Deposits paid for bonds borrowing transactions	**—**	14,727	**—**
Monetary claims bought	**39,936**	47,829	**406**
Trading assets	**506,056**	413,988	**5,152**
Securities	**4,585,867**	3,950,786	**46,689**
Loans and bills discounted	**17,421,486**	17,175,187	**177,372**
Foreign exchange assets	**69,711**	60,173	**709**
Other assets	**799,314**	894,351	**8,137**
Tangible fixed assets	**233,580**	298,197	**2,378**
Intangible fixed assets	**39,301**	8,335	**400**
Deferred tax assets	**221,234**	262,574	**2,252**
Customers' liabilities for acceptances and guarantees	**473,343**	513,724	**4,819**
Reserve for possible loan losses	**(283,615)**	(322,878)	**(2,887)**
Total Assets	**¥25,583,615**	¥26,352,750	**$260,472**
Liabilities			
Deposits	**¥19,460,229**	¥19,284,738	**$198,128**
Negotiable certificates of deposit	**1,400,690**	2,281,440	**14,260**
Call money	**288,154**	996,231	**2,933**
Bills sold under repurchase agreements	**779,457**	16,976	**7,935**
Deposits received for securities lending transactions	**—**	10,626	**—**
Trading liabilities	**123,270**	140,361	**1,255**
Borrowed money	**549,036**	538,047	**5,589**
Foreign exchange liabilities	**8,714**	7,789	**88**
Bonds	**613,249**	692,730	**6,243**
Due to trust account	**345,877**	367,996	**3,521**
Other liabilities	**580,551**	379,472	**5,910**
Reserve for employees' bonuses	**6,347**	8,770	**64**
Other reserves	**15,399**	13,598	**156**
Deferred tax liabilities on land revaluation	**30,914**	43,146	**314**
Acceptances and guarantees	**473,343**	513,724	**4,819**
Total Liabilities	**24,675,235**	25,295,651	**251,224**
Equity			
Capital stock	**279,928**	279,928	**2,850**
Capital surplus	**352,208**	352,208	**3,585**
Capital reserve	**279,928**	279,928	**2,850**
Other capital surplus	**72,280**	72,280	**735**
Retained earnings	**222,965**	240,740	**2,270**
Net unrealized gains on available-for-sale securities	**(11,185)**	104,727	**(113)**
Net deferred gains (losses) on hedges	**22,469**	19,621	**228**
Revaluation reserve for land	**41,992**	59,872	**427**
Total equity	**908,379**	1,057,099	**9,248**
Total liabilities and equity	**¥25,583,615**	¥26,352,750	**$260,472**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.
3. The distributable amount available for dividends which is defined under the Company Law was ¥319,922 million as of the end of March 2009. Of this amount, the Bank distributed ¥18,207 million as term-end dividends for its common and preferred stock shares.

Non-consolidated Statements of Income

Resona Bank, Ltd.

Years ended March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Income			
Interest income	**¥434,719**	¥468,646	**$4,425**
Interest on loans and bills discounted	**358,769**	368,520	**3,652**
Interest and dividends on securities	**35,303**	38,564	**359**
Other interest income	**40,646**	61,560	**413**
Trust fees	**7,181**	8,637	**73**
Fees and commissions	**93,168**	114,184	**948**
Trading income	**20,299**	70,168	**206**
Other operating income	**32,045**	41,114	**326**
Other income	**162,232**	127,149	**1,651**
Total Income	**749,647**	829,900	**7,632**
Expenses			
Interest expenses	**100,951**	125,806	**1,027**
Interest on deposits	**49,469**	56,697	**503**
Other interest expenses	**51,482**	69,109	**524**
Fees and commissions	**43,232**	44,728	**440**
Trading expenses	**251**	464	**2**
Other operating expenses	**8,398**	87,452	**85**
General and administrative expenses	**221,444**	224,384	**2,254**
Other expenses	**219,629**	142,397	**2,236**
Total Expenses	**593,906**	625,235	**6,046**
Income before income taxes	**155,741**	204,664	**1,585**
Income taxes—current	**11,610**	(30,123)	**118**
Income taxes for prior periods	**(4,295)**	—	**(43)**
Income taxes—deferred	**66,376**	36,048	**675**
Net income	**¥ 82,050**	¥198,739	**$ 835**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Statements of Trust Assets and Liabilities

Resona Bank, Ltd.

March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Assets			
Loans and bills discounted	**¥ 112,856**	¥ 126,327	**$ 1,149**
Securities	**0**	0	**0**
Securities held in custody account	**501**	327	**5**
Monetary claims	**353,466**	374,501	**3,598**
Tangible fixed assets	**678,554**	632,020	**6,908**
Intangible fixed assets	**3,570**	4,165	**36**
Other claims	**9,677**	12,613	**98**
Due from banking account	**345,877**	367,996	**3,521**
Cash and due from banks	**24,349**	25,498	**247**
Total assets	**¥1,528,854**	¥1,543,450	**$15,565**
Liabilities			
Money trusts	**¥ 434,462**	¥ 470,264	**$ 4,423**
Asset formation benefit trusts	**1,060**	1,272	**10**
Pecuniary trusts other than money trusts	**0**	0	**0**
Securities trusts	**501**	327	**5**
Monetary claim trusts	**373,541**	398,201	**3,803**
Real estate trusts	**120,071**	121,327	**1,222**
Land and fixtures lease trusts	**4,689**	4,691	**47**
Composite trusts	**594,525**	547,364	**6,052**
Total liabilities	**¥1,528,854**	¥1,543,450	**$15,565**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.
3. Co-managed trust funds under other trust banks' administration amounted to ¥17,290 million ($176 million) and ¥72,982 million on March 31, 2009 and 2008, respectively.
4. Loans and bills discounted funded by Jointly Operated Designated Money Trust account funds that the Bank guarantees the principal amounting to ¥112,792 million ($1,148 million) and ¥126,144 million on March 31, 2009 and 2008, respectively, included the following:

March 31	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Loans to borrowers in legal bankruptcy	**¥ 38**	¥ 104	**$ 0**
Past due loans	**19,486**	20,021	**198**
Loans past due three months or more	**32**	—	**0**
Restructured loans	**3,803**	3,963	**38**
Total	**¥23,360**	¥24,090	**$237**

Deposits and Negotiable Certificates of Deposit (Non-consolidated)

Resona Bank, Ltd.	Billions of yen	
March 31	**2009**	2008
Liquid deposits	**¥11,674.0**	¥11,387.6
Time deposits	**7,156.6**	7,141.3
Other deposits	**2,030.2**	3,037.1
Total	**¥20,860.9**	¥21,566.1

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor (Non-consolidated)

Resona Bank, Ltd.	Billions of yen	
March 31	**2009**	2008
Individuals	**¥11,329.9**	¥11,165.0
Corporations, Other	**8,124.6**	8,098.4
Total	**¥19,454.6**	¥19,263.5

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals (Non-consolidated)

Resona Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2009**	2008	**2009**	2008
Banking account	**¥14,150.0**	¥14,295.3	**81.2%**	83.2%
Banking and trust accounts	**14,236.7**	14,394.9	**81.1%**	83.2%

Loans to Individuals (Non-consolidated, Banking and Trust Accounts)

Resona Bank, Ltd.	Billions of yen	
March 31	**2009**	2008
Consumer loans total	**¥7,367.2**	¥7,304.9
Housing loans	**7,164.5**	7,089.0

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry (Non-consolidated, Banking Account)

Resona Bank, Ltd.

March 31	Billions of yen 2009	2008
Manufacturing	**¥ 2,158.1**	¥ 1,863.1
	12.39%	10.85%
Agriculture	**6.4**	7.7
	0.04%	0.05%
Forestry	**1.9**	3.2
	0.01%	0.02%
Fishing	**6.5**	6.1
	0.04%	0.04%
Mining	**16.8**	17.2
	0.10%	0.10%
Construction	**505.1**	479.6
	2.90%	2.79%
Electric power, gas, heat supply, and water services	**52.8**	49.8
	0.30%	0.29%
Information and communications	**270.6**	235.9
	1.55%	1.37%
Transportation	**412.6**	414.8
	2.37%	2.42%
Wholesale and retail	**1,937.9**	1,897.8
	11.12%	11.05%
Financial services	**779.7**	724.9
	4.48%	4.22%
Real estate	**1,687.6**	1,901.5
	9.69%	11.07%
Services	**1,528.4**	1,604.9
	8.77%	9.34%
Local governments	**360.5**	330.5
	2.07%	1.92%
Other	**7,695.8**	7,637.3
	44.17%	44.47%
Total	**¥17,421.4**	¥17,175.1
	100.00%	100.00%

Risk Management Loans (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2009	Change	2008
Loans to borrowers in legal bankruptcy	¥ 70.1	¥ 57.0	¥ 13.0
Past due loans	286.2	18.0	268.2
Loans past due three months or more	19.7	15.5	4.1
Restructured loans	106.0	(35.8)	141.8
Total*	¥ 482.2	¥ 54.8	¥ 427.3
Total loans and bills discounted	¥17,534.2	¥232.9	¥17,301.3
Ratio of risk management loans to total loans and bills discounted (%)	2.75	0.29	2.46

* Amounts are net of partial direct write-offs

Disclosure According to the Financial Reconstruction Law (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2009	Change	2008
Unrecoverable or valueless claims	¥ 99.8	¥ 54.6	¥ 45.2
Risk claims	267.0	25.7	241.3
Claims in need of special attention	125.8	(20.2)	146.0
Financial Reconstruction Law subtotal	492.7	60.1	432.6
Nonclassified claims	17,871.0	47.1	17,823.8
Financial Reconstruction Law total*	¥18,363.7	¥107.2	¥18,256.5
Coverage ratio (%)	84.40	(3.66)	88.06

* Amounts are net of partial direct write-offs

Reserve for Possible Loan Losses (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2009	Change	2008
Reserves for possible loan losses	¥283.6	¥(39.2)	¥322.8
General reserve for possible loan losses	179.4	(30.5)	209.9
Specific reserve for possible loan losses	103.3	(9.3)	112.6
Special reserve for certain overseas loans	0.8	0.5	0.3
Reserve provided in preparation for write-offs in trust account	0.3	(0.0)	0.3

Securities

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2009	2008
Japanese national and local government bonds	¥3,641.2	¥2,535.8
Japanese corporate bonds	499.4	718.3
Japanese corporate stocks	367.8	531.9
Other securities	77.2	164.5
Total book value	¥4,585.8	¥3,950.7

Capital Adequacy Ratio

(1) Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Resona Bank, Ltd.

March 31			Billions of yen 2009 (Basel Ⅱ F-IRB)	2008 (Basel Ⅱ F-IRB)
Tier I capital	Capital stock		**¥ 279.9**	¥ 279.9
	Capital surplus		**404.4**	404.4
	Retained earnings		**195.2**	207.2
	Less: Planned distribution of income		**18.2**	18.3
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Foreign currency translation adjustments		**(4.3)**	(2.2)
	Minority interests in consolidated subsidiaries		**122.8**	127.3
	Preferred securities issued by overseas SPCs		**112.9**	115.1
	Less: Goodwill		**—**	—
	Less: Capital increase due to securitization transactions		**5.7**	6.1
	Less: 50% of excess of expected losses relative to eligible reserves		**—**	—
	Total of Tier I capital before deduction of deferred tax assets		**974.1**	992.2
	Less: Deduction of deferred tax assets		**26.8**	64.6
	Subtotal	(A)	**947.3**	927.5
	Preferred securities with a step-up interest rate provision		**112.9**	115.1
Tier II capital	45% of revaluation reserve for land		**32.8**	46.3
	General reserve for possible loan losses		**4.0**	5.9
	Excess of eligible reserves relative to expected losses		**41.2**	43.3
	Hybrid debt capital instruments		**513.3**	590.5
	Subtotal		**591.4**	686.2
	Tier II capital included as qualifying capital	(B)	**591.4**	686.2
Deductions	Deductions for total risk-based capital	(C)	**50.5**	61.7
Total risk-based capital	(A)+(B)–(C)	(D)	**¥ 1,488.1**	¥ 1,552.0
Risk-weighted assets	On-balance-sheet items		**¥12,617.8**	¥13,290.4
	Off-balance-sheet items		**1,432.5**	1,588.4
	Credit risk assets	(E)	**14,050.3**	14,878.9
	Operational risk equivalent assets ((G)/8%)	(F)	**845.0**	935.3
	(For reference: Amount equivalent to operational risk)	(G)	**67.6**	74.8
Total risk-weighted assets	(E)+(F)	(H)	**¥14,895.4**	¥15,814.2
Capital adequacy ratio	(D)/(H) x 100%		**9.99%**	9.81%

(2) Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Resona Bank, Ltd.

March 31			Billions of yen 2009 (Basel Ⅱ F-IRB)	2008 (Basel Ⅱ F-IRB)
Tier I capital	Capital stock		**¥ 279.9**	¥ 279.9
	Capital reserve		**279.9**	279.9
	Other capital surplus		**72.2**	72.2
	Other retained earnings		**224.4**	242.0
	Other		**117.0**	119.5
	Less: Planned distribution of income		**18.2**	18.3
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Less: Capital increase due to securitization transactions		**5.7**	6.1
	Less: 50% of excess of expected losses relative to eligible reserves		**—**	—
	Total of Tier I capital before deduction of deferred tax assets		**949.6**	969.2
	Deduction of deferred tax assets		**31.4**	68.8
	Subtotal	(A)	**918.2**	900.4
	Preferred securities with a step-up interest rate provision		**112.9**	115.1
Tier II capital	45% of revaluation reserve for land		**32.8**	46.3
	General reserve for possible loan losses		**3.0**	4.4
	Excess of eligible reserves relative to expected losses		**41.3**	43.5
	Hybrid debt capital instruments		**513.3**	590.5
	Subtotal		**590.5**	684.8
	Tier II capital included as qualifying capital	(B)	**590.5**	684.8
Deductions	Deductions for total risk-based capital	(C)	**44.5**	60.9
Total risk-based capital	(A)+(B)–(C)	(D)	**¥ 1,464.1**	¥ 1,524.2
Risk-weighted assets	On-balance-sheet items		**¥12,573.8**	¥13,219.0
	Off-balance-sheet items		**1,445.0**	1,610.3
	Credit risk assets	(E)	**14,018.9**	14,829.4
	Operational risk equivalent assets ((G)/8%)	(F)	**804.9**	863.8
	(For reference: Amount equivalent to operational risk)	(G)	**64.3**	69.1
Total risk-weighted assets	(E)+(F)	(H)	**¥14,823.8**	¥15,693.2
Capital adequacy ratio	(D)/(H) x 100%		**9.87%**	9.71%

Non-consolidated Balance Sheets

Saitama Resona Bank, Ltd. March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Assets			
Cash and due from banks	**¥ 254,631**	¥ 199,009	**$ 2,592**
Call loans	**227,327**	787,610	**2,314**
Deposits paid for bonds borrowing transactions	**245,111**	49,975	**2,495**
Bills bought	**—**	230,000	**—**
Monetary claims bought	**67,609**	87,917	**688**
Trading securities	**16,015**	34,676	**163**
Securities	**2,772,141**	2,102,859	**28,223**
Loans and bills discounted	**6,369,978**	6,181,769	**64,854**
Foreign exchange assets	**7,441**	8,682	**75**
Other assets	**45,187**	50,950	**460**
Tangible fixed assets	**58,131**	58,024	**591**
Intangible fixed assets	**3,029**	3,015	**30**
Deferred tax assets	**25,750**	13,628	**262**
Customers' liabilities for acceptances and guarantees	**21,064**	22,514	**214**
Reserve for possible loan losses	**(40,061)**	(39,313)	**(407)**
Total Assets	**¥10,073,357**	¥9,791,320	**$102,559**
Liabilities			
Deposits	**¥ 9,389,005**	¥9,071,612	**$ 95,591**
Negotiable certificates of deposit	**107,050**	91,990	**1,089**
Call money	**49,542**	44,050	**504**
Bills sold under repurchase agreements	**10,997**	—	**111**
Borrowed money	**106,400**	93,200	**1,083**
Foreign exchange liabilities	**149**	242	**1**
Bonds	**95,000**	95,000	**967**
Other liabilities	**58,083**	95,952	**591**
Reserve for employees' bonuses	**2,177**	2,945	**22**
Reserve for employees' retirement benefits	**1,472**	234	**14**
Other reserves	**4,396**	3,573	**44**
Acceptances and guarantees	**21,064**	22,514	**214**
Total Liabilities	**9,845,340**	9,521,314	**100,237**
Equity			
Capital stock	**70,000**	70,000	**712**
Capital surplus	**100,000**	100,000	**1,018**
Capital reserve	**100,000**	100,000	**1,018**
Retained earnings	**72,654**	83,918	**739**
Net unrealized gains on available-for-sale securities	**(14,300)**	17,268	**(145)**
Net deferred gains (losses) on hedges	**(336)**	(1,180)	**(3)**
Total equity	**228,017**	270,005	**2,321**
Total liabilities and equity	**¥10,073,357**	¥9,791,320	**$102,559**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Non-consolidated Statements of Income

Saitama Resona Bank, Ltd.

Years ended March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Income			
Interest income	**¥168,293**	¥162,191	**$1,713**
Interest on loans and bills discounted	**140,610**	134,438	**1,431**
Interest and dividends on securities	**22,229**	16,473	**226**
Other interest income	**5,453**	11,278	**55**
Fees and commissions	**32,296**	41,016	**328**
Other operating income	**9,098**	9,314	**92**
Other income	**4,085**	8,799	**41**
Total Income	**213,774**	221,321	**2,176**
Expenses			
Interest expenses	**25,260**	26,349	**257**
Interest on deposits	**20,257**	20,716	**206**
Other interest expenses	**5,003**	5,632	**50**
Fees and commissions	**19,291**	19,439	**196**
Other operating expenses	**12,097**	8,669	**123**
General and administrative expenses	**76,518**	74,157	**779**
Other expenses	**34,441**	23,623	**350**
Total Expenses	**167,608**	152,238	**1,706**
Income before income taxes	**46,165**	69,082	**470**
Income taxes—current	**20,178**	29,349	**205**
Income taxes—deferred	**(3,030)**	(780)	**(30)**
Net income	**¥ 29,016**	¥ 40,513	**$ 295**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Deposits and Negotiable Certificates of Deposit

Saitama Resona Bank, Ltd.	Billions of yen	
March 31	**2009**	2008
Liquid deposits	**¥5,632.6**	¥5,483.7
Time deposits	**3,573.8**	3,401.7
Other deposits	**289.5**	278.0
Total	**¥9,496.0**	¥9,163.6

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor

Saitama Resona Bank, Ltd.	Billions of yen	
March 31	**2009**	2008
Individuals	**¥7,319.4**	¥7,075.5
Corporations	**1,575.9**	1,527.0
Other	**493.6**	469.0
Total	**¥9,389.0**	¥9,071.6

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals

Saitama Resona Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2009**	2008	**2009**	2008
Loans to SMEs and individuals	**¥5,532.9**	¥5,429.2	**86.8%**	87.8%

Loans to Individuals

Saitama Resona Bank, Ltd.	Billions of yen	
March 31	**2009**	2008
Consumer loans total	**¥3,532.7**	¥3,459.5
Housing loans	**3,431.0**	3,361.6

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry

Saitama Resona Bank, Ltd.

March 31	Billions of yen	
	2009	2008
Manufacturing	**¥ 508.1**	¥ 420.9
	7.98%	6.81%
Agriculture	**8.2**	10.6
	0.13%	0.17%
Forestry	**0.4**	0.4
	0.01%	0.01%
Fishing	**0.0**	0.0
	0.00%	0.00%
Mining	**2.3**	2.5
	0.04%	0.04%
Construction	**205.1**	197.0
	3.22%	3.19%
Electric power, gas, and other public enterprises	**19.3**	19.6
	0.30%	0.32%
Information and communications	**20.4**	11.6
	0.32%	0.19%
Transportation	**139.0**	135.3
	2.18%	2.19%
Wholesale and retail	**384.0**	379.7
	6.03%	6.14%
Financial services	**25.9**	22.5
	0.41%	0.37%
Real estate	**551.0**	550.5
	8.65%	8.91%
Services	**464.6**	461.3
	7.29%	7.46%
Local governments	**408.7**	409.4
	6.42%	6.62%
Other	**3,632.2**	3,559.7
	57.02%	57.58%
Total	**¥6,369.9**	¥6,181.7
	100.00%	100.00%

Risk Management Loans

Saitama Resona Bank, Ltd.

March 31	2009	Change	2008
	Billions of yen		
Loans to borrowers in legal bankruptcy	¥ 6.0	¥ 1.9	¥ 4.1
Past due loans	70.5	4.2	66.3
Loans past due three months or more	3.8	1.6	2.2
Restructured loans	19.4	3.7	15.7
Total*	¥ 99.9	¥ 11.5	¥ 88.4
Total loans and bills discounted	¥6,369.9	¥188.2	¥6,181.7
Ratio of risk management loans to total loans and bills discounted (%)	1.56	0.13	1.43

* Amount is net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Law

Saitama Resona Bank, Ltd.

March 31	2009	Change	2008
	Billions of yen		
Unrecoverable or valueless claims	¥ 16.3	¥ 2.8	¥ 13.5
Risk claims	60.7	3.5	57.2
Claims in need of special attention	23.3	5.3	18.0
Financial Reconstruction Law subtotal	100.4	11.6	88.8
Nonclassified claims	6,339.9	167.0	6,172.8
Financial Reconstruction Law total*	¥6,440.4	¥178.6	¥6,261.7
Coverage ratio (%)	87.54	4.19	91.73

* Amount is net of partial direct write-offs.

Reserve for Possible Loan Losses

Saitama Resona Bank, Ltd.

March 31	2009	Change	2008
	Billions of yen		
Reserves for possible loan losses	¥40.0	¥0.7	¥39.3
General reserve for possible loan losses	26.9	8.2	18.7
Specific reserve for possible loan losses	13.0	(7.4)	20.5

Securities

Saitama Resona Bank, Ltd.

March 31	2009	2008
	Billions of yen	
Japanese national and local government bonds	¥2,441.2	¥1,713.9
Japanese corporate bonds	219.3	215.4
Japanese corporate stocks	96.7	130.3
Other securities	14.7	43.0
Total book value	¥2,772.1	¥2,102.8

Capital Adequacy Ratio

Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

Saitama Resona Bank, Ltd.

March 31			2009 (Basel II F-IRB)	2008 (Basel II F-IRB)
			Billions of yen	
Tier I capital	Capital stock		**¥ 70.0**	¥ 70.0
	Capital reserve		**100.0**	100.0
	Legal reserve		**20.0**	20.0
	Voluntary reserve		**—**	—
	Other retained earnings		**52.6**	63.9
	Less: Planned distribution of income		**0.0**	20.1
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Less: Capital increase due to securitization transactions		**5.8**	6.2
	Less: 50% of excess of expected losses relative to eligible reserves		**7.8**	7.9
	Subtotal	(A)	**228.8**	219.5
Tier II capital	General reserve for possible loan losses		**0.1**	0.1
	Excess of eligible reserves relative to expected losses		**—**	—
	Hybrid debt capital instruments		**177.0**	177.0
	Subtotal		**177.1**	177.1
	Tier II capital included as qualifying capital	(B)	**177.1**	177.1
Deductions	Deductions for total risk-based capital	(C)	**11.3**	11.8
Total risk-based capital	(A)+(B)–(C)	(D)	**¥ 394.7**	¥ 384.8
Risk-weighted assets	On-balance-sheet items		**¥3,402.7**	¥3,458.8
	Off-balance-sheet items		**67.6**	86.4
	Credit risk assets		**3,470.3**	3,545.2
	Operational risk equivalent assets ((E)/8%)		**270.9**	261.9
	(For reference: Amount equivalent to operational risk)	(E)	**21.6**	20.9
Total risk-weighted assets		(F)	**¥3,741.3**	¥3,807.1
Capital adequacy ratio	(D)/(F) x 100%		**10.54%**	10.10%

FINANCIAL INFORMATION OF THE KINKI OSAKA BANK, LTD.

Non-consolidated Balance Sheets

The Kinki Osaka Bank, Ltd.	Millions of yen		Millions of U.S. dollars
March 31, 2009 and 2008	**2009**	2008	**2009**
Assets			
Cash and due from banks	**¥ 64,690**	¥ 69,091	**$ 658**
Call loan	**20,000**	16,000	**203**
Monetary claims bought	**110,867**	142,346	**1,128**
Trading securities	**153**	218	**1**
Securities	**630,114**	632,428	**6,415**
Loans and bills discounted	**2,704,690**	2,680,703	**27,537**
Foreign exchange assets	**3,808**	5,983	**38**
Other assets	**17,981**	13,208	**183**
Tangible fixed assets	**31,524**	31,889	**320**
Intangible fixed assets	**1,256**	877	**12**
Deferred tax assets	**9,829**	9,302	**100**
Customers' liabilities for acceptances and guarantees	**21,403**	25,114	**217**
Reserve for possible loan losses	**(28,537)**	(29,287)	**(290)**
Total Assets	**¥3,587,781**	¥3,597,876	**$36,528**
Liabilities			
Deposits	**¥3,298,725**	¥3,326,782	**$33,585**
Deposits received for bonds lending transactions	**79,613**	30,011	**810**
Borrowed money	**65,011**	81,456	**661**
Foreign exchange liabilities	**69**	143	**0**
Other liabilities	**23,473**	19,642	**238**
Reserve for employees' bonuses	**1,817**	2,337	**18**
Reserve for employees' retirement benefits	**3,993**	2,921	**40**
Other reserve	**4,144**	2,722	**42**
Acceptances and guarantees	**21,403**	25,114	**217**
Total Liabilities	**3,498,252**	3,491,132	**35,616**
Equity			
Capital stock	**38,971**	38,971	**396**
Capital surplus	**55,439**	55,439	**564**
Capital reserve	**38,971**	38,971	**396**
Other capital surplus	**16,467**	16,467	**167**
Retained earnings	**2,045**	10,915	**20**
Net unrealized gains on available-for-sale securities	**(6,926)**	1,418	**(70)**
Total equity	**89,529**	106,744	**911**
Total liabilities and equity	**¥3,587,781**	¥3,597,876	**$36,528**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Non-consolidated Statements of Income

The Kinki Osaka Bank, Ltd.

Years ended March 31, 2009 and 2008	Millions of yen		Millions of U.S. dollars
	2009	2008	**2009**
Income			
Interest income	**¥67,103**	¥70,361	**$683**
Interest on loans and bills discounted	**58,817**	61,577	**598**
Interest and dividends on securities	**6,235**	6,349	**63**
Other interest income	**2,049**	2,434	**20**
Fees and commissions	**13,031**	14,740	**132**
Other operating income	**1,520**	1,589	**15**
Other income	**9,174**	6,585	**93**
Total Income	**90,829**	93,276	**924**
Expenses			
Interest expenses	**11,566**	11,950	**117**
Interest on deposits	**9,570**	9,767	**97**
Other interest expenses	**1,995**	2,182	**20**
Fees and commissions	**6,119**	6,856	**62**
Other operating expenses	**3,715**	1,204	**37**
General and administrative expenses	**46,258**	44,969	**470**
Other expenses	**21,263**	18,821	**216**
Total Expenses	**88,923**	83,803	**905**
Income before income taxes	**1,906**	9,473	**19**
Income taxes—current	**1,520**	2,564	**15**
Income taxes—deferred	**(182)**	(2,748)	**(1)**
Net income	**¥ 568**	¥ 9,657	**$ 5**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Deposits and Negotiable Certificates of Deposit

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2009**	2008
Liquid deposits	**¥1,557.0**	¥1,535.0
Time deposits	**1,700.3**	1,754.2
Other deposits	**41.3**	37.5
Total	**¥3,298.7**	¥3,326.7

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
Time deposits = Time deposits + Periodic time deposits

Deposits by Type of Depositor

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2009**	2008
Individuals	**¥2,597.8**	¥2,625.1
Corporations	**683.3**	669.9
Other	**17.5**	31.6
Total	**¥3,298.7**	¥3,326.7

Loans to SMEs and Individuals (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2009**	2008	**2009**	2008
Loans to SMEs and individuals	**¥2,448.8**	¥2,463.8	**90.5%**	91.9%

Loans to Individuals (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen		
March 31	**2009**	2008	Change
Consumer loans total	**¥1,157.8**	¥1,170.4	¥(12.6)
Housing loans	**1,105.4**	1,113.1	(7.7)

Loans and Bills Discounted by Industry

The Kinki Osaka Bank, Ltd.

March 31	Billions of yen	
	2009	2008
Manufacturing	**¥ 362.9**	¥ 340.5
	13.42%	12.70%
Agriculture	**0.2**	0.4
	0.01%	0.02%
Forestry	**0.1**	0.1
	0.01%	0.01%
Fishing	**0.0**	0.0
	0.00%	0.00%
Mining	**0.4**	0.5
	0.01%	0.02%
Construction	**140.5**	136.5
	5.20%	5.09%
Electric power, gas, heat supply, and water services	**0.1**	0.0
	0.00%	0.00%
Information and communications	**17.4**	14.3
	0.64%	0.53%
Transportation	**54.1**	55.2
	2.00%	2.06%
Wholesale and retail	**355.0**	352.1
	13.13%	13.14%
Financial services	**42.2**	48.7
	1.56%	1.82%
Real estate	**243.5**	277.9
	9.01%	10.37%
Services	**182.5**	181.4
	6.75%	6.77%
Local governments	**126.6**	76.3
	4.68%	2.85%
Other	**1,178.6**	1,196.1
	43.58%	44.62%
Total	**¥2,704.6**	¥2,680.7
	100.00%	100.00%

Risk Management Loans

The Kinki Osaka Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen		
	2009	Change	2008
Loans to borrowers in legal bankruptcy	**¥ 6.0**	**¥ 2.7**	¥ 3.3
Past due loans	**52.0**	**(2.5)**	54.6
Loans past due three months or more	**3.6**	**2.0**	1.6
Restructured loans	**10.7**	**(5.8)**	16.5
Total*	**¥ 72.4**	**¥ (3.6)**	¥ 76.1
Total loans and bills discounted	**¥2,704.6**	**¥23.9**	¥2,680.7
Ratio of risk management loans to total loans and bills discounted (%)	**2.67**	**(0.16)**	2.83

* Amounts are net of partial direct write-offs.

Disclosure According to the Financial Reconstruction Law

The Kinki Osaka Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen		
	2009	Change	2008
Unrecoverable or valueless claims	**¥ 20.8**	**¥ 5.5**	¥ 15.3
Risk claims	**39.4**	**(4.7)**	44.1
Claims in need of special attention	**14.3**	**(3.7)**	18.1
Financial Reconstruction Law subtotal	**74.6**	**(2.9)**	77.6
Nonclassified claims	**2,682.7**	**17.5**	2,665.2
Financial Reconstruction Law total*	**¥2,757.4**	**¥14.5**	¥2,742.9
Coverage ratio (%)	**91.31**	**(0.95)**	92.26

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses

The Kinki Osaka Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen		
	2009	Change	2008
Reserves for possible loan losses	**¥28.5**	**¥(0.7)**	¥29.2
General reserve for possible loan losses	**19.0**	**1.7**	17.3
Specific reserve for possible loan losses	**9.4**	**(2.4)**	11.9

Securities

The Kinki Osaka Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen	
	2009	2008
Japanese national and local government bonds	**¥295.1**	¥324.1
Japanese corporate bonds	**256.3**	230.0
Japanese corporate stocks	**10.9**	18.2
Other securities	**67.6**	59.9
Total book value	**¥630.1**	¥632.4

Capital Adequacy Ratio

(1) Consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

The Kinki Osaka Bank, Ltd.

March 31			Billions of yen 2009 (Basel Ⅱ SA)	2008 (Basel Ⅱ SA)
Tier I capital	Capital stock		**¥ 38.9**	¥ 38.9
	Capital surplus		**55.4**	55.4
	Retained earnings		**8.0**	16.8
	Less: Planned distribution of income		**0.4**	4.7
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Foreign currency translation adjustments		**—**	—
	Minority interests in consolidated subsidiaries		**—**	—
	Subtotal	(A)	**102.0**	106.5
Tier II capital	General reserve for possible loan losses		**25.5**	22.2
	Hybrid debt capital instruments		**65.0**	65.0
	Subtotal		**90.5**	87.2
	Tier II capital included as qualifying capital	(B)	**76.5**	77.1
Deductions	Deductions for total risk-based capital	(C)	**0.2**	—
Total risk-based capital	(A)+(B)–(C)	(D)	**¥ 178.3**	¥ 183.6
Risk-weighted assets	On-balance-sheet items		**¥1,702.5**	¥1,793.3
	Off-balance-sheet items		**23.5**	27.4
	Credit risk assets	(E)	**1,726.0**	1,820.8
	Operational risk equivalent assets ((G)/8%)	(F)	**117.0**	119.9
	(For reference: Amount equivalent to operational risk)	(G)	**9.3**	9.5
Total risk-weighted assets	(E)+(F)	(H)	**¥1,843.1**	¥1,940.7
Capital adequacy ratio	(D)/(H) x 100%		**9.67%**	9.46%

(2) Non-consolidated Capital Adequacy Ratio (Japanese Domestic Standard)

The Kinki Osaka Bank, Ltd.

March 31			Billions of yen 2009 (Basel Ⅱ SA)	2008 (Basel Ⅱ SA)
Tier I capital	Capital stock		**¥ 38.9**	¥ 38.9
	Capital reserve		**38.9**	38.9
	Other capital surplus		**16.4**	16.4
	Other retained earnings		**2.0**	10.9
	Less: Planned distribution of income		**0.4**	4.7
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Subtotal	(A)	**96.0**	100.6
Tier II capital	General reserve for possible loan losses		**20.9**	17.3
	Hybrid debt capital instruments		**65.0**	65.0
	Subtotal		**85.9**	82.3
	Tier II capital included as qualifying capital	(B)	**76.4**	77.0
Deductions	Deductions for total risk-based capital	(C)	**0.2**	—
Total risk-based capital	(A)+(B)–(C)	(D)	**¥ 172.2**	¥ 177.6
Risk-weighted assets	On-balance-sheet items		**¥1,699.7**	¥1,791.6
	Off-balance-sheet items		**19.1**	22.2
	Credit risk assets	(E)	**1,718.9**	1,813.9
	Operational risk equivalent assets ((G)/8%)	(F)	**112.9**	115.1
	(For reference: Amount equivalent to operational risk)	(G)	**9.0**	9.2
Total risk-weighted assets	(E)+(F)	(H)	**¥1,831.8**	¥1,929.0
Capital adequacy ratio	(D)/(H) x 100%		**9.40%**	9.20%

FINANCIAL INFORMATION OF RESONA TRUST & BANKING CO., LTD.

(The Resona Trust & Banking Co., Ltd., merged with Resona Bank, Ltd. on April 1, 2009.)

Non-consolidated Balance Sheets

Resona Trust & Banking Co., Ltd.

March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Assets			
Cash and due from banks	**¥22,946**	¥ 4,565	**$233**
Deposits paid for bonds borrowing transactions	**—**	36,547	**—**
Securities	**14,984**	19,945	**152**
Other assets	**14,266**	17,188	**145**
Tangible fixed assets	**137**	134	**1**
Intangible fixed assets	**8,596**	5,198	**87**
Deferred tax assets	**522**	823	**5**
Total Assets	**¥61,455**	¥84,403	**$625**
Liabilities			
Deposits	**¥14,417**	¥ 3,118	**$146**
Call money	**—**	30,000	**—**
Other liabilities	**10,676**	12,853	**108**
Reserve for employees' bonuses	**490**	730	**4**
Total Liabilities	**25,584**	46,702	**260**
Equity			
Capital stock	**10,000**	10,000	**101**
Capital surplus	**14,969**	14,969	**152**
Capital reserve	**14,969**	14,969	**152**
Retained earnings	**10,891**	12,728	**110**
Net unrealized gains on available-for-sale securities	**9**	2	**0**
Total equity	**35,871**	37,701	**365**
Total liabilities and equity	**¥61,455**	¥84,403	**$625**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Non-consolidated Statements of Income

Resona Trust & Banking Co., Ltd.

Years ended March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Income			
Interest income	**¥ 155**	¥ 187	**$ 1**
Trust fees	**28,232**	32,743	**287**
Fees and commissions	**7,506**	7,453	**76**
Other income	**38**	3	**0**
Total Income	**35,933**	40,387	**365**
Expenses			
Interest expenses	**35**	43	**0**
Fees and commissions	**8,417**	9,327	**85**
General and administrative expenses	**11,915**	11,856	**121**
Other expenses	**78**	255	**0**
Total Expenses	**20,446**	21,483	**208**
Income before income taxes	**15,487**	18,903	**157**
Income taxes—current	**6,028**	7,870	**61**
Income taxes—deferred	**295**	(172)	**3**
Net income	**¥ 9,163**	¥11,205	**$ 93**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.

Statements of Trust Assets and Liabilities

Resona Trust & Banking Co., Ltd.

March 31, 2009 and 2008	Millions of yen 2009	Millions of yen 2008	Millions of U.S. dollars 2009
Assets			
Securities	**¥ 6,366,593**	¥ 9,059,990	**$ 64,819**
Trust beneficiary certificates	**26,519,268**	26,115,140	**269,998**
Other claims	**550**	2,409	**5**
Cash and due from banks	**5,072**	12,544	**51**
Total Assets	**¥32,891,486**	¥35,190,084	**$334,875**
Liabilities			
Money trusts	**¥13,018,474**	¥15,555,161	**$132,544**
Pension trusts	**4,173,367**	4,761,549	**42,489**
Securities investment trusts	**14,820,506**	13,748,252	**150,890**
Pecuniary trusts other than money trusts	**117,901**	171,894	**1,200**
Securities trusts	**527,249**	523,368	**5,368**
Composite trusts	**233,986**	429,857	**2,382**
Total Liabilities	**¥32,891,486**	¥35,190,084	**$334,875**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥98.22=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009, has been used.
3. Trust beneficiary certificates worth ¥26,519,268 million ($269,998 million) and ¥26,115,140 million on March 31, 2009 and 2008, respectively, were re-entrusted for asset administration purposes.
4. Co-managed trust funds under other trust banks' administration amounted to ¥1,890,699 million ($19,249 million) and ¥2,265,503 million on March 31, 2009 and 2008, respectively.

Capital Adequacy Ratio

Resona Trust & Banking Co., Ltd.

March 31			Billions of yen 2009 (Basel II SA)	Billions of yen 2008 (Basel II SA)
Tier I capital	Capital stock		**¥10,000**	¥10,000
	Capital reserve		**14,969**	14,969
	Other retained earnings		**10,891**	12,728
	Less: Planned distribution of income		**—**	5,500
	Less: Unrealized loss on available-for-sale securities		**—**	—
	Subtotal	(A)	**35,861**	32,198
Tier II capital		(B)	**—**	—
Deductions	Deductions for total risk-based capital	(C)	**—**	—
Total risk-based capital	(A)+(B)–(C)	(D)	**¥35,861**	¥32,198
Risk-weighted assets	On-balance-sheet items		**¥17,047**	¥16,913
	Off-balance-sheet items		**—**	—
	Credit risk assets	(E)	**17,047**	16,913
	Operational risk equivalent assets ((G)/8%)	(F)	**60,525**	60,138
	(For reference: Amount equivalent to operational risk)	(G)	**4,842**	4,811
Total risk-weighted assets	(E)+(F)	(H)	**¥77,572**	¥77,051
Capital adequacy ratio	(D)/(H) x 100%		**46.23%**	41.78%

STATUS OF CAPITAL ADEQUACY/ BASEL II DATA SECTION

CONTENTS

SCOPE OF CONSOLIDATION

■ Differences between those companies belonging to the Corporate Group (hereinafter, Holding Company Group) for which the capital adequacy ratio is calculated based on the method stipulated in "Standards for Bank Holding Companies to Examine the Adequacy of its Capital Based on Assets, Etc. held by it and its Subsidiaries pursuant to Article 52-25 of the Banking Law" (Article 15 of Notification 20 dated March 27, 2006, issued by the Japanese Financial Services Agency (hereinafter, Notification on Consolidated Capital Adequacy)), and those companies that are included in the scope of consolidation based on the Regulations for Preparation of Consolidated Financial Statements.

Asahi Servicos e Representacoes Ltda. is not included in the scope of consolidation under the provisions of Article 5-2 of the Regulations for Preparation of Consolidated Financial Statements, but, based on Article 15 of the Notification on Consolidated Capital Adequacy, this company is included in the Holding Company Group for calculation of the consolidated capital adequacy ratio.

■ Number, names, and principal business activities of the major consolidated subsidiaries in the Holding Company Group

Number of consolidated subsidiaries: 19
Names and principal business activities of consolidated subsidiaries: As shown below

(As of March 31, 2009)

Company Name	Principal Business Activities
Resona Bank, Ltd.	Banking and trust banking business
Saitama Resona Bank, Ltd.	Banking business
The Kinki Osaka Bank, Ltd.	Banking business
Resona Trust & Banking Co., Ltd.	Trust and banking business
Resona Guarantee Co., Ltd.	Credit guarantee
Daiwa Guarantee Co., Ltd.	Credit guarantee
Kinki Osaka Shinyo Hosho Co., Ltd.	Credit guarantee
Resona Kessai Service Co., Ltd.	Collection of bills and receivables, and factoring
Resona Servicer Co., Ltd.	Credit administration and servicer functions
Resona Card Co., Ltd.	Credit card administration and credit guarantee
Resona Capital Co., Ltd.	Private equity business
Resona Research Institute Co., Ltd.	Business consulting services
Resona Business Service Co., Ltd.	Subcontracted operations
Resona HR Support Co., Ltd.	Temporary staffing, welfare benefits
P.T. Bank Resona Perdania	Banking business
P.T. Resona Indonesia Finance	Finance leasing
TD Consulting Co., Ltd.	Investment consulting
Asahi Finance (Cayman), Ltd.	Financing
Resona Preferred Global Securities (Cayman) Limited	Financing

■ Names and principal business activities of affiliated companies engaging in financial services businesses as specified in Article 21 of the Notification on Consolidated Capital Adequacy

Company Name	Principal Business Activities
Japan Trustee Services Bank, Ltd.	Trust and banking business

■ Companies for which deductions from capital set forth in Article 20, Paragraph 1, Item 2, Section 1 to 3 of Notification on Consolidated Capital Adequacy are applicable

None

■ Number and name of companies described in Article 52-23, Paragraph 1, Item 10 of the Banking Law that are mainly engaged in business activities described in Subsection 1 of such item or companies set forth in Item 11 of such paragraph, but that are not in the Holding Company Group

None

■ Restrictions on transfer of funds or capital within the Holding Company Group

There are no specific restrictions on transfer of funds or capital within the Holding Company Group.

■ Companies subject to deduction from capital as per Article 20, Paragraph 1, Item 2, Section 1 to 3 of Notification on Consolidated Capital Adequacy with its capital below regulatory required amount and total shortfall amount

As previously mentioned above, there are no companies subject to deduction from capital.

Structure of Capital and Assessment of Capital Adequacy

■ Consolidated Capital Adequacy Ratio (BIS Domestic Standard)

(Millions of yen)

As of March 31,			2009 (Note 8)	2008	2009 (For reference: BIS International Standard) (Note 8)
Tier 1 capital	Capital stock		**327,201**	327,201	327,201
	Non-cumulative perpetual preferred stock (Note 1)		**—**	—	—
	Advance payment for new shares		**—**	—	—
	Capital surplus		**493,309**	673,764	493,309
	Retained earnings		**1,287,469**	1,190,559	1,287,469
	Less: Treasury stock		**86,795**	1,280	86,795
	Advance payment for treasury stock		**—**	—	—
	Less: Planned distribution of income		**49,019**	44,249	49,019
	Less: Unrealized loss on available-for-sale securities		**—**	—	—
	Foreign currency translation adjustments		**(4,363)**	(2,252)	(4,363)
	Rights to acquire new shares		**—**	—	—
	Minority interests in consolidated subsidiaries		**129,885**	136,364	129,885
	Preferred securities issued by overseas SPCs		**112,953**	115,195	112,953
	Less: Goodwill		**7,242**	14,453	7,242
	Less: Intangible fixed assets recognized as a result of a merger		**—**	—	—
	Less: Capital increase due to securitization transactions		**11,614**	12,347	11,614
	Less: 50% of excess of expected losses relative to eligible reserves		**—**	—	—
	Total of Tier I capital before deduction of deferred tax assets		**2,078,830**	2,253,306	2,078,830
	Less: Deduction of deferred tax assets (Note 2)		**—**	—	—
	Subtotal	(A)	**2,078,830**	2,253,306	2,078,830
	Preferred securities with a step-up interest rate provision (Note 3)	(B)	**112,953**	115,195	112,953
Tier 2 capital	45% of unrealized gains on available-for-sale securities		**—**	—	4,463
	45% of revaluation reserve for land		**32,583**	45,655	32,583
	General reserve for possible loan losses		**32,009**	33,782	38,587
	Excess of eligible reserves relative to expected losses		**51,479**	53,436	102,956
	Hybrid debt capital instruments		**655,332**	777,531	655,332
	Perpetual subordinated debt (Note 4)		**363,677**	457,638	363,677
	Subordinated debt with maturity dates and preferred stocks with maturity dates (Note 5)		**291,655**	319,893	291,655
	Subtotal		**771,405**	910,406	833,923
	Tier II capital included as qualifying capital	(C)	**771,405**	910,406	833,923
Deductions	Deductions for total risk-based capital (Note 6)	(D)	**31,637**	47,875	33,087
Total risk-based capital	(A)+(C)–(D)	(E)	**2,818,599**	3,115,836	2,879,666
Risk-weighted assets	On-balance-sheet items		**17,957,679**	18,553,929	17,956,934
	Off-balance-sheet items		**1,650,633**	1,847,366	1,651,060
	Credit risk assets	(F)	**19,608,313**	20,401,296	19,607,994
	Market risk equivalent assets (H)/8%	(G)	**—**	—	136,563
	(For reference: Amount equivalent to market risk)	(H)	**—**	—	10,925
	Operational risk equivalent assets (H)/8%	(I)	**1,336,586**	1,408,060	1,336,586
	(For reference: Amount equivalent to operational risk)	(J)	**106,926**	112,644	106,926
	Total (F)+(G)+(I)	(K)	**20,944,899**	21,809,356	21,081,144
Capital adequacy ratio (BIS domestic standard) (E)/(K) x 100%			**13.45**	14.28	13.65
Consolidated Tier 1 capital ratio (A)/(K) x 100%			**9.92**	10.33	9.86
Percentage of preferred securities with conditions for interest-rate step-ups in consolidated Tier 1 capital = (B)/(A) x 100%			**5.43**	5.11	5.43
Total consolidated capital required (Note 7)			**1,675,591**	1,744,748	1,686,491

Notes: 1. Since the holding company's capital stock cannot be classified by types of shares issued, the amount of non-cumulative perpetual preferred stock is not shown.
2. The amount of net deferred tax assets at March 31, 2008 was ¥371,960 million, and the maximum amount of deferred tax assets allowable for capital inclusion was ¥450,661 million. The amount of net deferred tax assets at March 31, 2009, was ¥308,947 million and the maximum amount of deferred tax assets allowable for capital inclusion was ¥415,766 million.
3. These are stocks and other securities with conditions for interest rate step-ups, for which there is a possibility of call and amortization (including preferred securities issued through overseas special-purpose companies (SPCs)), as stipulated in Article 17, Paragraph 2 of the Notification on Consolidated Capital Adequacy.

4. Instruments for raising capital that have the characteristics of liabilities, as stipulated in Article 18, Paragraph 1, Item 3 of the Notification on Consolidated Capital Adequacy, having all of the following characteristics:
(1) Uncollateralized, lower in seniority than other liabilities and already paid in,
(2) Except under specified conditions, these securities cannot be called or amortized,
(3) Proceeds from these securities may be used to cover losses as the Holding Company Group continues its operations, and
(4) Interest payments on these securities may be postponed.
5. These securities are specified in Article 18, Paragraph 1, Item 4 and Article 18, Paragraph 1, Item 5 of the Notification on Consolidated Capital Adequacy. However, this subordinated debt with maturity dates are limited to those with maturity dates of over five years at the time of their respective contracts.
6. Deductions are specified in Article 20, Paragraph 1, Item 1 through Article 20, Paragraph 1, Item 6 of the Notification on Consolidated Capital Adequacy. These figures include the amounts of securities or other financial instruments for raising capital issued by other financial institutions that are held deliberately by the Holding Company Group and the amount of investments as stipulated in Article 20, Paragraph 1, Item 2 of the said Notification.
7. The Holding Company applies the Basel II requirements, but because it employs the Foundation Internal Ratings-Based (hereafter, F-IRB) Approach, for calculating credit-risk assets, it uses 8% to calculate total required capital on a consolidated basis.
8. Figures for March 31, 2009, have been calculated pursuant to Financial Services Agency Notification No. 79, Article 2-2 (Special Measure Allowing Greater Flexibility in Some Areas for Capital Requirements of Banks and Other Financial Institutions). Capital requirements under BIS International Standards are shown in the column marked "for reference."
9. Pursuant to Industry Committee Report No. 30 of the Japanese Institute of Certified Public Accountants, we have made an engagement with ERNST & YOUNG SHIN-NIHON LCC to have them conduct Agreed-Upon Procedures in the areas of calculating the consolidated capital adequacy ratio. This external audit is not conducted as a part of an audit performed under certain laws, such as the Corporate Law. Under certain procedures agreed between the certified public accountant and Resona Holdings, Inc., the certified public accountant reviews and evaluates our effectiveness of internal control to calculating the capital adequacy ratio and does not provide any opinion to the capital adequacy ratio itself.

Outline of Preferred Securities

The holding company's consolidated subsidiary Resona Bank, Ltd. (hereinafter, the Company), has issued the preferred securities outlined below through its overseas special-purpose company. The securities are included in calculation of the holding company's consolidated capital adequacy ratio (BIS domestic standard) as eligible Tier 1 capital.

Issuer	Resona Preferred Global Securities (Cayman) Limited
Type of Securities	Non-cumulative perpetual preferred securities (hereinafter, preferred securities)
Maturity	None (perpetual)
Optional Redemption	The preferred securities may be redeemed at the option of the issuer on any dividend payment date in or after July 2015, subject to the prior approval of the Financial Services Agency.
Amount of Issue	US$1.15 billion
Date for Payment of the Issue Price	July 25, 2005
Dividend Rate	Dividends on the preferred securities will be payable at a fixed rate through the dividend payment date in July 2015. After this date, the dividend rate will become variable and a step-up coupon will be added.
Dividend Payment Date	July 30 of each year, provided that if this date in any year falls on a day that is not a business day, payment will be made on the next business day. From July 2016, in the event that a dividend payment date falls on a date that is not a business day, and the next business day falls in the following month, the dividend payment date shall be the last business day before July 30.
Mandatory Dividend Payment	Provided that the conditions detailed below for mandatory suspension (limitation) or optional suspension (limitation) of dividends are not met for any fiscal year, the full amount of dividends on the preferred securities described here must be paid on the dividend payment date following the conclusion of such fiscal year.
Mandatory Suspension (Limitation) of Dividend	Dividend payments will be suspended upon the occurrence of a liquidation event, reorganization event, insolvency event, or government action (See Note 1 below.). In the event that a Preferred Stock Dividend Limitation or Distributable Profits Limitation is applied, dividends will be suspended or subject to limitation in accordance with such an application. Unpaid dividends shall not accrue to subsequent periods.
Preferred Stock Dividend Limitation	If the dividends paid on the Company's preferred stock (See Note 2 below.) are reduced, dividends on the preferred securities will be reduced by the same percentage.
Distributable Profits Limitation	If there are insufficient Available Distributable Profits (See Note 3 below.) (i.e. in the case where the Available Distributable Profits are less than the total amount of dividends to be paid), dividends on the preferred securities will be limited to the amount of Available Distributable Profits.
Optional Suspension (Limitation) of Dividend	The Company may, at its option, suspend or limit the dividends upon the occurrence of any of the following events. However, in the event that dividends are to be paid on other preferred securities, dividends shall also be paid at the same ratio on the preferred securities described here, regardless of the order of their respective dividend payment dates. Unpaid dividends shall not accrue to subsequent periods. 1. When a "regulatory event" (See Note 4 below.) occurs. 2. In the event that the Company has not paid dividends on the Company's common stock for the most recently concluded fiscal year.
Liquidation Preference	The preferred securities rank effectively *pari passu* with the Company's preferred shares as to liquidation preference.

Notes: 1. Liquidation event, reorganization event, insolvency event, or government action
(Liquidation event)
Commencement of a liquidation proceeding, adjudication to commence a bankruptcy proceeding, approval to prepare a reorganization plan for liquidation and submission of a rehabilitation plan for liquidation
(Reorganization event)
Adjudication to commence a corporate reorganization proceeding under the Corporate Reorganization Law, adjudication to commence a civil rehabilitation proceeding under the Civil Rehabilitation Law
(Insolvency event)
(1) In the event of inability to pay debts, or in the event of inability to pay debts upon the payment of aforementioned dividends or the concern of such occurring
(2) In the event of liabilities exceeding assets, or in the event of liabilities exceeding assets upon the payment of aforementioned dividends
(Government action)
In the event that the responsible regulatory agency issues a proclamation that the Company is insolvent or is in the condition of having liabilities in excess of assets; to place the Company under state management; or to transfer the Company to a third party

2. The Company's preferred stock: The Company's preferred stock which has been issued directly by the Company and has the highest priority for the payment of dividends among preferred stock
3. Available Distributable Profits: Available Distributable Profits are defined as the amount of Distributable Profits for the fiscal year immediately prior to the current year less the sum of the amount of dividends paid or to be paid on the Company's preferred stock for such immediately prior year. (However, the interim dividend to be paid on the Company's preferred stock in the current year is not considered in the computation of Available Distributable Profits.) However, when there are securities issued by subsidiaries of the Company, rights to dividends, voting rights, and rights exercisable in the event of liquidation of which are determined by reference to the Company's financial position and operating performance and which have the same ranking for their issuer as these preferred securities do to their issuer, adjustments are made to Available Distributable Profits.
4. Regulatory event: A regulatory event occurs when the Company's capital adequacy ratio or Tier I ratio fall below the minimum level as prescribed by banking regulations, or when such ratios fall below required minimum levels upon the payment of aforementioned dividends.

■ Capital Requirements for Credit Risk

(Millions of yen)

As of March 31,	2009	2008
Capital requirements for credit risk (excluding equity exposures in the Internal Ratings-based (IRB) Approach, exposures relating to investment funds)	**2,168,732**	2,145,127
Standardized Approach (Note 1)	**193,323**	207,131
IRB Approach (Note 2)	**1,936,337**	1,882,084
Corporate exposures (Note 3)	**1,413,028**	1,359,700
Sovereign exposures	**13,677**	17,536
Bank exposures	**34,644**	40,197
Residential mortgage exposures	**319,617**	298,241
Qualified revolving retail exposures	**11,160**	12,094
Other retail exposures	**76,867**	82,885
Other IRB exposures (Note 4)	**67,342**	71,429
Securitization exposures	**39,071**	55,910
Capital requirements for credit risk of equity exposures in the IRB Approach	**43,707**	50,304
Market-Based Approach (Simple Risk Weight Method)	**8,168**	8,581
Market-Based Approach (Internal Models Approach)	**—**	—
PD/LGD Approach	**2,241**	2,686
Exposures subject to transitional grandfathering provisions (Article 13 of the Supplementary Provisions of Notification on Consolidated Capital Adequacy)	**33,297**	39,035
Capital requirements for exposures relating to investment funds	**16,931**	65,268
Total	**2,229,371**	2,260,701

Notes: 1. Capital requirement for portfolios under the Standardized Approach is calculated as "credit risk-weighted asset amount x 8%."
2. Capital requirement for portfolios under the IRB Approach is calculated as "credit risk-weighted asset amount (multiplied by the scaling factor of 1.06) x 8% + expected losses + deduction for total risk-based capital."
3. Corporate exposures include Specialised Lending and exposures to SMEs.
4. Other IRB exposures include purchased receivables assets and other assets.

■ Capital Requirements for Market Risk

Since an exceptional treatment is applicable, the Company does not include the amount equivalent to market risk in its calculation of required regulatory capital.

■ Capital Requirements for Operational Risk

(Millions of yen)

As of March 31,	2009	2008
The Standardized Approach	**106,926**	112,644

Notes: 1. Capital requirement for operational risk is calculated in accordance with the following formula; Amount equivalent to operational risk x 12.5 x 8%
2. Capital requirement for operational risk is calculated using the Standardized Approach. The Holding Company Group does not adopt the Basic Indicator Approach nor Advanced Measurement Approach.

Outline of Instruments for Raising Capital

The financial instruments the Holding Company uses for raising capital are as listed below:

■ Common and Preferred Stock

1. Number of Common and Preferred Stock Shares and Related Matters

(1) Number of Authorized Common and Preferred Stock Shares

Class of stock	Authorized number of shares
Common Stock	7,300,000,000
Class B Preferred Stock	27,220,200
Class C Preferred Stock	12,000,000
Class E Preferred Stock	957,600
Class F Preferred Stock	8,000,000
Class One Preferred Stock	275,000,000
Class Two Preferred Stock	281,780,800
Class Three Preferred Stock	275,000,000
Class Four Preferred Stock	10,000,000
Class Five Preferred Stock	10,000,000
Class Six Preferred Stock	10,000,000
Class Seven Preferred Stock	10,000,000
Class Eight Preferred Stock	10,000,000
Class Nine Preferred Stock	10,000,000
Total	8,239,958,600 (Note)

Note: The Articles of Incorporation of the Company were amended as approved at the Ordinary General Meeting of Shareholders held on June 25, 2009. The authorized number of shares has been revised as follows.
The total authorized number of shares is 8,211,780,800 shares and the authorized number of shares for each class is as described below:

Common Stock:	7,300,000,000 shares
Class C Preferred Stock:	12,000,000
Class F Preferred Stock:	8,000,000
Class One Preferred Stock:	275,000,000
Class Two Preferred Stock:	281,780,800
Class Three Preferred Stock:	275,000,000
Class Four Preferred Stock:	10,000,000
Class Five Preferred Stock:	10,000,000
Class Six Preferred Stock:	10,000,000
Class Seven Preferred Stock:	10,000,000
Class Eight Preferred Stock:	10,000,000
Class Nine Preferred Stock:	10,000,000

(2) Number of Common and Preferred Stock Shares Issued and Outstanding

Class of stock	Number of shares issued and outstanding (March 31, 2009)	Name of stock exchange or securities dealers association	Voting rights and other matters
Common stock	1,139,957,691	Osaka Securities Exchange, First Section Tokyo Stock Exchange, First Section	These are standard stocks of the Company and have full voting rights without any restrictions. Minimum trading unit: 100 stocks
Class C No. 1 Preferred Stock	12,000,000	—	Minimum trading unit: 100 stocks (Notes 1, 2)
Class F No. 1 Preferred Stock	8,000,000	—	Minimum trading unit: 100 stocks (Notes 1, 3)
Class One No. 1 Preferred Stock	275,000,000	—	Minimum trading unit: 100 stocks, With voting rights (Notes 1, 4)
Class Two No. 1 Preferred Stock	281,780,786	—	Minimum trading unit: 100 stocks, With voting rights (Notes 1, 5)
Class Three No. 1 Preferred Stock	275,000,000	—	Minimum trading unit: 100 stocks, With voting rights (Notes 1, 6)
Class Four Preferred Stock	2,520,000	—	Minimum trading unit: 100 stocks (Notes 1, 7)
Class Five Preferred Stock	4,000,000	—	Minimum trading unit: 100 stocks (Notes 1, 8)
Class Nine Preferred Stock	10,000,000	—	Minimum trading unit: 100 stocks (Notes 1, 9)
Total	2,008,258,477	—	—

Notes:

1. Class C No. 1 and Class F No. 1 Preferred Stocks,which were issued under the Law concerning Emergency Measures for Early Strengthening of Financial Functions (“Early Strengthening Law”),as well as Class 4,Class 5 and Class 9 Preferred Stocks, which were issued with a view to implementing an appropriate capital policy aimed at early repayment of public funds,are not attached with voting rights to be exercised in the general meeting of shareholders.(However,the shareholders of the aforesaid preferred stocks with the exception of Class 9 Preferred Stock are entitled to exercise voting rights in the event that the issuer has not distributed preferred dividends on these preferred stocks.)

   Class One No. 1, Class Two No. 1 and Class Three No.1 Preferred Stocks issued under the Deposit Insurance Law are attached with the voting rights to be exercised in the general meeting of shareholders in view of the percentage of voting rights held by the Deposit Insurance Corporation.

2. The details regarding Class C No. 1 Preferred Stock (referred to in this section as the “Preferred Shares”) are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares

When the Company makes distribution of surplus, the Company will pay to the holders of the Preferred Shares (the “Preferred Shareholders”) of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the “Preferred Dividends”). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends will be reduced by the amount of such Preferred Interim Dividends.

The total amount of Preferred Dividends to be paid per share will be ¥68.

(b) Non-cumulative dividends

In the event that the total amount of distribution of surplus that is paid to the Preferred Shareholders in any business year falls short of the amount of the Preferred Dividends, the amount of the shortage will not accrue to subsequent business years.

(c) Non-participatory dividends

The total amount of distribution of surplus to be paid to the Preferred Shareholders in a business year will be limited to the amount for the Preferred Dividends, and no distribution of surplus will be made to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares

In the event that the Company declares the interim dividends, the Company will pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of remaining assets

When the remaining assets of the Company are to be distributed, the Preferred Shareholders will be paid ¥5,000 per share, prior to any such payments to holders of Common Shares. No additional distribution of remaining assets will be made to the Preferred Shareholders.

(3) Seniority

The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class One No. 1 Preferred Shares, Class Two No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Nine Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of remaining assets.

(4) Right to request acquisition

(a) Period for making requests

Up to March 31, 2015. However, periods from the day following a record date for determining the shareholders who can exercise their rights at a General Meeting of Shareholders through the day when the General Meeting of Shareholders is concluded will be excluded.

(b) Exchange price

The exchange price is ¥1,667.

(c) Reset of the exchange price

The exchange price will be reset on January 1 of each year, up to January 1, 2015 (hereinafter, the Reset Date) to the Market Price as of the Reset Date (the Exchange Price after Reset). Provided that if the Exchange Price after Reset would fall below ¥1,667 (the Floor Price), the Exchange Price after Reset will be the Floor Price. Market Price for this purpose will mean the average of the closing prices (including indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).

(d) Adjustments in the exchange price

Certain adjustments will be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.

(5) Acquisition clause

When no requests have been made through March 31, 2015 for the exchange of the Preferred Shares, on April 1, 2015, the Company will deliver Common Shares to the Preferred Shareholders in exchange for the Preferred Shares according to the following formula. The paid-in amount per share of the Preferred Shares (¥5,000) will be divided by the average of the closing prices (including the indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc., on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding April 1, 2015. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward). If the average so calculated is less than ¥1,667, the number of Common Shares calculated by dividing the paid-in amount per share of the Preferred Shares (¥5,000) by ¥1,667 will be delivered.

(6) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders

When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 will not apply.

(7) Voting rights clause

The Preferred Shareholders will not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, that the Preferred Shareholders will have voting rights (if, where the provisions of Article 55 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436-3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 55 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 55 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(8) Rights to new shares and other matters

Except when specific legal provisions indicate otherwise, the Preferred Shares will not be consolidated or split. In addition, the Preferred Shareholders will not receive free distributions of shares, as provided for under Article 185 of the Company Law or free rights to receive new shares under Article 277 of the said law. The Preferred Shareholders will not be granted rights to distributions of shares under Article 202-1 or granted rights to receive rights to new shares under Article 241-1 of the said law.

(9) General Meeting Decision by Class of Shareholder
No provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

3. The details regarding Class F No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares
When the Company makes distribution of surplus, the Company will pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends will be reduced by the amount of such Preferred Interim Dividends.
The total amount of Preferred Dividends to be paid per share will be ¥185.

(b) Non-cumulative dividends
In the event that the total amount of distribution of surplus that is paid to the Preferred Shareholders in any business year falls short of the amount of the Preferred Dividends, the amount of the shortage will not accrue to the subsequent business years.

(c) Non-participatory dividends
The total amount of distribution of surplus to be paid to the Preferred Shareholders in a business year will be limited to the amount of the Preferred Dividends, and no distribution of surplus will be made to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company will pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of remaining assets
When the remaining assets of the Company are to be distributed, the Preferred Shareholders will be paid ¥12,500 per share, prior to any such payments to holders of Common Shares. No additional distribution of remaining assets will be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class One No. 1 Preferred Shares, Class Two No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Nine Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of remaining assets.

(4) Right to request acquisition

(a) Period for making requests
Up to November 30, 2014. However, periods from the day following a record date for determining the shareholders who can exercise their rights at a General Meeting of Shareholders through the day when the General Meeting of Shareholders is concluded will be excluded.

(b) Exchange price
The exchange price is ¥3,597.

(c) Reset of the exchange price
The exchange price will be reset on July 1 of each year, up to July 1, 2014 (hereinafter, the Reset Date) to the Market Price as of the Reset Date (the Exchange Price after Reset). Provided that if the Exchange Price after Reset would fall below ¥3,597 (the Floor Price), the Exchange Price after Reset will be the Floor Price. Market Price for this purpose will mean the average of the closing prices (including indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).

(d) Adjustments in the exchange price
Certain adjustments will be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.

(5) Acquisition clause
When no requests have been made through November 30, 2014 for the exchange of the Preferred Shares, on December 1, 2014, the Company will deliver Common Shares to holders of the Preferred Shares in exchange for the Preferred Shares according to the following formula. The paid-in amount per share of the Preferred Shares (¥12,500) will be divided by the average of the closing prices (including the indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc., on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding December 1, 2014. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward). If the average so calculated is less than ¥3,598, the number of Common Shares calculated by dividing the paid-in amount per share of the Preferred Shares (¥12,500) by ¥3,598 will be delivered.

(6) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 will not apply.

(7) Voting rights clause
The Preferred Shareholders will not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, 55 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436-3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 55 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 55 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(8) Rights to new shares and other matters
Except when specific legal provisions indicate otherwise, the Preferred Shares will not be consolidated or split. In addition, the Preferred Shareholders will not receive free distributions of shares, as provided for under Article 185 of the Company Law or free rights to receive new shares under Article 277 of the said law. The Preferred Shareholders will not be granted rights to distributions of shares under Article 202-1 or granted rights to receive rights to new shares under Article 241-1 of the said law.

(9) General Meeting Decision by Class of Shareholder
No provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

4. The details regarding Class One No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares
When the Company makes distribution of surplus, the Company will pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Share during the immediately preceding business year, the amount of the Preferred Dividends will be reduced by the amount of such Preferred Interim Dividends. An amount per share equal to the paid-in amount per share of the Preferred Shares (¥2,000) multiplied by the annual rate of Preferred Dividends for the business year immediately preceding the payment of Preferred Dividends (as provided below) (which will be calculated down to one-thousandth of one yen and then rounded to the nearest one-hundredth of one yen, ¥0.005 rounded upward) will be paid. The annual rate of Preferred Dividends will be the rate per annum, which will be calculated in accordance with the following formula, for each business year starting on or after April 1, 2004 and ending on the day immediately preceding the next date of revision of the annual rate of Preferred Dividends:
Annual rate of Preferred Dividends = Euro Yen LIBOR (one-year) plus 0.5%
The annual rate of Preferred Dividends will be calculated down to the fourth decimal place below one percent and then rounded to the nearest one-thousandth of one percent, 0.0005% rounded upward.
The dates of revision of the annual rate of Preferred Dividends will be each April 1 on and after April 1, 2004.
Euro Yen LIBOR (one-year) will mean the rate published by the British Bankers' Association (BBA) as the one-year Euro Yen London Interbank Offered Rate (one-year Euro Yen LIBOR (360-day basis)) at 11:00 a.m., London time, on April 1, 2004 or each date of revision of the annual rate of dividends (or, if any such date falls on a non-business day, the immediately preceding business day). If Euro Yen LIBOR (one-year) is not published, the rate published by the Japanese Bankers Association as the one-year Japanese Yen Tokyo Interbank Offered Rate (Japanese Yen TIBOR) at 11:00 a.m., Japan time, on the immediately following business day, or the rate which will be deemed comparable to such rate, will be used in lieu of the Euro Yen LIBOR (one-year).
The term "business day" will mean a day on which banks are open for foreign currency and foreign exchange business in London and Tokyo.

(b) Non-cumulative dividends
In the event that the total amount of distribution of surplus that is paid to the Preferred Shareholders in any business year falls short of the amount of the Preferred Dividends, the amount of the shortage will not accrue to the subsequent business years.

(c) Non-participatory dividends
The total amount of distribution of surplus to be paid to the Preferred Shareholders in a business year will be limited to the amount of the Preferred Dividends, and no distribution of surplus will be made to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company will pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of remaining assets
When the remaining assets of the Company are to be distributed, the Preferred Shareholders will be paid ¥2,000 per share, prior to any such payments to Common Shareholders. No additional distribution of remaining assets will be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class One No. 1 Preferred Shares, Class Two No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Nine Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of remaining assets.

(4) Right to request acquisition

(a) Period for making requests
Requests for acquisition of the Preferred Shares can be made at any time after July 1, 2006.

(b) Exchange price
The exchange price is ¥1,409.

(c) Reset of the exchange price
The exchange price will be reset on August 1 of each year, from August 1, 2006 (hereinafter, the Reset Date) to the Market Price as of the Reset Date (the Exchange

Price after Reset). Provided that if the Exchange Price after Reset would fall below ¥280 (the Floor Price), the Exchange Price after Reset will be the Floor Price. Market Price for this purpose will mean the average of the closing prices (including indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).

(d) Adjustments in the exchange price

Certain adjustments will be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.

(5) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders

When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 will not apply.

(6) Voting rights clause

The Preferred Shareholders have voting rights at the Company's General Meeting of Shareholders.

(7) Rights to new shares and other matters

Except when specific legal provisions indicate otherwise, the Preferred Shares will not be consolidated or split. In addition, the Preferred Shareholders will not receive free distributions of shares, as provided for under Article 185 of the Company Law or free rights to receive new shares under Article 277 of the said law. The Preferred Shareholders will not be granted rights to distributions of shares under Article 202-1 or granted rights to receive rights to new shares under Article 241-1 of the said law.

5. The details regarding Class Two No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares

When the Company makes distribution of surplus, the Company will pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends will be reduced by the amount of such Preferred Interim Dividends. An amount per share equal to the paid-in amount per share of the Preferred Shares (¥2,000) multiplied by the annual rate of Preferred Dividends for the business year immediately preceding the payment of Preferred Dividends (as provided below) (which will be calculated down to one-thousandth of one yen and then rounded to the nearest one-hundredth of one yen, ¥0.005 rounded upward) will be paid. The annual rate of Preferred Dividends will be the rate per annum, which will be calculated in accordance with the following formula, for each business year starting on or after April 1, 2004 and ending on the day immediately preceding the next date of revision of annual rate of Preferred Dividends:

Annual rate of Preferred Dividends = Euro Yen LIBOR (one-year) plus 0.5%

The annual rate of Preferred Dividends will be calculated down to the fourth decimal place below one percent and then rounded to the nearest one-thousandth of one percent, 0.0005% rounded upward.

The dates of revision of the annual rate of Preferred Dividends will be each April 1 on and after April 1, 2004.

Euro Yen LIBOR (one-year) will mean the rate published by the British Bankers' Association (BBA) as the one-year Euro Yen London Interbank Offered Rate (one-year Euro Yen LIBOR (360-day basis)) at 11:00 a.m., London time, on April 1, 2004 or each date of revision of the annual rate of dividends (or, if any such date falls on a non-business day, the immediately preceding business day). If Euro Yen LIBOR (one-year) is not published, the rate published by the Japanese Bankers Association as the one-year Japanese Yen Tokyo Interbank Offered Rate (Japanese Yen TIBOR) at 11:00 a.m., Japan time, on the immediately following business day, or the rate which will be deemed comparable to such rate, will be used in lieu of the Euro Yen LIBOR (one-year).

The term "business day" will mean a day on which banks are open for foreign currency and foreign exchange business in London and Tokyo.

(b) Non-cumulative dividends

In the event that the total amount of distribution of surplus that is paid to the Preferred Shareholders in any business year falls short of the amount of the Preferred Dividends, the amount of the shortage will not accrue to the subsequent business years.

(c) Non-participatory dividends

The total amount of distribution of surplus to be paid to the Preferred Shareholders in a business year will be limited to the amount of the Preferred Dividends, and no distribution of a surplus will be made to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares

In the event that the Company declares the interim dividends, the Company will pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of remaining assets

When the remaining assets of the Company are to be distributed, the Preferred Shareholders will be paid ¥2,000 per share, prior to any such payments to Common Shareholders. No additional distribution of remaining assets will be made to the Preferred Shareholders.

(3) Seniority

The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class One No. 1 Preferred Shares, Class Two No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Nine Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of remaining assets.

(4) Right to request acquisition

(a) Period for making requests

Requests for acquisition of the Preferred Shares can be made at any time after July 1, 2008.

(b) Exchange price

The exchange price is ¥1,226.

(c) Reset of the exchange price

The exchange price will be reset on November 1 of each year, from November 1, 2008 (hereinafter, the Reset Date) to the Market Price as of the Reset Date (the Exchange Price after Reset). Provided that if the Exchange Price after Reset would fall below ¥200, the Exchange Price after Reset will be the Floor Price. Market Price for this purpose will mean the average of the closing prices (including indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).

(d) Adjustments in the exchange price

Certain adjustments will be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.

(5) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders

When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 will not apply.

(6) Voting rights clause

The Preferred Shareholders have voting rights at the Company's General Meeting of Shareholders.

(7) Rights to new shares and other matters

Except when specific legal provisions indicate otherwise, the Preferred Shares will not be consolidated or split. In addition, the Preferred Shareholders will not receive free distributions of shares, as provided for under Article 185 of the Company Law or free rights to receive new shares under Article 277 of the said law. The Preferred Shareholders will also not be granted rights to distributions of shares under Article 202-1 or granted rights to receive rights to new shares under Article 241-1 of the said law.

(8) General Meeting Decision by Class of Shareholder

No provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

6. The details regarding Class Three No. 1 Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares

When the Company makes distribution of surplus, the Company will pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Share during the immediately preceding business year, the amount of the Preferred Dividends will be reduced by the amount of such Preferred Interim Dividends.

An amount per share equal to the paid-in amount per share of the Preferred Shares (¥2,000) multiplied by the annual rate of Preferred Dividends for the business year immediately preceding the payment of Preferred Dividends (as provided below) (which will be calculated down to one-thousandth of one yen and then rounded to the nearest one-hundredth of one yen, ¥0.005 rounded upward) will be paid. The annual rate of Preferred Dividends will be the rate per annum, which will be calculated in accordance with the following formula, for each business year starting on or after April 1, 2004 and ending on the day immediately preceding the next date of revision of annual rate of Preferred Dividends:

Annual rate of Preferred Dividends = Euro Yen LIBOR (one-year) plus 0.5%

The annual rate of Preferred Dividends will be calculated down to the fourth decimal place below one percent and then rounded to the nearest one-thousandth of one percent, 0.0005% rounded upward.

The dates of revision of the annual rate of Preferred Dividends will be each April 1 on and after April 1, 2004.

Euro Yen LIBOR (one-year) will mean the rate published by the British Bankers' Association (BBA) as the one-year Euro Yen London Interbank Offered Rate (one-year Euro Yen LIBOR (360-day basis)) at 11:00 a.m., London time, on April 1, 2004 or each date of revision of the annual rate of dividends (or, if any such date falls on a non-business day, the immediately preceding business day). If Euro Yen LIBOR (one-year) is not published, the rate published by the Japanese Bankers Association as the one-year Japanese Yen Tokyo Interbank Offered Rate (Japanese Yen TIBOR) at 11:00 a.m., Japan time, on the immediately following business day, or the rate which will be deemed comparable to such rate, will be used in lieu of the Euro Yen LIBOR (one-year).

The term "business day" will mean a day on which banks are open for foreign currency and foreign exchange business in London and Tokyo.

(b) Non-cumulative dividends

In the event that the total amount of distribution of surplus that is paid to the Preferred Shareholders in any business year falls short of the amount of the Preferred Dividends, the amount of the shortage will not accrue to the subsequent business years.

(c) Non-participatory dividends

The total amount of distribution of surplus to be paid to the Preferred Shareholders in a business year will be limited to the amount of the Preferred Dividends, and no distribution of surplus will be made to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares

In the event that the Company declares the interim dividends, the Company will pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of remaining assets
When the remaining assets of the Company are to be distributed, the Preferred Shareholders will be paid ¥2,000 per share, prior to any such payments to Common Shareholders. No additional distribution of remaining assets will be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class One No. 1 Preferred Shares, Class Two No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Nine Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of remaining assets.

(4) Right to request acquisition

(a) Period for making requests
Requests for acquisition of the Preferred Shares can be made at any time after July 1, 2010.

(b) Exchange price
The initial exchange price will be the Market Price of a Common Share of the Company as of July 1, 2010 (the Acquisition Start Date); provided, however, that if the initial exchange price would fall below ¥170 (subject to adjustment as described in paragraph (d) below) (the Floor Price), the initial exchange price will be the Floor Price. "Market Price" for this purpose will mean the average of the closing prices (including the indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the Acquisition Start Date. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).

(c) Reset of the exchange price
The exchange price will be reset on May 1 of each year, from May 1, 2011 (hereinafter, the Reset Date) to the Market Price as of the Reset Date (the Exchange Price after Reset). Provided that if the Exchange Price after Reset would fall below the Floor Price, the Exchange Price after Reset will be the Floor Price. Market Price for this purpose will mean the average of the closing prices (including indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on each of the 30 consecutive trading days (excluding the number of days on which no closing price exists) commencing on the 45th trading day immediately preceding the relevant Reset Date. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward).

(d) Adjustments in the exchange price
Certain adjustments will be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.

(5) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 will not apply.

(6) Voting rights clause
The Preferred Shareholders have voting rights at the Company's General Meeting of Shareholders.

(7) Rights to new shares and other matters
Except when specific legal provisions indicate otherwise, the Preferred Shares will not be consolidated or split. In addition, the Preferred Shareholders will not receive free distributions of shares, as provided for under Article 185 of the Company Law or free rights to receive new shares under Article 277 of the said law. The Preferred Shareholders will not be granted rights to distributions of shares under Article 202-1 or granted rights to receive rights to new shares under Article 241-1 of the said law.

(8) General Meeting Decision by Class of Shareholder
No provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

7. The details regarding Class Four Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares
When the Company makes distribution of surplus, the Company will pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends will be reduced by the amount of such Preferred Interim Dividends. Dividends per share of the Preferred Shares will be equal to the subscription price per share multiplied by the rate of Preferred Dividends described below.
The rate of Preferred Dividends will be 3.970% per annum (¥992.50 per ¥25,000 subscription price).

(b) Non-cumulative dividends
In the event that the total amount of distribution of surplus that is paid to the Preferred Shareholders in any business year falls short of the amount of the Preferred Dividends, the amount of the shortage will not accrue to the subsequent business years.

(c) Non-participatory dividends
The total amount of distribution of surplus to be paid to the Preferred Shareholders in a business year will be limited to the amount of the Preferred Dividends, and no distribution of surplus will be made to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company will pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of remaining assets
When the remaining assets of the Company are to be distributed, the Preferred Shareholders will be paid ¥25,000 per share, prior to any such payments to Common Shareholders. No additional distribution of remaining assets will be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class One No. 1 Preferred Shares, Class Two No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Nine Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of remaining assets.

(4) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 will not apply.

(5) Acquisition clause
The Company may, on one or more days to be determined separately by the Representative Executive Officer pursuant to the provisions of Article 168-1 of the Company Law which will be dates on or after August 31, 2013, acquire all or some of the Preferred Shares, and in such case the Company will pay, in exchange for each share of the Preferred Shares, the amount of money equal to ¥25,000, plus the amount equal to the accrued dividends (which will mean the amount of the Preferred Dividends prorated for the period from the first day of the business year in which the acquisition takes place through the date of acquisition (including such first day and the date of acquisition), less the amount of the Preferred Interim Dividends if the same was paid during the same business year).
When the Company acquires only some of the Preferred Shares, the Representative Executive Officer will select shares to be acquired by drawing lots.

(6) Voting rights clause
The Preferred Shareholders will not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, that the Preferred Shareholders will have voting rights (if, where the provisions of Article 55 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460- 2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436- 3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 55 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 55 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(7) General Meeting Decision by Class of Shareholder
Provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

8. The details regarding Class Five Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares
When the Company makes distribution of surplus, the Company will pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends will be reduced by the amount of such Preferred Interim Dividends. Dividends per share of the Preferred Shares will be equal to the subscription price per share multiplied by the rate of Preferred Dividends described below.
The rate of Preferred Dividends will be 3.675% per annum (¥918.75 per ¥25,000 subscription price).

(b) Non-cumulative dividends
In the event that the total amount of distribution of surplus that is paid to the Preferred Shareholders in any business year falls short of the amount of the Preferred Dividends, the amount of the shortage will not accrue to the subsequent business years.

(c) Non-participatory dividends
The total amount of distribution of surplus to be paid to the Preferred Shareholders in a business year will be limited to the amount of the Preferred Dividends, and no distribution of surplus will be made to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company will pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of remaining assets
When the remaining assets of the Company are to be distributed, the Preferred Shareholders will be paid ¥25,000 per share, prior to any such payments to Common Shareholders. No additional distribution of remaining assets will be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class One No. 1 Preferred Shares, Class Two No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Nine Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of remaining assets.

(4) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 will not apply.

(5) Acquisition clause
The Company may, on one or more days to be determined separately by the Representative Executive Officer pursuant to the provisions of Article 168-1 of the Company Law which will be dates on or after August 28, 2014, acquire all or some of the Preferred Shares, and in such case the Company will pay, in exchange for each share of the Preferred Shares, the amount of money equal to ¥25,000, plus the amount equal to the accrued dividends (which will mean the amount of the Preferred Dividends prorated for the period from the first day of the business year in which the acquisition takes place through the date of acquisition (including such first day and the date of acquisition), less the amount of the Preferred Interim Dividends if the same was paid during the same business year).
When the Company acquires only some of the Preferred Shares, the Representative Executive Officer will select shares to be acquired by drawing lots.

(6) Voting rights clause
The Preferred Shareholders will not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, that the Preferred Shareholders will have voting rights (if, where the provisions of Article 55 of the Articles of Incorporation of the Company are effective by virtue of Article 459-2 and Article 460- 2 of the Company Law, a resolution to pay the full amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436- 3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 55 of the Articles of Incorporation of the Company are not effective by virtue of Article 459-2 and Article 460-2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 55 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459-2 and Article 460-2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

(7) General Meeting Decision by Class of Shareholder
Provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

9. The details regarding Class Nine Preferred Stock (referred to in this section as the "Preferred Shares") are as follows.

(1) Dividends on the Preferred Shares

(a) Dividends on the Preferred Shares
When the Company makes distribution of surplus, the Company will pay to the holders of the Preferred Shares (the "Preferred Shareholders") of record as of March 31 of each year, prior to the payment of dividends on its Common Shares, cash dividends in the amount described below (the "Preferred Dividends"). However, when Preferred Interim Dividends have been paid on the Preferred Shares during the immediately preceding business year, the amount of the Preferred Dividends will be reduced by the amount of such Preferred Interim Dividends. Preferred Dividends per share of the Preferred Shares will be ¥325.50.

(b) Non-cumulative dividends
In the event that the total amount of distribution of surplus that is paid to the Preferred Shareholders in any business year falls short of the amount of the Preferred Dividends, the amount of the shortage will not accrue to the subsequent business years.

(c) Non-participatory dividends
The total amount of distribution of surplus to be paid to the Preferred Shareholders in a business year will be limited to the amount of the Preferred Dividends, and no distribution of surplus will be made to the Preferred Shareholders in excess thereof.

(d) Preferred Interim Dividends on the Preferred Shares
In the event that the Company declares the interim dividends, the Company will pay to the Preferred Shareholders of record as of September 30 of each year, prior to the payment to the Common Shareholders, Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(2) Distribution of remaining assets
When the remaining assets of the Company are to be distributed, the Preferred Shareholders will be paid ¥35,000 per share, prior to any such payments to Common Shareholders. No additional distribution of remaining assets will be made to the Preferred Shareholders.

(3) Seniority
The Preferred Shares rank *pari passu* with Class C No. 1 Preferred Shares, Class F No. 1 Preferred Shares, Class One No. 1 Preferred Shares, Class Two No. 1 Preferred Shares, Class Three No. 1 Preferred Shares, Class Four Preferred Shares, Class Five Preferred Shares, and Class Nine Preferred Shares of the Company in terms of the payment of Preferred Dividends, Preferred Interim Dividends, and the distribution of remaining assets.

(4) Right to request acquisition

(a) Period for making requests
Requests for acquisition of the Preferred Shares can be made at any time after June 5, 2008.

(b) Assets to be delivered in exchange for acquisition
If a Preferred Shareholder exercises its rights to request acquisition, the Company will, in exchange for acquisition of one Preferred Share held by such Preferred Shareholder, deliver to such Preferred Shareholder such number of Common Shares of the Company as to be calculated by dividing the amount of the subscription price of the Preferred Shares by the Exchange Price. If a fraction of less than one whole share results from calculation of the number of Common Shares to be delivered in exchange for acquisition of the Preferred Shares, such fraction will be disregarded and no cash adjustment will be made in respect thereof.

(c) Condition to exercise rights to request acquisition
Prior to (and including) June 4, 2012, if a Preferred Shareholder intends to exercise its rights to request acquisition of the Preferred Shares held by such Preferred Shareholder on any day during a period from (and including) the first day to (and including) the last day of any calendar quarter (being the three-month period commencing on each of January 1, April 1, July 1 and October 1 of each year; hereinafter the same), such Preferred Shareholder may not exercise its rights to request acquisition, unless the closing prices (including the indicative prices) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on any 20 Trading Days (as defined below) falling within the period of 30 consecutive Trading Days ending on the last Trading Day in the calendar quarter immediately preceding such calendar quarter exceed the amount calculated by multiplying the Exchange Price in effect on the last Trading Day of the calendar quarter immediately preceding the calendar quarter in which such rights to request acquisition are to be exercised, by 1.15.
On and after June 5, 2012, if the closing price (including the indicative price) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on any Trading Day exceeds the amount calculated by multiplying the Exchange Price in effect on such Trading Day by 0.3, any Preferred Shareholder may, on and after such Trading Day, exercise its rights to request acquisition of the Preferred Shares. "Trading Day" will mean any day on which Tokyo Stock Exchange, Inc. is open for trading, but excluding any day(s) on which no VWAP (as defined in Paragraph (5)(c) below) is reported (hereinafter the same). Notwithstanding the foregoing, if (i) a merger in which the Company is not the surviving entity, (ii) a transfer of all or substantially all of the Company's business, or a company split (kaisha bunkatsu) of the Company in which all or substantially all of the Company's business is to be transferred, or (iii) a statutory share exchange (kabushiki-kokan) or a statutory share transfer (kabushiki-iten) or any other corporate reorganization action resulting in the Company becoming a wholly-owned subsidiary of another company (each such event, hereinafter referred to as a "Non-Surviving Reorganization") takes place, the conditions to exercise the rights to request acquisition set forth in this Paragraph (c) will not be applicable during the period commencing on the date on which the Company first gives notice of the relevant Non-Surviving Reorganization to the Common Shareholders pursuant to laws and regulations (or, if no such notice to the Common Shareholders is required under laws and regulations, the date of the first disclosure of the relevant Non-Surviving Reorganization made by the Company, pursuant to laws and regulations or rules of the financial product exchanges), and ending on the date immediately preceding the effective date of such Non-Surviving Reorganization. If the Company gives notice to the Common Shareholders, or makes disclosure, of a Non-Surviving Reorganization as described above, or if a proposed Non-Surviving Reorganization is approved or disapproved at a General Meeting of Shareholders of the Company, the Company will forthwith give written notice thereof to the Preferred Shareholders. If the relevant proposed Non-Surviving Reorganization is disapproved at a General Meeting of Shareholders of the Company, the conditions to exercise the rights to request acquisition set forth in this Paragraph (c) will resume to be applicable as from two days after the Company's dispatch of notice to such effect to the Preferred Shareholders.
Furthermore, the conditions to exercise the rights to request acquisition set forth in this Paragraph (c) will not be applicable on or after the date on which a person other than the Company or its subsidiary (excluding any entity established under special laws), pursuant to the Financial Instruments and Exchange Law, files a Large Holding Report or an Amendment to Large Holding Report stating that the ratio of holding of share certificates, etc. (as defined in the Financial Instruments and Exchange Law) with respect to the Company held by such person is 50 percent or more.

(5) Acquisition clause

(a) Acquisition of all or part of the Preferred Shares
The Company may, on any Acquisition Date, set forth in Paragraph (b) below, acquire the Preferred Shares in whole or in part, upon obtaining prior approval of the Financial Services Agency to meet either of the cases that (i) it is expected that the Company will be able to maintain a sufficient capital adequacy ratio after such acquisition, or (ii) the Company will procure equity capital in an amount greater than or equal to the amount of cash payable to the Preferred Shareholders in exchange for such acquisition through issuance of securities ranking *pari passu* with, or junior to, the Preferred Shares in respect of distribution of remaining assets. In such a case, the Company will, in exchange for acquisition of the Preferred Shares, deliver assets described in Paragraph (c) below to the Preferred Shareholders.
When the Company acquires the Preferred Shares in part, the Representative Executive Officer of the Company will select the Preferred Shares to be acquired by drawing lots.

(b) Events for acquisition

(i) The event for the Company's acquisition of all or part of the Preferred Shares will be the arrival of the date to be separately determined by the Representative Executive Officer pursuant to Article 168-1 of the Company Law (which will be a day that is not a Non-Acquisition Date under Sub-paragraph (ii) below) (hereinafter referred to as the "Initial Acquisition Date"). If the Company is to acquire all or part of the Preferred Shares remaining outstanding on any day after the Initial Acquisition Date, the event for the Company's acquisition of all or part of such Preferred Shares will be the arrival of the date after the Initial Acquisition Date to be separately determined by the Representative Executive Officer pursuant to Article 168-1 of the Company Law (which will be a day that is not a Non-Acquisition Date under Subparagraph (ii) below) (together with the Initial Acquisition Date, hereinafter referred to as the "Acquisition Date"), and the same will apply thereafter. The Company will dispatch a prior notice (hereinafter referred to as the "Acquisition Notice") to the effect that the Company will acquire the Preferred Shares, at least 45 Trading Days but not more than 60 Trading Days prior to the relevant Acquisition Date, to the Preferred Shareholders holding the Preferred Shares to be acquired on such Acquisition Date.

(ii) "Non-Acquisition Date" referred to in Sub-paragraph (i) above will mean any day other than a day that can be an Acquisition Date in accordance with the following provision:
If, on each Trading Day during a period of any 30 consecutive Trading Days, the closing price (including the indicative price) (regular way) of a Common Share of the Company equals to or exceeds the amount calculated by multiplying the Mandatory Exchange Price (adjusted in accordance with Paragraph (6)(c) below, in the event that the Mandatory Exchange Price is adjusted pursuant to Paragraph (6)(c) below) by 1.3, the Company may dispatch an Acquisition Notice on any day on or after June 4, 2012 which falls within 30 days from the last day of such 30-Trading Day period in accordance with Sub-paragraph (i) above, and the Acquisition Date in such case will be the date described as the Acquisition Date in such Acquisition Notice.

(c) Assets to be delivered in exchange for acquisition
The Company will, in exchange for acquisition of one Preferred Share, deliver to the Preferred Shareholder (i) cash in an amount equal to the subscription price of the Preferred Share and (ii) (if the Acquisition Time Market Value (as defined below) exceeds the Mandatory Exchange Price set forth in Paragraph (6) below in effect as of the last Trading Day of the 30 Trading Days which will be taken into account in calculating the Acquisition Time Market Value) such number of Common Shares of the Company as to be calculated by dividing the excess of the Mandatory Acquisition Parity Price (as defined below) over the amount equal to the subscription price of the Preferred Share, by the Acquisition Time Market Value. "Mandatory Acquisition Parity Price" will mean the amount calculated by dividing the Acquisition Time Market Value by the Mandatory Exchange Price set forth in Paragraph (6) below in effect as of the last Trading Day of the 30 Trading Days which will be taken into account in calculating the Acquisition Time Market Value, and then multiplying the resultant amount by the amount equal to the subscription price of the Preferred Share.
"Acquisition Time Market Value" will mean the average of the daily VWAPs of regular trading of Common Shares of the Company on Tokyo Stock Exchange, Inc. for the 30 consecutive Trading Days (excluding any day (hereinafter each referred to as a "Non-Calculation Day") on which (i) regular trading of Common Shares of the Company on Tokyo Stock Exchange, Inc. is executed only through the prorate based distribution or (ii) the total number of Common Shares of the Company traded in regular trading on Tokyo Stock Exchange, Inc., as reported by such stock exchange, is less than 25 percent of the daily average of the total number of Common Shares of the Company traded in regular trading for the five Trading Days (excluding any Non-Calculation Days) ending on the Trading Day in question) commencing on the fifth Trading Day following the date of dispatch of the Acquisition Notice; provided, however, that such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward). If any event described in Paragraph (6)(c) below occurs during the 30 Trading Days mentioned above, the price mentioned above will be adjusted in accordance with Paragraph (6)(c) below.
"VWAP" will mean the price that is calculated and displayed by Tokyo Stock Exchange, Inc. as the volume weighted average price of Common Shares of the Company on a given Trading Day, which is calculated by dividing the total sale prices in regular trading of Common Shares of the Company on such Trading Day by the total number of shares traded in regular trading of Common Shares of the Company on such Trading Day; provided that if Tokyo Stock Exchange, Inc. does not display such price, the VWAP will mean the price displayed on the 8308 JT Equity AQR screen (or on any other screen or service replacing it) provided by Bloomberg L.P. on such Trading Day, and, further, if the 8308 JT Equity AQR screen (nor any screen or service replacing it) displays such price, the VWAP will mean the closing price (including the indicative price) (regular way) of a Common Share of the Company on Tokyo Stock Exchange, Inc. on such Trading Day. The term "VWAP" will have the same meaning hereinbelow.

(6) Exchange price and mandatory exchange price
(a) Exchange price and mandatory exchange price
The Exchange Price and the Mandatory Exchange Price (collectively referred to as the "Exchange Price" in this Paragraph (6)) will be ¥3,324.65.
(b) Reset of the exchange price
The Exchange Price will be reset on June 5, 2012, June 5, 2013, June 5, 2014 and June 5, 2015 (each referred to as a "Reset Date" and collectively as the "Reset Dates"), to the market price of Common Shares of the Company as of the relevant Reset Date; provided that (i) if such market price is higher than the Exchange Price before Reset, the Exchange Price after Reset will be the Exchange Price before Reset, and (ii) if such market price is lower than the Floor Exchange Price (as defined below) in effect on such Reset Date, the Exchange Price after Reset will be such Floor Exchange Price.
The market price of Common Shares of the Company as of the Reset Date to be used for the purpose of reset of the Exchange Price will be the average of the daily VWAPs of regular trading of Common Shares of the Company on Tokyo Stock Exchange, Inc. for 30 consecutive Trading Days (excluding the Non-Calculation Days) commencing on the 45th Trading Day preceding such Reset Date. Such average will be calculated down to one-tenth of one yen and then rounded to the nearest whole yen (¥0.5 rounded upward). If any event described in Paragraph (c) below occurs during the 45 Trading Days mentioned above, the market price mentioned above will be adjusted in accordance with Paragraph (c) below. "Floor Exchange Price" will be ¥867.30, but subject to adjustment in accordance with Paragraph (c) below.
(c) Adjustment of the exchange price
Certain adjustments will be made in the exchange price under certain specific circumstances as when issuing new Common Shares or disposing of its Common Shares held as treasury shares in exchange for payments less than market value or when Common Shares are issued as part of a stock split or allotment of shares without consideration.

(7) Acquisition of the Preferred Shares under agreement with the Preferred Shareholders
When the decision to acquire the Preferred Shares is made under the provisions of Article 160-1 of the Company Law, the provisions of Article 160-2 and Article 160-3 will not apply.

(8) Voting rights clause
The Preferred Shareholders will not be entitled to exercise voting rights with respect to any matter at the General Meeting of Shareholders.

(9) General Meeting Decision by Class of Shareholder
Provisions have been made in the Articles of Incorporation based on Article 322-2 of the Company Law.

2. Number of Shares Issued and Outstanding, Trends in Paid-in Capital, and Capital Reserve

Date	Changes in number of total shares issued and outstanding (1,000 shares)	Number of total shares issued and outstanding (1,000 shares)	Increase/(decrease) in paid-in capital (Millions of yen)	Paid-in capital (Millions of yen)	Increase/(decrease) in capital reserve (Millions of yen)	Capital reserve (Millions of yen)
May 24, 2004 (Note 1)	—	20,819,003	—	1,288,473	(502,627)	327,201
July 6, 2004 (Note 2)	30	20,819,034	—	1,288,473	—	327,201
August 10, 2004 (Note 3)	—	20,819,034	(961,272)	327,201	—	327,201
August 2, 2005 (Note 5)	(20,798,214)	20,819	—	327,201	—	327,201
September 16, 2005 (Note 2)	0	20,819	—	327,201	—	327,201
December 12, 2005 (Note 2)	0	20,819	—	327,201	—	327,201
March 27, 2006 (Note 4)	17	20,837	—	327,201	—	327,201
August 31, 2006 (Note 6)	25	20,862	31,500	358,701	31,500	358,701
August 31, 2006 (Note 7)	—	20,862	(31,500)	327,201	(31,500)	327,201
January 26, 2007 (Note 8)	(638)	20,224	—	327,201	—	327,201
February 16, 2007 (Note 9)	0	20,224	—	327,201	—	327,201
March 30, 2007 (Note 10)	(0)	20,224	—	327,201	—	327,201
June 5, 2007 (Note 11)	100	20,324	175,000	502,201	175,000	502,201
June 5, 2007 (Note 12)	—	20,324	(175,000)	327,201	(175,000)	327,201
July 31, 2007 (Note 9)	0	20,324	—	327,201	—	327,201
August 28, 2007 (Note 13)	40	20,364	50,000	377,201	50,000	377,201
August 28, 2007 (Note 14)	—	20,364	(50,000)	327,201	(50,000)	327,201
September 28, 2007 (Note 10)	(0)	20,364	—	327,201	—	327,201
January 4, 2009 (Note 15)	2,016,071	2,036,436	—	327,201	—	327,201
January 5, 2009 (Note 16)	(0)	2,036,436	—	327,201	—	327,201
March 13, 2009 (Note 17)	(28,177)	2,008,258	—	327,201	—	327,201
March 31, 2009 (End of the fiscal period under review)	—	2,008,258	—	327,201	—	327,201

Notes: 1. Appropriated to cover undisposed loss
2. Conversion of Class D No. 1 Preferred Shares to Common Shares
3. Draw down from paid-in capital to cover loss carried forward from previous period and make transfer to other capital surplus, as provided for under Article 375-1 of the previous Commercial Code of Japan.
4. Conversion of Class A No. 1 Preferred Shares to Common Shares
5. At the Ordinary General Meeting of Shareholders held on June 28, 2005, shareholders voted in favor of proposals to consolidate shares (to combine 1,000 shares of the Company's Common Stock into one common share and 1,000 shares of various issues of the Company's preferred stock into one preferred share) and abolish the stipulation regarding the number of shares in one trading unit as well as change a portion of the Company's Articles of Incorporation to adopt the fractional share system (with one fraction equivalent to one-thousandth of a share). The consolidation of shares became effective on August 2, 2005, and the change in the Articles of Incorporation became effective at the time of the consolidation of shares.
6. Paid-in placement to a third party (25,000 shares of Class Four Preferred Stock), issue price of ¥2,500,000 per share, with ¥1,250,000 included in paid-in capital
7. Transfer to other capital surplus through a reduction in capital and capital reserve, accompanying the issuance of Class Four Preferred Shares, based on Article 447-3 and Article 448-3 of the Company Law of Japan.
8. Retirement of treasury stock (407,798 shares of Class B No. 1 Preferred Stock and 230,424 shares of Class E No. 1 Preferred Stock)
9. Issuance of common shares following the exercise of acquisition rights to have the Company acquire outstanding Class D No. 1 Preferred Shares
10. Retirement of treasury stock (Class D No. 1 Preferred Shares)
11. Paid-in placement to a third party (100,000 shares of Class Nine Preferred Stock), issue price of ¥3,500,000 per share, with ¥1,750,000 included in paid-in capital
12. Transfer to other capital surplus through a reduction in capital and capital reserve, accompanying the issuance of Class Nine Preferred Shares, based on Article 447-3 and Article 448-3 of the Company Law of Japan.
13. Paid-in placement to a third party (40,000 shares of Class Five Preferred Stock), issue price of ¥2,500,000 per share, with ¥1,250,000 included in paid-in capital
14. Transfer to other capital surplus through a reduction in capital and capital reserve, accompanying the issuance of Class Five Preferred Shares, based on Article 447-3 and Article 448-3 of the Company Law of Japan.
15. At a meeting of the Board of Directors on May 16, 2008, it was resolved to implement a stock split (in which the Company's outstanding common stock and all types of preferred stock would be split at the ratio of 100 shares for each one share outstanding). Amendments to the Articles of Incorporation to this effect were duly approved at the Ordinary General Meeting of Shareholders held on June 26, 2008. In addition, a proposal was made and approved to change a portion of the Company's Articles of Incorporation to introduce the minimum trading unit system for the Company's common stock and all types of preferred stock. Under this system, the minimum trading unit will be 100 stocks. Please note that the effective date of the stock split was January 4, 2009, and the change in the Articles of Incorporation became effective with the effectiveness of the stock split.
16. Accompanying the implementation of the Law Revising a Portion of the Law Concerning Transfers of Bonds, Etc., to Increase the Efficiency of the Settlement of Stock, Etc., Transactions (Law No. 88, 2004), fractional stocks less than a specified fraction of the minimum trading unit will be truncated (Common shares: 0.7 and Class Two No. 1 Preferred Stock: 0.1).
17. Cancellation of treasury stocks (Class B No. 1 Preferred Stock: 27,220,200 stocks and Class E No. 1 Preferred Stock: 957,600 stocks)

3. Ownership of Common Stock and Preferred Stock

(1) Common stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	12	129	61	11,207	459	1	266,340	278,209	—
Number of minimum trading units held	1,432	1,746,529	114,376	6,189,320	829,426	1	2,507,062	11,388,146	1,143,091
Ownership percentage	0.01	15.34	1.00	54.35	7.28	0.00	22.02	100.00	—

Notes: 1. In the table above, "Individuals and others" and "Fractional shares" contain 641,333 minimum trading units and 30 fractional shares held as treasury stocks.
2. In the above table, the item "Other corporations" contains 167 minimum trading units held in the name of the Japan Securities Depository Center.
3. There are 21,547 shareholders who hold only fractional shares.

(2) Class C No. 1 Preferred Stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	120,000	—	—	—	120,000	—
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

(3) Class F No. 1 Preferred Stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Owners other than individuals	Individuals			
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	80,000	—	—	—	80,000	—
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

(4) Class One No. 1 Preferred Stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.: Owners other than individuals	Foreign corporations, etc.: Individuals	Individuals and others	Total	
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	2,750,000	—	—	—	2,750,000	—
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

(5) Class Two No. 1 Preferred Stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.: Owners other than individuals	Foreign corporations, etc.: Individuals	Individuals and others	Total	
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	2,817,807	—	—	—	2,817,807	86
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

(6) Class Three No. 1 Preferred Stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.: Owners other than individuals	Foreign corporations, etc.: Individuals	Individuals and others	Total	
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	2,750,000	—	—	—	2,750,000	—
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

(7) Class Four Preferred Stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.: Owners other than individuals	Foreign corporations, etc.: Individuals	Individuals and others	Total	
Number of shareholders	—	1	—	—	—	—	—	1	—
Number of minimum trading units held	—	25,200	—	—	—	—	—	25,200	—
Ownership percentage	—	100.00	—	—	—	—	—	100.00	—

(8) Class Five Preferred Stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc.: Owners other than individuals	Foreign corporations, etc.: Individuals	Individuals and others	Total	
Number of shareholders	—	1	—	—	—	—	—	1	—
Number of minimum trading units held	—	40,000	—	—	—	—	—	40,000	—
Ownership percentage	—	100.00	—	—	—	—	—	100.00	—

(9) Class Nine Preferred Stock

	Ownership (Minimum trading unit: 100 shares)								Fractional shares (shares less than one trading unit)
	National and local government entities	Financial institutions	Securities companies	Other corporations	Foreign corporations, etc. — Owners other than individuals	Foreign corporations, etc. — Individuals	Individuals and others	Total	
Number of shareholders	—	—	—	1	—	—	—	1	—
Number of minimum trading units held	—	—	—	100,000	—	—	—	100,000	—
Ownership percentage	—	—	—	100.00	—	—	—	100.00	—

4. Major Shareholders

(1) Stockholdings by Number of Stocks

Shareholder	Address	Number of stocks held (stocks)	Ownership percentage of total shares
Deposit Insurance Corporation of Japan	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	1,335,043,286	66.47
The Dai-ichi Mutual Life Insurance Company	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	59,241,900	2.94
CACEIS BANK/CREDIT AGRICOLE SA	91 93 Boulevard Pasteur, 75015 Paris, France	39,483,700	1.96
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	31,653,700	1.57
The Resolution and Collection Corporation	46-1, Honcho 2-chome, Nakano-ku, Tokyo	20,000,000	0.99
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	14,097,600	0.70
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	11,096,900	0.55
Merrill Lynch Japan Finance Co., Ltd.	4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	10,000,000	0.49
Japan Trustee Services Bank, Ltd. (Trust Account 4)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	9,100,200	0.45
Nomura Holdings, Inc.	9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	7,904,900	0.39
Total	—	1,537,622,186	76.56

Notes: 1. In addition to the above, the Company holds 64,133,330 treasury shares (3.19% of the total stocks issued).
2. In the reports on large holdings (changes) submitted by the Deposit Insurance Corporation of Japan and three other stockholders on March 17, 2009, it was indicated that the Deposit Insurance Corporation of Japan held 1,342,820,186 shares as of March 13, 2009 (which represented 66.86% of the total stocks issued). Since the Company cannot confirm actual ownership as of March 31, 2009, the information on stockholdings contained in the Company's Stockholder Register has been entered in the table above.

(2) Stockholdings by Voting Percentage

Shareholder	Address	Number of stocks held (stocks)	Ownership percentage of total shares
Deposit Insurance Corporation of Japan	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	13,350,432	70.02
The Dai-Ichi Mutual Life Insurance Company	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	552,419	2.89
CACEIS BANK/CREDIT AGRICOLE SA	91 93 Boulevard Pasteur, 75015 Paris, France	394,837	2.07
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	316,537	1.66
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	140,976	0.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	110,969	0.58
Japan Trustee Services Bank, Ltd. (Trust Account 4)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	91,002	0.47
Nomura Holdings, Inc.	9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	79,049	0.41
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	55,656	0.29
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	54,881	0.28
Total	—	15,146,758	79.44

5. Status of Voting Rights

(1) Stock issued and outstanding

Type of Stock	Number of Shares	Number of Voting Rights	Comments
Non-voting stock	Class C No. 1 Preferred Stock 12,000,000 Class F No. 1 Preferred Stock 8,000,000 Class Four Preferred Stock 2,520,000 Class Five Preferred Stock 4,000,000 Class Nine Preferred Stock 10,000,000	—	The details regarding various types of stock are covered in the section "1. Number of Common and Preferred Stock Shares and Related Matters."
Stock with restricted voting rights (treasury stock, etc.)	—	—	—
Stock with restricted voting rights (other types)	—	—	—
Stock with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 64,133,300	—	—
Stock with full voting rights (other types)	Common stock 1,074,681,300 Class One No. 1 Preferred Stock 275,000,000 Class Two No. 1 Preferred Stock 281,780,700 Class Three No. 1 Preferred Stock 275,000,000	Common stock 10,746,813 Class One No. 1 Preferred Stock 2,750,000 Class Two No. 1 Preferred Stock 2,817,807 Class Three No. 1 Preferred Stock 2,750,000	The details regarding various types of stock are covered in the section "1. Number of Common and Preferred Stock Shares and Related Matters." (Note 1) (Note 2)
Fractional shares (shares less than one trading unit)	Common stock 1,143,091 Class Two No. 1 Preferred Stock 86	—	(Note 3)
Total number of shares issued and outstanding	2,008,258,477	—	—
Number of voting rights for total shareholders	—	19,064,620	—

Notes: 1. In the table above, the entry "Stock with full voting rights (other types)" includes 16,700 shares (167 voting rights) in the name of Japan Securities Depository Center.
2. On the Registry of Shareholders, the Kinki Osaka Bank, Ltd., is listed as a shareholder even though it does not actually own these shares. The number of such shares on the Registry is 100 shares (1 voting right) for the Kinki Osaka Bank. These shares are included in the entry "Stock with full voting rights (other types)."
3. In the table above, shares under "Fractional shares" included 30 shares held by the Company as treasury stock.

(2) Treasury stock

Shareholder	Address	Shares held in own name	Shares held under other name(s)	Number of shares owned	Percentage ownership of total shares
(Treasury stock) Resona Holdings, Inc.	2-1, Bingo-machi 2-chome, Chuo-ku, Osaka	64,133,300	—	64,133,300	5.62
Total	—	64,133,300	—	64,133,300	5.62

Notes: 1. On the Registry of Shareholders, the Kinki Osaka Bank, Ltd., is listed as a shareholder even though it does not actually own these shares. The number of such shares on the Registry is 100 shares (1 voting right) for the Kinki Osaka Bank. These shares are included in the entry "Stock with full voting rights (other types)" in the preceding table.
2. The number of shares issued and outstanding used in the computation of "Percentage ownership of total shares" is the total number of common shares issued and outstanding.

■ Preferred Securities

Item	Outstanding at fiscal year-end 2009 (Millions of yen)	Date of repayment or maturity
Preferred securities	112,953	—
Total	112,953	—

■ Subordinated Loans and Bonds

Item	Outstanding at fiscal year-end 2009 (Millions of yen)	Date of repayment or maturity
Perpetual subordinated debt (Note)	363,677	—
Subordinated loans	—	—
Subordinated bonds	363,677	—
Subordinated debt with maturity dates	291,655	—
Subordinated loans	52,000	September 2014 to March 2021
Subordinated bonds	239,655	September 2014 to February 2018
Total	655,332	—

Credit Risk

■ Ratings Applied to Portfolio Subject to Standardized Approach

1. Qualified Rating Agencies Used in Making Judgments on Risk Weights

In determining the risk weights for portfolios to which the Standardized Approach is applied, the Holding Company Group makes use of ratings issued by the following five qualified rating agencies (Eligible External Credit Assessment Institutions (ECAI)): Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P), and Fitch Ratings Limited (Fitch). These rating agencies are those designated by the Japanese Financial Services Agency, as of March 31, 2009, and are "qualified rating agencies" for the purposes of Basel II.

2. Types of Exposure and Qualified Rating Agencies Used

Resona Holdings has specified the use of the following rating agencies for certain obligors and types of exposure as shown below. In all cases, when there are two or more ratings available from qualified rating agencies and these ratings differ, the second smallest risk weight counting from the smallest risk weight is adopted. (When one smallest risk weight is corresponding to two or more ratings, the smallest risk weight is adopted.)

Types of Obligor and Exposure	Rating Agency Used
Central governments and central banks Bank for International Settlements, etc. Local governments in Japan Foreign non-central government public-sector entities Multilateral Development Banks Japan Finance Organization for Municipal Enterprises Government-affiliated organizations in Japan Local public corporations Banks Securities companies	Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P) Fitch Ratings Limited (Fitch)
Investment funds (assets backed up with underlying investments in multiple assets)	Same as the above
Securitized products Structured finance	Same as the above
Other than the above	Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P)

■ Credit Risk Exposure at Fiscal Year-End: By Region, By Industry, Including Claims Past Due Three Months or More and Default: By Residual Contractual Maturity

(Millions of yen)

	As of March 31, 2009					
	Total					Past due three months or more, or default
		Loans and bills discounted, foreign exchange, etc.	Securities	Off-balance sheet transactions	Derivatives transactions	
By Region						
Japan	**38,272,877**	**26,204,125**	**7,214,260**	**3,331,932**	**877,911**	**1,023,023**
Overseas	—	—	—	—	—	—
Exposure to which the Standardized Approach is applied	**4,639,974**	**3,078,299**	**880,148**	**136,272**	**15,979**	**49,612**
Total	**42,912,852**	**29,282,425**	**8,094,409**	**3,468,204**	**893,890**	**1,072,636**
By Industry						
Manufacturing	**3,398,845**	**2,653,446**	**339,178**	**279,048**	**123,462**	**141,073**
Agriculture	**75,189**	**74,140**	**100**	**904**	**34**	**1,778**
Forestry	**2,784**	**2,780**	—	**4**	—	**457**
Fishing	**8,067**	**6,775**	**758**	**531**	**1**	—
Mining	**20,270**	**19,232**	**875**	**91**	**70**	**2,821**
Construction	**681,676**	**577,488**	**46,611**	**51,725**	**1,893**	**70,269**
Wholesale and retail	**2,581,043**	**2,127,462**	**132,030**	**80,315**	**237,250**	**143,389**
Financial services	**2,578,340**	**1,553,542**	**241,842**	**307,413**	**474,331**	**8,349**
Real estate	**3,271,025**	**3,136,645**	**36,437**	**78,877**	**10,740**	**330,752**
Transportation	**594,825**	**495,628**	**41,630**	**47,734**	**9,745**	**14,699**
Information and telecommunications	**309,072**	**264,178**	**19,671**	**18,164**	**5,270**	**43,678**
Electric power, gas, heat supply, and water	**156,318**	**124,728**	**21,752**	**9,480**	**356**	**36**
Services	**2,120,874**	**1,946,346**	**54,631**	**101,303**	**14,103**	**132,954**
Individuals	**9,860,355**	**9,730,116**	—	**129,461**	**14**	**132,754**
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	**11,490,317**	**3,022,526**	**6,241,409**	**2,225,745**	**636**	—
Foreign central governments and central banks, etc.	**3,697**	**1,736**	**1,960**	—	—	**7**
Others	**1,120,172**	**467,350**	**35,369**	**1,130**	—	—
Exposure to which the Standardized Approach is applied	**4,639,974**	**3,078,299**	**880,148**	**136,272**	**15,979**	**49,612**
Total	**42,912,852**	**29,282,425**	**8,094,409**	**3,468,204**	**893,890**	**1,072,636**
By Residual Contractual Maturity						
One year or less	**7,511,295**	**3,796,671**	**2,868,255**	**770,319**	**48,933**	**/**
One year to less than three years	**3,491,185**	**2,115,176**	**1,048,967**	**126,449**	**200,592**	**/**
Three years to less than five years	**3,998,881**	**2,229,732**	**1,539,235**	**38,286**	**191,626**	**/**
Five years to less than seven years	**1,542,674**	**1,192,141**	**121,188**	**34,152**	**195,192**	**/**
Over seven years	**14,376,625**	**12,754,692**	**1,230,204**	**150,161**	**241,566**	**/**
Exposures with no maturity dates	**7,352,216**	**4,115,711**	**406,408**	**2,212,563**	—	**/**
Exposure to which the Standardized Approach is applied	**4,639,974**	**3,078,299**	**880,148**	**136,272**	**15,979**	**/**
Total	**42,912,852**	**29,282,425**	**8,094,409**	**3,468,204**	**893,890**	**/**

(Millions of yen)

	As of March 31, 2008					
	Total					
		Loans and bills discounted, foreign exchange, etc.	Securities	Off-balance sheet transactions	Derivatives transactions	Past due three months or more, or default
By Region						
Japan	37,271,432	27,255,597	5,668,254	2,601,113	895,460	925,345
Overseas	—	—	—	—	—	—
Exposure to which the Standardized Approach is applied	4,974,716	3,376,823	828,020	205,974	698	52,064
Total	42,246,149	30,632,420	6,496,275	2,807,088	896,158	977,410
By Industry						
Manufacturing	3,104,834	2,302,627	391,350	274,874	133,318	132,558
Agriculture	83,707	82,437	300	920	40	2,626
Forestry	4,206	4,203	—	2	—	470
Fishing	7,627	6,263	758	600	4	—
Mining	24,599	22,215	2,075	212	95	3,679
Construction	736,525	595,263	61,854	72,729	3,309	75,646
Wholesale and retail	2,696,307	2,179,589	169,578	81,114	262,209	168,092
Financial services	4,047,212	2,951,788	286,983	356,637	447,732	15,388
Real estate	3,228,706	3,046,583	51,182	118,857	11,748	194,433
Transportation	564,292	460,785	46,628	45,686	10,852	62,755
Information and telecommunications	292,583	241,241	25,767	18,418	6,085	22,507
Electric power, gas, heat supply, and water	109,162	75,032	24,426	9,211	491	0
Services	2,263,709	2,048,510	84,847	105,412	19,003	124,106
Individuals	9,879,487	9,759,947	—	119,476	10	122,855
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	8,813,348	2,957,374	4,459,727	1,395,687	558	—
Foreign central governments and central banks, etc.	24,700	2,131	22,568	—	—	7
Others	1,390,422	519,601	40,202	1,270	—	216
Exposure to which the Standardized Approach is applied	4,974,716	3,376,823	828,020	205,974	698	52,064
Total	42,246,149	30,632,420	6,496,275	2,807,088	896,158	977,410
By Residual Contractual Maturity						
One year or less	9,485,204	5,469,772	3,166,524	783,368	46,924	/
One year to less than three years	2,881,155	2,118,317	436,161	144,701	181,974	/
Three years to less than five years	2,642,892	2,186,997	220,668	48,231	186,995	/
Five years to less than seven years	1,554,462	1,171,663	172,984	27,572	182,242	/
Over seven years	14,115,263	12,409,767	1,203,769	204,402	297,323	/
Exposures with no maturity dates	6,592,454	3,899,078	468,145	1,392,836	—	/
Exposure to which the Standardized Approach is applied	4,974,716	3,376,823	828,020	205,974	698	/
Total	42,246,149	30,632,420	6,496,275	2,807,088	896,158	/

Notes: 1. Figures presented refer to the credit risk exposure to which the Foundation Internal Ratings-Based (F-IRB) approach is applied. (Exposures relating investment funds and securitization exposures are not included). However, the subsidiaries adopting the Phased Rollout of F-IRB, assets of non-financial companies exempt from F-IRB calculations, and other assets which are minimal are treated as Exempt Assets, and the Standardized Approach is applied in calculating the risk assets. (For stocks held by the subsidiaries, the F-IRB approach is applied and such stocks are not included among the Excluded Assets).

2. Exposures to which the F-IRB approach is applied are presented before the subtraction of reserves, etc., before partial direct write-offs, and after taking into account the effect of credit risk mitigation techniques. In addition, exposures to which the Standardized Approach is applied are presented after the subtraction of reserves, etc., after partial direct write-offs, and after taking into account the effect of credit risk mitigation techniques.

3. "Loans and bills discounted, foreign exchanges, etc." includes the following transactions: cash and due from banks, call loans, bills bought, monetary claims bought, trading account securities included in trading assets, loans and bills discounted, foreign exchange assets, and others.

4. "Off-balance sheet transactions" includes customers' liabilities for acceptances and guarantees, commitments, and amounts equivalent to credit risk exposure in relation to loans in the trust account (after taking into account of the Credit Conversion Factor (CCF)).

5. "Total" of types of exposures includes other assets, premises and equipment, intangible fixed assets, and deferred tax assets. Also, since the figures presented are after the set-off of internal transactions, the total may not coincide with a sum of the above shown items.

■ General Reserve for Possible Loan Losses and Special Reserve for Certain Overseas Loans

(Millions of yen)

Years ended March 31,	2009			2008		
	Balance at beginning of fiscal year	Increase/ (decrease) during the fiscal year	Balance at end of fiscal year	Balance at beginning of fiscal year	Increase/ (decrease) during the fiscal year	Balance at end of fiscal year
General reserve for possible loan losses	**335,912**	**(31,650)**	**304,261**	350,714	(14,802)	335,912
Special reserve for certain overseas loans	**76**	**67**	**144**	42	34	76

Note: The Holding Company Group does not prepare the breakdown of general reserve for possible loan losses by region and industry.

■ Specific Reserve for Possible Loan Losses: By Region and Industry

(Millions of yen)

Years ended March 31,	2009			2008		
	Balance at beginning of fiscal year	Increase/ decrease during the fiscal year	Balance at end of fiscal year	Balance at beginning of fiscal year	Increase/ decrease during the fiscal year	Balance at end of fiscal year
By Region						
Japan	**153,239**	**(18,544)**	**134,694**	191,183	(37,829)	153,353
Overseas	**—**	**—**	**—**	—	—	—
Total	**153,239**	**(18,544)**	**134,694**	191,183	(37,829)	153,353
By Industry						
Manufacturing	**19,836**	**(13,560)**	**6,275**	28,380	(8,544)	19,836
Agriculture	**470**	**(435)**	**34**	510	(40)	470
Forestry	**—**	**—**	**—**	—	—	—
Fishing	**22**	**(3)**	**18**	—	22	22
Mining	**2,372**	**(1,809)**	**562**	1,407	965	2,372
Construction	**9,029**	**(5,120)**	**3,909**	7,922	1,107	9,029
Wholesale and retail	**16,339**	**1,027**	**17,366**	38,566	(22,227)	16,339
Financial services	**8,508**	**(7,398)**	**1,110**	641	7,867	8,508
Real estate	**26,761**	**9,309**	**36,071**	18,997	7,764	26,761
Transportation	**1,536**	**(218)**	**1,317**	9,173	(7,637)	1,536
Information and telecommunications	**3,464**	**17,291**	**20,755**	4,066	(602)	3,464
Electric power, gas, heat supply, and water	**—**	**—**	**—**	—	—	—
Services	**28,682**	**(13,754)**	**14,927**	36,836	(8,154)	28,682
Individuals	**7,632**	**(1,950)**	**5,682**	10,886	(3,254)	7,632
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	**391**	**(60)**	**331**	457	(66)	391
Foreign central governments and central banks, etc.	**—**	**—**	**—**	5	(5)	—
Others	**28,193**	**(1,861)**	**26,332**	33,326	(5,018)	28,308
Total	**153,239**	**(18,544)**	**134,694**	191,183	(37,829)	153,353

Notes: 1. By-industry breakdown is for the specific reserves provided for the exposures held by Resona Bank, Saitama Resona Bank, Kinki Osaka Bank, and Resona Trust & Banking.
2. "Others" category of the by-industry segment includes the specific reserves provided for the exposures held by subsidiaries other than the aforementioned banking subsidiaries.

■ Write-Offs of Claims: By Industry

(Millions of yen)

Years ended March 31,	2009	2008
Manufacturing	20,331	10,918
Agriculture	86	19
Forestry	—	—
Fishing	—	—
Mining	55	12
Construction	21,309	5,687
Wholesale and retail	33,358	22,736
Financial services	(232)	743
Real estate	73,631	10,644
Transportation	830	606
Information and telecommunications	4,101	5,044
Electric power, gas, heat supply, and water	—	—
Services	29,601	12,683
Individuals	2,946	2,586
Japanese central and local governments, government-affiliated organizations, and local public corporations, etc.	—	—
Foreign central governments and central banks, etc.	—	—
Others	5,577	4,896
Total	191,598	76,579

Notes: 1. By-industry breakdown is for the write-offs made for the exposures held by Resona Bank, Saitama Resona Bank, Kinki Osaka Bank, and Resona Trust & Banking.
2. "Others" category includes the write-offs made for the exposures held by subsidiaries other than the aforementioned banking subsidiaries.

[Exposure Subject to the Standardized Approach]

■ Exposure by Risk Weight Category

(Millions of yen)

As of March 31,	2009 With external rating	2009 Without external rating	2008 With external rating	2008 Without external rating
0%	3,115	968,078	4,411	931,926
10%	—	487,310	—	474,714
20%	278,061	4,110	494,609	3,746
35%	—	754,243	—	789,969
50%	63,000	4,278	83,562	1,790
75%	—	424,805	—	421,204
100%	25,163	1,602,980	34,242	1,703,142
150%	—	60,295	—	61,718
350%	—	—	—	—
Others	—	50	—	—
Total	369,341	4,306,154	616,825	4,388,213
Deduction from capital	—	—	—	—

Notes: 1. Credit ratings are those provided by the qualified rating agencies.
2. Exposures by risk weight categories are reported as the balance after taking into account the effect of credit risk mitigation techniques.
3. The item "Deduction from capital" in the table above is the amount subtracted from capital based on Article 20, Paragraph 1, Item 3 and Item 6 of the Notification on Consolidated Capital Adequacy.

[Exposure Subject to the IRB Approach]

■ Specialised Lending Exposure subject to Slotting Criteria by Risk Weight Category

(1) Specialised Lending Exposure Excluding High Volatility Commercial Real Estate Lending

(Millions of yen)

Slotting criteria	Residual contractual maturity	Risk weights	As of March 31, 2009
Strong	Under 2 and half years	50%	4,866
	Over 2 and half years	70%	14,685
Good	Under 2 and half years	70%	36,093
	Over 2 and half years	90%	52,154
Satisfactory	No term	115%	16,583
Weak	No term	250%	18,558
Default	No term	0%	2,695
Total			145,637

Slotting criteria	Residual contractual maturity	Risk weights	As of March 31, 2008
Strong	Under 2 and half years	50%	11,289
	Over 2 and half years	70%	3,868
Good	Under 2 and half years	70%	22,377
	Over 2 and half years	90%	43,693
Satisfactory	No term	115%	29,943
Weak	No term	250%	13,726
Default	No term	0%	300
Total			125,198

(2) High Volatility Commercial Real Estate Lending

(Millions of yen)

Slotting criteria	Residual contractual maturity	Risk weights	As of March 31, 2009
Strong	Under 2 and half years	70%	—
	Over 2 and half years	95%	2,900
Good	Under 2 and half years	95%	9,213
	Over 2 and half years	120%	1,979
Satisfactory	No term	140%	15,430
Weak	No term	250%	—
Default	No term	0%	1,450
Total			30,972

Slotting criteria	Residual contractual maturity	Risk weights	As of March 31, 2008
Strong	Under 2 and half years	70%	—
	Over 2 and half years	95%	—
Good	Under 2 and half years	95%	11,476
	Over 2 and half years	120%	3,000
Satisfactory	No term	140%	19,884
Weak	No term	250%	1,450
Default	No term	0%	—
Total			35,811

■ Equity Exposure under Simple Risk Weight Method by Risk Weight Category

(Millions of yen)

As of March 31,	2009	2008
Risk weights		
300%	8,871	36,547
400%	17,427	64,653
Total	26,298	101,200

■ Corporate Exposures

(Millions of yen)

Credit rating	As of March 31, 2009				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	**0.20%**	**41.48%**	**34.57%**	**2,783,560**	**378,674**
B–E	**1.35%**	**41.94%**	**81.63%**	**7,365,496**	**818,042**
F, G	**12.58%**	**41.15%**	**174.88%**	**1,487,458**	**108,576**
Default	**100.00%**	**43.33%**	**/**	**817,021**	**50,304**
Total	**/**	**/**	**/**	**12,453,538**	**1,355,597**

Credit rating	As of March 31, 2008				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	0.23%	40.72%	36.82%	2,418,374	387,645
B–E	1.27%	42.02%	78.86%	7,906,549	959,385
F, G	13.02%	40.73%	175.82%	1,281,643	92,307
Default	100.00%	43.55%	/	713,328	67,670
Total	/	/	/	12,319,896	1,507,008

Notes: 1. Weighted average figures based on EAD
2. Specialised lending exposure subject to supervisory slotting criteria is not included.

■ Sovereign Exposures

(Millions of yen)

Credit rating	As of March 31, 2009				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	**0.00%**	**45.00%**	**0.72%**	**9,249,232**	**2,224,401**
B–E	**2.25%**	**45.00%**	**127.57%**	**48,621**	**2,036**
F, G	**16.65%**	**42.77%**	**235.86%**	**1,859**	**422**
Default	**100.00%**	**45.00%**	**/**	**7**	**—**
Total	**/**	**/**	**/**	**9,299,720**	**2,226,859**

Credit rating	As of March 31, 2008				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	0.00%	45.00%	1.38%	7,400,518	1,394,678
B–E	3.42%	45.00%	125.18%	28,513	1,201
F, G	17.51%	44.83%	221.12%	12,761	464
Default	100.00%	45.00%	/	7	—
Total	/	/	/	7,441,800	1,396,344

Note: Weighted average figures based on EAD

■ Bank Exposures

(Millions of yen)

Credit rating	As of March 31, 2009				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	**0.17%**	**45.07%**	**26.87%**	**1,018,204**	**198,516**
B–E	**0.88%**	**44.41%**	**64.41%**	**39,285**	**11,177**
F, G	**16.65%**	**62.44%**	**294.28%**	**7,213**	**1,358**
Default	**—**	**—**	**/**	**—**	**—**
Total	**/**	**/**	**/**	**1,064,703**	**211,052**

Credit rating	As of March 31, 2008				
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD
SA, A	0.11%	45.10%	14.94%	2,400,855	176,798
B–E	0.74%	41.25%	54.29%	55,181	13,694
F, G	17.19%	44.55%	236.67%	1,058	9,318
Default	—	—	/	—	—
Total	/	/	/	2,457,094	199,811

Note: Weighted average figures based on EAD

■ Retail Exposures

(Millions of yen)

	As of March 31, 2009						
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
Residential mortgage exposures	**/**	**/**	**/**	**7,574,873**	**36,002**	**—**	**—**
Non-default	**1.04%**	**45.80%**	**39.21%**	**7,491,994**	**34,827**	**—**	**—**
Default	**100.00%**	**46.67%**	**/**	**82,878**	**1,174**	**—**	**—**
Qualifying revolving retail exposures	**/**	**/**	**/**	**111,475**	**56,152**	**430,148**	**13.05%**
Non-default	**3.56%**	**64.89%**	**49.56%**	**110,853**	**56,106**	**429,962**	**13.05%**
Default	**100.00%**	**63.79%**	**/**	**621**	**46**	**185**	**25.09%**
Other retail exposures	**/**	**/**	**/**	**1,897,743**	**47,375**	**47,127**	**28.78%**
Non-default	**1.53%**	**31.71%**	**27.33%**	**1,831,269**	**46,458**	**47,046**	**28.77%**
Default	**100.00%**	**36.49%**	**/**	**66,473**	**917**	**80**	**38.49%**

	As of March 31, 2008						
	PD* (Estimated)	LGD* (Estimated)	Weighted average RW	On balance sheet EAD	Off balance sheet EAD	Amounts of undrawn commitments	Weighted average CCF on undrawn commitments
Residential mortgage exposures	/	/	/	7,552,539	40,604	—	—
Non-default	0.95%	45.74%	37.07%	7,479,046	39,197	—	—
Default	100.00%	46.81%	/	73,493	1,406	—	—
Qualifying revolving retail exposures	/	/	/	110,013	37,499	434,576	8.63%
Non-default	3.47%	78.70%	60.94%	109,389	37,455	434,352	8.62%
Default	100.00%	78.63%	/	624	44	223	19.77%
Other retail exposures	/	/	/	1,933,880	48,660	51,068	22.10%
Non-default	1.61%	31.84%	28.71%	1,866,746	47,560	50,990	22.09%
Default	100.00%	38.64%	/	67,133	1,099	78	26.40%

Note: Weighted average figures based on EAD

■ Equity Exposures subject to PD/LGD Approach

(Millions of yen)

	As of March 31, 2009			As of March 31, 2008		
Credit rating	PD* (Estimated)	Weighted average RW	Balance	PD* (Estimated)	Weighted average RW	Balance
SA, A	**0.16%**	**198.96%**	**3,647**	0.09%	207.93%	3,683
B–E	**0.81%**	**223.31%**	**3,858**	0.55%	198.92%	4,529
F, G	**12.70%**	**476.42%**	**364**	15.27%	497.18%	187
Default	**100.00%**	**/**	**187**	100.00%	/	462
Total	**/**	**/**	**8,057**	/	/	8,862

Note: Weighted average figures based on EAD

■ Actual Losses by Types of Exposures and Comparison to the Result of the Year Before (Notes 1, 2, and 3)

(Millions of yen)

Years ended March 31,	2009	2008
Resona Holdings, Inc. (Consolidated) (Note 5)	**181,446**	58,478
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 5)	**155,193**	33,168
Corporate exposures	**105,647**	24,231
Sovereign exposures	**52**	(121)
Bank exposures	**440**	108
Residential mortgage exposures	**(26)**	808
Qualified revolving retail exposures (Note 4)	**—**	—
Other retail exposures	**9,996**	11,411
Resona Bank, Ltd. (Consolidated) (Note 5)	**130,148**	19,238
Resona Bank, Ltd. (Non-Consolidated) (Note 5)	**130,777**	21,266
Corporate exposures	**90,478**	17,940
Sovereign exposures	**52**	(121)
Bank exposures	**440**	108
Residential mortgage exposures	**(106)**	590
Qualified revolving retail exposures (Note 4)	**—**	—
Other retail exposures	**8,108**	9,141
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 5)	**24,415**	11,901
Corporate exposures	**15,168**	6,291
Sovereign exposures	**—**	0
Bank exposures	**—**	0
Residential mortgage exposures	**79**	217
Qualified revolving retail exposures (Note 4)	**—**	—
Other retail exposures	**1,888**	2,269

Notes: 1. Actual losses refer to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of trust accounts, and gain from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves and net addition to reserves on the Burden Sharing System charged by the credit guarantee corporation for Normal and Watch borrowers.
2. Actual losses for equity exposures which applies the PD/LGD approach, losses are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
3. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings, Inc., are not included in the actual losses.
4. Since the losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, Inc., the amount is omitted.
5. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included.

Analysis

The credit-related expenses for the fiscal year ended 2009 of Resona Holdings, Inc., increased ¥122.9 billion to ¥181.4 billion compared to the preceding year. Among that amount, credit-related expenses for Resona Bank, Ltd. (non-consolidated) and Saitama Resona Bank, Ltd. (non-consolidated) increased ¥122.0 billion, to ¥155.1 billion in total.

Although there were factors which contributed to the decrease in credit-related expenses, such as the reversal of loan loss reserves due to improvement in the borrower category (¥-42.1 billion), collection of claims from “Doubtful” or lower category borrowers, gain from reversal of the loan loss reserves, due to off-balancing and gains from recoveries of written-off claims (¥-56.9 billion), and reduction on general reserves (¥-22.3 billion), the loss from new bankruptcy or deterioration in the borrower category increased ¥127.7 billion, to ¥276.5 billion. The increase in credit-related expenses derives mainly in the area of the Corporate exposures with major reasons due to additional credit costs to specific industries, i.e., the real estate and construction industry, with an outstanding loan amount of over ¥1 billion per borrower, as well as an additional provision to loan loss reserves in order to cover future losses.

There were no major changes in the other category of exposures.

■ Comparison of Estimated and Actual Losses by Types of Exposures

(Millions of yen)

	Year ended March 31, 2009	As of March 31, 2008 (Note 1)	
	Actual losses (Note 2)	Estimated losses	Estimated losses after deduction of reserves (Note 6)
Resona Holdings, Inc. (Consolidated) (Note 7)	**181,446**	/	/
Resona Bank, Ltd. (Non-Consolidated) + Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	**155,193**	506,707	(23,923)
Corporate exposures	**105,647**	455,032	(34,685)
Sovereign exposures	**52**	1,628	1,622
Bank exposures	**440**	3,622	3,622
Residential mortgage exposures	**(26)**	11,039	7,093
Qualified revolving retail exposures (Note 5)	**—**	—	—
Other retail exposures	**9,996**	31,084	(5,854)
Resona Bank, Ltd. (Consolidated) (Note 7)	**130,148**	/	/
Resona Bank, Ltd. (Non-Consolidated) (Note 7)	**130,777**	456,271	(29,763)
Corporate exposures	**90,478**	411,770	(38,502)
Sovereign exposures	**52**	1,433	1,427
Bank exposures	**440**	2,778	2,778
Residential mortgage exposures	**(106)**	9,930	6,732
Qualified revolving retail exposures (Note 5)	**—**	—	—
Other retail exposures	**8,108**	26,058	(6,485)
Saitama Resona Bank, Ltd. (Non-Consolidated) (Note 7)	**24,415**	50,436	5,839
Corporate exposures	**15,168**	43,262	3,816
Sovereign exposures	**—**	194	194
Bank exposures	**—**	843	843
Residential mortgage exposures	**79**	1,108	360
Qualified revolving retail exposures (Note 5)	**—**	—	—
Other retail exposures	**1,888**	5,026	631

Notes: 1. Estimated losses is Expected loss (EL) as of March 31, 2008.
2. Actual losses refers to total credit-related expenses incurred during the fiscal year. They consist of disposal of non-performing loans, net addition to general loan loss reserves, disposal of trust accounts, and gain from recoveries of written-off claims.
Disposal of non-performing loans refers to write-off of loans, net addition to specific loan loss reserves, net addition to special reserves for certain overseas loans, gains or losses from sale of loans, and other reserves. Also, actual losses by types of exposures do not include net addition to general loan loss reserves and net addition to reserves on the Burden Sharing System charged by the credit guarantee corporation for Normal and Watch borrowers.
3. Estimated losses and actual losses for equity exposures which applies the PD/LGD approach and losses are not included in credit-related expense, since they are difficult to determine whether the losses are due to credit risks or not.
4. Losses incurred from the exposures guaranteed by the consolidated subsidiaries of Resona Holdings, Inc., are not included in the actual losses.
5. Since losses are limited to exposures guaranteed by the consolidated subsidiaries of Resona Holdings, Inc., the amount is omitted.
6. Estimated losses after deduction of reserves are represented by deducting reserves (specific loan loss reserves, special reserves for certain overseas loans, general loan loss reserves, and partial direct write-offs) of obligors of Special Mention or below, from EL.
7. Credit-related expenses for assets and subsidiaries exempt from F-IRB calculation are included.

Credit Risk Mitigation Techniques

In calculating the Capital Adequacy Ratio, the Holding Company Group adopts the “Comprehensive Approach” as credit risks mitigation techniques which is stipulated in the Notification on Consolidated Capital Adequacy. Credit risk mitigation techniques are approaches to reduce the level of credit risk borne by the Holding Company Group such as the pledging of Eligible Financial Collateral, offsetting loans with deposits held with the Holding Company Group (On-Balance Sheet Netting), other eligible IRB collateral, guarantees, and the use of credit derivatives.

■ Principal Types of Collateral

The principal type of collateral is as follows.

1. Cash and deposits
2. Stocks of corporations which is composed in the stock index of our country
3. Publicly traded stocks other than those stated above in 2
4. Real estate
5. Discounted bills
6. Bonds

■ Outline of Procedure on Evaluation and Administration of Collateral

The pledged collateral is properly retained by acquiring the lien on the mortgage and administered under the retention policy so that timely execution of collateral rights is possible. In order to properly acknowledge the coverage status of loans to collateral held, collateral which their value fluctuates according to the financial market are re-evaluated periodically.

■ Outline of Policy and Procedure for On-Balance Sheet Netting of Loans and Deposits

Under the Agreements, such as “Agreement on Bank Transactions,” which stipulates on On-Balance Sheets Netting of Loans and Deposits, we will offset the loan balance with the deposit held with us without pledge as collateral and define that amount as credit risk exposure after applying credit risk mitigation techniques. When there is a maturity and/or currency mismatch, we will adjust the offset amount according to the practices stipulated in the Notification on Consolidated Capital Adequacy.

■ Outline of Policy and Procedure on Legally Binding Netting Contracts for Derivative and Repo-Style Transactions

In applying bilateral netting contracts for derivatives and repo-style transactions, the Bank reviews its legality prior to engagement of the contract. In the case of International SWAP and Derivative Association (ISADA) Master Agreements, we review and confirm that the article on Close-out Netting is legally binding under the laws of each country.

For transactions that are entered individually, we obtain comments from the legal counsel and conduct compliance checks in order to maintain its legality.

The transaction subject to credit risk mitigation techniques in the Trading and Banking Book is as follows.

Transactions: Derivatives (Interest-rate swaps, Currency swaps, Interest-rate options, FRA, Forward contracts, Currency options, etc.), Repo-style Transactions

■ Information on Credit and Market Risk Concentration Arising from Credit Risk Mitigation Techniques

There is no credit and market risk concentration as a result of the use of credit risk mitigation techniques.

■ Types of Guarantors and Principal Counterparties in Credit Derivative Transactions and Explanation of Their Credit Standings

Major guarantors are central and local governments, local public entities, foreign public entities other than the central government, multilateral development banks, and banks and securities companies with lower risk-weight compared to the borrower and/or the claims subject to the guarantee.

There is no outstanding balance of credit derivatives.

■ Exposure to which Credit Risk Mitigation Techniques Method Is Applied

(Millions of yen)

	As of March 31, 2009				
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives	Total
Internal Ratings-based Approach	**1,516,905**	**2,426,436**	**1,614,929**	**—**	**5,558,271**
Corporate exposures	**745,230**	**2,425,076**	**789,665**	**—**	**3,959,972**
Sovereign exposures	**769,512**	**283**	**239,776**	**—**	**1,009,572**
Bank exposures	**2,162**	**1,076**	**30,774**	**—**	**34,013**
Residential mortgage exposures	**/**	**/**	**—**	**—**	**—**
Qualifying revolving retail exposures	**/**	**/**	**—**	**—**	**—**
Other retail exposures	**/**	**/**	**554,713**	**—**	**554,713**
Standardized Approach	**137,380**	**/**	**—**	**—**	**137,380**
Total	**1,654,286**	**2,426,436**	**1,614,929**	**—**	**5,695,652**

	As of March 31, 2008				
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives	Total
Internal Ratings-based Approach	622,594	2,310,177	1,245,429	—	4,178,201
Corporate exposures	590,015	2,308,910	496,348	—	3,395,274
Sovereign exposures	50	—	238,153	—	238,203
Bank exposures	32,528	1,266	33,399	—	67,194
Residential mortgage exposures	/	/	—	—	—
Qualifying revolving retail exposures	/	/	—	—	—
Other retail exposures	/	/	477,529	—	477,529
Standardized Approach	128,655	/	—	—	128,655
Total	751,249	2,310,177	1,245,429	—	4,306,856

Notes: 1. Does not include on-balance-sheet netting
2. Credit risk mitigation techniques applied to assets which compose the investment funds are not included.

Derivative Transactions

■ Status of Derivative Transactions and Long-Settlement Transactions

(Millions of yen)

	As of March 31, 2009				
	Notional or contract amount	Fair value	Gross replacement cost	Gross add-ons	Credit equivalent amount
Long-settlement transactions	**—**	**—**	**—**	**—**	**—**
Interest-rate related					
Interest-rate swaps	**20,333,049**	**54,836**	**201,254**	**113,325**	**314,579**
Interest-rate options	**168,316**	**1,228**	**1,241**	**587**	**1,828**
Subtotal	**20,501,366**	**56,065**	**202,495**	**113,912**	**316,408**
Currency-related					
Currency swaps	**3,617,579**	**(41,752)**	**53,179**	**214,890**	**268,070**
Currency options	**1,474,615**	**136,209**	**136,209**	**70,095**	**206,304**
Forward contracts	**1,600,802**	**(3,401)**	**31,545**	**56,111**	**87,657**
Subtotal	**6,692,997**	**91,055**	**220,935**	**341,097**	**562,032**
Subtotal (prior to netting)	**27,194,364**	**147,120**	**423,431**	**455,009**	**878,441**
Credit risk mitigation under close-out netting contracts					**325,926**
Credit risk mitigation by pledged collateral (Note 3)					**(65,589)**
Total (after netting)					**618,104**

(Millions of yen)

	As of March 31, 2008				
	Notional or contract amount	Fair value	Gross replacement cost	Gross add-ons	Credit equivalent amount
Long-settlement transactions	—	—	—	—	—
Interest-rate related					
Interest-rate swaps	22,894,932	71,983	182,495	131,162	313,658
Interest-rate options	88,868	505	514	253	768
Subtotal	22,983,800	72,489	183,010	131,416	314,426
Currency-related					
Currency swaps	3,819,866	14,715	67,838	227,730	330,837
Currency options	1,366,821	120,449	120,449	60,232	180,682
Forward contracts	1,195,392	(8,236)	24,825	45,385	70,211
Subtotal	6,382,080	126,929	213,114	333,348	581,731
Subtotal (prior to netting)	29,365,881	199,418	396,124	464,765	896,158
Credit risk mitigation under close-out netting contracts					274,211
Credit risk mitigation by pledged collateral (Note 3)					(37,800)
Total (after netting)					659,748

Notes: 1. The credit equivalent amount is calculated according to the Notification on Consolidated Capital Adequacy as follows.
(1) Foreign exchange transactions with the original contractual period within 5 days are omitted from calculating the credit equivalent amount.
(2) The credit equivalent amount is calculated under the Current Exposure method by adding gross add-ons (market fluctuation risk taking in consideration of residual contractual maturity), to individual derivative transactions at fair market value (Gross replacement cost is limited to figures larger than zero.).
2. There is no outstanding balance of credit derivative transactions as of March 31, 2009.
3. The effect of credit risk mitigation of collateralized derivative transactions is as follows.
Collateral is composed of cash.
(1) Collateral placed: 65,589
(2) Collateral held: none
(2)-(1): (65,589)

Securitization Exposures

■ Securitization Exposures Held by the Holding Company Group

(Millions of yen)

Classification	By Product Type		By Account Headings		By Basel Ⅱ Exposure Items	
Amount of exposure	Asset-backed commercial paper (ABCP)	12,155	Monetary claims bought	218,017	Securitization exposure	317,271
	Asset-based lending (ABL)	59,943	Trading assets	12,155	Purchased receivables	32,572
	Asset-backed securities (ABS)	16,586	Securities	37,681	Corporate exposure	34
	Commercial mortgage backed securities (CMBS)	20,929	Loans and bills discounted	92,357	Retail exposure	4,533
	Residential mortgage backed securities (RMBS)	250,597			Specialised lending exposure	5,800
	Total	360,211	Total	360,211	Total	360,211

EAD of securitization exposure	362,719
Required capital	9,320
Deduction from capital	28,935

Notes: 1. Securitized products are entirely held in the banking account.
2. Total securitization products reported above amounts to ¥360.2 billion and are equivalent to 0.9% of the total assets on the consolidated balance sheet.
3. In addition to the deduction from capital mentioned above, the amount of capital increase resulting from securitization exposure (¥11,614 million) is also deducted from capital for Basel II capital measurement purposes.
4. The Resona Group has no direct investments in securitized products linked with the U.S. subprime housing loans and securitized products guaranteed by the U.S. monolines.

■ Securitization Exposures Originated by the Holding Company Group

1. Breakdown of Securitization Exposure Retained

(Millions of yen)

	As of March 31, 2009											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	**—**	**51,627**	**63,128**	**—**	**—**	**—**	**—**	**—**	**—**	**3,627**	**118,383**	**14,078**
Risk weight:												
To 20%	**—**	**2,600**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,600**	**39**
Over 20% to 100%	**—**	**43,692**	**63,128**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**106,821**	**5,076**
Over 100% to 1,250%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Deduction from capital	**—**	**5,335**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,627**	**8,962**	**8,962**
Capital increase due to securitization transactions	**—**	**5,884**	**5,729**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**11,614**	**11,614**

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(Millions of yen)

	As of March 31, 2008											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	—	13,016	74,401	—	—	—	—	—	—	3,627	91,044	12,300
Risk weight:												
To 20%	—	2,600	—	—	—	—	—	—	—	—	2,600	39
Over 20% to 100%	—	5,075	74,401	—	—	—	—	—	—	—	79,476	3,292
Over 100% to 1,250%	—	—	—	—	—	—	—	—	—	—	—	—
Deduction from capital	—	5,340	—	—	—	—	—	—	—	3,627	8,967	8,967
Capital increase due to securitization transactions	—	6,240	6,106	—	—	—	—	—	—	—	12,347	12,347

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

2. Underlying Assets

(Millions of yen)

	As of March 31, 2009										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	—	136,876	63,134	—	—	—	—	—	—	10,339	210,349
Asset transfer-type securitizations	—	136,876	63,134	—	—	—	—	—	—	10,339	210,349
Past due three months or more, or default	—	2,923	—	—	—	—	—	—	—	291	3,215
Losses during the year	—	406	—	—	—	—	—	—	—	—	406
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—

(Millions of yen)

	As of March 31, 2008										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	—	108,411	74,402	—	—	—	—	—	—	11,881	194,695
Asset transfer-type securitizations	—	108,411	74,402	—	—	—	—	—	—	11,881	194,695
Past due three months or more, or default	—	1,837	127	—	—	—	—	—	—	236	2,201
Losses during the year	—	264	—	—	—	—	—	—	—	—	264
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—

■ Securitization Exposure as Sponsor of Securitization Programs (ABCP, etc.)

1. Breakdown of Securitization Exposures Retained or Purchased

(Millions of yen)

	As of March 31, 2009											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	**—**	**—**	**—**	**—**	**15,264**	**—**	**—**	**51,375**	**606**	**4,859**	**72,105**	**17,868**
Risk weight:												
To 20%	**—**	**—**	**—**	**—**	**15,264**	**—**	**—**	**19,913**	**—**	**1,211**	**36,389**	**617**
Over 20% to 100%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**16,074**	**—**	**280**	**16,354**	**733**
Over 100% to 1,250%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,232**	**—**	**—**	**3,232**	**388**
Deduction from capital	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**12,155**	**606**	**3,367**	**16,129**	**16,129**
Capital increase due to securitization transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

(Millions of yen)

	As of March 31, 2008											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	—	—	—	—	20,280	—	—	33,767	653	7,563	62,264	29,902
Risk weight:												
To 20%	—	—	—	—	20,280	—	—	—	—	2,866	23,146	392
Over 20% to 100%	—	—	—	—	—	—	—	9,691	—	280	9,971	363
Over 100% to 1,250%	—	—	—	—	—	—	—	—	—	—	—	—
Deduction from capital	—	—	—	—	—	—	—	24,076	653	4,417	29,146	29,146
Capital increase due to securitization transactions	—	—	—	—	—	—	—	—	—	—	—	—

Credit risk-weighted assets calculated pursuant to Article 15 of Supplementary Provisions of the Notification on Consolidated Capital Adequacy: Not applicable

2. Underlying Assets

(Millions of yen)

	As of March 31, 2009										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	—	—	—	—	18,467	—	—	65,171	1,516	8,520	93,676
Asset transfer-type securitizations	—	—	—	—	18,467	—	—	65,171	1,516	8,520	93,676
Past due three months or more, or default	—	—	—	—	73	—	—	—	—	34	107
Losses during the year	—	—	—	—	580	—	—	228	547	1,494	2,850
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year*	—	—	—	—	—	—	—	86,247	—	1,402	87,649
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—

Note: Includes purchase of claims, such as bills, lease receivables, and accounts receivables, etc., originally held by our customers and trust beneficiary rights composed of above mentioned underlying assets through issuance of CP (ABCP) and/or offering loans (ABL) to special purpose companies.

(Millions of yen)

	As of March 31, 2008										
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total
Amount of underlying assets	—	—	—	—	25,688	—	—	47,958	1,328	13,604	88,579
Asset transfer-type securitizations	—	—	—	—	25,688	—	—	47,958	1,328	13,604	88,579
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	32	32
Losses during the year	—	—	—	—	—	—	—	147	344	1,281	1,773
Synthetic securitizations	—	—	—	—	—	—	—	—	—	—	—
Past due three months or more, or default	—	—	—	—	—	—	—	—	—	—	—
Losses during the year	—	—	—	—	—	—	—	—	—	—	—
Amount of exposures securitized during the year*	—	—	—	—	24,332	—	—	71,475	7,512	6,635	109,956
Amount of gain (loss) recognized for the period in connection with securitization transactions	—	—	—	—	—	—	—	—	—	—	—
Securitization exposures subject to early amortization provisions	—	—	—	—	—	—	—	—	—	—	—

Note: Includes purchase of claims, such as bills, lease receivables, and accounts receivables, etc., originally held by our customers and trust beneficiary rights composed of above mentioned underlying assets through issuance of CP (ABCP) and/or offering loans (ABL) to special purpose companies.

■ Securitization Exposures in which the Holding Company Group Participates as an Investor

(Millions of yen)

	As of March 31, 2009											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	**11,386**	**156,295**	**16,753**	**4,484**	**747**	**1,406**	**1,070**	**996**	**—**	**8,025**	**201,166**	**6,308**
Risk weight:												
To 20%	**4,118**	**154,208**	**16,753**	**4,385**	**747**	**537**	**1,070**	**996**	**—**	**3,525**	**186,343**	**2,117**
Over 20% to 100%	**7,023**	**2,086**	**—**	**99**	**—**	**868**	**—**	**—**	**—**	**901**	**10,979**	**347**
Over 100% to 1,250%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Deduction from capital	**244**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,598**	**3,843**	**3,843**

Credit risk-weighted assets calculated pursuant to Article 15 of
Supplementary Provisions of the Notification on Consolidated Capital Adequacy: None

(Millions of yen)

	As of March 31, 2008											
	General loan claims	Housing loan claims	Apartment/ condominium loan claims	Credit card claims	Lease receivables	Consumer loan claims	Auto loan claims	Bills	Medical service fee claims	Other claims	Total: Amount	Total: Required capital
Retained securitization exposures	19,420	231,929	19,225	10,575	3,445	11,194	4,030	1,745	—	17,859	319,426	11,089
Risk weight:												
To 20%	8,982	183,059	19,225	9,371	3,445	9,124	4,030	1,097	—	10,202	248,539	2,865
Over 20% to 100%	10,437	48,870	—	1,203	—	2,070	—	—	—	1,570	64,151	1,489
Over 100% to 1,250%	—	—	—	—	—	—	—	—	—	—	—	—
Deduction from capital	—	—	—	—	—	—	—	647	—	6,086	6,734	6,734

Credit risk-weighted assets calculated pursuant to Article 15 of
Supplementary Provisions of the Notification on Consolidated Capital Adequacy: 22,764

■ Method of Calculating Risk-Weighted Assets for Credit Risk of Securitization

In calculating the risk-weighted asset for credit risk of securitization exposures, the Holding Company Group adopts the Ratings-Based Approach and the Supervisory Formula Approach as stipulated in Notification on Consolidated Capital Adequacy. With respect to The Kinki Osaka Bank, Ltd., which adopts Phased Rollout of F-IRB, the risk-weighted assets for credit risk of securitization exposure are calculated by the Standardized Approach.

■ Accounting Policy with Respect to Securitization

The Resona Group applies the Accounting Standards for Financial Instruments and the Practical Guidelines for Accounting for Financial Instruments in accounting for securitization transactions. For those securitization transactions in which the Group is an investor, such financial assets are reported at market value. However, for securitization transactions where the Group is the originator, the following accounting treatment is applied.

With respect to future cash inflows, collection costs, credit risk, risk of redemption before maturity, and others that compose the concerned financial assets, transfer and extinction of ownership and the residual financial assets are recognized, provided that the following conditions are all satisfied.

Conditions:

1. The contractual rights of the recipient of the financial assets that are transferred are legally secured from the transferring party and the creditors of the transferring party.
2. The contractual rights to the benefits of the financial assets that are transferred to the recipient can be received directly or indirectly by normal methods.
3. The transferring party does not have any rights or duties to repurchase the financial assets that such party has transferred prior to the date of maturity.

When these conditions for the recognition of extinction are satisfied, the book value of the portion to be extinguished and the difference between the amount to be received or paid is treated as a gain (loss) for the accounting period. The book value of the portion to be extinguished is calculated as a proportion to the book value of the financial assets.

Moreover, when new financial assets or new financial liabilities are created as a result of the extinction of financial assets, such new assets and liabilities are reported at market value.

Please note that in securitization transactions involving the use of a special-purpose company and trust, when the Group as the transferring party holds all or a portion of the securities or other financial instruments issued by the special-purpose company, that portion is treated as a residual portion and is not recognized as an extinction of the financial assets.

■ Qualified Credit Ratings Agency in Determining the Risk Weights for Securitization Exposures

In calculating the risk-weighted asset for credit risk of Securitization Exposures, the Holding Company Group applies the Ratings-Based Approach and adopts the ratings issued by the following Qualified Ratings Agencies (Eligible External Credit Assessment Institutions). These rating agencies are those designated by the Japanese Financial Services Agency, as of March 31, 2009.

- Rating and Investment Information, Inc. (R&I)
- Japan Credit Rating Agency, Ltd. (JCR)
- Moody's Investors Service, Inc. (Moody's)
- Standard and Poor's Ratings Services (S&P)
- Fitch Ratings Limited (Fitch)

The Kinki Osaka Bank, Ltd., which adopts Phased Rollout of F-IRB, also adopts the above credit rating agencies as Qualified Ratings Agencies (Eligible External Credit Assessment Institutions).

Equity Exposures in the Banking Book

■ Equity Exposure on the Consolidated Balance Sheets

(Millions of yen)

As of March 31,	2009		2008	
	Consolidated balance sheet amount	Market value	Consolidated balance sheet amount	Market value
Listed stocks and other similar investment/equity exposure	**405,755**	**405,755**	609,832	609,832
Investment/equity exposure other than the above	**104,336**	**104,336**	129,494	129,494
Total	**510,091**	**510,091**	739,326	739,326

■ Gain (Loss) on Sale or Write-off of Equity Exposure

(Millions of yen)

Years ended March 31,	2009	2008
Gain on sale	**13,630**	24,421
Loss on sale	**25,566**	39,980
Write-off	**30,272**	28,271
Net gains/(losses)	**(42,209)**	(43,830)

■ Unrealized Gain Recognized on the Consolidated Balance Sheet but Not on the Consolidated Statement of Income

(Millions of yen)

As of March 31,	2009	2008
Unrealized gain	**23,035**	193,576

■ Unrealized Gain (Loss) Not Recognized Either on the Consolidated Balance Sheet or on the Consolidated Statement of Income

None

■ Equity Exposure Portfolio

(Millions of yen)

As of March 31,	2009	2008
Market-based approach (Simple Risk Weight Method)	**26,298**	28,345
Market-based approach (Internal Models Approach)	**—**	—
PD/LGD Approach	**8,057**	8,862
Grandfathering provision applied	**383,602**	442,915
Exposure to those enterprises assigned 0% risk weight under the Standardized Approach	**1**	1
Total	**417,959**	480,125

Exposures Relating to Investment Funds

■ Exposures Relating to Investment Funds

(Millions of yen)

As of March 31,	2009	2008
Exposures to relating to investment funds	**130,540**	640,459

Interest-Rate Risk in the Banking Book

Under Basel II, a decline in economic value arising in the banking book under a hypothetical interest rate shock scenario, or stress conditions, is estimated and compared with broadly defined capital (Tier 1 plus Tier 2 capital). If the decline in economic value is more than 20% of broadly defined capital, the Bank is considered an "outlier" and may be required to reduce its risk or take other corrective measures.

The corresponding figures for the Group (Resona Bank, Saitama Resona Bank, Kinki Osaka Bank, and Resona Trust & Banking) are shown in the following table. According to these data, none of the Group banks is classified as an outlier.

■ Results of Estimates under the Outlier Framework

(Billions of yen, %)

As of March 31,	**2009**		2008	
	Decline in economic value	Percentage of Tier 1 plus Tier 2 capital	Decline in economic value	Percentage of Tier 1 plus Tier 2 capital
Resona Bank	**119.5**	**8.0%**	190.4	12.1%
Saitama Resona Bank	**72.5**	**17.9%**	48.5	12.3%
Kinki Osaka Bank	**4.1**	**2.5%**	9.4	5.4%
Resona Trust & Banking	**0.0**	**0.2%**	0.0	0.2%

Note: The parameters for estimating the decline in economic value according to the outlier framework are as follows: Interest-rate scenarios assume interest-rate fluctuations in the 99th percentile (periods of rising interest rates) over an observation period of five years and a holding period of one year.

MEMO

CORPORATE DATA SECTION

CONTENTS

DIRECTORS AND EXECUTIVE OFFICERS

As of July 1, 2009

■ Directors

Post	Name	Concurrent Post
Director, Chairman and Representative Executive Officer Member of Appointments Committee Member of Compensation Committee	Eiji Hosoya*1	Director and Chairman of Resona Bank, Ltd.
Director, President and Representative Executive Officer	Seiji Higaki*1	Representative Director of Resona Bank, Ltd.
Director, Deputy President	Kazuhiro Higashi*1	
Director Head of Auditing Committee	Kaoru Isono	
Independent Director Member of Appointments Committee	Shotaro Watanabe*1	Independent Director of Resona Bank, Ltd. Independent Auditor of Fujicco Co., Ltd.
Independent Director Head of Compensation Committee	Kunio Kojima	Vice Chairman and President of KEIZAI DOYUKAI (Japan Association of Corporate Executives) Independent Director of Mitsui O.S.K. Lines, Ltd. Independent Director of JBIS Holdings, Inc.
Independent Director Member of Auditing Committee	Hideo Iida	Lawyer Independent Auditor of Eco's Co., Ltd. Independent Auditor of Bunka Shutter Co., Ltd.
Independent Director Member of Compensation Committee	Tsutomu Okuda	President, Representative Director and CEO of J. Front Retailing Co., Ltd. Chairman and CEO of The Daimaru, Inc. Independent Director of the Osaka Securities Exchange Co., Ltd.
Independent Director Member of Auditing Committee	Yuko Kawamoto	Professor of Waseda Graduate School of Finance, Accounting and Law Independent Director of Osaka Securities Exchange Co., Ltd. Independent Director of Monex Group, Inc. Independent Auditor of Tokio Marine Holdings, Inc. Independent Director of Yamaha Motor Co., Ltd.
Independent Director Head of Appointments Committee	Shusai Nagai*2	Independent Director of Saitama Resona Bank, Ltd. Dean & Professor, Faculty of Business Administration, Toyo Gakuen University

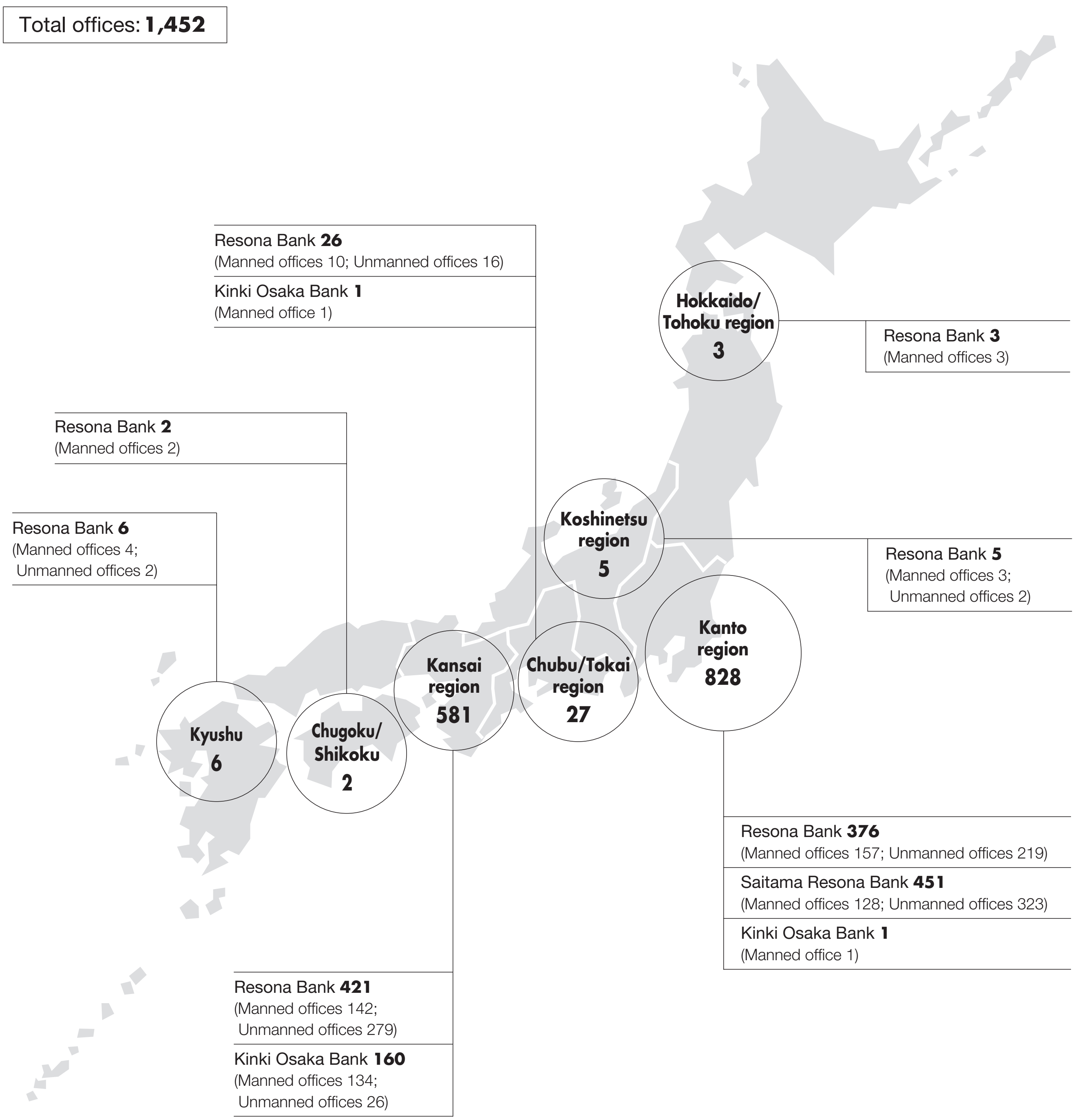
Notes: The six independent directors—Shotaro Watanabe, Kunio Kojima, Hideo Iida, Tsutomu Okuda, Yuko Kawamoto, and Shusai Nagai—meet the conditions for independent directors set forth in Article 2-15 of the Company Law of Japan.
*1: Holds concurrent position with Resona Bank, Ltd.
*2: Holds concurrent position with Saitama Resona Bank, Ltd.

■ Executive Officers

Post	Name	Concurrent Post
Executive Officer	Naoki Iwata	Representative Director and President of Resona Bank, Ltd.
Executive Officer	Masahito Kamijo	Representative Director and President of Saitama Resona Bank, Ltd.
Executive Officer	Yoshihito Kikyo	Representative Director, President and Executive Officer of the Kinki Osaka Bank, Ltd.
Executive Officer	Shigeharu Nakamura	Representative Director, Deputy President and Executive Officer of Resona Bank, Ltd.
Executive Officer	Hiroyuki Kizawa	Director and Senior Managing Executive Officer of Resona Bank, Ltd.
Executive Officer	Kazuyoshi Ikeda	Managing Executive Officer of Resona Bank, Ltd.
Executive Officer	Hiroyuki Ikeda	Managing Executive Officer of Resona Bank, Ltd. Independent Director of Saitama Resona Bank, Ltd.
Executive Officer	Koichi Matsui	Executive Officer of Resona Bank, Ltd.
Executive Officer	Makoto Nomura	
Executive Officer	Hajime Yoshitake	Independent Director of the Kinki Osaka Bank, Ltd.

DOMESTIC NETWORK

As of April 1, 2009



Domestic Branches

(As of April 1, 2009)

	Saitama Resona Bank	Resona Bank	Kinki Osaka Bank	Total of the three banks	Including Kanto region	Including Kansai region
Manned offices	321	128	136	585	286	276
Unmanned offices	518	323	26	867	542	305
Total offices	839	451	162	1,452	828	581

INTERNATIONAL NETWORK

As of July 1, 2009

Resona Bank, Ltd.

■ ASIA

Hong Kong Representative Office
Unit 01, 6/F.,
Tower1, Lippo Centre
89 Queensway Admiralty,
Hong Kong, S.A.R.,
The People's Republic of China
Phone: 852-2532-0500
Fax: 852-2522-5378

Singapore Representative Office
15 Queen Street,
#03-06 Tan Chong Tower,
Singapore 188537,
Republic of Singapore
Phone: 65-6333-0378
Fax: 65-6333-0797

Shanghai Representative Office
Room No. 2709,
Shanghai International
Trade Centre,
2201 Yan An Xi Lu, Shanghai,
The People's Republic of China
Phone: 86-21-6275-5198
Fax: 86-21-6275-5229

Bangkok Representative Office
31st Floor, Abdulrahim Place,
990 Rama 4 Road,
Silom, Bangrak,
Bangkok 10500,
Thailand
Phone: 66-2-636-2311
Fax: 66-2-636-2316

PT. Bank Resona Perdania

Head Office
Jl. Jend. Sudirman Kav. 40-41,
Jakarta, Indonesia
Phone: 62-21-5701958
Fax: 62-21-5701936
SWIFT: BPIAIDJA

Cikarang Sub-Branch
2nd Floor,
EJIP Center Building,
EJIP Industrial Park Plot 3A,
Cikarang Selatan,
Bekasi, West Java, Indonesia
Phone: 62-21-8974940
Fax: 62-21-8974941

Karawang Sub-Branch
1st Floor, Graha KIIC,
Jl. Permata Raya Lot C-1B,
Kawasan Industri KIIC,
Karawang,
West Java, Indonesia
Phone: 62-21-89115020
Fax: 62-267-647347

MM 2100 Sub-Branch
Ruko Mal Bekasi Fajar Blok D
No. 8, MM2100 Industrial Town,
Cikarang Barat, Bekasi,
West Java, Indonesia
Phone: 62-21-89982151
Fax: 62-21-89982943

Surabaya Branch
Jl. Raya Darmo No. 31,
Surabaya, East Java, Indonesia
Phone: 62-31-5671700
Fax: 62-31-5674840

Bandung Branch
Suite 204 & 205, 2nd Floor,
Graha Bumiputera,
Jl. Asia Africa No. 141-149,
Bandung, West Java, Indonesia
Phone: 62-22-4241742
Fax: 62-22-4241207

PT. Resona Indonesia Finance
5th Floor,
Bank Resona Perdania Building,
Jl. Jend. Sudirman Kav. 40-41,
Jakarta, Indonesia
Phone: 62-21-5701956
Fax: 62-21-5701961

■ JAPAN

Osaka Head Office
2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8610,
Japan
Phone: 81-6-6271-1221
SWIFT: DIWAJPJT

Tokyo Head Office
1-2, Otemachi 1-chome,
Chiyoda-ku, Tokyo 100-8106,
Japan
Phone: 81-3-3287-2111
SWIFT: DIWAJPJT

Internet Address
http://www.resona-gr.co.jp/
resonabank/

The Kinki Osaka Bank, Ltd.

■ JAPAN

Head Office
4-27, Shiromi 1-chome,
Chuo-ku, Osaka 540-8560, Japan
Phone: 81-6-6945-2121
SWIFT: OSABJPJS

Internet Address
http://www.kinkiosakabank.co.jp/

Saitama Resona Bank, Ltd.

■ JAPAN

Head Office
4-1, Tokiwa 7-chome,
Urawa-ku, Saitama 330-9088, Japan

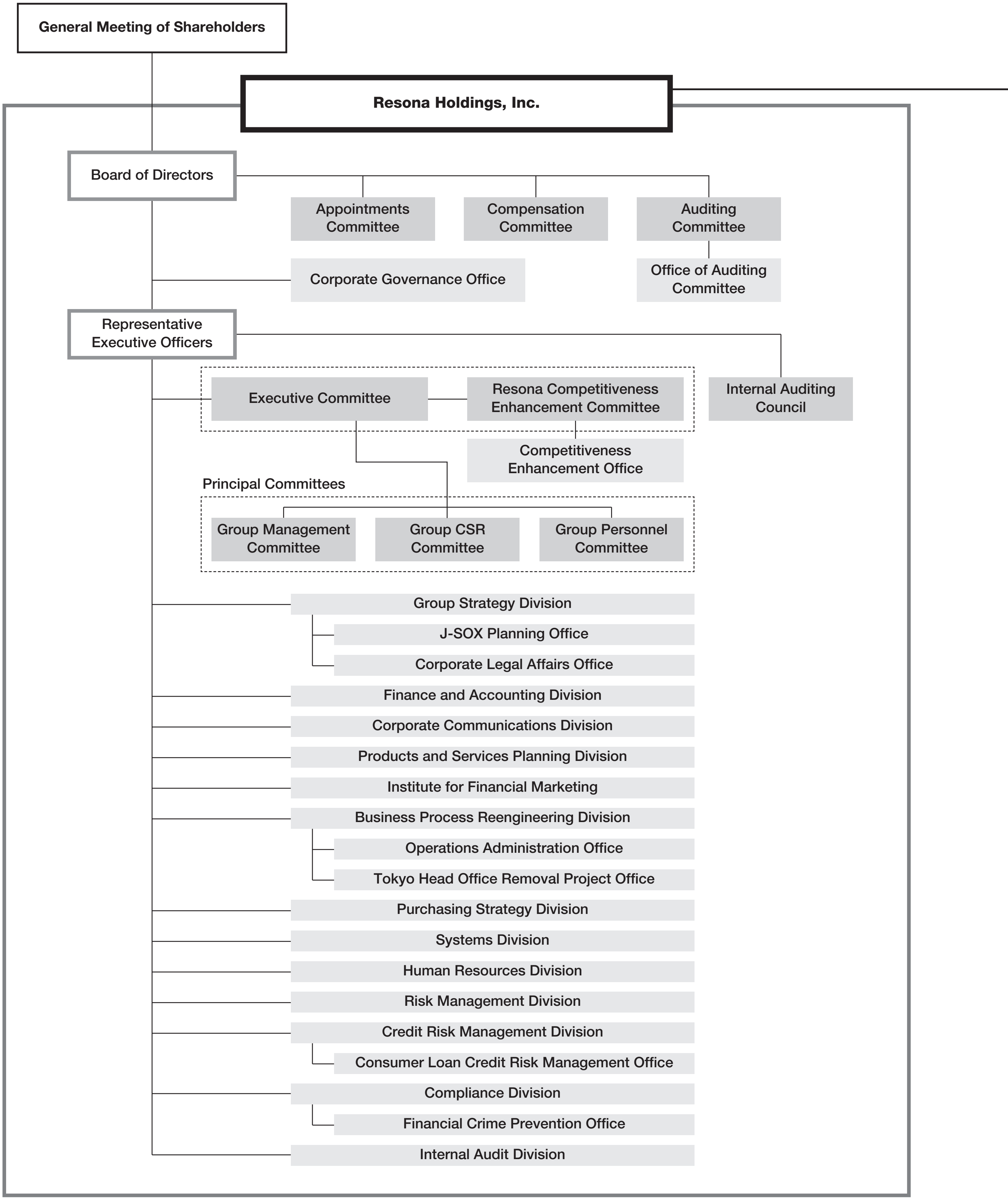
Tokyo Office
1-2, Otemachi 1-chome,
Chiyoda-ku, Tokyo 100-8106, Japan

Phone: 81-48-824-2411
SWIFT: SAIBJPJT

Internet Address
http://www.resona-gr.co.jp/saitamaresona/

ORGANIZATION CHART AND OUTLINE OF THE GROUP

As of July 1, 2009



Resona Holdings' Ownership: 100%

Resona Bank, Ltd.

Banking and trust banking business

Resona Holdings' Ownership: 100%

Saitama Resona Bank, Ltd.

Banking business

Resona Holdings' Ownership: 100%

The Kinki Osaka Bank, Ltd.

Banking business

Principal Subsidiaries and Affiliates

Name	Address	Capital (Millions)	Operations	Established	Equity ownership by Group companies (%)
Banking and trust banking business					
■ Resona Guarantee Co., Ltd.	Urawa-ku, Saitama-shi	¥14,000	Credit guarantee	May 8, 1975	100.0
■ Daiwa Guarantee Co., Ltd.	Chuo-ku, Osaka-shi	¥6,000	Credit guarantee	July 23, 1969	100.0
■ Kinki Osaka Shinyo Hosho Co., Ltd.	Chuo-ku, Osaka-shi	¥6,397	Credit guarantee	Mar. 17, 1995	100.0
■ Resona Research Institute Co., Ltd.	Chuo-ku, Osaka-shi	¥100	Business consulting services	Oct. 1, 1986	92.4
▲ Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	¥51,000	Banking and trust banking business	June 20, 2000	33.3
■ P.T. Bank Resona Perdania	Jakarta, Indonesia	IDR 285,000	Banking business	Feb. 15, 1956	43.4
Finance-related business					
■ Resona Card Co., Ltd.	Koto-ku, Tokyo	¥1,000	Credit card administration Credit guarantee	Feb. 12, 1983	58.2
■ Resona Capital Co., Ltd.	Chuo-ku, Tokyo	¥4,500	Private equity business	Mar. 29, 1988	82.2
■ Resona Kessai Service Co., Ltd.	Chuo-ku, Tokyo	¥1,000	Factoring	Oct. 25, 1978	100.0

■ Consolidated subsidiaries
▲ Affiliates accounted for by the equity method

INVESTOR INFORMATION

As of March 31, 2009

Osaka Head Office
2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8608, Japan
Tel: 81-6-6268-7400

Tokyo Head Office
1-2, Otemachi 1-chome,
Chiyoda-ku, Tokyo 100-8107, Japan
Tel: 81-3-3287-2131

Paid-in Capital
¥327,201 million

Number of Shareholders
(Common stock)
278,209

Stock Exchange Listings
Tokyo Stock Exchange, Inc. (1st Section)
Osaka Securities Exchange Co., Ltd.
(1st Section)

Transfer Agent and Registrar
Daiko Clearing Services Corporation
4-6, Kitahama 2-chome, Chuo-ku,
Osaka 541-8583, Japan

Independent Auditor
Deloitte Touche Tohmatsu

Number of Employees
16,498 (Consolidated)
521 (Non-consolidated)

Common Stock/Preferred Stock

(Number of shares)

	Authorized (End of June 2009)	Issued (End of June 2009)
Common Stock	7,300,000,000	1,139,957,691
Class C No. 1 Preferred Stock	12,000,000	12,000,000
Class F No. 1 Preferred Stock	8,000,000	8,000,000
Class One No. 1 Preferred Stock	275,000,000	275,000,000
Class Two No. 1 Preferred Stock	281,780,800	281,780,786
Class Three No. 1 Preferred Stock	275,000,000	275,000,000
Class Four Preferred Stock	10,000,000	2,520,000
Class Five Preferred Stock	10,000,000	4,000,000
Class Six Preferred Stock	10,000,000	—
Class Seven Preferred Stock	10,000,000	—
Class Eight Preferred Stock	10,000,000	—
Class Nine Preferred Stock	10,000,000	10,000,000
	8,211,780,800	2,008,258,477

Credit Ratings (As of June 30, 2009):
Credit ratings for Resona Holdings and Resona Group banks are as follows:

Resona Holdings	Long-term	Short-term
R&I	A-	—

Resona Bank	Long-term	Short-term
Moody's	A1	P-1
S&P	A-	A-2
R&I	A	a-1
JCR	A	J-1

Saitama Resona Bank	Long-term	Short-term
Moody's	A1	P-1
R&I	A	—
JCR	A	J-1

Kinki Osaka Bank	Long-term	Short-term
Moody's	A1	P-1

Stock Price Range on the Tokyo Stock Exchange

(First Section) (Yen)

	2008						2009					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
High	173,600	156,800	150,700	145,200	134,000	148,200	1,486	1,729	1,698	1,410	1,503	1,518
Low	155,300	121,400	90,200	72,500	104,000	128,200	1,245	1,367	1,305	1,289	1,301	1,345

Major Shareholders

	Number of shares held	Percentage of total shares issued
Deposit Insurance Corporation of Japan	1,335,043,286	66.47
The Dai-ichi Mutual Life Insurance Company	59,241,900	2.94
CACEIS BANK / CREDIT AGRICOLE SA	39,483,700	1.96
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	31,653,700	1.57
The Resolution and Collection Corporation	20,000,000	0.99
Japan Trustee Services Bank, Ltd. (Trust Account)	14,097,600	0.70
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,096,900	0.55
Merrill Lynch Japan Finance Co., Ltd.	10,000,000	0.49
Japan Trustee Services Bank, Ltd. (Trust Account 4)	9,100,200	0.45
Nomura Holdings, Inc.	7,904,900	0.39
Total	1,537,622,186	76.56

CONTACT:

Corporate Communications Division
Resona Holdings, Inc.
1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8107, Japan
Tel: 81-3-3287-2131
http://www.resona-gr.co.jp

Resona Holdings

Printed on recycled paper in Japan