Summary of Consolidated Financial Results
(March 31, 2007/Unaudited)

May 18, 2007
Resona Holdings, Inc.

1. Financial Highlights (April 1, 2006 - March 31, 2007)

(1) Consolidated Operating Results

(*)Amounts of less than one million yen have been rounded down.

	Ordinary income		Ordinary profit		Net income	
	Millions of yen	*%*	*Millions of yen*	*%*	*Millions of yen*	*%*
March 31, 2007	1,153,316	10.1	409,855	11.3	664,899	73.5
March 31, 2006	1,047,056	(2.7)	368,341	(7.1)	383,288	4.8

	Net income per share	Net income per share (potential equity adjusted)	Ratio of net income to net assets	Ratio of ordinary profit to total assets	Ratio of ordinary profit to ordinary income
	Yen	*Yen*	*%*	*%*	*%*
March 31, 2007	53,933.18	34,237.60	38.3	1.0	35.5
March 31, 2006	31,943.14	17,053.0	-	0.9	35.2

Note: (1) Equity in net earnings of affiliated companies:
497 million yen (fiscal year ended March 31, 2007)
531 million yen (fiscal year ended March 31, 2006)

(2) Percentages in ordinary income, ordinary profit and net income show the changes from the previous year.

(3) Resona Holdings, Inc. merged 1,000 outstanding shares into one share in August 2005. The per share information is presented as if the share consolidation began in the first quarter of fiscal 2006.

(2) Consolidated Financial Position

(*) Not excluding amounts of preferred stocks issued

	Total assets	Net assets	Net assets ratio	Net assets per share	Consolidated capital assets ratio (Japanese domestic standard)	Reference: Net assets per share (*)
	Millions of yen	*Millions of yen*	*%*	*Yen*	*%*	*Yen*
March 31, 2007	39,985,678	1,970,139	4.5	(23,676.18)	10.56	157,253.92
March 31, 2006	40,399,547	1,657,084	4.1	(78,499.52)	9.97(*)	143,643.64

(Reference) Capital assets:
1,811,812 million yen (fiscal year ended March 31, 2007)
- million yen (fiscal year ended March 31, 2006)

Note: Please refer to "Notes concerning consolidated financial position" on page 3

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	*Millions of yen*	*Millions of yen*	*Millions of yen*
March 31, 2007	21,119	363,230	(538,537)	1,321,557
March 31, 2006	(484,649)	(541,071)	(242,934)	1,475,689

2. Dividend Payment

	Dividends per share			Total cash dividends (Full year)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Interim period-end	Fiscal year-end	Total for full year			
	Yen	*Yen*	*Yen*	*Millions of yen*	%	%
March 31, 2006	-	1,000.0	1,000.0	11,397	3.1	-
March 31, 2007	-	1,000.0	1,000.0	11,396	1.9	-
March 31, 2008 (forecast)	-	1,000.0	1,000.0		6.3	

Note: Dividend data pertains to common shares. Please refer to page 3 for dividend data pertaining to other types of shares.

3. Forecast of Fiscal Year's Performance (April 1, 2007 - March 31, 2008)

	Ordinary income		Ordinary profit		Net income		Net income per share
	Millions of yen	%	*Millions of yen*	%	*Millions of yen*	%	*Yen*
For the six months ending September 30, 2007	510,000	(11.3)	140,000	(32.4)	100,000	(78.3)	8,774.61
For the year ending March 31, 2008	1,030,000	(10.7)	280,000	(31.7)	210,000	(68.4)	15,970.37

Note: Percentages for ordinary income, ordinary profit and net income indicate year-on-year increases or decreases.

4. Other
   (1) Changes in subsidiaries during the fiscal year under review: None
   (2) Changes in accounting principles and procedures in preparation of the consolidated financial statements, or in presentation methods, were of the following types:
      ① Changes in accordance with revisions of accounting standards
      ② Other changes
      Note: Please refer to the Notes to Consolidated Balance Sheets and the Notes to Consolidated Statements of Income beginning on page 9 for details.

   (3) Shares Outstanding (Ordinary stock)
      ① Shares outstanding at period-end (including treasury stock)
      March 31, 2007: 11,399,355 shares March 31, 2006: 11,399,094 shares
      ② Treasury stock at period-end
      March 31, 2007: 2,820 shares March 31, 2006: 1,933 shares
      Note: Please refer to "Per Share Information" on page 30 regarding the number of shares used in the calculation of consolidated net income per share.

(Reference) Summary of Non-Consolidated Financial Results

1. Operating Results (April 1, 2006 - March 31, 2007)
   (1) Non-consolidated Operating Results

	Operating income		Operating profit		Ordinary income	
	Millions of yen	*%*	*Millions of yen*	*%*	*Millions of yen*	*%*
March 31, 2007	395,828	24.6	384,783	27.4	384,444	27.2
March 31, 2006	317,582	325.7	302,078	433.8	302,129	434.1

	Net income		Net income per share	Net income per share (potential equity adjusted)
	Millions of yen	*%*	*Yen*	*Yen*
March 31, 2007	419,123	40.2	32,367.71	20,941.34
March 31, 2006	299,043	571.7	24,536.53	13,304.80

Notes concerning consolidated financial position:
① "Capital adequacy ratio" is calculated by dividing (total net assets – new share warrants – minority shareholders' interest) by net assets at the end of the fiscal period. "Capital" for the fiscal year ended March 31, 2006, shows the total shareholders' equity at the end of that fiscal year.
② Resona Holdings, Inc. combined 1,000 outstanding shares into one share in August 2005. The per share information is presented as if the reserve stock split began in the first quarter of fiscal 2006.

   (2) Non-consolidated Financial Positions

(*) Not excluding amounts of preferred stocks issued

	Total assets	Net assets	Capital adequacy ratio (%)	Net assets per share	Reference: Net assets per share (*)
	Millions of yen	*Millions of yen*	*%*	*Yen*	*Yen*
March 31, 2007	1,364,041	897,518	65.8	(103,901.93)	77,028.17
March 31, 2006	1,408,841	1,017,061	72.1	(134,655.91)	89,238.10

(Reference) Shareholders' equity as of March 31, 2007: ¥897,518 million As of March 31, 2006: ¥ – million

2. Non-consolidated Performance Forecasts for Fiscal Year (April 1, 2007 - March 31, 2008)

	Operating income		Ordinary profit		Net income		Net income per share
	Millions of yen	%	*Millions of yen*	%	*Millions of yen*	%	*Yen*
For the six months ending September 30, 2007	390,000	49.1	380,000	48.4	380,000	32.1	33,343.52
For the year ending March 31, 2008	600,000	51.6	590,000	53.5	590,000	40.8	49,313.89

Note: Percentages given for operating income, ordinary profit and net income show increase/decrease compared with previous fiscal year.

Forward-looking statements

Forward-looking statements relating to performance forecasts that appear in this material are based on information currently available to the Group and certain assumptions that have rational judgments. Please note that, due to a variety of factors, the possibility exists that actual future performance may greatly differ.

(Explanatory note concerning consolidated financial position)

(1) The capital adequacy ratio is computed by dividing equity capital as of consolidated balance sheet date (net assets minus stock option and minority interests) by total assets as of consolidated interim balance sheet date.

(2) Based on Article 52-25 of the Banking Law, form the fiscal year ended March 31, 2007, the consolidated capital assets ratio (a Japanese domestic standard) is calculated using the standard by which banks are to determine whether or not conditions are appropriate for enhancing shareholders' equity (Financial Services Agency Notification No. 20 of 2006). The figure for the fiscal year ended March 31, 2006 was calculated according to previous standards.

○Classified share dividends

		Dividends per share			Total cash dividends (Full year)
		Interim period-end	Fiscal year-end	Total for full year	
		Yen	*Yen*	*Yen*	*Millions of yen*
Class B, No.1 Preferred Shares	March 31, 2006	−	6,360.0	6,360.0	4,324
	March 31, 2007	−	6,360.0	6,360.0	1,731
	March 31, 2008 (Forecast)	−	6360.0	6360.0	
Class C, No.1 Preferred Shares	March 31, 2006	−	6,800.0	6,800.0	816
	March 31, 2007	−	6,800.0	6,800.0	816
	March 31, 2008 (Forecast)	−	6,800.0	6,800.0	
Class D, No.1 Preferred Shares	March 31, 2006	−	10,000.0	10,000.0	1
	March 31, 2007	−	10,000.0	10,000.0	0
	March 31, 2008 (Forecast)	−	10,000.0	10,000.0	
Class E, No.1 Preferred Shares	March 31, 2006	−	14,380.0	14,380.0	3,451
	March 31, 2007	−	14,380.0	14,380.0	137
	March 31, 2008 (Forecast)	−	14,380.0	14,380.0	
Class F, No.1 Preferred Shares	March 31, 2006	−	18,500.0	18,500.0	1,480
	March 31, 2007	−	18,500.0	18,500.0	1,480
	March 31, 2008 (Forecast)	−	18,500.0	18,500.0	
Class 1, Series 1 Preferred Shares	March 31, 2006	−	1,188.0	1,188.0	3,267
	March 31, 2007	−	1,688.0	1,688.0	4,642
	March 31, 2008 (Forecast)	−	2,564.0	2,564.0	
Class 2, Series 1 Preferred Shares	March 31, 2006	−	1,188.0	1,188.0	3,347
	March 31, 2007	−	1,688.0	1,688.0	4,756
	March 31, 2008 (Forecast)	−	2,564.0	2,564.0	
Class 3, Series 1 Preferred Shares	March 31, 2006	−	1,188.0	1,188.0	3,267
	March 31, 2007	−	1,688.0	1,688.0	4,642
	March 31, 2008 (Forecast)	−	2,564.0	2,564.0	
Class 4, Preferred Shares	March 31, 2006	−	-	-	-
	March 31, 2007	−	57,918.0	57,918.0	1,459
	March 31, 2008 (Forecast)	−	99,250.0	99,250.0	

1. Business Results

(1) Analysis of Business Results

Consolidated ordinary income totaled ¥1,153.3 billion in the fiscal year ended March 31, 2007, an increase of ¥106.2 billion compared with the previous fiscal year. By principal items, overall interest income amounted to ¥665.2 billion, a rise of ¥55.2 billion year on year that included increases of ¥19.8 billion in interest on loans and bills discounted and ¥14.4 billion in interest and dividends on securities. In addition, trust fees grew ¥3.7 billion year on year to ¥40.4 billion and trading income climbed ¥16.8 billion to ¥21.9 billion. Other ordinary income also increased ¥38.5 billion to ¥146.8 billion, primarily owing to an increase in gains on sales of stock and other securities.

Consolidated ordinary expenses increased ¥64.7 billion year on year to ¥743.4 billion. Although expenses related to fees and commissions declined ¥16.1 billion to ¥50.8 billion, interest expenses climbed ¥41.3 billion year on year to ¥101.5 billion, primarily as a result of increases in interest on deposits and corporate bonds. General and administrative expenses amounted to ¥384.6 billion, nearly unchanged from the previous year. Reflecting persistent, stringent efforts in the area of disposal of problem loans, provisions added to the general reserve for possible loan losses totaled ¥58.4 billion, up ¥40.2 billion from the previous fiscal year. Overall, other ordinary expenses increased ¥33.0 billion to ¥157.5 billion.

Extraordinary profit declined ¥28.7 billion year on year to ¥29.1 billion owing to a drop in income from recovery of written-off claims and other factors. Extraordinary losses declined ¥10.8 billion year on year to ¥12.9 billion owing to the absence of losses on the redemption of preferred securities as recorded in the previous fiscal year.

In the fiscal year ended March 31, 2007, Resona extended the period for which it is able to project future taxable income from one year to five years. This change is related to the calculation of income taxes–deferred under the consolidated corporate-tax system wherein Resona Holdings, Inc., is the parent company. The period of projection was extended from one year to five years. As a result, income taxes–deferred declined ¥254.5 billion year on year to a negative ¥263.6 billion, thereby contributing to the increase in consolidated net income.

As a result of the above factors, consolidated ordinary profit increased ¥41.5 billion year on year to ¥409.8 billion and consolidated net income climbed ¥281.6 billion to ¥664.8 billion. Net income per share amounted to ¥53,933.18.

On a non-consolidated basis, operating income increased ¥78.2 billion year on year to ¥395.8 billion and ordinary profit climbed ¥82.3 billion to ¥384.4 billion owing to an increase in dividends from subsidiaries as well as other factors. After taxes, net income for the fiscal year ended March 31, 2007, jumped ¥120.0 billion to ¥419.1 billion.

Outlook for Fiscal 2007
For the fiscal year ending March 31, 2008, the Resona Group is forecasting ordinary income of ¥1,030.0 billion, ordinary profit of ¥280.0 billion and net income of ¥210.0 billion. These forecasts are primarily attributable to expected contributions from subsidiary banks. On a non-consolidated basis, ordinary profit for the four subsidiary banks is forecast at ¥295.0 billion and net income at ¥220.0 billion.

On a non-consolidated basis, operating income for the fiscal year ending March 31, 2008, is forecast at ¥600.0 billion, and both ordinary profit and net income are forecast at ¥590.0 billion. The primary contributing factor is expected to be an increase in dividends from subsidiaries.

(2) Financial Position

Total assets on a consolidated basis amounted to ¥39,985.6 billion, down ¥413.8 billion from a year earlier.

In terms of assets, securities decreased ¥426.7 billion from a year earlier to ¥7,595.2 billion, while loans and bills discounted increased ¥43.2 billion year on year to ¥26,252.8 billion, monetary claims bought surged ¥429.5 billion to ¥571.1 billion and call loans and bills bought jumped ¥213.2 billion to ¥1,200.1 billion.

In the fiscal year ended March 31, 2007, Resona has extended the period for which it is able to project future taxable income from one year to five years. This change is related to the calculation of deferred tax assets under the consolidated corporate-tax system wherein Resona Holdings, Inc., is the parent company. As a result, deferred tax assets rose ¥305.7 billion from a year earlier to ¥309.2 billion.

Customers' liabilities for acceptances and guarantees declined ¥645.6 billion from a year earlier to ¥1,075.5 billion owing primarily to the method of presentation. From the fiscal year ended March 31, 2007, customers' liabilities for acceptances and guarantees are presented after the amount for the current fiscal year is canceled out against acceptances and guarantees pertaining to guarantee liabilities on private bond offerings.

In terms of liabilities, deposits increased ¥133.8 billion year on year to ¥31,731.0 billion, negotiable certificates of deposits rose ¥76.4 billion to ¥1,800.2 billion and bonds increased ¥102.7 billion to ¥866.1 billion.

Although call money and bills sold fell ¥799.0 billion from a year earlier to ¥124.0 billion, borrowed money surged ¥751.3 billion to ¥993.2 billion.

In line with the enactment of the Corporation Law, shareholders' equity as conventionally defined became a component of net assets. Looking at the breakdown of net assets, total shareholders' equity amounted to ¥1,467.3 billion, net valuation and translation adjustments amounted to ¥344.4 billion, and minority interests in consolidated subsidiaries amounted to ¥158.3 billion for total net assets of ¥1,970.1 billion. The money amount that equates to shareholders' equity as previously defined was ¥1,827.4 billion, an increase of ¥170.4 billion from a year earlier.

Shareholders' equity per share, from which shareholders' equity pertaining to preferred stock is deducted, amounted to a negative ¥23,676.18 per share. In addition, the consolidated capital assets ratio (under Japanese domestic criteria) was 10.56% (preliminary ratio).

Cash flows from operating activities amounted to ¥21.1 billion. Major contributing factors were changes in market procurement, including an increase in call loans and a decline in call money.

Cash flows from investing activities totaled ¥363.2 billion owing to the sale and maturity of securities.

Cash flows used in financing activities totaled ¥538.5 billion. This was primarily due to the repurchase and cancellation of a portion of the preferred stock underwritten by the Resolution and Collection Corporation.

As a result of these factors, cash and cash equivalents declined ¥154.1 billion from a year earlier to ¥1,321.5 billion.

(3) Basic Policy on the Distribution of Profits and Dividends for Fiscal 2007

The Resona Group will continue to pursue management reforms with a view toward enhancing corporate value and quickly repaying public funds. From this perspective, the Resona Group adheres to a basic policy that places priority on accumulating retained earnings and carefully regulating the outflow of profits from the Company.

Accordingly, the Company shall pay a fixed dividend on preferred stock and, giving due consideration to future earnings conditions, will make every effort to pay a stable dividend on ordinary stock based upon the dividend amount for the fiscal year ended March 31, 2006.

(4) Business Risks

Primary risk factors that may influence the management and business performance of the Resona Group and therefore may have a material influence on decisions of investors are listed below.

Based on the Group's awareness of the possibility of these risks arising, appropriate measures are being taken to avoid and prevent the occurrence of such events or incidents.

Please note that this list of business risk factors is based on judgments made by the Group at the end of the fiscal year under review. Primary risks include those associated with:

- Increases in credit-related costs
- Market operations
- Stockholding
- Funding and liquidity
- Intensifying competition
- The Group's capital ratio
- Public funds
- Credit ratings
- Deferred tax assets
- Retirement benefit obligations
- Processing operations
- System disruptions and other contingencies
- Information leaks
- Outsourcing of operations
- Fraudulent and stolen cards or other crime
- Occurrence of natural or other disasters
- Non-compliance
- Major litigation
- Difficulties in securing skilled personnel
- Spread of inaccurate reports and/or rumors
- Regulatory changes
- Risks borne by the holding company
- Internal control systems related to financial reporting

Further details surrounding these risks will be expounded upon in the Japanese annual security report for the fiscal year ended March 31, 2007.

2. Overview of Corporate Group

As there have been no significant changes to the "Business Organization Chart" and the "Status of Affiliated Companies" sections as disclosed in the *Resona Holdings, Inc., Securities Report* (filed on June 29, 2006, Japanese-language version only), this section is omitted.

3. Management Policies

Information about management policies and other corporate information can be found on the Resona Holdings homepage and the TSE homepage.
http://www.resona-gr.co.jp/holdings/english/index.html
http://www.tse.or.jp/listing/compsearch/index.html

Consolidated Balance Sheets

(Millions of yen)

Items	March 31, 2007 (A)	March 31, 2006 (B)	Difference (A)-(B)
Assets			
Cash and due from banks	¥ 1,609,285	¥ 1,691,016	(¥ 81,731)
Call loans and bills bought	1,200,121	986,886	213,234
Deposits paid for bonds borrowing transactions	114,451	47,565	66,885
Monetary claims bought	571,122	141,616	429,506
Trading assets	370,899	678,848	(307,948)
Money held in trust	10,385	-	10,385
Securities	7,595,212	8,021,995	(426,782)
Loans and bills discounted	26,252,861	26,209,603	43,258
Foreign exchange assets	83,265	89,512	(6,246)
Other assets	909,471	889,620	19,851
Tangible fixed assets	401,302	-	-
Buildings and structures	114,798	-	-
Land	266,660	-	-
Construction in progress	1,767	-	-
Other tangible fixed assets	18,075	-	-
Intangible fixed assets	40,382	-	-
Software	13,208	-	-
Goodwill	21,754	-	-
Other intangible fixed assets	5,419	-	-
Premises and equipment	-	442,422	-
Deferred tax assets	309,286	3,509	305,777
Consolidation differences	-	28,804	-
Customers' liabilities for acceptances and guarantees	1,075,585	1,721,237	(645,651)
Reserve for possible loan losses	(543,137)	(538,454)	(4,683)
Reserve for possible losses on investments	(14,819)	(14,636)	(182)
Total assets	¥ 39,985,678	¥ 40,399,547	(¥ 413,869)
Liabilities			
Deposits	31,731,081	31,597,248	133,833
Negotiable certificates of deposit	1,800,220	1,723,740	76,480
Call money and bills sold	124,054	923,125	(799,070)
Bills sold under repurchase agreement	13,983	240,480	226,496
Deposits received for bonds lending transactions	55,575	154,458	(98,882)
Trading liabilities	115,367	71,090	44,276
Borrowed money	993,227	241,907	751,320
Foreign exchange liabilities	3,199	5,485	(2,286)
Bonds	866,141	763,438	102,703
Due to trust account	417,715	426,112	(8,397)
Other liabilities	766,672	641,039	125,632
Reserve for employees' retirement benefits	3,766	3,437	329
Reserve for possible losses on business restructuring	-	171	(171)
Reserve for reorganization of branch office channel	-	2,731	(2,731)
General reserve	5,409	-	5,409
Other reserve	0	0	-
Deferred tax liabilities	0	25,083	(25,083)
Deferred tax liabilities on land revaluation	43,536	44,844	(1,307)
Acceptances and guarantees	1,075,585	1,721,237	(645,651)
Total liabilities	¥ 38,015,538	¥ 38,585,634	(¥ 570,095)

Consolidated Balance Sheets (Continued)

(Millions of yen)

Items	March 31, 2007 (A)	March 31, 2006 (B)	Difference (A)-(B)
Net assets			
Capital	327,201		
Capital surplus	223,810		
Retained earnings	917,277		
Treasury stock	(898)		
Total shareholders' equity	1,467,391		
Net unrealized gains on other securities, net of taxes	301,013		
Deferred losses on hedges	(15,675)		
Revaluation reserve for land, net of taxes	60,484		
Foreign currency translation adjustments, net of taxes	(1,400)		
Net valuation and translation adjustments	344,421		
Minority interests	158,327		
Total net assets	1,970,139		
Total liabilities and net assets	39,985,678		
Minority interests			
Minority interests in consolidated subsidiaries		¥ 156,829	
Shareholders' equity			
Capital		327,201	
Capital surplus		263,505	
Retained earnings		749,118	
Revaluation reserve for land, net of taxes		62,396	
Net unrealized gains on available-for-sale securities		257,388	
Foreign currency translation adjustments, net of taxes		(1,946)	
Treasury stock		(579)	
Total shareholders' equity		1,657,084	
Total liabilities, minority interests and shareholders' equity		¥ 40,399,547	

Consolidated Statements of Operations

(Millions of yen)

Items	FY 2006 From Apr 1, 2006 To Mar 31, 2007 (A)	FY 2005 From Apr 1, 2005 To Mar 31, 2006 (B)	Difference (A)-(B)
Ordinary income	¥ 1,153,316	¥ 1,047,056	¥ 106,259
Interest income	665,223	609,931	55,292
(Interest on loans and bills discounted)	515,486	495,591	19,894
(Interest and dividends on securities)	94,290	79,881	14,408
(Interest on call loans and bills bought)	8,889	2,194	6,695
(Interest on bills bought under resale agreement)	0	-	0
(Interest on bonds borrowing transactions)	122	7	115
(Interest on deposit)	9,476	7,228	2,247
(Other interest income)	36,959	25,027	11,931
Trust fees	40,438	36,684	3,753
Fees and commissions	207,849	211,351	(3,502)
Trading income	21,995	5,177	16,818
Other operating income	71,006	75,688	(4,682)
Other ordinary income	146,802	108,222	38,580
Ordinary expenses	743,461	678,714	64,746
Interest expenses	101,520	60,128	41,392
(Interest on deposits)	51,834	29,077	22,756
(Interest on negotiable certificates of deposit)	6,055	650	5,404
(Interest on call money and bills sold)	1,298	632	666
(Interest on bills sold under repurchase agreement)	309	26	282
(Interest on bonds lending transactions)	804	481	323
(Interest on borrowed money)	6,501	9,031	(2,530)
(Interest on bonds)	29,396	17,606	11,789
(Other interest expenses)	5,319	2,620	2,698
Fees and commissions	50,811	66,914	(16,102)
Trading expenses	455	202	253
Other operating expenses	48,505	42,925	5,580
General and administrative expenses	384,631	384,049	581
Other ordinary expenses	157,536	124,495	33,040
(Provision for reserve for possible loan losses)	58,447	18,152	40,295
(Other expenses)	99,088	106,343	(7,254)
Ordinary profit	409,855	368,341	41,513
Extraordinary profits	29,162	57,960	(28,797)
(Gains on sales of fixed assets)	1,611	-	1,611
(Gains on sales of premises and equipment)	-	475	(475)
(Recovery on written-off claims)	24,824	57,286	(32,462)
(Other extraordinary profits)	2,726	197	2,528
Extraordinary losses	12,942	23,769	(10,826)
(Losses on dispositions of fixed assets)	2,668	-	2,668
(Losses on dispositions of premises and equipment)	-	3,549	(3,549)
(Impairment losses on fixed assets)	7,720	1,018	6,702
(Provision for reserve for contingent liabilities from the securities transactions)	-	0	(0)
(Other extraordinary expenses)	2,553	19,201	(16,648)
Income before income taxes and minority interests	426,074	402,531	23,542
Income taxes – current	12,466	15,676	(3,209)
Income taxes – deferred	(263,686)	(9,103)	(254,583)
Minority interests in net income	12,396	12,670	(274)
Net income	¥ 664,899	¥ 383,288	¥ 281,610

Consolidated Statements of Changes in Net Assets

(From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	327,201	263,505	749,118	(579)	1,339,245
Changes in items during the fiscal year					
Issuance of common stock		63,000			63,000
Dividends from surplus			(31,351)		(31,351)
Net income			664,899		664,899
Acquisition of treasury stock				(570,345)	(570,345)
Disposal of treasury stock		4		28	32
Cancellation of treasury stock		(569,998)		569,998	-
Compensation by retained earnings		467,300	(467,300)		-
Reduction in land revaluation excess			1,912		1,912
Net change in items other than shareholders' equity					
Total changes in items during the fiscal year	-	(39,694)	168,159	(319)	128,145
Balance at fiscal year-end	327,201	223,810	917,277	(898)	1,467,391

(Millions of yen)

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized gains on available securities	Deferred losses on hedges	Revaluation on reserve for land	Translation adjustments	Total valuation and translation adjustments		
Balance at beginning of year	257,388	-	62,396	(1,946)	317,838	156,829	1,813,913
Changes in items during the fiscal year							
Issuance of common stock							63,000
Dividends from surplus							(31,351)
Net income							664,899
Acquisition of treasury stock							(570,345)
Disposal of treasury stock							32
Cancellation of treasury stock							-
Compensation by retained earnings							-
Reduction in land revaluation excess							1,912
Net change in items other than shareholders' equity	43,624	(15,675)	(1,912)	545	26,582	1,498	28,080
Total changes in items during the fiscal year	43,624	(15,675)	(1,912)	545	26,582	1,498	156,225
Balance at fiscal year-end	301,013	(15,675)	60,484	(1,400)	344,421	158,327	1,970,139

Consolidated Statements of Surplus

(Millions of yen)

Items	FY 2006 From Apr 1, 2006 To Mar 31, 2007 (A)
Capital Surplus	
Balance at beginning of the year	¥ 263,492
Increase:	12
Profits on sales of treasury stock	12
Balance at year end	¥ 263,505
Earned Surplus (deficit)	
Balance at beginning of the year	¥ 384,839
Increase:	384,298
Net income	383,288
Reversal of revaluation reserve for land	1,009
Decrease:	20,019
Dividends	20,019
Balance at year end	¥ 749,118

Consolidated Statements of Cash Flows

(Millions of yen)

Items	FY 2006 From Apr 1, 2006 To Mar 31, 2007 (A)	FY 2005 From Apr 1, 2005 To Mar 31, 2006 (B)	Difference (A)-(B)
I. Cash flows from operating activities			
Income before income taxes and minority interests	¥ 426,074	¥ 402,531	¥ 23,542
Depreciation of premises and equipment	15,372	15,353	19
Impairment losses on fixed assets	7,720	1,018	6,702
Amortization of goodwill	7,050	-	7,050
Amortization of consolidation differences	-	6,881	(6,881)
Equity in net (gains)/losses from investments in affiliated companies	(497)	(531)	34
Increase/(decrease) in reserve for possible loan losses	4,683	(88,581)	93,265
Increase/(decrease) in reserve for possible losses on investments	182	404	(221)
Increase/(decrease) in reserve for possible losses on business restructuring	(171)	(129)	(42)
Increase/(decrease) in reserve for employees' retirement benefits	329	(2,189)	2,518
Interest income	(665,223)	(609,931)	(55,292)
Interest expenses	101,520	60,128	41,392
Net (gains)/losses on securities	(88,911)	(49,032)	(39,878)
Net (gains)/losses on money held in trust	(385)	-	(385)
Net foreign exchange (gains)/losses	(56,655)	(61,699)	5,044
Net (gains) losses on sales of fixed assets	1,056	-	1,056
Net (gains)/losses on sales of premises and equipment	-	3,073	(3,073)
Net (increase)/decrease in trading assets	297,986	19,268	278,717
Net increase/(decrease) in trading liabilities	44,276	32,017	12,259
Net (increase)/decrease in loans and bills discounted	(43,258)	(893,804)	850,545
Net increase/(decrease) in deposits	133,833	(377,922)	511,755
Net increase/(decrease) in negotiable certificates of deposit	76,480	695,350	(618,870)
Net increase/(decrease) in borrowed money (excluding subordinated borrowed money)	765,187	(6,557)	771,744
Net (increase)/decrease in due from banks (excluding those deposited at BOJ)	(88,960)	64,724	(153,684)
Net (increase)/decrease in call loans and other	(642,367)	(355,571)	(286,796)
Net (increase)/decrease in deposits paid for bonds borrowing transactions	(66,885)	(10,956)	(55,929)
Net increase/(decrease) in call money and other	(1,023,785)	(10,859)	(1,012,925)
Net increase/(decrease) in deposits received for bonds lending transactions	(98,882)	89,388	(188,270)
Net (increase)/decrease in foreign exchange assets	6,246	(8,782)	15,029
Net increase/(decrease) in foreign exchange liabilities	(2,286)	(3,808)	1,522
Net increase/(decrease) in bonds issued	50,000	11,300	38,700
Net increase/(decrease) in due to trust account	(8,397)	32,946	(41,343)
Interest receipts	672,222	626,777	45,444
Interest payments	(94,903)	(46,224)	(48,679)
Other, net	310,006	(11,603)	321,610
Subtotal	38,658	(477,021)	515,680
Income taxes paid	(17,539)	(7,627)	(9,911)
Net cash used in operating activities	¥ 21,119	¥ (484,649)	¥ 505,768

Consolidated Statements of Cash Flows (continued)

(Millions of yen)

Items	FY 2006 From Apr 1, 2006 To Mar 31, 2007 (A)	FY 2005 From Apr 1, 2005 To Mar 31, 2006 (B)	Difference (A)-(B)
II. Cash flows from investing activities			
Purchases of securities	(22,743,109)	¥ (18,118,677)	(4,624,431)
Proceeds from sales of securities	20,912,420	14,796,387	6,116,033
Proceeds from maturity of securities	2,216,224	2,788,189	(571,965)
Proceeds from decrease in money held in trust	(10,000)	-	(10,000)
Purchases of tangible fixed assets	(9,996)	-	(9,996)
Proceeds from sales of tangible fixed assets	1,841	-	1,841
Purchases of intangible fixed assets	(6,291)	-	(6,291)
Proceeds from sales of intangible fixed assets	2,141	-	2,141
Purchases of premises and equipment	-	(9,157)	9,157
Proceeds from sales of premises and equipment	-	2,186	(2,186)
Net cash provided by (used in) investing activities	363,230	(541,071)	904,302
III. Cash flows from financing activities			
Proceeds from subordinated borrowed money	10,000	-	10,000
Repayment of subordinated borrowed money	(27,000)	(253,250)	226,250
Proceeds from issuance of subordinated bonds	126,960	304,890	(177,930)
Repayment of subordinated bonds	(108,743)	(115,800)	7,057
Proceeds from issuance of stock	62,147	-	62,147
Proceeds from issuance of preferred securities	-	126,158	(126,158)
Repayment of preferred securities	-	(283,323)	283,323
Dividend paid	(31,351)	(20,019)	(11,332)
Dividends paid to minority shareholders	(236)	(24)	(211)
Payments related to acquisition of treasury stock	(570,345)	(563)	(569,782)
Payments related to acquisition of stock from minority shareholders	-	(1,060)	1,060
Proceeds from sales of treasury stock	32	57	(25)
Net cash provided by financing activities	(538,537)	(242,934)	(295,602)
IV. Effect of exchange rate changes on cash and cash equivalents	54	116	(62)
V. Increase (decrease) in cash and cash equivalents	(154,132)	(1,268,537)	1,114,405
VI. Cash and cash equivalents at beginning of the year	1,475,689	2,744,227	(1,268,537)
VII. Cash and cash equivalents at year end	¥ 1,321,557	¥ 1,475,689	¥ (154,132)

Preparation Policies for the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of Consolidated subsidiaries: 21

Names of principal companies: Resona Bank, Ltd.
Saitama Resona Bank, Ltd.
The Kinki Osaka Bank, Ltd.
Resona Trust & Banking Co., Ltd.

Asahi Bank Retail Finance, Ltd., Resona Preferred Capital (Cayman)1 Limited, Resona Preferred Capital (Cayman)2 Limited, Resona Preferred Capital (Cayman)3 Limited, Resona Preferred Capital (Cayman)4 Limited, Resona Preferred Capital (Cayman)5 Limited, Resona Preferred Capital (Cayman)6 Limited, Resona Preferred Securities (Cayman)1 Limited, Resona Preferred Securities (Cayman)2 Limited, Resona Preferred Securities (Cayman)3 Limited, Resona Preferred Securities (Cayman)4 Limited, Resona Preferred Securities (Cayman)5 Limited, Resona Preferred Securities (Cayman)6 Limited, Resona Preferred Finance (Cayman) Limited and Resona Bank (Capital Management) Plc have been excluded from consolidation during the fiscal year under review due to liquidation.

(2) Non-consolidated subsidiaries:

Name of principal company: Asahi Servicos e Representacoes Ltda.

Non-consolidated subsidiaries are immaterial with respect to assets, ordinary income, net income/loss (based on the owned interest) and earned surplus (based on the owned interest), etc. They are excluded from the consolidation as reasonable judgement on the group's financial conditions and operating results can still be expected even if they were not consolidated.

2. Application of the equity method

(1) Number of affiliates applied the equity method: 2

Name of principal company: Japan Trustee Services Bank, Ltd.

(2) Non-consolidated subsidiaries and affiliated companies not applied the equity method

Name of principal company: Asahi Servicos e Representacoes Ltda.

The non-consolidated subsidiaries and affiliates not applied the equity method are not material to the consolidated financial statements with respect to net income/loss (based on the owned interest) and earned surplus (based on the owned interest) etc. and accordingly, the equity method is not applied to them.

3. Balance sheet dates of consolidated subsidiaries

(1) Balance sheet dates of the consolidated subsidiaries are as follows:

End of December:	4 companies
End of March:	17 companies

(2) All subsidiaries have been consolidated based on their accounts at their respective balance sheet date. Appropriate adjustments have been made for significant transactions during the period from the respective balance sheet date of the above subsidiaries to the balance sheet date of Resona Holdings, Inc. (“The Company”).

4. Valuation of assets and liabilities of consolidated subsidiaries

Acquisitions of subsidiaries are accounted for by the purchase method and assets and liabilities of the consolidated subsidiaries are initially recorded at fair value.

5. Amortization of goodwill

Goodwill is amortized equally over a period of five years.

Notes to consolidated balance sheets:

1. Amounts of less than one million yen have been rounded down.

2. Transactions whose purpose is to earn a profit by taking advantage of short-term fluctuations in the market or discrepancies between interest rates, currency exchange rates, share prices or other indices (hereinafter referred to as "transactions for trading purposes") on different markets are included in "Trading assets" or "Trading liabilities" in the consolidated balance sheets on a trade-date basis.
   "Trading assets" and "Trading liabilities" in the case of securities and monetary claims etc. are stated at market value as of the consolidated balance sheet date and, in the case of derivatives including swaps, futures, options etc. at the close-out value calculated assuming the transaction is closed-out on the consolidated balance sheet date.

3. Bonds held to maturity are stated at amortized cost (straight-line method) by the moving average method.
   Investments in the non-consolidated subsidiaries and affiliates for which the equity method of accounting are not applied are stated at cost determined by the moving average method.
   Equity securities included in other securities with market value are stated at fair value, based on the average market prices in the last month for the year. Other securities, except equity securities, with market value are stated at their respective market value and the cost of sales of such securities is determined by the moving average method. Other securities without market value are stated at cost determined by the moving average method or at their respective amortized cost.

   Net unrealized gain/loss of other securities is included as a component of shareholders' equity at net of tax effect.

4. Securities held as assets in individually managed money trusts, whose principal objective is portfolio management, are stated at market value.

5. Derivative transactions (excluding "transactions for trading purposes") are stated at market value.

6. Depreciation is calculated mainly by the straight-line method for buildings and by the declining-balance method for equipment. The useful lives adopted for major premises and equipment are as follows:

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

7. The amortization of intangible fixed assets is calculated by the straight-line method. Software for internal use is amortized by the straight-line method, based on estimated useful lives (mainly five years).

8. Stock issuance costs and bond issuance costs are charged to operations as incurred. Bond discounts were capitalized and amortized over the terms of the bonds by the straight-line method. However, as of the fiscal year ended March 31, 2007, the Company has adopted revised accounting standards in accordance with Accounting Standards Board of Japan ("ASBJ") Statement No. 10 (August 11, 2006), "Accounting Standards for Financial Instruments." Consequently, bonds are stated at their respective amortized cost in the consolidated balance sheets. As a result, both bond discounts included in "Other assets" and "Bonds" are ¥461 million less than they would have been if calculated under the previous method.

Bond discounts in the consolidated balance sheet for the year ended March 31, 2006 were amortized over the term of the Bonds by the straight-line method and deducted from Bonds balance, pursuant to Practical Solutions – PITF No.19 (August 11, 2006) “Tentative Solution on Accounting for Deferred Assets.”

9. Foreign-currency-denominated assets and liabilities of domestic consolidated banking subsidiaries (the “Banks”), except for the investments in affiliates on which historical foreign exchange rates are used, are translated into yen, primarily at the exchange rates on the consolidated balance sheet date. Other than that, foreign-currency-denominated assets and liabilities are translated into yen, at the exchange rates on the consolidated balance sheet date.

10. The principal consolidated subsidiaries have made provisions for reserve for possible loan losses as follows:

For loans to insolvent customers who are undergoing bankruptcy or special liquidation, etc. (hereinafter, “borrowers under bankruptcy proceedings”) or who are in a similar financial condition, although not yet in bankruptcy (hereinafter “borrowers substantially in bankruptcy”), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deducting the amount of direct write-offs (as defined below) and excluding the amounts deemed collectible from the disposal of the collateral and the guarantees that are deemed recoverable.

For loans to customers not presently in the above circumstances, but in a high probability of becoming insolvent (hereinafter, “customers with high probability of becoming insolvent”) or loans to customers to be closely watched, which exceeds a certain threshold, the Discounted Cash Flows Method (the “DCF Method”) is applied to provide the allowance for doubtful accounts, if cash flows on collection of principals of interests can be reasonably estimated. Under the DCF Method, reserve for possible loan losses is provided as the difference between future cash flows discounted by the original interest rate and carrying value of the loan.

For loans to customers with high probability of becoming insolvent and whose future cash flows cannot be reasonably estimated, the reserve for possible loan losses is provided at the estimated un-recoverable amounts determined based on a valuation of the collateral, recovery from the guarantees and the customer’s overall financial condition.

For other loans, the reserve for possible loan losses is calculated based on the loss rates derived from the historical loss experience for a certain period and others.

The allowance for loans to specific foreign borrowers is provided based on the amount of expected losses determined considering the political and economic situation of their respective countries.

The Credit Review Office, which is independent from the operating divisions, examines the operating divisions’ asset quality reviews of each loan for collectbility in accordance with self-assessment standards. The provision for possible loan losses is based on the results of these reviews.

Regarding the loans with collateral or guarantees, etc. to the borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy, the unrecoverable amount of loans is directly written-off from loan balances. The estimated unrecoverable amount is determined considering a valuation of the collateral and guarantees and is ¥340,314 million.

Other consolidated subsidiaries mainly provide the reserve for possible loan losses at amounts deemed necessary judged by the past write-off experience ratios for general loans and individually determined uncollectible amounts for specific loans, such as those to borrowers under bankruptcy proceedings.

11. The reserve for possible losses on investments in securities is provided for the possible losses from investments in securities, considering the financial conditions and others of the issuer of such securities.

12. To provide for employees' retirement benefits payments, consolidated subsidiaries provide reserve for severance benefits that will be accrued during the year, based on the projected benefit obligation and the plan assets on the consolidated balance sheet date.

    Past service cost is charged to operations when it incurs.

    The actuarial differences are charged to operations in the next fiscal years by the straight-line method over a certain period (10 years) within the average remaining service years of the eligible employees.

13. The other reserve is provided to cover future expenses and losses that can be reasonably estimated. Major components are as follows.
    Reserve for reimbursement of deposits: Provided to cover estimated future losses resulting from reimbursements of deposits recorded as liabilities that were terminated.

    Reserve for interest repayments: Provided to cover future interest repayment claims, the Company allots to this reserve the amount it deems necessary based upon past repayment amounts.

14. Except for lease agreements that stipulate the transfer of ownership of the leased property to the lessee, which are accounted for as finance leases, all other non-cancelable lease transactions of the Company and domestic consolidated subsidiaries are accounted for as operating leases, regardless of whether such leases are classified as operating leases or finance leases.

15. Certain consolidated banking subsidiaries apply deferred hedge accounting to hedge of interest risk associated with their financial assets and liabilities, as stipulated in "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee, Report No. 24). In assessment of effectiveness of fair value hedges, the hedged instruments such as loans and deposits and hedging instruments such as interest swaps are specified as a group with similar remaining terms and valued accordingly. In assessing effectiveness of cash flow hedges, the correlation of the interest sensitivities of the hedged instruments and the hedging instruments are examined.

    In prior fiscal years, the macro-hedge accounting was applied to derivatives which were designated to hedge net interest risk of numerous financial assets and liabilities, such as loans and deposits, in accordance with the transitional treatment stipulated in "Temporary Treatment for Accounting and Auditing Application of Accounting Standards for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee, Report No. 15). Deferred hedge gains/losses recorded on the consolidated balance sheet based on the previous macro-hedge approach are allocated over time as interest income and expenses based on the specified remaining term and the notional amount of hedge instruments, starting from fiscal 2003 for a maximum of 10 years.

Deferred hedge gains and losses calculated based on the macro-hedge approach at the consolidated balance sheet date were ¥4,958 million (prior to the deduction of taxes) and ¥6,257 million, respectively.

16. Certain consolidated banking subsidiaries apply the deferred hedge accounting to hedge of the foreign currency risk associated with their foreign-currency-dominated financial assets and liabilities. For the prior fiscal years, the transitional treatment stipulated in the JICPA Industry Audit Committee Report No. 25 was applied; however effective this period, the principle treatment of hedge accounting in the same report is applied to currency swaps, foreign exchange swaps, etc. intended to hedge foreign exchange risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency.

    Assessment of the effectiveness of these hedge transactions is conducted by confirming whether notional amount of hedging currency swaps, foreign exchange swaps, etc. is corresponding to hedged foreign-currency-denominated receivables or payables.

    In addition, in application of the deferred hedge accounting or the fair value hedge accounting to hedges of foreign exchange risk on foreign-currency-denominated securities, other than bonds, at the inception of each hedge, the hedge effectiveness is assessed by confirming whether the foreign currency payable amount of hedging spot or forward exchange contracts exceed the acquisition costs of the hedged foreign-currency-denominated securities specified.

17. Because internal interest swaps, currency swaps, and other derivatives transactions specified as hedging instruments are strictly processed based the appropriate market pricing and covered by corresponding external transactions as required by the JICPA Industry Audit Committee, Report No. 24 and No. 25, gains and losses on these internal derivative transactions within consolidated banking subsidiaries (the “Banks”) or with their trading accounts, are not eliminated, and are recognized as profit or deferred.

    The hedging of certain assets and liabilities are accounted for by the deferred hedge accounting, fair value hedge accounting and the special treatment of interest rate swaps.
    Certain other consolidated subsidiaries adopt the deferred hedge accounting.

18. The Company and domestic consolidated subsidiaries mainly account for consumption tax and local consumption tax by the tax-exclusion method.

19. Other reserve represents reserve for contingent liabilities from the securities transactions:
    ¥ 0 million

    For the certain consolidated banking subsidiaries, this reserve is provided in accordance with Article 51 and Article 65-2-7 of the Securities and Exchange Law and Article 32 of the Cabinet Ordinance relating to securities business of financial institutions. For domestic consolidated security company subsidiaries, the reserve is provided based on Article 51 of Securities and Exchange Law and Article 35 of the Cabinet Ordinance relating to securities companies.

20. The Company and certain consolidated subsidiaries have adopted a consolidated corporate-tax system, with the Company operating as the parent company under the system.

21. Investments in affiliates (except for investments in consolidated subsidiaries): ¥34,703 million

22. Accumulated depreciation of tangible fixed assets: ¥207,668 million

23. Basis adjustment for tax purposes to the acquisition costs of tangible fixed assets:
¥62,398 million

24. In addition to the tangible fixed assets recorded in the consolidated balance sheets, certain computer equipment is held under finance leases that do not stipulate the transfer of ownership.

(1) Total acquisition cost	Equipment:	¥14,647 million
	Other:	¥768 million
	Total:	¥15,416 million
(2) Accumulated depreciation	Equipment:	¥6,759 million
	Other:	¥458 million
	Total:	¥7,217 million
(3) Period-end balance	Equipment:	¥7,888 million
	Other:	¥310 million
	Total:	¥8,199 million
(4) Prepaid leases	Within one year:	¥2,582 million
Period-end balance	Exceeding one year:	¥5,996 million
	Total:	¥8,578 million

(5) Leases payable, total depreciation costs and total interest payable

Leases payable:	¥2,711 million
Total depreciation costs:	¥2,521 million
Total interest payable:	¥228 million

(6) Calculation method for total depreciation costs
Straight-line method, with lease period counted as the period of depreciation and the residual value counted as zero.

(7) Calculation method for net interest
Net interest is the difference between total lease amount and the total acquisition price for leased properties and the interest method is used to determine the allocation amount in each fiscal year

25. Loans to borrowers in legal bankruptcy amounted to ¥20,401 million, and past due loans amounted to ¥403,396 million.

Loans past due 3 months or more are loans on which payment of principal or interest is overdue for 3 months or more from the contract payment date. These loans do not include “loans to borrowers in legal bankruptcy” and “past due loans.”

26. Loans past due 3 months or more amounted to ¥11,911 million.

Loans past due 3 months or more are loans on which payment of principal or interest is overdue for 3 months or more from the contract payment date. These loans do not include “loans to borrowers in legal bankruptcy” and “past due loans.”

27. Restructured loans amounted to ¥278,862 million.

Restructured loans are those which consolidated subsidiaries have provided special terms and conditions: - including reduction of the interest rates, reschedule of the interest and principal payments, or waiver of claims on the borrowers, all of which are more favorable to the borrowers than the corresponding terms in the original loan agreements. These loans do not include “loans to borrowers in legal bankruptcy”, “past due loans” and “loans past due 3 months or more.”

28. Loans to borrowers in legal bankruptcy, past due loans, loans past due 3 months or more and restructured loans amounted to ¥714,572 million in the aggregate.

    The amounts presented in Notes from 25 to 28 are stated before net of the reserve for possible loan losses.

29. Bills discounted are recorded as lending/borrowing transactions in accordance with the JICPA Industry Audit Committee, Report No.24. Consolidated banking subsidiaries have a right to sell or collateralize such bills at their discretion. The total face value of bank acceptance bills, commercial bills and documentary bills obtained as a result of discounting and foreign exchange purchase was ¥357,553 million.

30. Assets pledged as collateral are as follows:

• Trading assets	¥63,929 million
• Securities	¥3,124,109 million
• Loans and bills discounted	¥284,470 million
• Other assets	¥3,960 million

Liabilities corresponding to the assets pledged were as follows:

• Deposits	¥ 144,109 million
• Bills sold under repurchase agreement	¥ 13,983 million
• Deposits received for bonds lending transaction	¥ 29,574 million
• Borrowed money	¥ 776,300 million
• Other liabilities	¥ 288 million

Other than above, “Cash and due from banks,” “Securities” and “Other assets,” in the amount of ¥436 million, ¥951,893 million, and ¥3,340 million, respectively, were pledged as collateral for settlement of foreign exchange, derivatives transactions or for futures transactions and others.

“Other assets” includes deposits for futures transactions in the amount of ¥14,926 million and for leasehold deposits in the amount of ¥23,050 million.

31. Certain consolidated domestic subsidiaries revalued land used for business purposes based on the Law Concerning Land Revaluation (Law 34, announced on March 31, 1998). “Deferred tax liabilities on land revaluation” is recorded in liabilities and “revaluation reserve for land, net of taxes” is recorded in shareholders’ equity.

    Revaluation date: March 31, 1998
    The revaluation method as stated in Article 3-3 of the Law Concerning Land Revaluation is as follows:

    The value of land is based on the official notice prices stated in the Law of Public Notice of Land Prices (assessed date, January 1, 1998) as stipulated in Article 2-1 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 difference between the total market value as of the consolidated balance sheet date and the total book value of the land used for business purposes that was revalued based on Article 10 of the Law Concerning Land Revaluation: ¥ 4,261 million.

32. Borrowed money includes subordinated borrowed money of ¥167,000 million that is subordinated to other debt in repayment.

33. Bonds include subordinated bonds of ¥656,141 million.

34. The principal amount of trust with the principal indemnification agreement is ¥516,755 million.

35. Among bonds included in “Securities,” guarantee liabilities on privately offered corporate bonds (Article 2-3 of the Securities and Exchange Law) amounted to ¥544,181 million.

    From the fiscal year ended March 31, 2007, the Company has applied the Cabinet Office Ordinance for the Partial Revision of the Ordinance for Enforcement of the Banking Law (Cabinet Office Ordinance No. 38, April 17, 2007), through which the Ordinance for Enforcement of the Banking Law (Ministry of Finance Ordinance No. 10 of 1982) was revised. Accordingly, as of the fiscal year under review, “customers’ liabilities for acceptances and guarantees” and “acceptances and guarantees” are offset.

    As a result, “customers’ liabilities for acceptances and guarantees,” as well as “acceptances and guarantees,” both decreased by ¥544,181 million compared with the corresponding amounts under the previous method.

36. Net assets (deficiency in assets) per share
    ASBJ Guidance No. 4 (September 25, 2002), “Guidance on Accounting Standard for Earnings per Share” was revised on January 1, 2006. Effective as of the fiscal year ended March 31, 2007, the Company applies the revised Guidance on Accounting Standard for Earnings per Share, and net assets per share is computed based on net assets including deferred gains and losses on hedges. As a result, net assets per share decreased by ¥1,375.49 compared with the corresponding amount under the previous method.

37. The market value and the net unrealized gains/losses on securities and other investments are presented below. These investments include trading securities, commercial paper and short-term bonds in “Trading assets,” negotiable certificates of deposit in “Cash and due from banks,” commercial paper and trust beneficiary certificates in “Monetary claims bought,” as well as “Securities.” Information through Note 40 below is with respect to such investments.

Securities held for trading purposes:

Consolidated balance sheet amount	¥ 291,026 million
Net unrealized gain reported in statements of operations	¥ 272 million

Marketable bonds held to maturity:

	Consolidated balance sheet amount	Market value	Unrealized gains/(losses)	Gains	Losses
	(Millions of yen)				
Local government bonds	¥ 148,451	¥ 148,074	¥ (377)	¥ 588	¥ 966

Available-for-sale securities:

	Acquisition costs	Consolidated balance sheet amount	Unrealized gains/(losses)	Gains	Losses
	(Millions of yen)				
Stocks	¥ 390,466	¥ 839,411	¥ 448,944	¥ 451,428	¥ 2,483
Bonds	4,951,728	4,913,534	(38,193)	1,468	39,662
National government bonds	3,927,606	3,894,702	(32,903)	814	33,718
Local government bonds	311,550	308,743	(2,806)	376	3,183
Corporate bonds	712,570	710,087	(2,483)	277	2,760
Other	1,054,405	1,076,576	22,171	49,626	27,455
Total	¥ 6,396,599	¥ 6,829,521	¥ 432,921	¥ 502,523	¥ 69,601

A reconciliation of net unrealized gains (losses) on available-for-sale securities in the above table and that reported in the consolidated balance sheets is as follows:

		(Millions of yen)
Unrealized gain		¥ 432,921
Fair-value hedge gain charged to operations	minus	12,281
Deferred tax liabilities	minus	119,197
Minority interests based on owned interest	minus	407
Parent company’s portion of unrealized losses of affiliates	plus	(22)
		¥ 301,013

38. Available-for-sale securities sold during the year ended March 31, 2007 included:

	Purchase price (Millions of yen)	Sale price (Millions of yen)	Gain (Loss) (Millions of yen)
Available-for-sale securities	¥ 20,521,550	¥ 148,413	¥ 59,169

39. The major components of other securities whose market values are not available and their respective consolidated balance sheet amounts are as follows (no as of date?):

Bonds held to maturity:

Unlisted domestic bonds	¥ 30,640 million

Other securities:

Unlisted domestic bonds	¥ 571,668 million
Unlisted stocks	¥ 122,077 million

40. Redemption schedules for available-for-sale securities with maturities and bonds held to maturity:

	1 year or less (Millions of yen)	1 to 5 years (Millions of yen)	5 to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Bonds	¥ 2,939,623	¥ 1,368,164	¥ 614,257	¥ 742,346
National government bonds	2,387,786	452,723	328,040	726,152
Local government bonds	63,290	152,803	241,102	-
Corporate bonds	488,547	762,637	45,115	16,193
Other	11,400	85,151	240,849	232,712
Total	¥ 2,951,024	¥ 1,453,316	¥ 855,106	¥ 975,058

41. Components of money in trust, according to the purposes for which it is held, are as follows:

	Amount on consolidated balance sheet (Millions of yen)	Net gain pertaining to the fiscal year under review (Millions of yen)
Money in trust for investment purposes	10,385	385

42. There are no loaned securities under agreements that allow borrowers to resell the securities.

Under certain cash-collateralized securities borrowing agreements, the borrowed securities may be resold or repledged. At the end of the consolidated fiscal year, repledged securities and securities held without being resold or repledged are amounted to ¥38,342 million and ¥7,263 million, respectively.

43. Overdrafts and loans commitment agreement is an agreement under which the Banks extend loans to customers up to a certain amount at the request of a customer unless the customer violates the conditions of the agreement.

Unused balances of such agreements are amounted to ¥9,880,502 million. The amounts of the agreements expiring within a year or agreements cancelable at any time without penalty totaled ¥9,556,809 million.

The unused commitment does not necessarily impact on the future cash flows of consolidated subsidiaries because most of these agreements will be terminated without used. In addition, most agreements contain provisions, which allow consolidated subsidiaries to refuse making loans or decrease the limit, if there are any reasons such as changes in the financial condition, the credit management policies or for other reasons.

When extending loans to customers, consolidated subsidiaries request collateral such as premises or securities if necessary. After entering into the agreement, consolidated subsidiaries periodically check the financial condition of the customers based on its internal rules and, if necessary, take certain measures from credit risk management perspectives.

44. Information related to the retirement benefits at the end of the consolidated fiscal year is as follows:

	(Millions of yen)
Retirement benefits obligations	(345,576)
Pension assets at fair value	601,754
Unfunded retirement benefits obligations	256,178
Unrecognized actuarial differences	(128,796)
Net assets on the consolidated balance sheet	127,381
Prepaid pension expenses	131,148
Reserve for employees' retirement benefits	(3,766)

45. Regarding "Inflation-indexed bonds" included in "Other securities," the embedded derivatives and related financial instruments were marked to market, and changes in the fair value were included in the consolidated statements of operations. However, as of the fiscal year ended March 31, 2007, the Company is applying ASBJ Guidance No. 12 (March 30, 2006) "Guidance on Accounting for Other Compound Financial Instruments (Compound Financial Instruments Other than Those with Option to Increase Paid-in Capital)." The amount for "Inflation-indexed bonds" in the Consolidated Balance Sheet of the previous fiscal year is deemed to be acquisition cost stated at the respective amortized cost of bonds, with changes in unrealized gains or losses included in net assets. Consequently, "Net gains or losses on available securities" decreased by ¥808 million, deferred tax assets increased by ¥550 million and income before income taxes increased by ¥1,358 million compared with the corresponding amounts under previous method.

46. From the fiscal year under review, the Company has extended the period for which it is able to project future taxable income from one year to five years with regard to deferred tax assets designated under the Company's consolidated corporate-tax system. Against a backdrop of more stable performance and the resultant taxable income, as well as the formulation of the New Business Revitalization Plan, the change is in line with improved certainty in respect to performance forecasts and the generation of taxable income.

47. ASBJ Statement No. 5 (December 9, 2005) "Accounting Standards for Presentation of Net Assets in the Balance Sheet" and ASBJ Guidance No. 8 (December 9, 2005) "Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" are applied effective as of the fiscal year ended March 31, 2007. In addition, the "Attachment Form to the Ordinance for Enforcement of Banking Law" (Ministry of Finance Ordinance No. 10 of 1982), which was revised in accordance with the "Cabinet Office Ordinance for the Partial Revision of the Enforcement Regulations of the Mutual Finance Law" (Cabinet Office Ordinance No. 60, April 28, 2006), is also being applied as of the fiscal year ended March 31, 2007. Consequently, the

presentation is changed from this fiscal year as follows.

(1) The former "Shareholders' equity" is presented as "Net assets" and classified into three categories, namely shareholders' equity, valuation and translation adjustments and minority interests.
(2) Deferred gains or losses on hedges previously included in "Other assets" or "Other liabilities" are presented as "Deferred gains or losses on hedges," net of taxes, in valuation and translation adjustments.
(3) "Net unrealized gains or losses on available securities" previously included in shareholders' equity are presented in "Net unrealized gains or losses on available securities" in net assets.
(4) "Minority interests" previously presented below "Liabilities" are presented in "Net assets."
(5) "Premises and equipment" are classified into "Tangible fixed assets," "Intangible fixed assets" and "Other assets."
   (a) Land, buildings and equipment in "Premises and equipment" are presented in "Tangible fixed assets" as "Buildings and structures," "Land" and "Other tangible fixed assets," and the value of construction in progress is recorded as "Construction in progress" under "Tangible fixed assets."
   (b) Deposits previously presented in "Guarantees and deposits" under "Premises and equipment" are presented in "Other intangible fixed assets" under "Intangible fixed assets," and guarantees are presented in "Other assets."
   (c) Software previously included in "Other assets" is included in "Intangible fixed assets."
(6) "Consolidation differences" presented in "Assets" are included in "Goodwill" under "Intangible fixed assets." As a result of this change, from the fiscal year under review, the amortization of consolidation differences previously included in "Other ordinary expenses" is included in "General and administrative expenses."

48. Portions of the "Accounting Standard for Treasury Stock and Appropriation of Legal Reserve" (ASBJ Statement No.1, February 21, 2002) and the "Guidance on Accounting Standard for Treasury Stock and Appropriation of Legal Reserve" (ASBJ Guidance No. 2, February 21, 2002) were revised on December 27, 2005 and August 11, 2006. In line with application of stipulations of the Corporation Law, the Company has applied the aforementioned accounting standard and guidance as of the fiscal year under review. The adoption of the new standard has no impact on income or earnings.

49. On April 25, 2007, the Company decided to issue new preferred shares through a third-party allotment. Details are as follows.

(1) Offering method:	Third-party allotment
(2) Type of shares to be issued:	Class nine preferred shares
(3) Number of shares to be issued:	100,000
(4) Subscription price:	¥3,500,000 per share
(5) Total issue price	¥350 billion
(6) Amount of capital increase:	¥1,750,000 per share
(7) Amount of capital surplus increase:	¥1,750,000 per share
(8) Payment date:	June 5, 2007
(9) Dividend record date on new shares:	June 5, 2007
(10) Use of proceeds:	To further strengthen the Company's financial standing and enable it to carry out appropriate capital policies with a view toward the repayment of public funds
(11) Other significant items:	Pursuant to Article 447-3 and Article 448-3 of the Corporation Law, the amounts of capital and capital surplus shall be reduced by the same amounts at the time of the issue of the new

shares.

On April 25, 2007, the Company also decided to decrease the amount of stated capital and capital surplus. Details are as follows.

(1) Objective:	By transferring proceeds from the issuance of the Class Nine Preferred Shares to “Other capital surplus,” which is the (distributable) source of capital for purchasing treasury stock, the Company aims to carry out appropriate capital policies with a view toward repayment of public funds.
(2) Method of capital decrease:	Pursuant to Article 447-3 and Article 448-3 of the Corporation Law, the amounts of capital and capital surplus shall be reduced by the same amounts at the time of the issue of the new shares.
(3) Amount of capital reduction:	¥175 billion
(4) Amount of capital surplus reduction:	¥175 billion
(5) Reduction in shares outstanding:	None
(6) Legal notice:	May 2, 2007
(7) Deadline for creditors to submit dissents:	June 4, 2007
(8) Effective date:	June 5, 2007
(9) Other significant items:	Because the amount of capital shall increase through the issuance of the Class Nine Preferred Shares, the amount of capital following the effective date shall not decline below the amount prior to the effective date.

Notes to consolidated statements of operations:

1. Amounts of less than one million yen have been rounded down.

2. Net income per share: ¥53,933.18 yen

3. Diluted net income per share: ¥34,237.60yen

4. Profit and loss on transactions for trading purposes are included in “Trading income” or “Trading expenses” in the consolidated statements of operations on a trade-date basis.

   Trading income and expenses include amounts of interest received or paid and changes in fair values of securities, monetary claims and changes in the close-out value of derivatives during the fiscal year.

5. In regard to certain assets for which the Company does not expect to recover the amount of its investments, the Company has recorded an impairment loss of ¥3,523 million for a portion of branch offices classified as performing assets, and an impairment loss of ¥4,196 million for branch offices planned for closing and idle facilities. In relation to the total of impairment losses listed above, those pertaining to buildings and structures accounted for ¥3,009 million, those pertaining to land accounted for ¥2,081 million, those pertaining to other tangible fixed assets accounted for ¥2,629 million and those pertaining to other intangible fixed assets accounted for ¥0 million.

   Branch offices that the Company continues to manage and administer are classified as performing assets. Head offices, research centers, systems centers, welfare facilities and other assets that do not generate cash flow independently are classified as common assets. Branch offices planned for closing and idle facilities are classified independently on a case-by-case basis.

   Calculation of recoverable amounts in principle uses net sale value and mainly is calculated by deducting disposal expenses from the appraisal value of real estate. For a portion of branch offices, the value in use is used to postulate the recoverable amount, and future cash flow is discounted by 6.6%.

   For performing assets, the unit for classification has been changed from defined regions to individual branch offices that the Company continues to manage and administer. By consolidating the multiple sales offices that existed within single branches of Resona Bank, the Company was able to more precisely obtain the cash flow for each branch office classified in this manner for accounting purposes, and the change was made accordingly. As a result, income before income taxes and minority interests decreased ¥3,523 million compared with the corresponding amount under the previous method.

6. “Other ordinary income” includes:
   - Gains on sales of stocks and other securities ¥108,420 million

7. “Other ordinary expenses” include:
   - Losses on abandonment of claims ¥ 38,287 million
   - Losses on sales of stock and other securities ¥ 27,036 million

8. “Extraordinary profits” include:
   - Reversal of reserve for reorganization of branch office channel ¥ 2,625 million

9. “Extraordinary losses” include losses for update of systems at a portion of consolidated subsidiaries conducting banking operations.

Notes to Consolidated Statements of Changes in Net Assets

1. Amounts of less than one million yen have been rounded down.
2. The number and class of shares issued and outstanding, and treasury stock are as follows:

Issued stock:

(Thousands of shares)

	Balance as of March 31, 2006	During the fiscal year ended March 31, 2007		Balance as of March 31, 2007	Remarks
		Increase	Decrease		
Issued shares					
Common shares	11,399	0	-	11,399	Note 1
Class of shares		-			
Class B, No. 1 Preferred Shares	680	-	407	272	Note 2
Class C, No. 1 Preferred Shares	120	-	-	120	
Class D, No. 1 Preferred Shares	0	-	0	0	Note 1
Class E, No. 1 Preferred Shares	240	-	230	9	Note 2
Class F, No. 1 Preferred Shares	80	-	-	80	
Class 1, Series 1 Preferred Shares	2,750	-	-	2,750	
Class 2, Series 1 Preferred Shares	2,817	-	-	2,817	
Class 3, Series 1 Preferred Shares	2,750	-	-	2,750	
Class 4, Preferred Shares	-	25	-	25	Note 3
Total	20,837	25	638	20,224	
Treasury shares					
Common shares	1	0	0	2	Note 4
Class B, No. 1 Preferred Shares	-	407	407	-	Note 2
Class D, No. 1 Preferred Shares	-	0	0	-	Note 1
Class E, No. 1 Preferred Shares	-	230	230	-	Note 2
Total	1	638	638	2	

Notes:
1. The increase in the number of common shares issued and treasury shares for the Class D, No.1 Preferred Shares is due to the exercise of acquisition rights. The decrease in the number of Class D, No.1 Preferred Shares is due to the cancellation of the acquired treasury shares.
2. The increase in the numbers of Class B, No.1 Preferred Shares and Class E, No.1 Preferred Shares is due to the repurchases made within the preset limit of repurchases. The decrease in the numbers of Class B, No.1 Preferred Shares and Class E, No.1 Preferred Shares are due to cancellation of such acquired treasury shares.
3. This increase is due to the issue of new shares
4. This change is due to the repurchases or disposal of odd lots.

3. Dividends were as follows.
   Dividends distributed during the fiscal year ended March 31, 2007

Resolution	Type of stock	Total dividends	Per share amount	Record date	Effective date
		Millions of yen	*Yen*		
Board of Directors meeting on May 23, 2006	Common shares	11,397	1,000	March 31, 2006	May 23, 2006
	Class A, No. 1 Preferred Shares	4,324	6,360		
	Class B, No. 1 Preferred Shares	816	6,800		
	Class C, No. 1 Preferred Shares	1	10,000		
	Class D, No. 1 Preferred Shares	3,451	14,380		
	Class E, No. 1 Preferred Shares	1,480	18,500		
	Class 1, Series 1 Preferred Shares	3,267	1,188		
	Class 2, Series 1 Preferred Shares	3,347	1,188		
	Class 3, Series 1 Preferred Shares	3,267	1,188		

Concerning dividends for which the record date falls in the fiscal year ended March 31, 2007 and the effective date is after the closing of the fiscal year ended March 31, 2007, the following shall be proposed at the Board of Directors meeting on May 18, 2007.

Type of Stock	Total dividends	Per share amount	Source of funds for dividends	Record date	Effective date
	Millions of yen	*Yen*	Earned surplus	March 31, 2007	June 11, 2007
Common shares	11,396	1,000			
Class of stock					
Class B, No. 1 Preferred Shares	1,731	6,360			
Class C, No. 1 Preferred Shares	816	6,800			
Class D, No. 1 Preferred Shares	0	10,000			
Class E, No. 1 Preferred Shares	137	14,380			
Class F, No. 1 Preferred Shares	1,480	18,500			
Class 1, Series 1 Preferred Shares	4,642	1,688			
Class 2, Series 1 Preferred Shares	4,756	1,688			
Class 3, Series 1 Preferred Shares	4,642	1,688			
Class 4, Preferred Shares	1,459	57,918			

4. ASBJ Statement No. 6 (December 27, 2005) “Accounting Standard for Statement of Changes in Net Assets” and ABSJ Guidance No. 9 (December 27, 2005) “Guidance on Accounting Standard for Statement of Changes in Net Assets” are applied as of the fiscal year ended March 31, 2007. Consequently, the Consolidated Statements of Changes in Net Assets are presented in place of the Consolidated Statements of Surplus.

Notes to consolidated statements of cash flows:

1. Amounts of less than one million yen have been rounded down.

2. In the consolidated statements of cash flows, cash represents cash and due from The Bank of Japan in “Cash and due from banks” in the consolidated balance sheets.

3. Reconciliation between cash and cash equivalents and cash and due from banks in the consolidated balance sheet as of March 31, 2007 is as follows:

	(Millions of yen)
Cash and due from banks	¥ 1,609,285
Due from banks other than The Bank of Japan	287,727
Cash and cash equivalents	¥ 1,321,557

4. From the fiscal year ended March 31, 2007, the Company has applied the “Cabinet Office Ordinance for the Partial Revision of the Enforcement Regulations of the Mutual Finance Law” (Cabinet Office Ordinance No. 60, April 28, 2006), which revised the “Attachment Form to the Ordinance for the Enforcement of the Banking Law” (Ministry of Finance Ordinance No. 10 of 1982). Consequently, the presentation in the Consolidated Statements of Cash Flows is changed from the fiscal year under review as follows:
   (1) “Amortization of consolidation differences” is included in “Amortization of goodwill.”
   (2) “Net (gains)/losses on sales of premises and equipment” is presented as “Net (gains)/losses on sales of fixed assets” due to the fact that “Premises and equipment” are now classified under “Tangible fixed assets,” “Intangible fixed assets” and “Other assets.” “Purchase of premises and equipment” is presented as “Purchase of tangible fixed assets,” and “Proceeds from sales of premises and equipment” are presented as “Proceeds from sales of tangible fixed assets.”

Segment Information

1. Business Segment Information

FY 2006 (for the period from April 1, 2006 to March 31, 2007)

Since the ordinary income and employed assets of "Banking and Trust banking" segment is more than 90 % of all the other segments combined, business segment information for FY 2006 is not presented.

Such disclosures have been omitted in the prior fiscal year (for the period from April 1, 2005 to March 31, 2006) also.

2. Geographical Segment Information

FY 2006 (for the period from April 1, 2006 to March 31, 2007)

Since the ordinary income and employed assets of "Japan" segment is more than 90 % of all the other segments combined, geographical segment information for FY 2006 is not presented.

Such disclosures have been omitted in the prior fiscal year (for the period from April 1, 2005 to March 31, 2006) also.

3. Overseas ordinary income

FY 2006 (for the period from April 1, 2006 to March 31, 2007)

Since overseas ordinary income is less than 10% of the total, overseas ordinary income for FY 2006 is not presented.

Such disclosures have been omitted in the prior fiscal year (for the period from April 1, 2005 to March 31, 2006) also.

Market Value of Investment Securities and Money Held in Trust

(As of March 31, 2006)

For figures for the fiscal year ended March 31, 2007, please refer to the Notes to Consolidated Balance Sheets.

1. Securities

Securities included "Securities" in the consolidated balance sheet, trading securities, commercial paper and short-term bonds securities in "Trading assets", negotiable certificates of deposit in "Cash and due from banks", commercial paper and trust beneficially right in "Monetary claims bought".

(1) Securities Held for Trading Purposes *(Millions of yen)*

	As of March 31, 2006	
	Consolidated balance sheet amount	Net unrealized gain included in statements of operations
Securities held for trading purposes	¥ 587,801	(¥ 3)

(2) Marketable bonds held to maturity *(Millions of yen)*

	As of March 31, 2006				
	Consolidated balance sheet amount **X**	Market Value **Y**	Unrealized Gains/Losses **Y-X**		
				Gains	Losses
Local government bonds	¥ 107,470	¥ 104,912	¥ (2,557)	¥ 9	¥ 2,567

Note: Market values are based on the market prices on March 31, 2006.

(3) Other securities for which market values can be calculated *(Millions of yen)*

	As of March 31, 2006				
	Acquisition costs **X**	Consolidated balance sheet amount Y	Unrealized Gains/Losses **Y-X**		
				Gains	Losses
Stocks	¥ 400,977	¥ 860,926	¥ 459,948	¥ 463,577	¥ 3,628
Bonds	5,019,683	4,944,316	(75,366)	1,142	76,509
National government bonds	3,691,491	3,627,524	(63,967)	535	64,502
Local government bonds	303,375	298,422	(4,952)	255	5,207
Corporate bonds	1,024,816	1,018,370	(6,446)	351	6,798
Other	1,241,957	1,302,870	60,913	77,049	16,135
Total	¥ 6,662,618	¥ 7,108,114	¥ 445,495	¥ 541,768	¥ 96,272

Notes:
1. The market values of stocks are based on the average market prices during the final one-month period of the year ended March 31, 2006. The market values of others are based on the market prices, etc. on March 31, 2006.
2. For available-for-sale securities with market values, those for which market values significantly declined and there is no prospect of their recovery to their acquisition costs, were recorded at their market values on the Consolidated Balance Sheet. Such valuation differences are recorded as a loss ("Impairment loss") for the previous consolidated period. Whether market values are significantly declined are judged in accordance with the following criteria based on the categories in which an issuer of the relevant securities are classified.
   "Normal" category issuer: In principle, when market price declines by more than 50% vis-à-vis acquisition cost. Other categories of issuers: When market price declines by more than 30% vis-à-vis acquisition cost

(4) Held-to-maturity bonds sold during the period.

(Millions of yen)

	FY 2005 (From April 1, 2005 to March 31, 2006)		
	Purchase cost	Sale price	Gain (Loss)
Other	¥ 1,300	¥ 1,357	¥ 57

Reason for sale

The consolidated subsidiaries Resona Bank, Ltd. and The Nara Bank, Ltd. merged in January 2006. In connection with the merger, a review of the holding purposes of the bonds held by the former Nara Bank was carried out.

(5) Available-for-sale securities sold during the year ended March 31, 2006

(Millions of yen)

	FY 2005 (From April 1, 2005 to March 31, 2006)		
	Amount sold	Gain on sale	Loss on sale
Other securities	¥ 14,662,455	¥ 92,043	¥ 40,047

(6) The major components of securities for which market value was not available

The respective balance sheet amounts of such securities are as follows:

(Millions of yen)

	As of March 31, 2006
Bonds held to maturity	
Unlisted domestic bonds	¥ 27,369
Other securities	
Unlisted domestic bonds	¥ 587,996
Unlisted stocks	¥ 184,837

(7) Securities for which holding purposes were changed

The consolidated subsidiaries, Resona Bank, Ltd. and The Nara Bank, Ltd. merged in January 2006. In connection with the merger, a review of the holding purposes of the bonds held by the former Nara Bank was carried out. As a result of such review, the holding purpose of the bonds being held to maturity with a value of ¥1,099 million was changed to available-for-sale securities during the previous fiscal year. No impact on ordinary profit or income taxes before minority interests arose as a result of this change.

(8) The redemption schedule for available-for-sale securities with maturities and bonds held to maturity is as follows:

(Millions of yen)

	As of March 31, 2006			
	1 Year or Less	1 to 5 Years	5 to 10 Years	Over 10 years
Bonds	¥ 1,415,421	¥ 2,896,401	¥ 792,700	¥ 562,629
National government bonds	1,051,557	1,465,825	566,184	543,956
Local government bonds	22,028	195,981	187,882	–
Corporate bonds	341,834	1,234,594	38,633	18,673
Other	32,439	144,156	348,368	186,834
Total	¥ 1,447,860	¥ 3,040,558	¥ 1,141,069	¥ 749,464

2. Money held in trust

(1) Money held in trust for trading purposes

None

(2) Held-to-maturity money held in trust

None

(3) Other money held in trust (excluding investment purposes or held-to-maturity)

None

3. Net unrealized gains/(losses) on available-for-sale securities

Net unrealized gains/(losses) on available-for-sale securities on the consolidated balance sheet are reconciled as follows:

(Millions of yen)

	As of March 31, 2006
Valuation differences	¥ 435,784
Available-for-sale securities	435,784
Other money held in trust	-
(minus) Related deferred tax liabilities	176,805
Net unrealized gains (losses) on available-for-sale securities (before adjustment of minority interest)	258,978
(minus) Adjustment of minority interests	1,574
(plus) The parent company's share of the amount of unrealized gains (losses) on available-for-sale securities owned by the equity method companies	(15)
Net unrealized gains (losses) on available-for-sale securities	257,388

Note: Valuation differences exclude ¥10,778 million of gains recognized because of application of fair value hedge accounting and ¥1,066 million of losses recognized for embedding derivatives.

Per Share Information

	FY2005 (April 1, 2005 to March 31, 2006)	FY2006 (April 1, 2006 to March 31, 2007)
	(Yen)	*(Yen)*
Net assets per share	(78,499.52)	(23,676.18)
Net income per share	31,943.14	53,933.18
Diluted net income per share	17,053.00	34,237.60

Note: 1. The "Guidance on Accounting Standards for Earnings Per Share" (ASBJ Guidance No. 4) was revised on January 31, 2006. The aforementioned Guidance is to be applied from the fiscal year ending following the enactment date of the Corporation Law. Accordingly, the Company applied the Guideline from the fiscal year ended March 31, 2007, and the amount for "Deferred losses on hedges" has been included in the calculation of net assets per share. As a result, net assets per share decreased ¥1,375.49 compared with the corresponding amount under previous method.

2. The basis for calculating net assets per share was as follows:

	As of March 31, 2006	As of March 31, 2007
	(Millions of yen)	*(Millions of yen)*
Total net assets	-	1,970,139
Amounts deducted from total net assets	-	2,239,965
Minority interests	-	158,327
Preferred shares	-	2,061,972
Preferred share dividends	-	19,665
Period-end net assets for ordinary shares	-	(269,826)
	(Thousand shares)	*(Thousand shares)*
Number of ordinary shares at period end used for calculating net assets per share	-	11,396

3 The basis of calculations for net income per share and diluted net income per share was as follows:

(Millions of yen, Numbers of shares)

	FY2005 (April 1, 2005 to March 31, 2006)	FY2006 (April 1, 2006 to March 31, 2007)
Net income per share	*(Millions of yen)*	*(Millions of yen)*
Net income for period	383,288	664,899
Amount not attributed to common shareholders	19,954	50,236
Preferred share dividend	19,954	19,665
Balance of preferred shares retired	-	30,571
Net income attributed to ordinary shares	363,334	614,662
Average number of ordinary shares during the fiscal year	*(Thousand shares)* 11,374	*(Thousand shares)* 11,396
Diluted net income per share		
Net income adjustments	19,954	18,205
Preferred share dividends	19,954	18,205
Increase in number of common shares	*(Thousand shares)* 11,101	*(Thousand shares)* 7,087
Preferred shares	11,101	7,087
Outline of securities with no dilutive effect and, accordingly, not included in diluted net income per share calculation	N/A	N/A

Deferred Tax Asset Calculation Basis

1. Basis for the inclusion of deferred tax assets and period for estimation of future taxable income

(Billions of yen)

	Exemplification category (Note 1)	Period for estimation of future taxable income	Extraordinary special reason(s) (in cases of a Section 4 exemplification category) (Note 2)
Resona Bank	Section 4 Proviso	5 years	Acceleration of problem loan disposal
Saitama Resona Bank	Section 2	–	
Kinki Ohsaka Bank	Section 4	1 year	
Resona Trust & Banking	Section 1	–	

Notes: 1. Exemplification category: As defined in the Japanese Institute of Certified Public Accountants' Accounting Report No. 66, "Judgment on Recoverability of Deferred Tax Assets," November 9, 1999.

2. Such reasons may include the occurrence of temporary differences due to (expected/projected) future losses exceeding essential tax loss carry forwards and historical ordinary profit levels.

2. Taxable income/attribution of consolidated income by business for the past five years (before the application of losses carried forward/consolidated losses)

(Billions of yen)

	FY2002	FY2003	FY2004	FY2005	FY2006 (Approximate)
Resona Bank	(480.4)	(1,223.9)	(341.0)	104.7	212.8
Saitama Resona Bank	1.0	(37.4)	35.7	62.6	46.5
Kinki Ohsaka Bank	(31.5)	(210.2)	(80.5)	(19.4)	9.6
Resona Trust Bank	16.3	15.5	13.8	13.9	16.8

* FY2003: Former Daiwa Bank + Former Asahi Bank

3. Actual net business profits, pre-tax profit and taxable income before adjustments which are used as assumed level of profitability in estimating future taxable income

(Billions of yen)

	Estimation period	Actual net business profit	Pre-tax profit	Taxable income before adjustments
Resona Bank	5 years	855.1	604.1	660.3
Kinki Ohsaka Bank	1 year	23.0	11.6	23.2

4. Principal sources of deferred tax assets and liabilities
(As a consolidated tax payment system was introduced in fiscal 2005, these sources are calculated based on consolidated tax payments.)

(Billions of yen)

	Resona Bank	Saitama Resona Bank	Kinki Ohsaka Bank	Resona Trust Bank
Reserve for possible loan losses	190.0	16.9	15.3	
Devaluation of securities	118.2	9.4	6.3	
Net unrealized losses on available-for-sale securities				0.0
Reserve for employee retirement benefits	36.2	6.9	0.8	
Tax losses carried forward	922.3		115.1	
Other	72.8	10.2	9.2	0.6
Deferred tax assets, subtotal	1,339.8	43.6	146.8	0.6
Valuation allowance	(959.8)	(18.8)	(139.8)	-
Deferred tax assets, total	380.0	24.7	6.9	0.6
Gain on contribution of securities to employee retirement benefit trust	19.7			
Unrealized gain on available-for-sale securities	80.2	35.1	2.8	
Other	4.6	7.8	0	
Deferred tax liabilities, total	104.5	43.0	2.9	-
Deferred tax assets, net	275.4	18.2	4.0	0.6

(Reference)

(Billions of yen)

	Total of four group banks
Deferred tax assets, net	261.8

Statement of Trust Assets and Liabilities

(As of March 31, 2007)

(Millions of Yen)

Assets		Liabilities	
Loans and bills discounted	¥ 151,362	Money trusts	¥ 14,341,253
Securities	7,981,453	Pension trusts	4,729,693
Trust beneficiary certificate	24,594,659	Asset formation benefit trusts	1,656
Securities held in custody account	327	Securities investment trusts	12,899,339
Monetary claims	400,072	Pecuniary trusts other than money trusts	228,667
Tangible fixed assets	591,401		
Intangible fixed assets	3,321	Securities trusts	529,774
Other claims	18,118	Monetary claims trusts	416,893
Due from banking account	417,715	Real estates trusts	159,371
Cash and due from banks	44,570	Real estate leases trusts	4,697
		Composite trusts	891,654
Total assets	¥ 34,203,001	Total liabilities	¥ 34,203,001

Notes:

1 Amounts of less than one million yen have been rounded down.

2 Excluding trusts difficult to valuate.

3 Trusts that were re-entrusted for operations are excluded.

3 Trust beneficiary certificates worth of ¥24,593,915 million are re-entrusted for asset administration purpose.

4 Co-managed trust funds under other trust bank's administration amounted to ¥2,713,637 million.

5 Loans and bills discounted that are funded by the JOMT account funds, where the Bank guarantees the principal, amounted to ¥151,062 million included the following:

	(Millions of Yen)
Loans to borrowers in legal bankruptcy	¥ 86
Past-due loans	4,288
Loans past due 3 months or more	161
Restructured loans	20,430
Total	¥ 24,967

The breakdown of the trust in the principal indemnification agreement (including trusts that were re-entrusted for operations) is as follows:

Jointly Operated Designated Money in Trusts (JOMT)

(As of March 31, 2007)

(Millions of Yen)

Assets		Liabilities	
Loans and bills discounted	¥ 151,062	Principal	¥ 516,755
Other	366,619	Special loan loss reserve	456
		Other	469
Total assets	¥ 517,681	Total liabilities	¥ 517,681

Note: Amounts of less than one million yen have been rounded down.

(Reference Sheet)
Comparison of Statements of Trust Assets and Liabilities

(Millions of Yen)

Assets	Mar 31, 2007 (A)	Mar 31, 2006 (B)	Difference (A)-(B)
Loans and bills discounted	¥ 151,,362	¥ 174,418	¥ (23,055)
Securities	7,981,453	5,471,344	2,510,109
Trust beneficiary certificate	24,594,659	23,064,583	1,530,076
Securities held in custody account	327	2	325
Monetary claims	400,072	405,248	(5,175)
	591,401	-	591,401
Premises and equipment	-	442,651	(442,651)
	3,321	-	3,321
Land lease rights	-	4,467	(4,467)
Other claims	18,118	16,339	1,778
Due from banking account	417,715	426,112	(8,397)
Cash and due from banks	44,570	36,143	8,426
Total assets	34,203,001	30,041,312	4,161,689
Co-managed trust funds under other trust bank's administration	¥ 2,713,637	¥ 3,228,323	¥ (514,686)

Liabilities	Mar 31,2007 (A)	Mar 31, 2006 (B)	Difference (A)-(B)
Money trusts	¥ 14,341,253	¥ 11,617,351	¥ 2,723,901
Pension trusts	4,729,693	4,309,607	420,086
Asset formation benefit trusts	1,656	1,979	(322)
Securities investment trusts	12,899,339	12,274,419	624,920
Pecuniary trusts other than money trusts	228,667	155,070	73,597
Securities trusts	529,774	376,746	153,027
Monetary claims trusts	416,893	430,037	(13,144)
Real estate trusts	159,371	160,694	(1,323)
Land lease trusts	4,697	-	4,697
Composite trusts	-	4,685	(4,685)
	891,654	710,720	180,933
Total liabilities	¥ 34,203,001	¥ 30,041,312	¥ 4,161,689

Note: Amounts of less than one million yen have been rounded down.

(Specific Information)

Non-Consolidated Balance Sheets

(Millions of yen)

Items	March 31, 2006 (A)		March 31, 2007 (B)		Difference (B)-(A)
Assets		%		%	
Current assets					
Cash and due from banks	99,008		22,567		(76,440)
Prepaid expenses	345		347		1
Accrued income	4		9		4
Other receivable	3,776		24,213		20,436
Income tax receivable	63,422		77,950		14,528
Deferred tax assets	-		115		115
Total current assets	166,557	11.82	125,202	9.17	(41,354)
Non-current assets					
Tangible fixed assets					
Furniture and fixtures	18		15		(2)
Total tangible fixed assets	18		15		(2)
Intangible fixed assets					
Trademark	77		65		(11)
Software	15		9		(5)
Total intangible fixed assets	92		75		(17)
Investments and other assets					
Investments in subsidiaries	1,123,886		1,111,267		(12,618)
Long-term loans to subsidiaries	110,000		95,000		(15,000)
Differed tax assets	8,281		32,474		24,193
Other	6		5		(0)
Total Investments and other assets	1,242,173		1,238,747		(3,425)
Total non-current assets	1,242,284	88.18	1,238,838	90.83	(3,445)
Total assets	1,408,841	100.00	1,364,041	100.00	(44,799)
Liabilities					
Short-term debt to subsidiaries	-		80,000		80,000
Long-term debt maturing in less than 1 year	-		17,000		17,000
Other payable	347		14,176		13,829
Accrued expenses	394		1,188		793
Income tax payable	13		61		48
Consumption tax payable	11		23		12
Other	14		73		59
Total current liabilities	780	0.06	112,523	8.25	111,742
Non-current liabilities					
Bonds	160,000		210,000		50,000
Long-term debt	131,000		94,000		(37,000)
Long-term debt to subsidiaries	100,000		50,000		(50,000)
Total non-current liabilities	391,000	27.75	354,000	25.95	(37,000)
Total liabilities	391,780	27.81	466,523	34.20	74,742

Non-Consolidated Balance Sheets

(Millions of yen)

Items	March 31, 2006 (A)		March 31, 2007 (B)		Difference (B)-(A)
Net asset portion					
Shareholders' equity					
Capital	-	-	327,201	23.99	-
Capital surplus					-
Capital reserve	-		327,201		-
Other capital surplus	-		-		-
Total capital surplus	-	-	327,201	23.99	-
Retained earnings					
Other Retained earnings	-		244,014		-
Retained earnings carried forward	-		244,014		-
Total Retained earnings	-	-	244,014	17.88	-
Treasury stock	-	-	(898)	(0.06)	
Total shareholders' equity	-	-	897,518	65.80	
Total net assets	-	-	897,518	65.80	
Total liabilities and net assets	-	-	1,364,041	100.00	
Shareholders' equity		%		%	
Capital	327,201	23.33	-	-	-
Capital surplus					
Capital reserve	327,201		-		-
Other capital surplus					
Deduction of capital and capital reserve	39,682				
Gain from disposal of treasury stock	12		-		-
Total capital surplus	366,895	26.04	-	-	-
Earned surplus					
Unappropriated profit	323,.543		-		-
Total Earned surplus	323,543	22.97	-	-	-
Treasury stock	(579)	(0.04)	-	-	-
Total shareholder' equity	1,017,061	72.19	-	-	-
Total liabilities and shareholders' equity	1,408,841	100.00	-	-	-

Non-Consolidated Statement of Operations

(Millions of yen)

Items	Fiscal 2005 From April 1, 2005 to March 31, 2006 (A)			Fiscal 2006 From April 1, 2006 to March 31, 2007 (B)			Difference (B)-(A)	
Operating income:			%			%		
Dividends from subsidiaries	309,067			389,448			80,381	
Fees from subsidiaries	4,662			4,652			(10)	
Interest on loans to subsidiaries	3,853			1,408			(2,445)	
Other	-	317,582	100.00	320	395,828	100.00	320	78,245
Operating expenses:								
Interest expenses	8,644			4,572			(4,071)	
Interest on bonds	1,513			1,766			252	
Bond issuance costs	435			209			(226)	
General and administrative expenses	4,910			4,176			(734	
Other	-	15,504	4.88	320	11,045	2.79	320	(4,459)
Operating profit		302,078	95.12		384,783	97.21		82,704
Non-operating profit:								
Interest income	22			305			283	
Commission received	144			134			(9)	
Other	6	173	0.05	82	522	0.13	76	349
Non-operating expenses:								
Amortization of organization cost	114			-			(114)	
Amortization of expenses related to share issue	-			852			852	
Other	8	122	0.04	9	862	0.22	0	739
Ordinary profit		302,129	95.13		384,444	97.12		82,314
Extraordinary loss:								
Devaluation of investment in subsidiaries	12,048			-			(12,048)	
Loss on sales of investments in subsidiaries	3,087			-			(3,087)	
Other	0	15,136	4.77	0	0	0.00	0	(15,136)
Income before income taxes		286,992	90.36		384,443	97.12		97,451
Income taxes:								
Income taxes-current	(3,769)			(10,370)			(6,600)	
Income taxes - Deferred	(8,281)	(12,050)	(3.80)	(24,308)	(34,679)	(8.76)	(16,027)	(22,628)
Net income		299,043	94.16		419,123	105.88		120,079
Unappropriated profit/(undisposed loss) carried forward from previous year		24,499			-			-
Unappropriated profit at end of the year		323,543			-			-

Non-consolidated Statements of Changes in Shareholders' Equity

(From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity							Total net assets
	Capital	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings carried forward			
Balance at beginning of year	327,201	327,201	39,694	366,895	325,543	(579)	1,017,061	1,017,061
Changes in items during the fiscal year								
Issuance of new shares			63,000	63,000			63,000	63,000
Distribution of dividends					(31,351)		(31,351)	(31,351)
Net income					419,123		419,123	419,123
Acquisition of treasury shares						(570,345)	(570,345)	(570,345)
Disposal of treasury shares			4	4		28	32	32
Cancellation of treasury shares			(569,998)	(569,998)		569,998	-	-
Compensation by retained earnings			467,300	467,300	(467,300)		-	-
Total changes in items during the fiscal year	-	-	(39,694)	(39,694)	(79,528)	(319)	(119,542)	(119,542)
Balance at fiscal year-end	327,201	327,201	-	327,201	244,014	(898)	897,518	897,518

Proposal for Profit Appropriation

(Millions of yen)

Items	FY 2006	
Profit Appropriation		
I. Unappropriated profit at end of the year		¥ 323,543
II. Appropriation:		31,351
Dividends to Class B, No. 1 Preferred Shares	(6,360 yen per share)	4,324
Dividends to Class C, No. 1 Preferred Shares	(6,800 yen per share)	816
Dividends to Class D, No. 1 Preferred Shares	(10,000 yen per share)	1
Dividends to Class E, No. 1 Preferred Shares	(14,380 yen per share)	3,451
Dividends to Class F, No. 1 Preferred Shares	(18,500 yen per share)	1,480
Dividends to Class 1, Series 1 Preferred Shares	(1,188 yen per share)	3,267
Dividends to Class 2, Series 1 Preferred Shares	(1,188 yen per share)	3,347
Dividends to Class 3, Series 1 Preferred Shares	(1,188yen per share)	3,267
Dividends to Common Shares	(1,000 yen per share)	11,397
III. Unappropriated profit carried forward		291,191
Appropriations of other capital surplus		
I. Other capital surplus		39,694
II. Other capital surplus carried forward		39,694