

Maximizing Corporate Value through Sustained Growth

- Results of FY2006 and Plan for FY2007 -



RESONA

June 2007



Resona Holdings, Inc.

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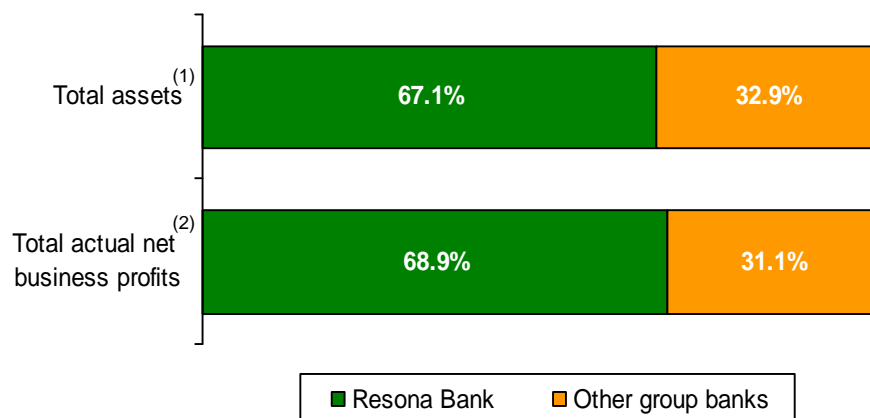
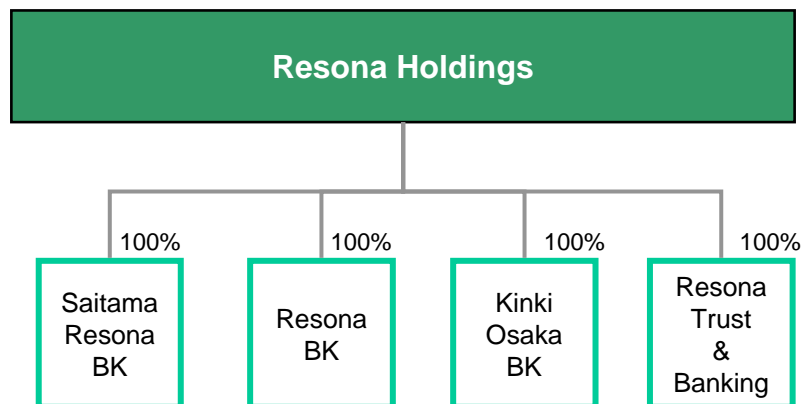
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Resona Group at Glance: Overview of Resona Group

Corporate structure



(1) Aggregate of 4 bank subsidiaries as of Mar. 07. Consolidated basis

(2) Aggregate of 4 bank subsidiaries as of Mar. 07. Non-consolidated basis

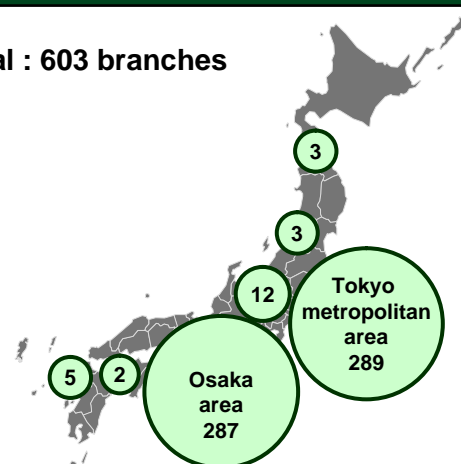
Group overview

- 4th largest banking group in Japan
 - sizable enough to achieve economy of scale with total assets of JPY 39.9 trillion⁽¹⁾
- Community banking group focusing on Osaka, Saitama and Tokyo area
 - strong presence in SME and retail business
 - implementation of Area Management System to meet the local customer needs (Resona: 12 areas, Saitama Resona: 4 areas)

(1) As of Mar. 07

Group network

Total : 603 branches



Note: Figures represent the number of the branches as of Mar. 07

Resona Group at Glance: Principal Markets

Strong presence especially in Osaka, Saitama and Tokyo Metropolitan area

Deposits

<Deposits> (Billions of Yen)

(End of March 2007)	Tokyo Metropolis	Saitama Pref.	Kanagawa Pref.	Osaka Pref.	Nara Pref.
Resona Group	7,764	8,833	1,294	10,364	551
Resona	7,606	41	1,294	7,296	476
Saitama Resona	149	8,792			
Kinki Osaka	8			3,068	74
Share in each Pref.	5.1%	39.9%	4.1%	19.6%	9.9%
All Banks	151,418	22,138	31,451	52,916	5,557

Loans

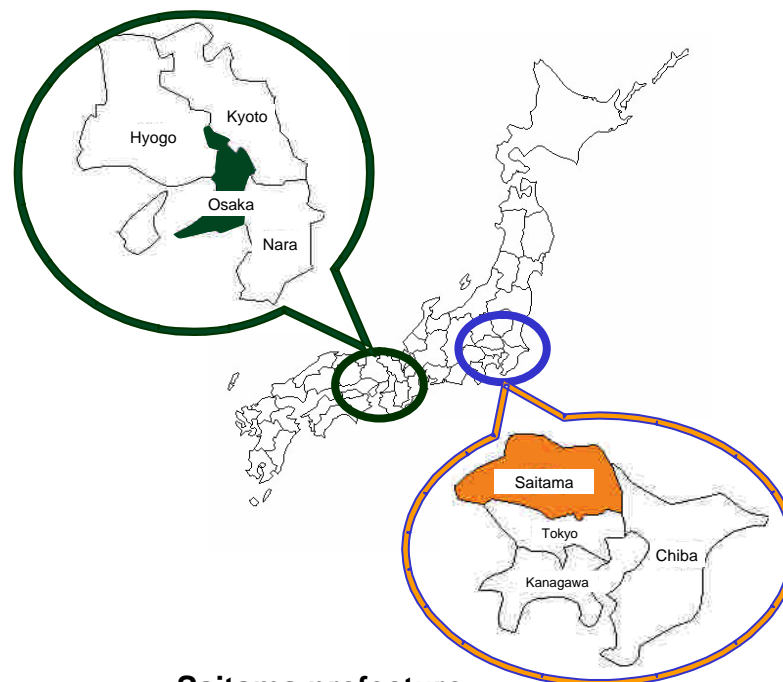
<Loans> (Billions of Yen)

(End of March 2007)	Tokyo Metropolis	Saitama Pref.	Kanagawa Pref.	Osaka Pref.	Nara Pref.
Resona Group	7,830	5,856	1,610	7,705	400
Resona	7,615	59	1,610	5,368	369
Saitama Resona	123	5,797			
Kinki Osaka	92			2,336	31
Share in each Pref.	5.1%	43.0%	8.8%	19.2%	15.1%
All Banks	154,230	13,611	18,242	40,076	2,655

Osaka prefecture

Population: 8.8 million (#2 among 47 prefectures)

GDP: JPY 38.7 trillion (#2 among 47 prefectures)



Saitama prefecture

Population: 7.0 million (#5 among 47 prefectures)

GDP: JPY 20.5 trillion (#5 among 47 prefectures)

Data source: Bank of Japan, Cabinet Office (2004)

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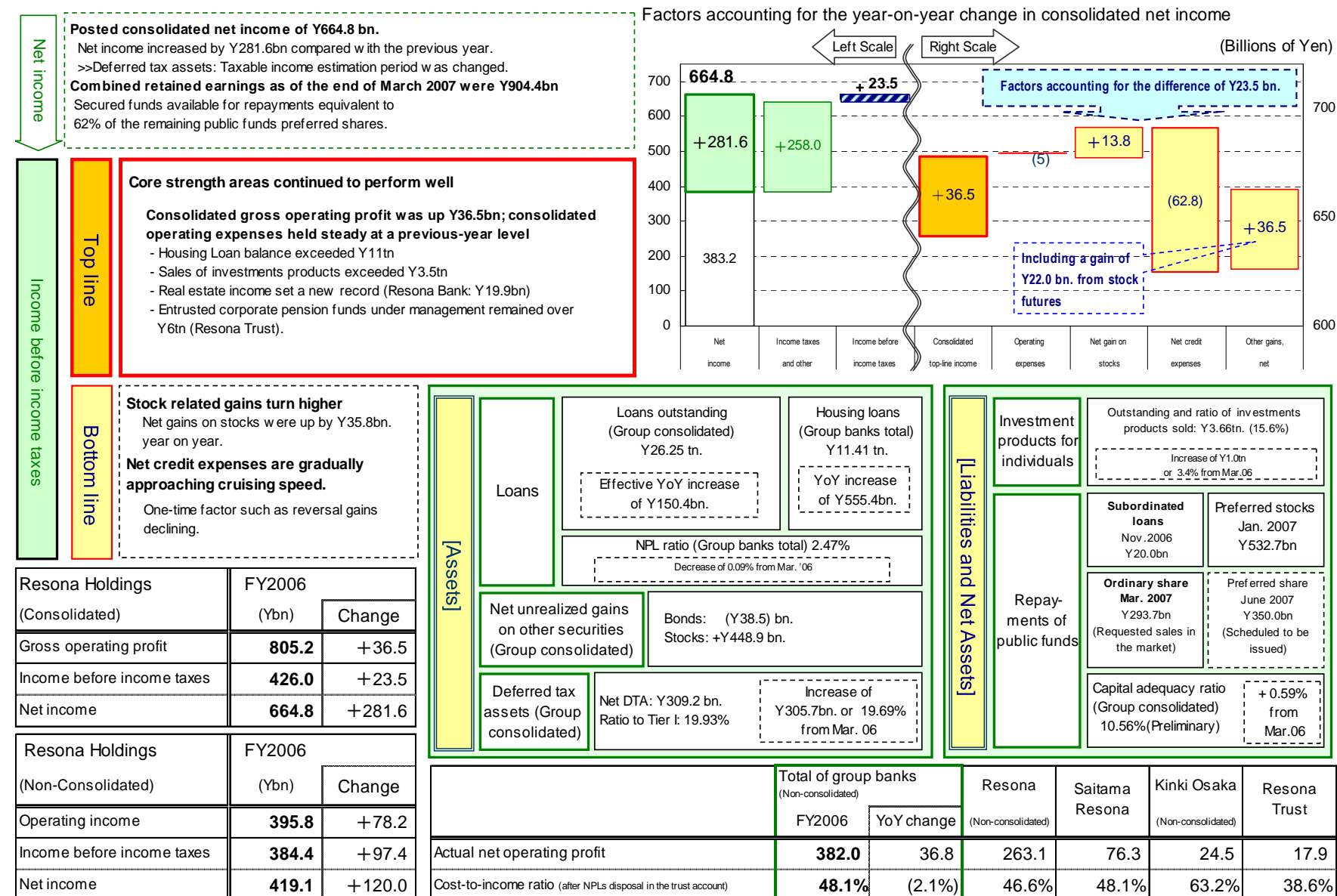
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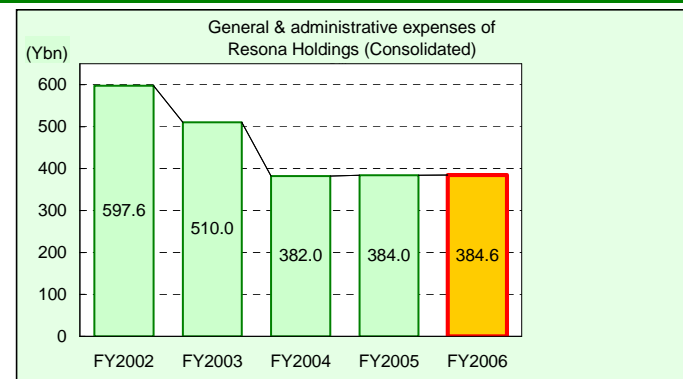
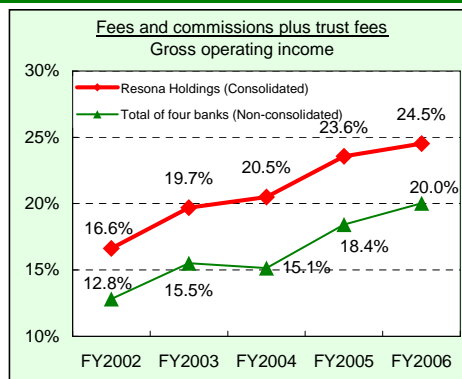
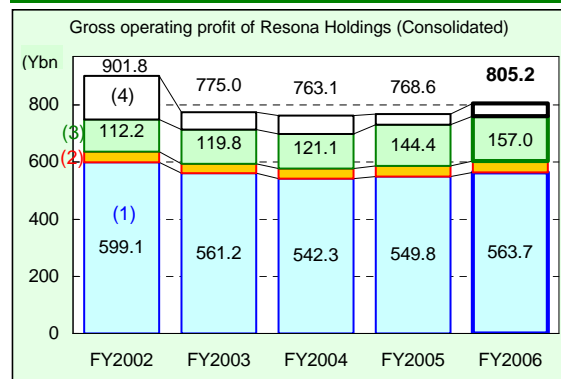
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Financial Highlights for Fiscal Year 2006



Outline of Financial Results for Fiscal Year 2006

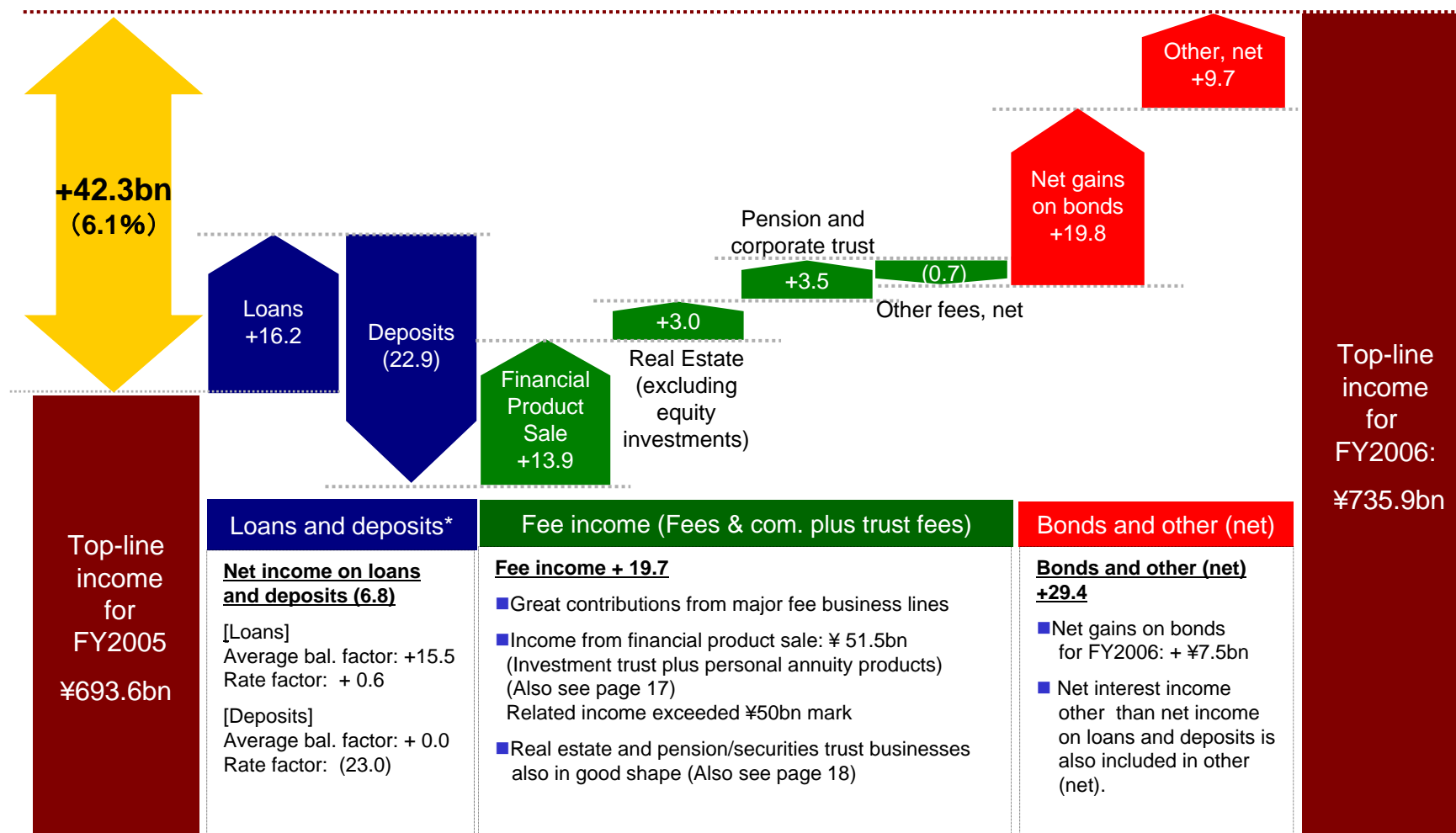
(Billions of Yen)	Resona Holdings (Consolidated)		Difference (a) - (b)	Total four banks (Non-consolidated)		Resona Bank	Saitama Resona	Kinki Osaka	Resona Trust &	Factors accounting for difference (a) - (b) (Approx. figures) RC: Resona Card, RG: Resona Guarantee, RKS: Resona Kessai Service, RCP: Resona Capital
	(A)	YoY change		(B)	YoY change	(Non-consolidated)	(Non-consolidated)	(Non-consolidated)	(Non-consolidated)	
Gross operating profit	805.2	36.5	69.2	735.9	42.3	492.6	147.2	66.8	29.2	
Excluding gain/loss on bor	797.7	16.8	69.2	728.5	22.5	484.2	148.1	66.8	29.2	
(1) Net interest income	563.7	13.8	19.0	544.6	16.8	362.1	124.3	58.1	0.0	RC 10.0bn., cancellation of interest payments for capital securities 9.5 bn. and other
(2) Trust fees	40.4	3.7	—	40.4	3.7	8.2	—	—	32.2	
(3) Fee and commission income	157.0	12.6	50.0	107.0	15.9	76.6	25.2	8.0	(3.0)	RG 30.0 bn., RC 13.5 bil., RKS 2.0 bn. and other
(4) Other operating profit	44.0	6.3	0.1	43.8	5.7	45.6	(2.4)	0.6	—	
Actual net operating profit				382.0	36.8	263.1	76.3	24.5	17.9	(Net operating profit before transfer to general reserve for possible loan losses and expenses related to problem loan disposal in the trust account.)
Core net operating profit				374.5	17.0	254.7	77.2	24.5	17.9	(Actual net operating profit less bond-related income)
General & administrative expenses	384.6	0.5	30.8	353.7	(5.9)	227.3	72.0	43.0	11.3	RC 16.0 bn., RG 3.5 bn., and other
Gain on stocks	72.4	13.8	3.3	69.1	15.1	65.7	1.2	2.1	—	RCP 3.0 bn. and other
Credit related expenses	69.7	62.8	22.8	46.8	61.3	42.2	8.3	(3.7)	—	RG 15.0 bn., RC 5.5 bn., and other
Other gain/(loss), net	2.7	36.5	(0.6)	3.4	4.3	12.1	(3.4)	(5.2)	(0.0)	
Income before income taxes	426.0	23.5	18.1	407.9	6.5	300.9	64.6	24.4	17.9	
Income taxes, current and deferr	(238.8)	(258.0)	(32.1)	(206.6)	(217.3)	(245.8)	28.9	2.9	7.3	Minority interests in net income 12.3 bn., income taxes received by Resona HD (34.6) bn., and other
Net income	664.8	281.6	50.2	614.6	223.8	546.8	35.6	21.4	10.6	



Analysis on Top-line Income Growth (Total of Group Banks)

Group banks' combined top-line income increased ¥42.3bn (+6.1%) from previous year

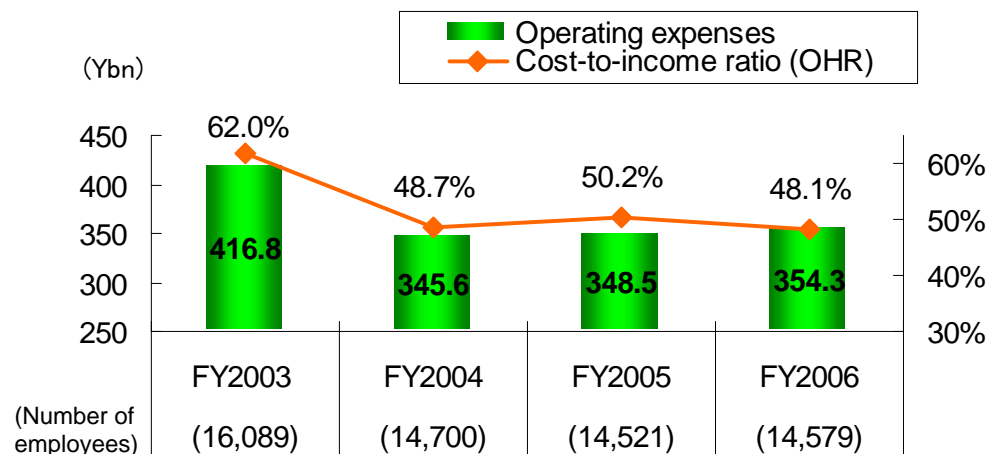
- Despite a contribution from increase in average loan balance, net income on loans and deposits declined by ¥6.8bn due to a hike in deposit rate.
- Fee businesses such as financial product sale contributed a lot to top-line income growth



*Domestic operations (Deposits include NCDs.)

Trend of operating expenses and cost-to-income ratio (total of group banks)

Trend in operating expenses and cost-to-income ratio (OHR)

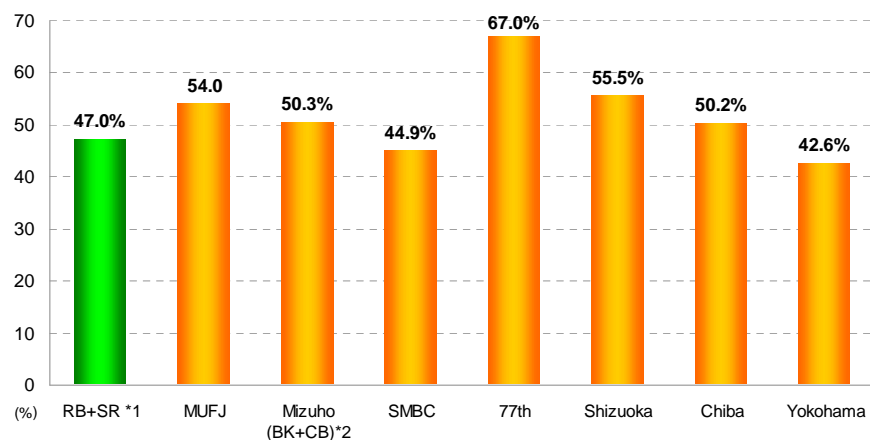


Primary factors accounting for YoY change

■ Combined operating expenses ¥354.3bn (Up ¥5.7bn from previous year)

- Personnel expenses ¥120.7bn
(Up ¥3.5bn from previous year)
Primarily due to increase in incentive salaries
- Non-personnel expenses ¥212.7bn
(Up ¥2.5bn from previous year)
Primarily due to increase in systems-related expenses

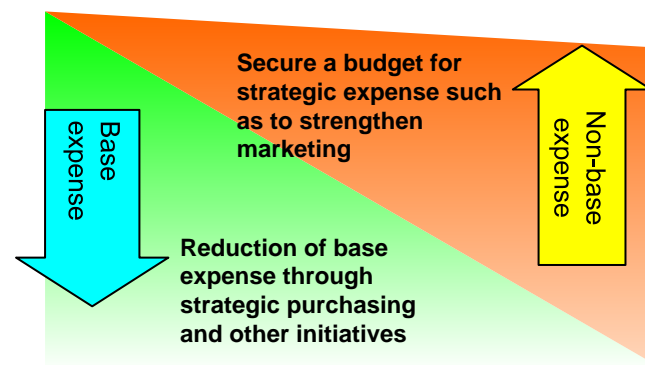
OHR: Comparison with other major banks in Japan



*1. Resona Bank + Saitama Resona Bank *2. Mizuho Bank + Mizuho Corporate Bank
Data source: company disclosure. FY2006 data are used for the comparison.

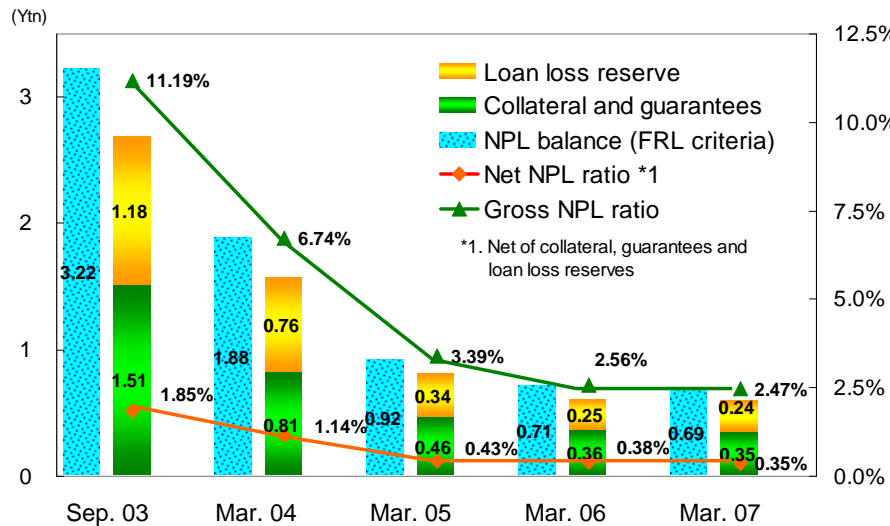
Actively controlling operating expenses

- Create a room for strategic expenses through constant efforts to reduce base expenses
- OHR to be maintained at 50% level

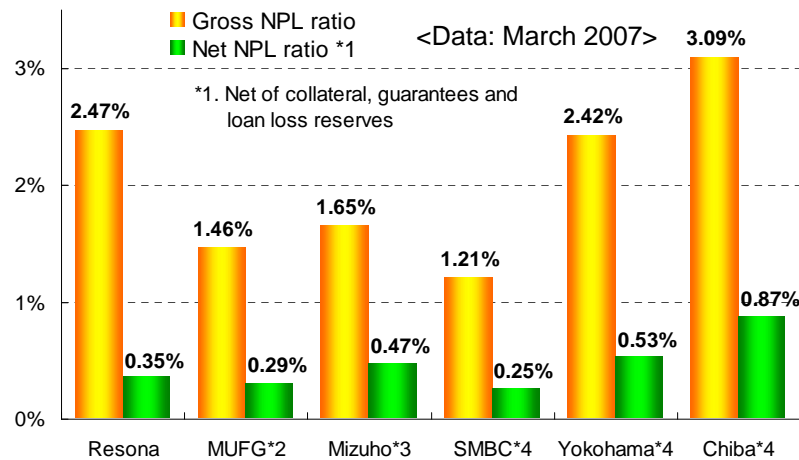


Continued Improvements in Financial Soundness

NPL balance and NPL ratio (group banks total)



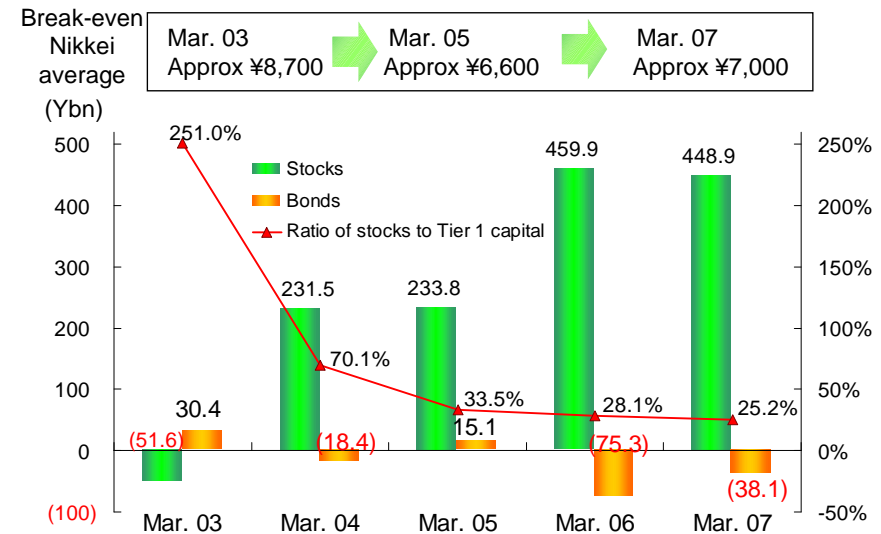
Comparative advantage in net NPL ratio



*2. 2 group banks including trust account loans

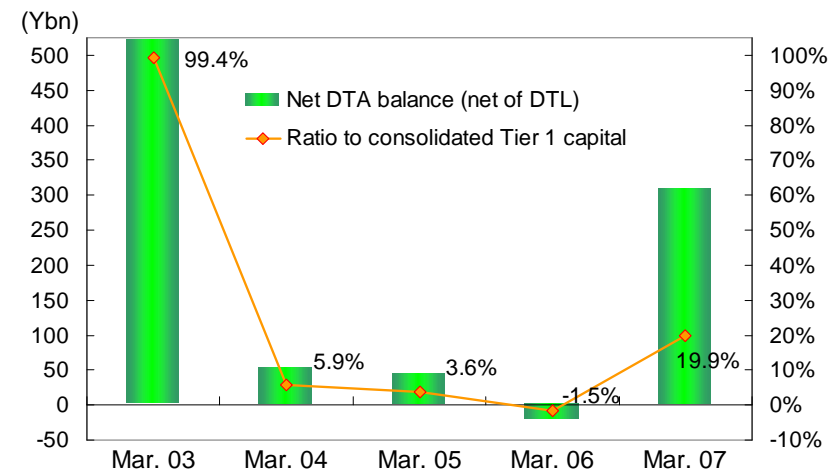
*3. 3 group banks including trust account loans *4. non-consolidated basis

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



Net DTA balance and ratio to Tier I capital

✓ Even after restoration of DTA, cleared the 20% Tier 1 cap guideline



Capital Adequacy Ratio (RHD Consolidated Basis)

■ RHD's consolidated CAR [Mar. 31 2006] 9.97%(Basel 1) → [Mar. 31 2007] 10.56% (Basel 2, SA)

YoY change based on the Basel I Std.

[RHD Consolidated]	Mar. 31, 2007		(Ybn, %)
	[Basel 1]	YoY change	
Capital adequacy ratio	10.31	+0.34	9.97
Tier I ratio	6.30	+0.35	5.95
Total qualifying capital	2,561.8	175.8	2,386.0
Tier I capital	1,564.5	138.8	1,425.7
Tier II capital	1,008.1	36.9	971.1
Deduction	10.8	(0.0)	10.9
Risk-weighted assets	24,831.2	900.5	23,930.7

(Primary factors for the difference)

[Qualifying Capital]

➤ Tier 1

▪ Retained earnings (+122.2bn)

⇒ Class 4 Preferred Shares (PS) (+63.0bn)

⇒ Repurchase of public funds PS (-570.0bn)

⇒ Net income and other, net (+629.2bn)

➤ Tier 2

▪ T2 finance and other, net (+32.7bn)

[Risk-weighted Assets]

➤ Change in risk-weighted assets (+ 0.9tn)

▪ Increase in loans

▪ Change in calculation of RWA

Change due to a shift from Basel I to Basel II (Mar. 31, 2007)

[RHD Consolidated]	Mar. 31, 2007		(Ybn, %)
	[Basel 2 (SA)]	Change	
Capital adequacy ratio	10.56	+0.25	10.31
Tier I ratio	6.51	+0.21	6.30
Total qualifying capital	2,515.8	(45.9)	2,561.8
Tier I capital	1,551.7	(12.8)	1,564.5
Tier II capital	1,001.7	(6.4)	1,008.1
Deduction	37.5	26.7	10.8
Risk-weighted assets	23,803.3	(1,027.8)	24,831.2

(Primary factors for the difference)

[Qualifying Capital]

➤ Tier 1

▪ Gains on sale of securitized housing loan claims, etc. (-12.8bn)

➤ Tier 2

▪ Reduction of loan loss reserve due to a reduction in risk-weighted assets (-6.4bn)

➤ Deduction

▪ Securitization exposure to be deducted (- 26.7bn)

[Risk-weighted assets]

➤ Change in risk-weighted assets

▪ Inclusion of operational risk (+1.4tn)

▪ Change in calculation of RWA (approx. -2.4tn)

⇒ Housing Loan (RW50%⇒35%)

⇒ Loans to SMEs and individuals(RW100%⇒75%)

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Earnings Forecasts for Fiscal Year Ending March 2008

(Billions of Yen)	Resona Holdings (Consolidated)		
	1st half forecast	Full year forecast	Change from FY 2006
Ordinary income	510.0	1030.0	(123.3)
Ordinary profit	140.0	280.0	(129.8)
Net (interim) income	100.0	210.0	(454.8)

consolidated capital adequacy ratio of Resona HD at the end of fiscal 2007

Lower 12%

(Billions of Yen)	Resona Holdings (Non-consolidated)		
	1st half forecast	Full year forecast	Change from FY 2006
Operating income	261.5	600.0	204.2
Ordinary profit	256.0	590.0	205.6
Net (interim) income	287.5	590.0	170.9

Forecast for term-end per share dividend on ordinary share	1,000yen
Forecast for term-end per share dividend on preferred share	As pre-determined

	Total of four banks (approx. figure)				Resona		Saitama Resona	Kinki Osaka	Resona Trust & Banking
	1st half forecast	Full year forecast	Change from FY 2006	Business Revitalization Plan	Full year forecast	Business Revitalization Plan	Full year forecast	Full year forecast	Full- year forecast
Gross operating profit	360.0	736.0	0.1	727.0	485.0	483.4	153.0	68.0	30.5
General & administrative expenses	190.0	376.0	21.7	380.0	242.0	246.3	76.0	45.0	12.0
Actual net operating profit	170.0	360.0	(22.0)	347.0	243.0	237.7	77.0	23.0	18.5
Non-recurring and extraordinary profit/(loss)	(30.0)	(75.0)	(100.9)	(67.0)	(49.0)	(44.1)	(13.5)	(11.5)	—
Gain/(loss) from stocks	2.0	5.0	(64.1)	8.0	5.0	8.2	—	—	—
Credit related expenses	28.0	60.0	13.2	61.0	45.0	44.4	80.0	7.3	—
Income before income taxes	140.0	285.0	(122.9)	280.0	194.0	193.6	63.5	11.5	18.5
Net (interim) income	105.0	220.0	(394.6)	205.0	Resona Group started applying consolidated tax return system from fiscal year 2005				

Forecast for capital adequacy ratios at the end of fiscal 2007

Consolidated

Upper 8%

Non-consolidated

Lower 9%

Consolidated

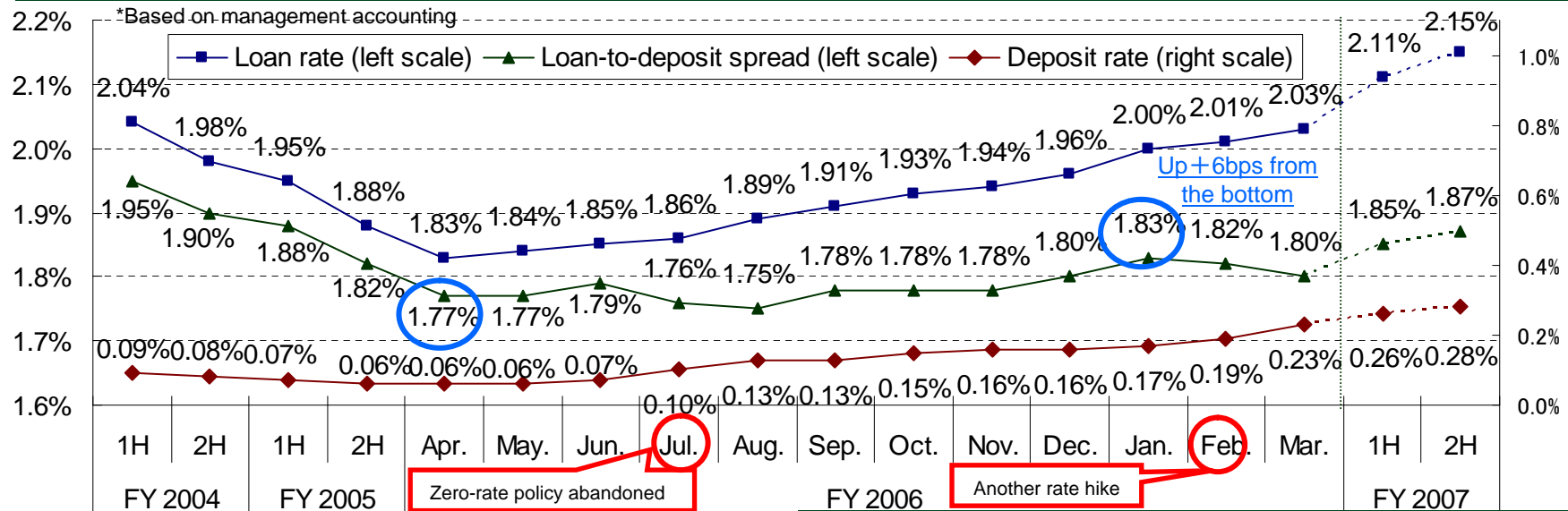
Middle 8%

Non-consolidated

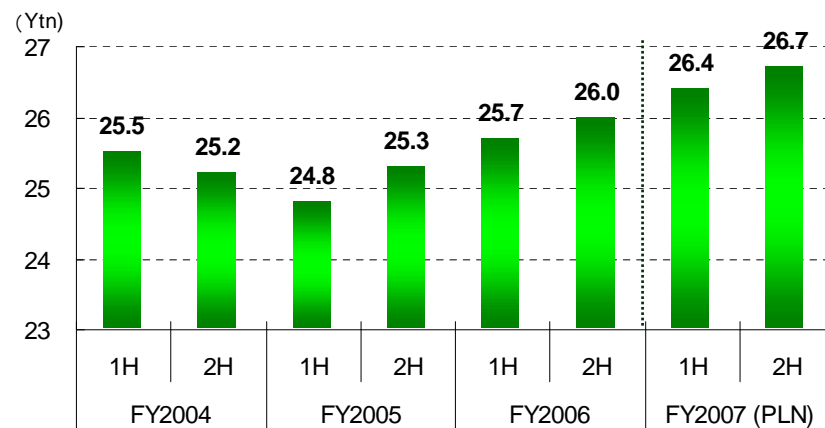
Approx. 40%

Trend of Loan Business

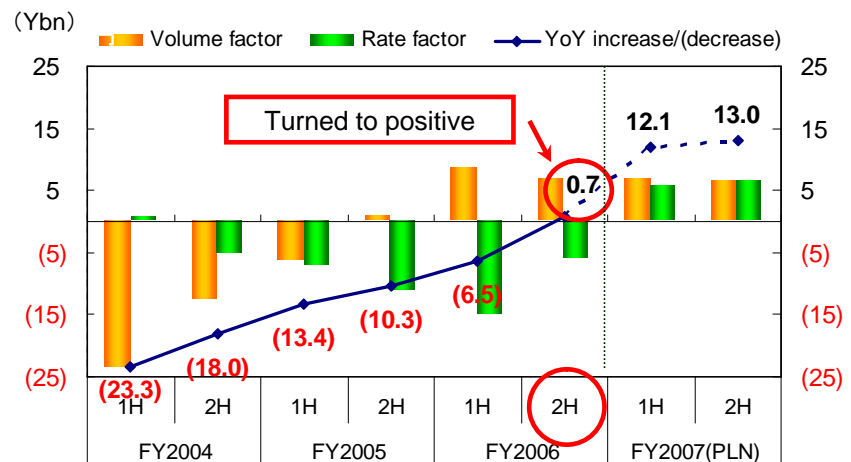
Trend of loan and deposit rates and loan-to-deposit spread



Trend of loan balance (average balance)



Trend of net income on loans and deposits (YoY change)

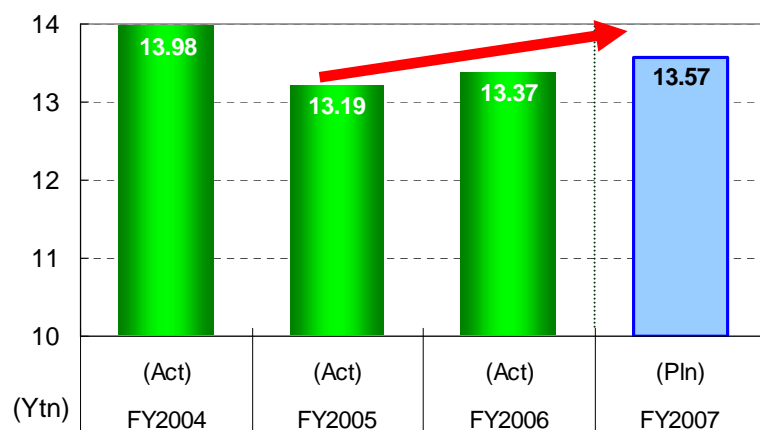


* Loans in the domestic yen account (management accounting basis)

Loan Plan for FY2007 (1): Loans to Corporations

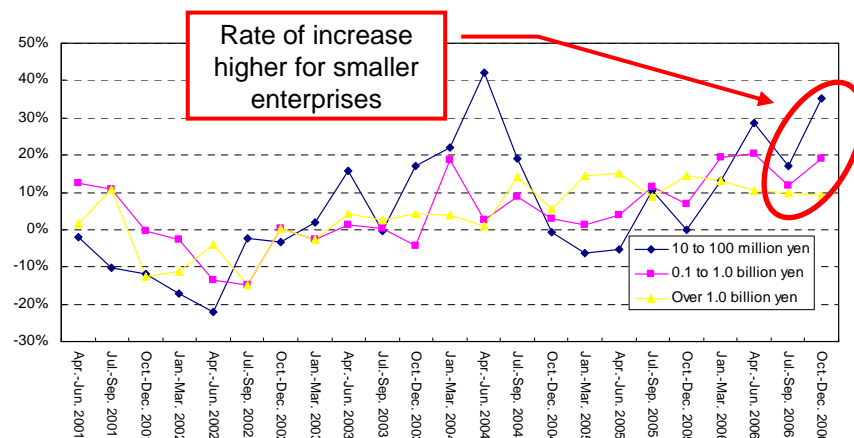
Term-end balance of loans to Corporations (results / plan)

- Avg. balance increased ¥174.2bn in FY2006
- Ave. balance to increase ¥201.6bn in FY2007 (Plan)



* Loans in the domestic banking account, management accounting basis

[Reference] CAPEX Trend by Enterprise Size (YoY Change)



Measures to increase high-quality loan assets

- **Strengthen relationships and capability to offer financial solutions**
 - > Best use of real estate and corporate pension functions (Pursue group synergies)
 - > Community-based relationship banking
- **Reforming liaison activities for corporate clients through active use of CRM**
 - > Improving per-head productivity
 - > Monitoring profitability of individual client
- **Tactics adopted by group banks**

RB

- ◆ Targeting core corporate clients (annual business of ¥0.5bn to ¥5.0bn)
- ◆ Expanding application of “owner business model”
- ◆ Strengthen support from head office

SR

- ◆ Supporting local enterprises in all phases of their developments (from initiation to rehabilitation)
- ◆ Expanding transactions with small enterprises

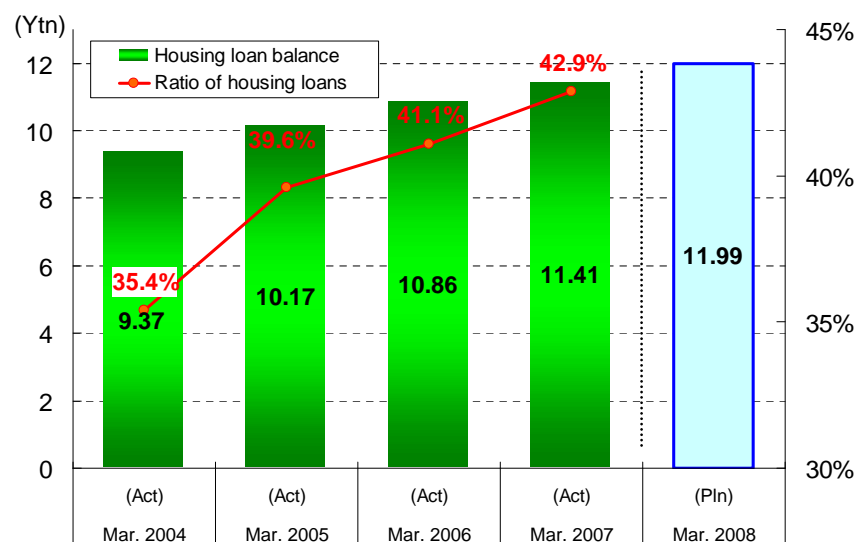
RB

- ◆ Strengthen sales division dedicated to new customers
- ◆ Promoting loans secured by credit guarantee corporations

Loan Plan for FY2007 (2): Loans to Individuals

Housing Loan

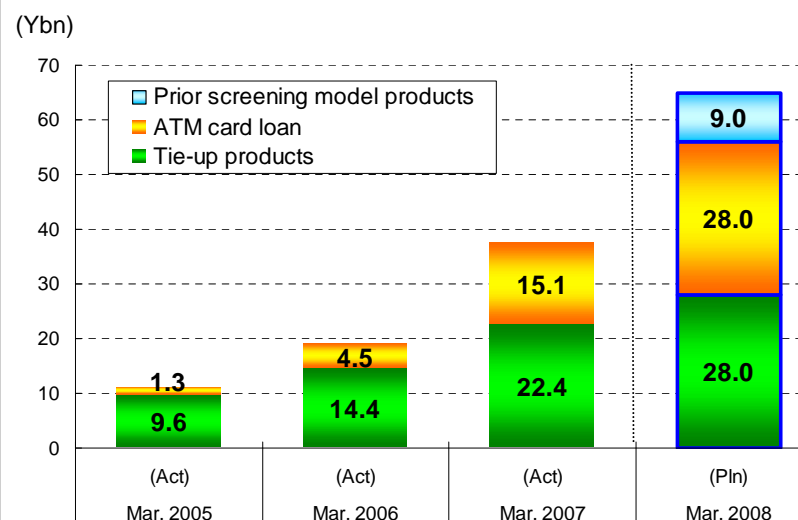
- **HL balance (End Mar. 2007): ¥11.41tn (HL ratio 42.9%)**
 - > Increased +¥555.4bn (+5.1%) during FY2006
 - => Well above the average for Japanese banks (+2.5%)
 - > New loans extended in FY2006: ¥1.66tn
 - Of which, "HLC Flat 35" accounts for ¥95.4bn (+¥38.2bn)
 - => RB ranked #1 in the number of applications received during 2nd half of the year



- **Favorable market condition likely to continue**
 - > Strong housing demand from baby boomer juniors
 - > Market potential remains unchanged despite postponing of sales by certain condo developers
- **Comparative advantage in business infrastructure**
 - > Fast loan application screening, cost competitiveness, product development capability
 - > Establishing nationwide coverage in housing loan business

Other consumer loans

- **Strategic consumer loan products**
 - > Tie-up products: End Mar. 2007 ¥22.4bn (+¥8.0bn)
 - > ATM card loan: End Mar. 2007 ¥15.1bn (+¥10.6bn)
 - > Introduced Quick Card Loan (prior screening model)



Outline of strategic consumer loan products

Product name	Applicable loan rate	Guarantees from external source
My Plan (<i>Jibun Keikaku</i>)	9.0 to 14.5%	Yes
ATM card loan	18%	N.A.
Quick card loan	10.125 to 12.625%	N.A.

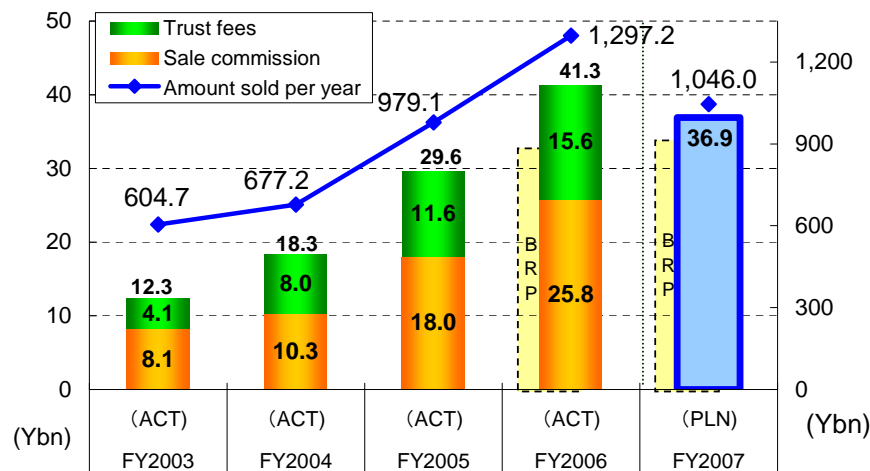
- **From preparatory stage to a pillar of profit**
 - > Effective use of low-cost remote channel (ATM, TB and IB)
 - > Utilizing know-how stored through precedent products

Financial Product Sale

Investment trusts

■ Related income for FY2006 amounted to ¥41.3bn

> Amount sold: ¥1,297.2bn Term-end bal.: ¥2,558.4bn



■ Introduced 29 new funds in FY2006

> Mega hit funds boosted up sale
ex.) *Bunsan* ... sold ¥502.6bn in FY2006 alone
(Morningstar best fund award)

> Continue introduction and abolition in FY2007

■ Strengthen business infrastructure to promote sales

> Effective utilization of CRM system
> Redefine branch office as a place for sales activities
> Shift personnel from back office to front office, strengthen training program

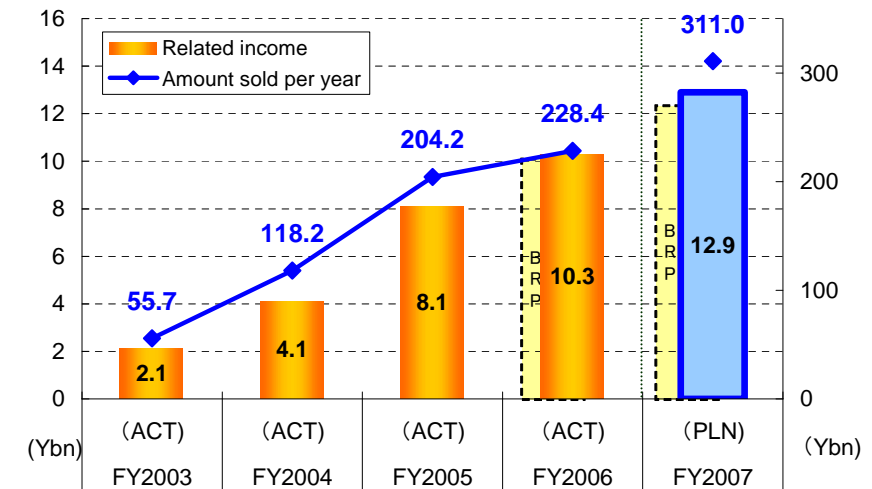
■ Compliance

> Adhere to Principle of Suitability, fulfill duty of explanation

Personal annuity products

■ Grown to be a ¥10bn business

> Amount sold in FY2006: ¥228.4bn



■ Introduced 9 competitive products in FY2006

> FX-denominated products slowed down due to weaker yen
> New variable annuity products with specific return targets gained popularity

■ Continue introduction and abolition of products

> Expand competitive products toward lifting of the remaining ban on bank's sale of insurance products
> Especially, life insurance, cancer insurance and medical care insurance

■ Strengthen sales staff

> Strengthen designated sales staffs in cooperation with tie-up insurers

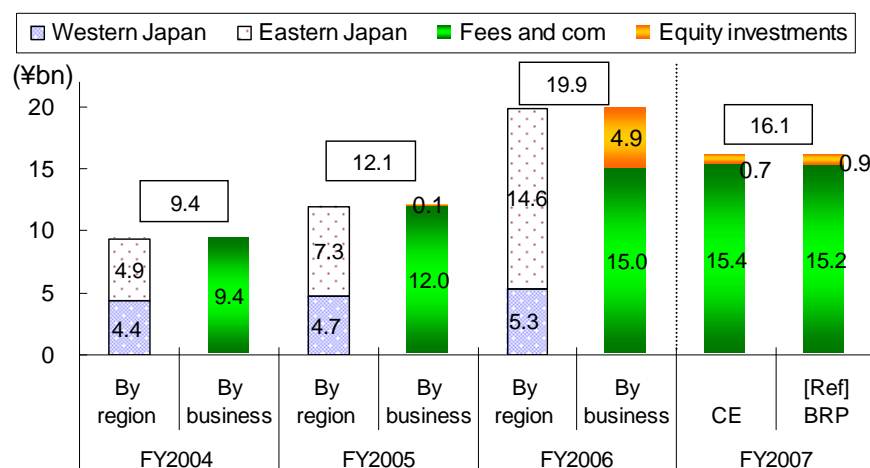
■ Compliance

> Adhere to Principle of Suitability, fulfill duty of explanation

Real Estate, Pension and Securities Trust Businesses

Real estate business (Resona Bank)

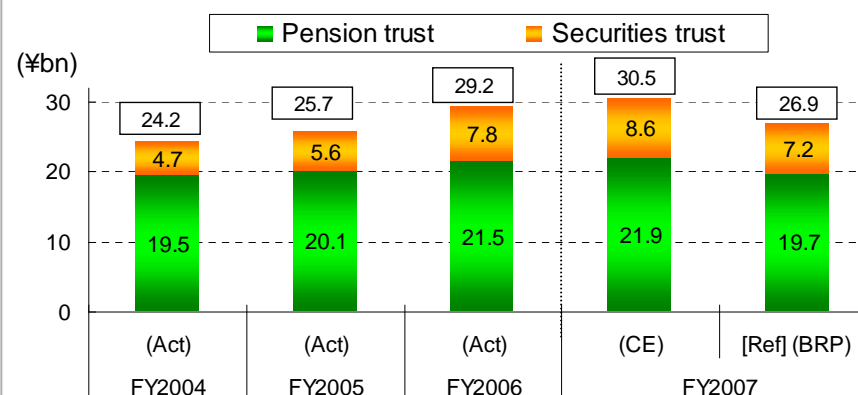
- **Income from real estate business for FY2006: ¥19.9bn (Highest record ever achieved by Resona Bank)**
 - > Fees and commission income: ¥15.0bn (+¥3.0bn)
 - > Income from equity investments: ¥4.9bn (+¥4.8bn)
- **Branches in the Tokyo metropolitan area contributed greatly to the increase**



- **Group synergies**
 - > Offer various real estate solutions to group banks' customers
- **Head office extend supports to area branches**
 - > Tailored promotion based on characteristics of local markets
- **Strengthen real estate business as a solution function**
 - > Utilize real estate function to initiate other banking transactions

Pension and securities trust businesses (Resona Trust & Banking)

- **Gross operating profits (GOP) for FY2006: ¥29.2bn**
 - > Pension trust ¥21.5bn (+¥1.4bn)
 - > Securities trust ¥7.8bn (+¥2.2bn)
- **Increase in entrusted assets contributed to an increase in revenue**



- **Realizing synergies through cooperation with group banks**
 - > Expand solution offering capability through strengthened backups
- **Further strengthen asset management and administration know-how and skills**
 - > Expand line up of asset management products including alternative investments, etc.
 - > Consulting services on how to switch to a new type pension plan

Resona Group at a Glance

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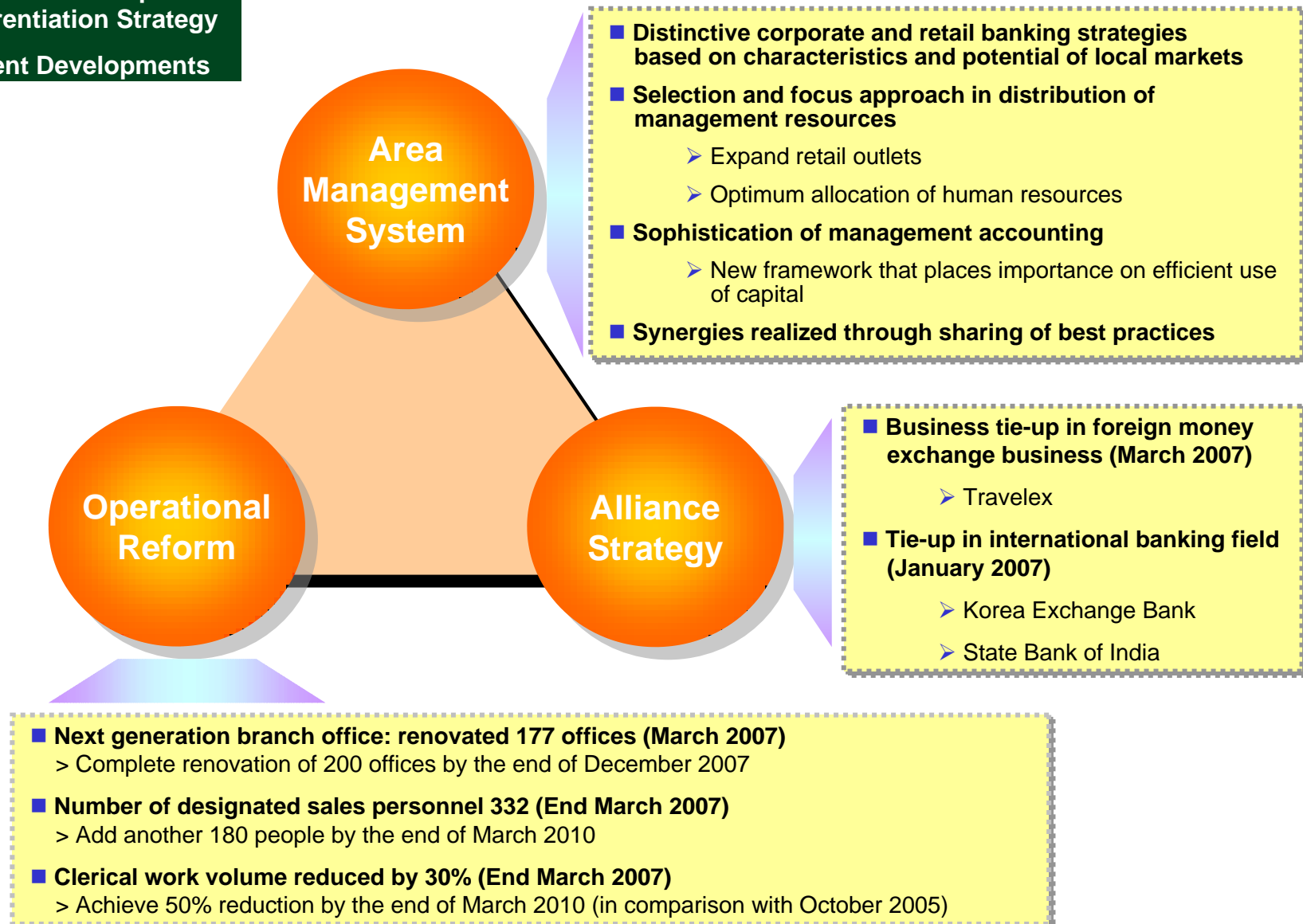
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Differentiation Strategy for Sustainable Growth

**Resona Group's
Differentiation Strategy
Recent Developments**



Measures Taken for Upgrading the Business Management

Build up a solid business management system that can support sustained business growth

Compliance on Sale of Financial Products

- **Level up of sales staff**
 - >Expand in-house training in terms of their contents and frequencies
 - >Create in-house qualifications to sell financial products
- **Sales activities based on the “principle of suitability”**
 - >Mapping of clients based on “willingness to take risks” and “financial literacy”
 - >Feedback of such analysis via newly introduced CRM system
- **Implement thorough explanation to a customer**
- **Strengthen compliance**
 - >Created Financial Products Compliance Office
 - >Increased the number of compliance advisers

Integrated Risk Management System

- **Implement a plan to upgrade the risk management system**
 - **Evaluations of capital adequacy in the context of integrated risk management**
 - > Primary risks to be managed within Tier 1 limit
 - > Risk buffers provided by excess Tier 1 and Tier 2
 - **Basel II**
 - > Strengthen business management framework in view of a shift from SA to F-IRB*
- *Subject to approvals from competent authorities

Sophistication of Management Accounting System

- **A new framework that places importance on efficient use of capital**
 - > Upgrading to “RAROC” and “RVA” (Resona Value Added)
 - > Commenced computation of RAROC and RVA for each business line and regional unit
- **Management accounting fitted with area management business strategies**
 - > Establishing risk-cost-return management for each regional unit
 - > Management information available for formulation of area business strategies

Development of Business Infrastructure Aimed at Sustainable Growth

Restructuring of business infrastructures aimed at enhancing profitability of mass retail business

Improve customer conveniences through strengthened line-up of products

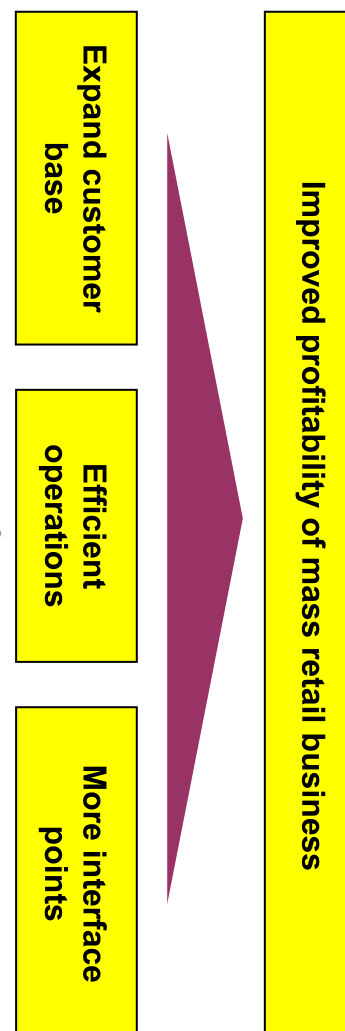
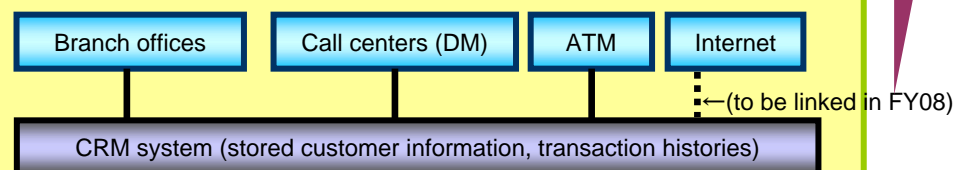
- **Full-fledged revision of internet banking (IB) services (to be completed in FY08)**
 - >Level up in functionality, seamlessness (financial products, housing loans, card loans)
 - >Link with CRM system
- **Review customer royalty point services (planned in FY07)**
 - >Expand affiliated partners (12 at present to be expanded to 20)
- **Strengthened functionality of cash card**
 - >Introduce a dual-function card (cash and credit card) (planned in June 07)

Low-cost operation

- **Concentrated back-yard operations to the Shimane customer center**
 - >Back-yard operations for IB, TB and mail order services
- **Reduce routine transactions carried out at branch office counters**
 - >Expanding transaction share of IB and TB
(Share of IB: 30% for FY2006 to be raised to 50% for FY2012)

Effective utilization of CRM system by Multiple Channels

- **Effective marketing tool**
- **Induce customer visits**



Reform of HR management Autonomous HR management by each area

Diversity management

- **Recruiting talented staffs**
 - > Recruitment in FY2006
New graduates: 850 people
Mid-career: 270 people
 - > Mid-career hiring for branch
GM posts planned in FY07
- **Appointment of female staffs to administrative positions**
 - Female staff appointed to admin. positions
 - > Senior manager: 0.7% → 2%
 - > Manager: 8% → 15%
- **Promotion of temporary/ part-time staffs to regular employees**
 - > FY2006: 86 people

HR Management centered on each area

- **Realized flexible posting by delegating more authorities on HR management to regional units**
- **Improve management and communication skills of people in administrative positions**
 - > Training programs designed to develop management and coaching capability

Bring up autonomous personnel

- **Resona business school to bring up professional personnel in finance field**
 - > Number of people who took the courses: 8,600
 - > Courses to help acquire such qualifications as FP, registered real estate transaction manager, DC planner, etc.
(Pursuing group synergies in five primary business areas)
- **Free Agent and Post Challenge systems**
 - > Post challenge for branch
GM positions planned in FY07 (RB)

Resona Group at a Glance

Overview of Financial Results for FY2006

**Updates by Major Business Lines:
Results of FY2006 and Plan for FY2007**


Addressing Challenges to Realize Sustained Growth

Pathway to Early Repayment of Public Funds

<Reference Material>

Capital Policy Directed toward Early Repayment of Public Funds

[Progress in the past 1 year] Steadily accumulated surplus and accelerated pace of repayments



May 23, 2006	Announced “ Basic Policy toward Repayment of Public Funds ” (1) To secure a source of funds for repayment as soon as possible (2) To maintain an appropriate capital adequacy ratio; and (3) To avoid dilution of ordinary shares as much as possible
June 28, 2006	Approval of creation of the terms for new preferred shares (Classes 4 to 9) at the General Meeting of Shareholders • Class 4 through 8 ... Non-convertible (bond-type) preferred shares • Class 9 ... Convertible (“restrictive” conversion) preferred shares
August 31, 2006	Issue of the Class 4 preferred shares (Total issue amount ¥63bn)
November 2, 2006	Partial repayment of the public funds perpetual subordinated loan (Amount ¥20bn)
January 26, 2007	Repurchase and cancellation of the public funds preferred shares (Total issue amount ¥532.7bn) [Details on Page 26]
March 30, 2007	Requested for sale in the market of the public funds ordinary shares
April 25, 2007	Resolution to issue the Class 9 preferred shares (Total issue amount ¥350bn) [Details on Page 27-29]

Remaining public funds preferred shares vs funds available for repayments*

Public funds preferred shares Remaining amount: ¥1998.8bn (infusion amount basis)	
Other capital surplus ¥350bn	Retained earnings (End March 2007) ¥904.4bn
Total available funds for repayments ¥1,254.4bn (62% of above)	

* Repurchase in January 2007 and issuance of Class 9 preferred shares are taken into consideration

Repurchase and Cancellation of Public Funds Preferred Shares

Repurchased and cancelled ¥532.7bn (infusion amount basis) of public funds preferred shares (Jan 07)

[Outline of repurchase and cancellation]

	Class B No.1	Class E No.1	Total
(1) Total number of shares repurchased	407,798	230,424	
(2) Issue price per share	JPY 600,000	JPY 1,250,000	
(3) Repurchase price per share	JPY 719,400	JPY 1,200,520	
(4) Total issue amount	JPY 244.6bn	JPY 288.0bn	JPY 532.7bn
(5) Total repurchase amount	JPY 293.3bn	JPY 276.6bn	JPY 569.9bn
(6) Premium	JPY 48.6bn	JPY (11.4)bn	JPY 37.2bn
(7) Reduction of potential shares	0.661million	0.799 million	1.460 million
(Applicable conversion ratio)	1.622	3.468	
(Ratio to the total number of common shares outstanding)	5.80%	7.01%	12.81%

- Implemented the repayment far exceeding the initial repurchase limit of ¥250bn authorized by the AGM
- Even after the repayment, CAR and T1 ratio were maintained above 9% and 5%, respectively.
(RHD consolidated CAR 10.57%, T1 6.52% as of the end FY2006)
- Approx. 1.46 million potential shares were eliminated through the repurchase (Equivalent to 12.81% to total number of common shares outstanding)*1
- Annual preferred dividends for the public funds preferred shares will be reduced by ¥5.9bn

*1. Based on the conversion ratios applicable to Class B and Class E preferred shares at the time of repurchase

[Public funds remaining after the repurchase]

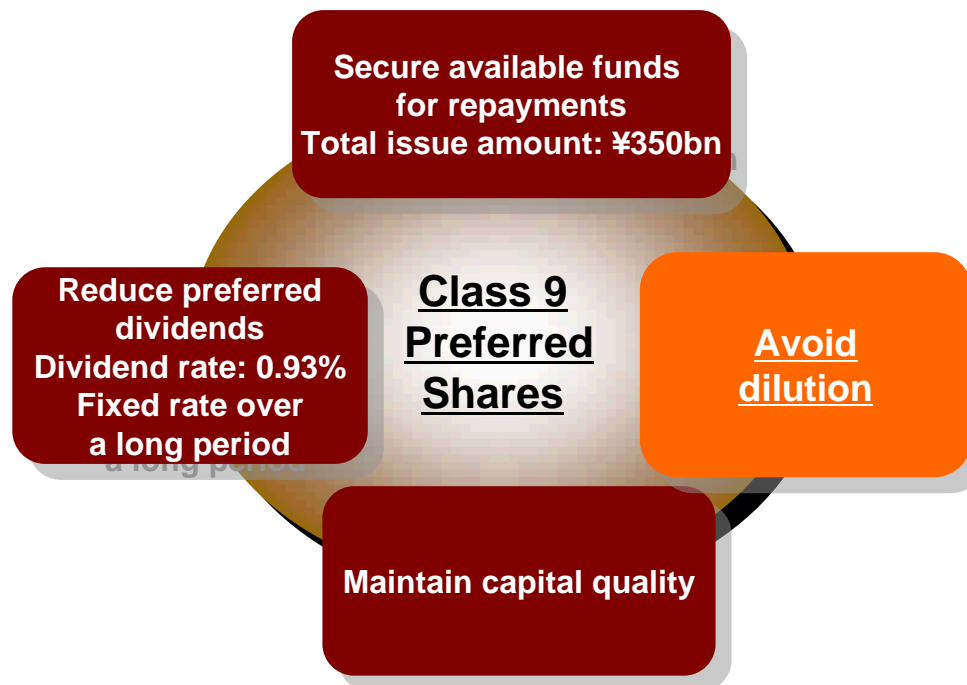
(Billions of Yen)	Mandatory conversion (First Call)	Amount Sep. 30, 2003 (1)	Amount after repurchase (2)	Amount repaid (2) - (1)
Public funds received		3,128.0	2,372.5	(755.4)
Preferred Shares		2,531.5	1,998.8	(532.7)
Early Strengthening Law		868.0	335.2	(532.7)
Class B	Apr. 2009	408.0	163.3	(244.6)
Class C	Apr. 2015	60.0	60.0	--
Class E	Dec. 2009	300.0	11.9	(288.0)
Class F	Dec. 2014	100.0	100.0	--
Deposit Insurance Law		1,663.5	1,663.5	--
Class One	Not Attached	550.0	550.0	--
Class Two	Not Attached	563.5	563.5	--
Class Three	Not Attached	550.0	550.0	--
Subordinated Loan		300.0	80.0	(220.0)
Financial Function Stabilization Law		200.0	--	(200.0)
Early Strengthening Law *2	Mar. 2009	100.0	80.0	(20.0)
Ordinary Share	Not Attached	296.4	293.7	(2.7)

*2. Of the remaining amount shown above, RHD repaid ¥35.0bn on June 13, 2007.
(Remaining amount at present is ¥45.0bn.)

Class 9 Preferred Shares: Structure that Embodies “Basic Policies toward Repayments”

Designed in such a way to ensure high capital eligibility and to avoid dilution

- All shares will be allotted and subscribed by Merrill Lynch Japan Finance
- The only convertible preferred share that the Aol allows



- Proceeds will be utilized to repurchase the existing public fund convertible preferred shares (leading to a decline in the number of potential shares)

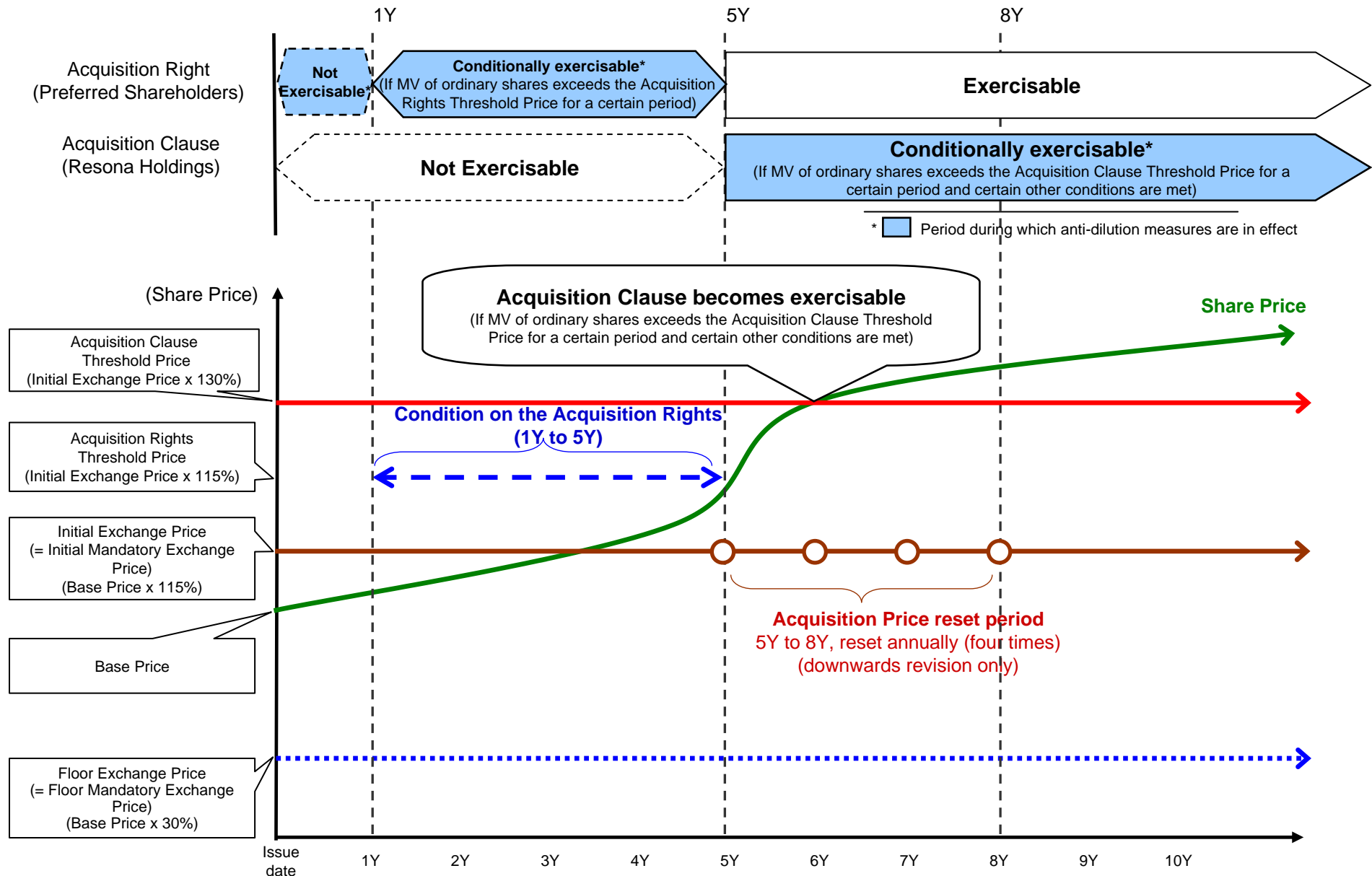
Limitation on exercise of Acquisition Rights

- Acquisition Rights are not exercisable for one year from the issue date
- Initial Exchange Price is set at an amount equal to the sum of the Base Price plus the Initial Exchange Premium of 15% (Same exchange price applicable for 5 years)
- For five years from the issue date, Acquisition Rights become exercisable only when ordinary share price exceeds 115% of the Initial Exchange Price
- Reset of Exchange Price (downward only) will be made only four times, after 5, 6, 7 and 8 years after the issue date.

Inclusion of the Acquisition Clause

- Acquisition Clause enables the issuer to limit excessive dilution when ordinary share price appreciates.
- If, after five years after the issuer date, the following conditions are met, the issuer may acquire the Preferred Shares in exchange for payment of cash (equal to subscription price) and delivery of ordinary shares (equal to the in-the-money value).
 - Ordinary share price exceeds Acquisition Clause Threshold Price for a certain period, and
 - Resona Holdings can maintain an adequate CAR after acquisition under the Acquisition Clause
- Simultaneous mandatory conversion is not applicable

Class 9 Preferred Shares: “Acquisition Right” and “Acquisition Clause”



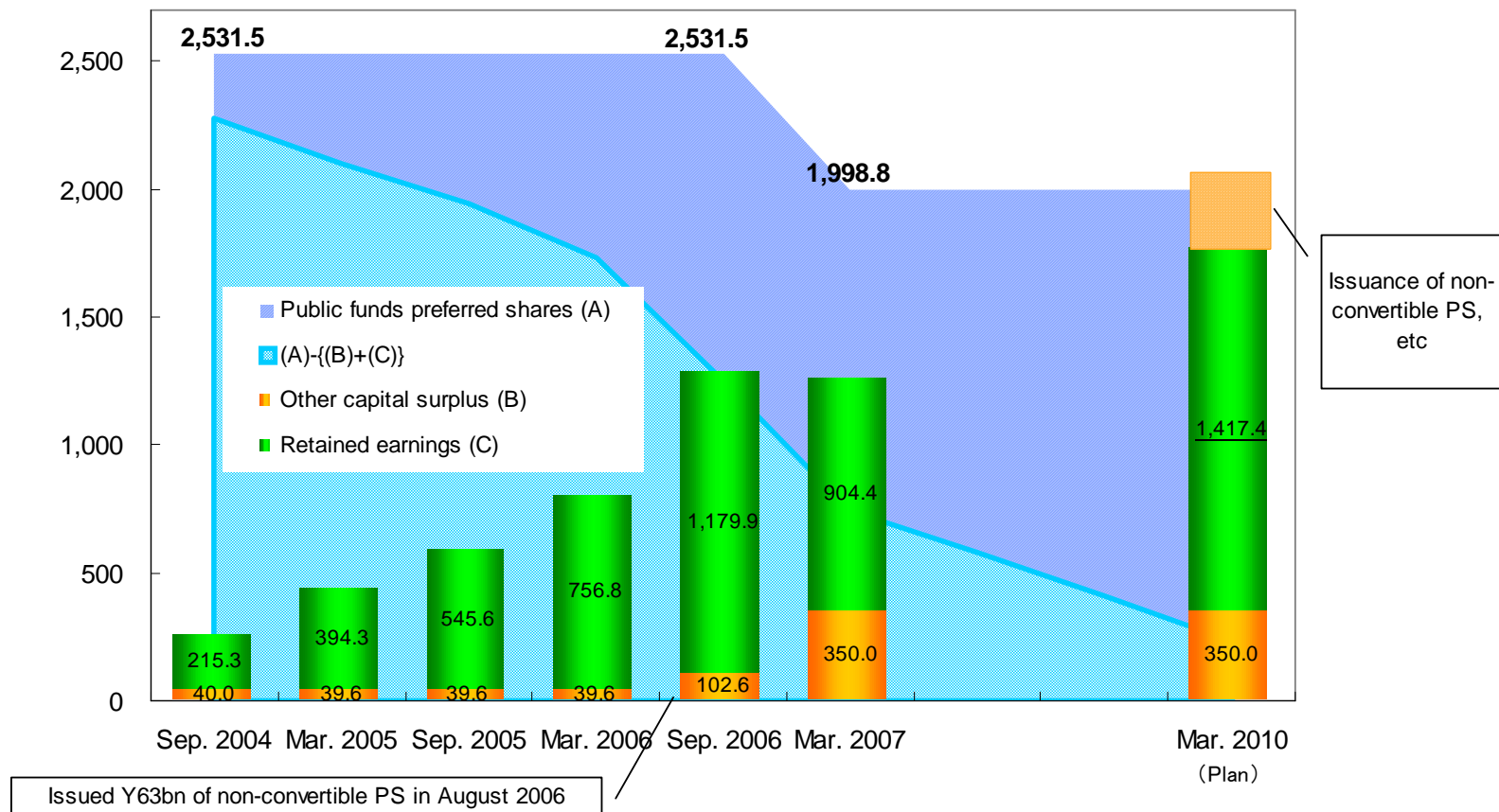
Class 9 Preferred Shares: Comparison with Public Fund Preferred Stocks

	Financial Function Early Strengthening Law	Deposit Insurance Law	Class 9 Preferred Shares
Preferred Dividend Rate	Fixed rate (1.06% to 1.48%)	1y¥Libor +50bps	Fixed rate (0.93%)
Initial Exchange Premium	N.A.	N.A.	15%
Start of the Period for Exercise of Acquisition Rights	Already arrived	Jul. 2006 to Jul. 2010	After one year after the issue date
Reset of Exchange Price and Direction	Once every year, upward/downward	Once every year, upward/downward	Four times after 5, 6, 7 and 8 years after the issue date Downward only
Floor Exchange Price	¥166,700 to ¥359,700	¥17,000 to ¥28,000	
Limitation on Exercise of Acquisition Rights	N.A.	N.A.	Exercisable when ordinary share price exceeds 115% of the Initial Exchange Price
Period for Exercise of Acquisition Clause	N.A.	N.A.	Exercisable when ordinary share price exceeds 130% of the Initial Exchange Price after five years after the issue date
Simultaneous Mandatory Conversion	Applicable (Apr. 2009 to Dec. 2014)	N.A.	N.A.
Voting Rights	N.A. (Restored when dividends skipped)	Granted	N.A. (Not restored even when dividends skipped)

Accumulation of Funds Available for Repayments (Image)

Secure funds available for repayments at an early date

- Secure funds for repayments exceeding the infusion amount of remaining public funds preferred shares through accumulation of retained earnings and issuances of non-convertible preferred shares



- The issue proceeds of the Class 9 preferred shares are included in the surplus funds available as of the end of March 2007.
- Retained earnings as of the end of March 2010 are based on the Management Revitalization Plan.
(After adjustments to reflect their use for repurchase and cancellation of the public funds preferred shares in January 2007 and excess profits for FY2006)
- The amount necessary for actual repayment of public funds may differ from the balance of the public funds preferred shares on the basis of the issue prices described above.

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<Reference Material>

Resona's Differentiation Strategy: Area Management System (Resona Bank)

Maximizing corporate value with the improved Area Management System

What's Area Management?

- > Resona Bank's operation is divided into 12 regional units
- > Area CEO is appointed to each regional unit

Concepts

Relationship Banking

Offering solutions tailored to each regional unit

Delegation of significant authorities and clear profit responsibility

Specific Measures Taken

Presented a clear mission to each regional unit

- Formulation of area strategy based on market condition, potential, and positioning
 - > Clear focus on corporate / retail banking

Selection and focus in resource allocation

- Future strategy on branch network
 - > Half of the total branch offices to become retail outlets
- Optimum allocation of human resources
 - > Clarify job responsibility assigned to a post

Sophistication of management accounting

- Management indicators that will put in place a discipline of capital

Positive synergies among regional units

- Sharing of best practices

Objectives

Raise area market share (Expand customer base)

×

Enhance profitability

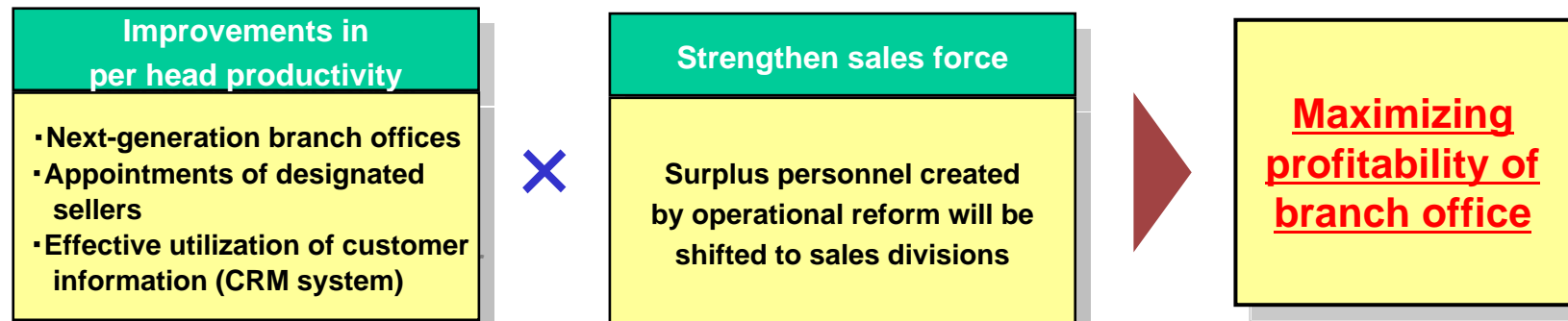
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Maximize corporate value

Resona's Differentiation Strategy: Operational Reform (Resona Bank)

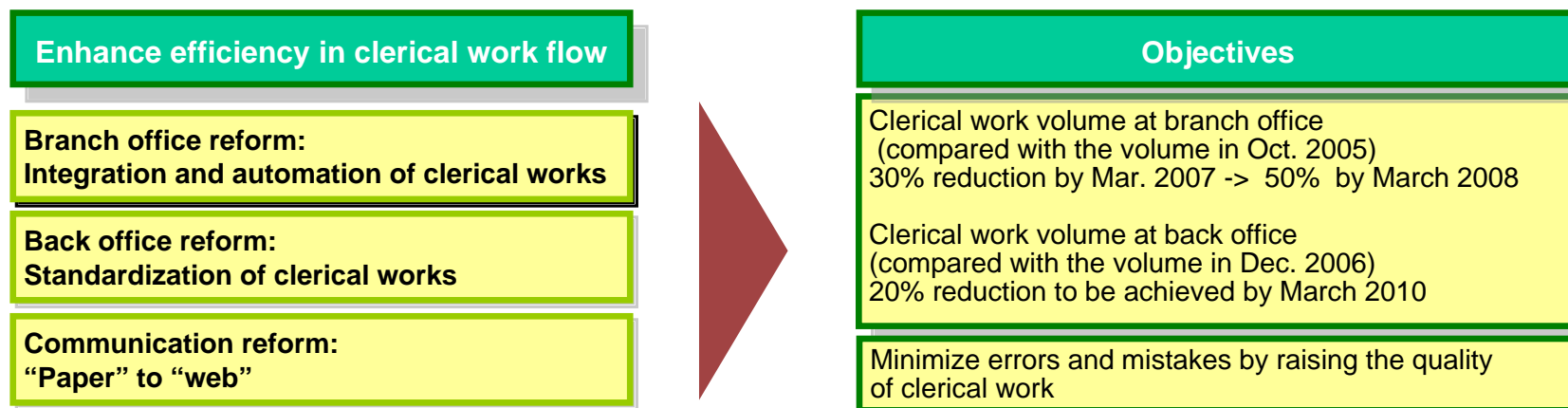
Maximize profitability of branch office through operational reform

✓ Redefine branch office as a place for sales by detaching the back-office functions



- 177 offices have already been renovated to next-generation branch offices. (March '07)
Renovation of 200 offices, in total, to be completed by the end of December 2007
- Number of designated sellers: 332 (March '07). Another 180 people to be added by the end of March 2008.

Break away from high-cost structure inherent in retail banking business



Resona's Differentiation Strategy: Branch Reform (Resona Bank)

Business Processing Reformation (BPR)⁽¹⁾ in branch offices

- Zero waiting time
- No transaction slips and seal impression
- No back-office staff

Storefront	Introduction of "module box"
Cash Handling	Cash transactions handled by ATMs
Back Office	Reorganize branch back office operations into area clusters



<Objectives>

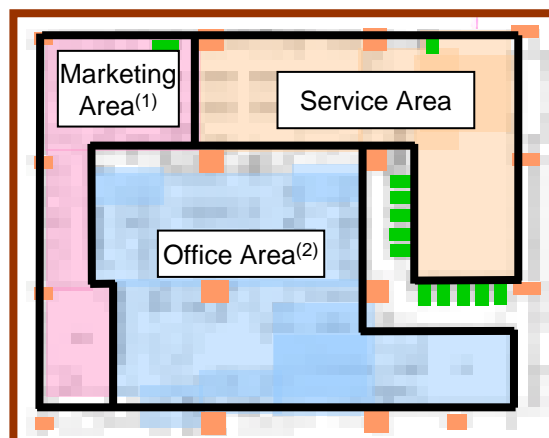
50%
reduction of
clerical
work costs

50%
reduction
of Office
Area⁽²⁾

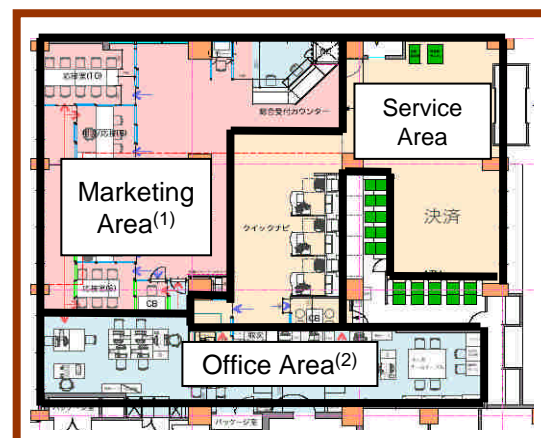
50%
reduction
of clerical
staff

Comparison of office layouts before and after the modification

[BEFORE]



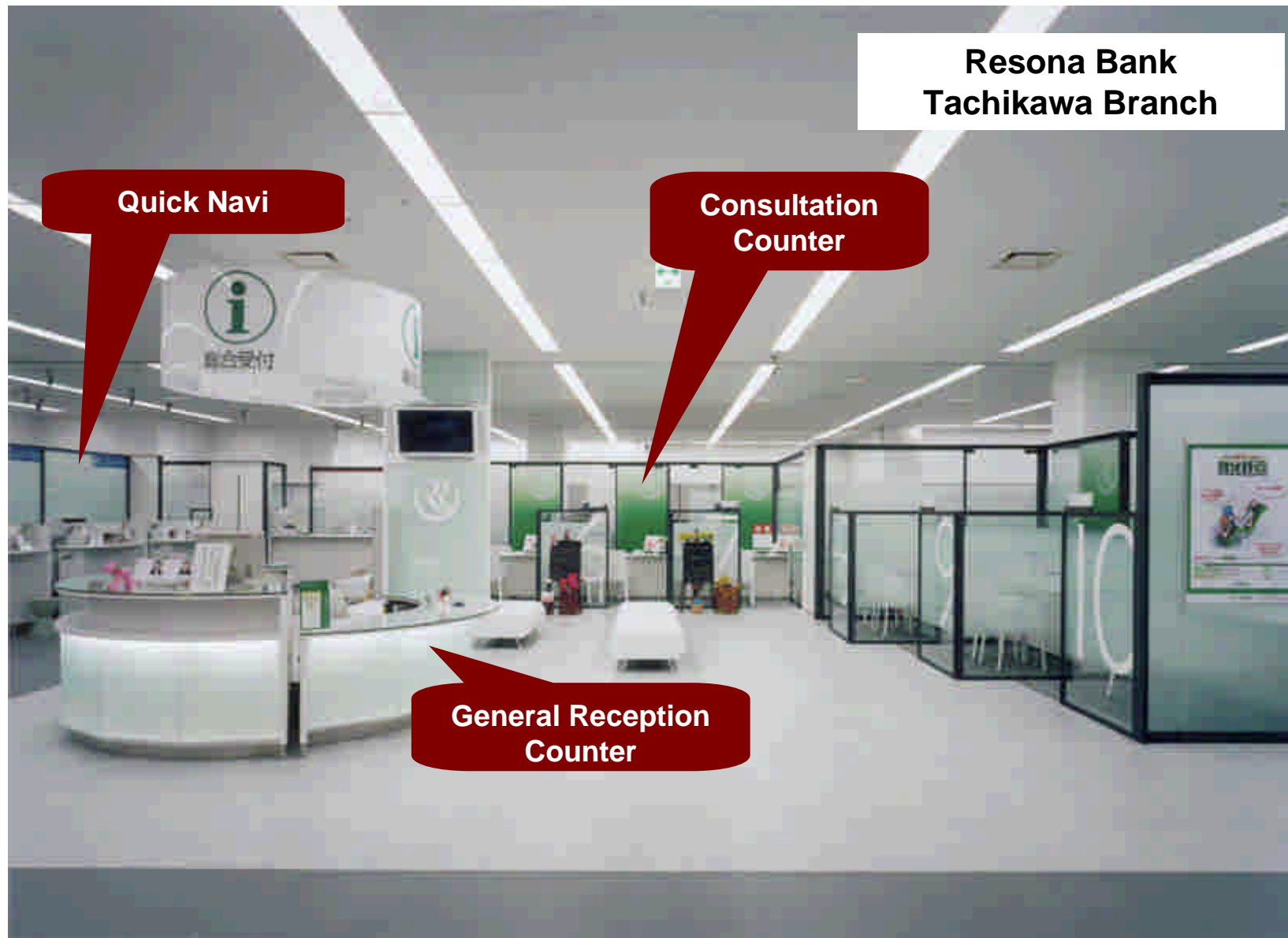
[AFTER]



(1) Enlargement of marketing area: Approx. 66 square meters □ Approx. 132 square meters (Doubled)

(2) Cutback in office space: Approx. 132 square meters □ Approx. 66 meters (Halved)

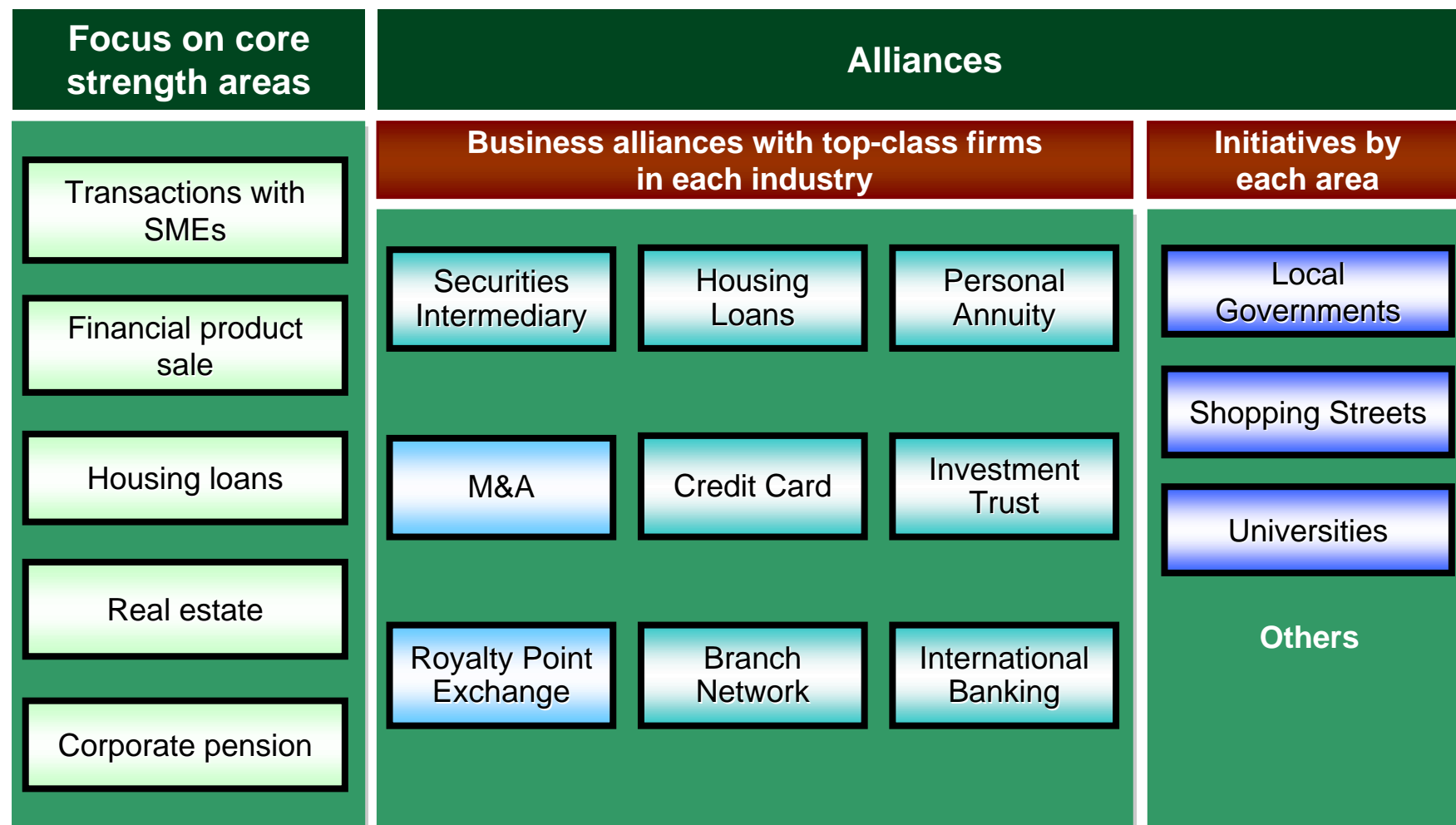
Layout of Next Generation Branch Offices



Resona Group's Differentiation Strategy: Alliance Strategy

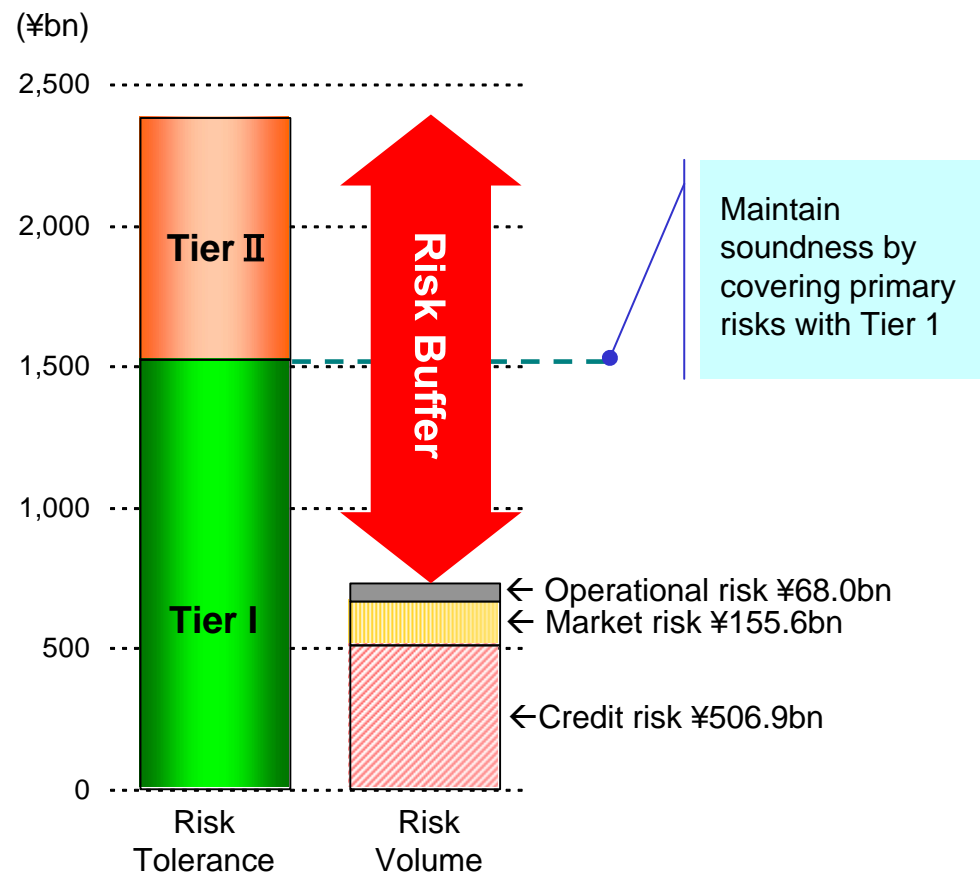
New tie-ups initiated in FY2006

- ✓ Tied-up with Travelex, one of the world largest foreign money exchangers
- ✓ Tied-up with Korea Exchange Bank and State Bank of India in the field of international banking business



Risk Volume relative to Capital (End of March 2007)

- Primary risks such as credit, market and operational risks are controlled within Tier 1 limit
- Risk buffers comprising of excess Tier 1 and Tier 2 are provided against the risk volume assumed under a stress scenario or the risks difficult to measure.



[Integrated risk management]
 Utilized as a tool for the management to evaluate the level of capital adequacy

Assumptions for measuring the VaR

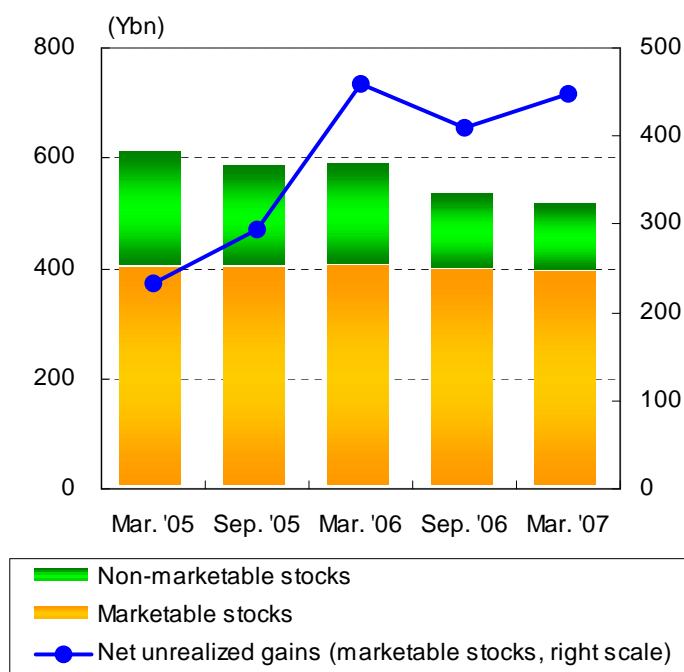
- Confidence Interval: 99%
 * "99.9%" confidence level is used as a supplementary assumption for a stress test.
- Holding period
 Credit risk: 1 year
 Market risk: 1 to 6 months depending on the nature of assets
 Operational risk: 1 year

Note: Tier 1 and Tier 2 amounts are after certain adjustments.

Securities Portfolio

- Net gains on stocks (total of group banks) for FY2006 were ¥69.1bn (up 15.1bn from previous year)
- Net gains on bonds (total of group banks) for FY2006 were ¥7.4bn (up 19.7bn from previous year)
- Net unrealized gains on available-for-sale securities (RHD consolidated basis) amounted to ¥432.9bn

Stockholdings (Available-for-sale securities, RHD Consolidated)



- Book value of stocks sold outright
FY2006 (Act): ¥15.4bn (total of group banks)

Bonds

[Balance of Securities Held (Non-consolidated Basis)]					(Ybn)
	RB	SR	KO	RT	Total of Group Banks
JGB	2,723.0	888.1	268.5	14.9	3,894.7
Within 1 year	1,744.1	583.7	44.9	14.9	2,387.7
1 to 5 years	189.2	70.7	192.7	-	452.7
5 to 10 years	219.4	82.6	25.9	-	328.0
Over 10 years	570.2	151.0	4.8	-	726.1
Other*	2,534.2	754.6	399.4	-	3,688.4
Total	5,257.3	1,642.8	667.9	14.9	7,583.1

* "Other" includes local government bonds, corporate bonds, stocks and foreign bonds, etc.

[Net unrealized gains/(losses) on bonds (RHD Consolidated Basis)]							(Ybn)
	Sep. '04	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	
JGB	4.6	10.7	(17.7)	(64.0)	(32.9)	(32.9)	
Other*	7.0	16.8	44.2	47.0	(14.4)	16.5	
Total	11.5	27.5	26.5	(17.0)	(47.3)	(16.4)	

* "Other" includes local government bonds, corporate bonds, and foreign bonds, etc.

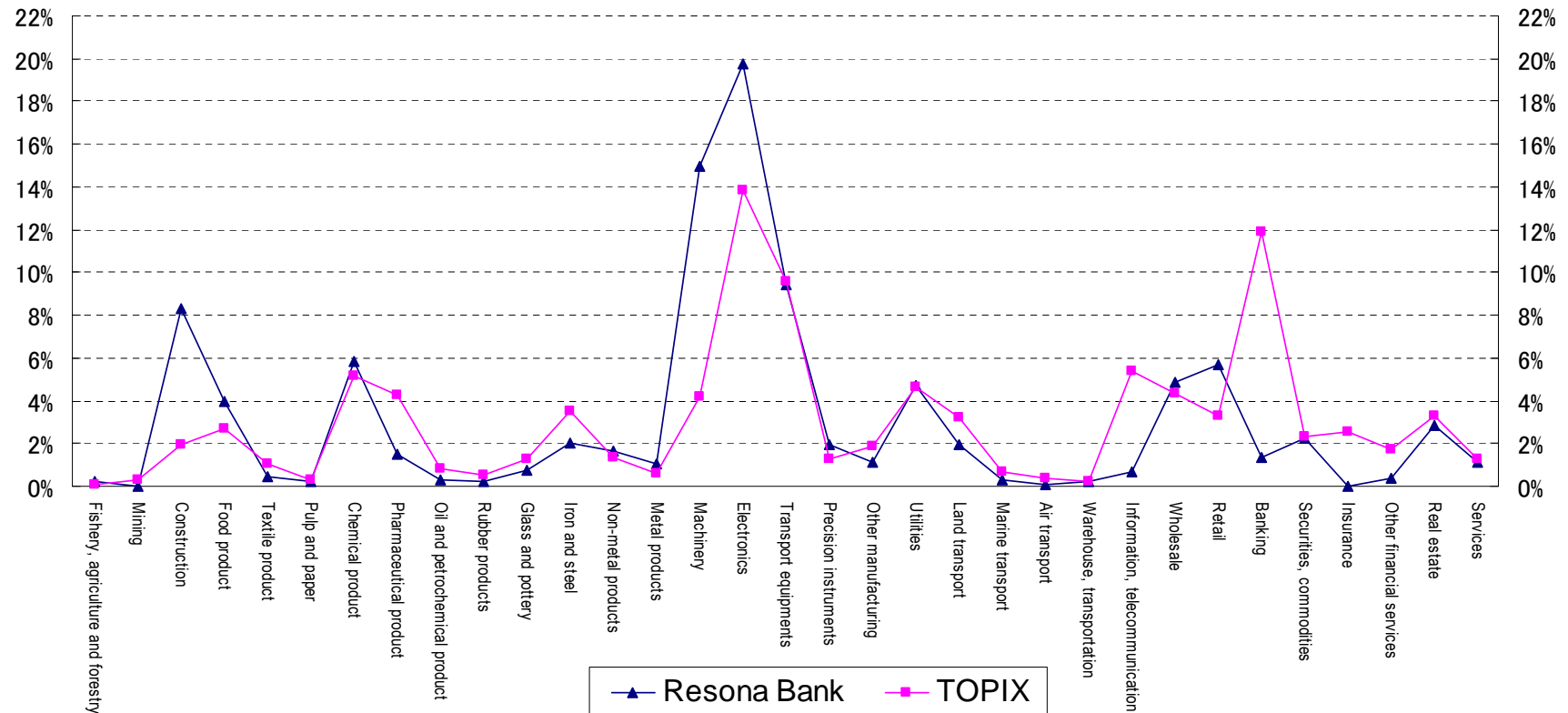
10-year JGB yield	1.440%	1.320%	1.475%	1.765%	1.665%	1.650%
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[JGB duration (Banking Account)]							(Years)
	Sep. '04	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	
Resona Group	2.0	2.1	2.3	2.4	2.1	1.9	
Resona Bank	1.9	1.9	2.3	2.3	2.0	1.8	

[Basis Point Value (BPV, Domestic Bonds)]							(Ybn)
	Sep. '04	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	
Resona Group	(12.6)	(10.2)	(13.8)	(13.0)	(9.9)	(9.9)	
Resona Bank	(8.2)	(6.5)	(8.9)	(7.7)	(6.1)	(5.9)	

[Break-even Nikkei Average Points]							(Yen)
	Sep. '04	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	
Resona Group	—	6,600	6,300	6,000	6,600	7,000	

Composition of Shareholdings by Industry (End March 2007, Resona Bank)



Maturity Ladder of Deposits and Loans (Resona Bank, Domestic Operations)

Loans and Bills Discounted

[End of March 2006]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	3.3%	4.0%	11.4%	5.2%	23.9%
Prime rate-based	42.4%	1.0%	0.0%	0.0%	43.4%
Market rate-based	24.9%	2.6%	2.5%	2.6%	32.7%
Total	70.6%	7.6%	13.9%	7.9%	100.0%

Loans maturing within 1 year **78.2%**

[End of March 2007]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	4.5%	4.5%	10.1%	6.5%	25.6%
Prime rate-based	39.3%	0.8%	0.0%	0.0%	40.1%
Market rate-based	26.7%	2.2%	2.9%	2.5%	34.3%
Total	70.5%	7.5%	13.0%	9.0%	100.0%

Loans maturing within 1 year **78.0%**

[Change in FY2006]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	1.1%	0.6%	-1.3%	1.3%	1.7%
Prime rate-based	-3.2%	-0.2%	0.0%	0.0%	-3.3%
Market rate-based	1.9%	-0.5%	0.3%	-0.1%	1.6%
Total	-0.2%	-0.1%	-0.9%	1.1%	0.0%

Loans maturing within 1 year **-0.2%**

Deposits

[End of March 2006]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	64.6%				64.6%
Time deposits	14.7%	7.9%	8.4%	4.4%	35.4%
Total	79.4%	7.9%	8.4%	4.4%	100.0%

[End of March 2007]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	62.4%				64.1%
Time deposits	16.9%	8.4%	7.7%	2.8%	35.9%
Total	81.1%	8.4%	7.7%	3.2%	100.0%

[Change in FY2006]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	-0.5%				-0.5%
Time deposits	2.2%	0.5%	-0.7%	-1.5%	0.5%
Total	1.7%	0.5%	-0.7%	-1.5%	0.0%

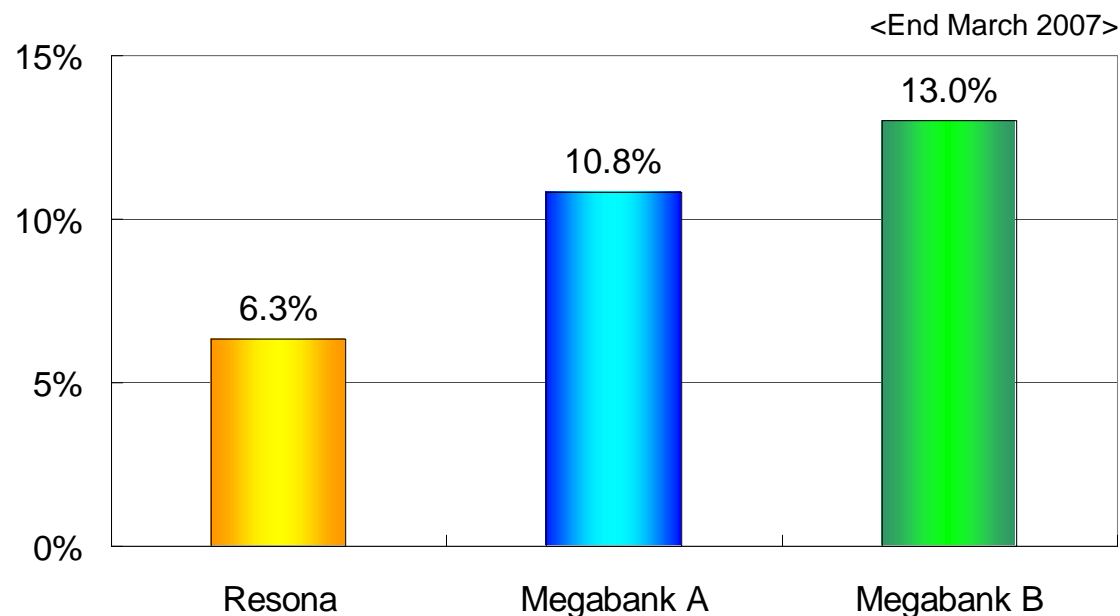
Swap Positions by Remaining Periods (Resona Bank)

■ Notional amounts of interest rate swaps by remaining period *

(Billions of Yen)

	End of March 2007			
	Within 1 year	1 to 5 years	Over 5 years	Total
Receive fixed rate/Pay floating rate	467.0	995.0	819.2	2,281.2
Receive floating rate/Pay fixed rate	210.0	235.2	100.0	545.2
Net position to pay fixed rate	257.0	760.0	719.2	1,736.2

■ Ratio of net position (notional amount) to receive fixed rate to total assets *



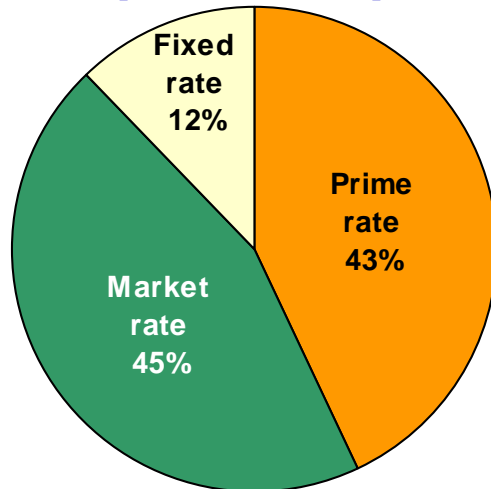
* Notional amount of interest rate swaps to which deferred hedge accounting is applicable.

Composition of Loan Portfolio by Corporate/Individual Customers (Resona Bank)

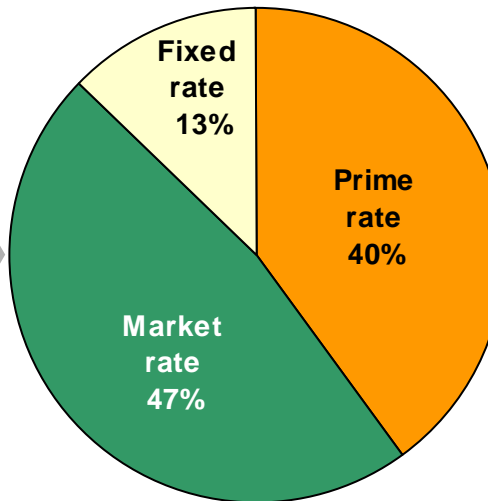
Loans to corporations

*Market rate-linked loans (corporate) include the fixed-rate (spread) loans maturing in less than one year.

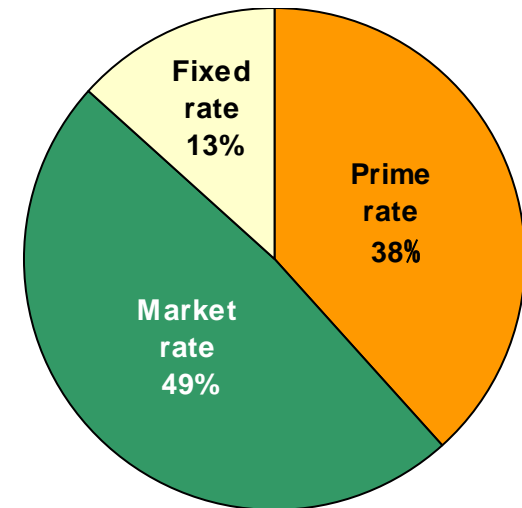
[End March 2006]



[End September 2006]

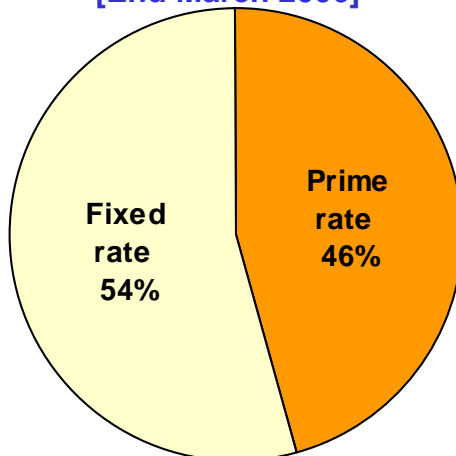


[End March 2007]

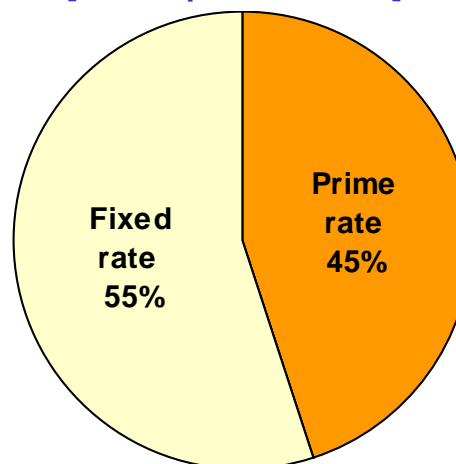


Loans to individuals

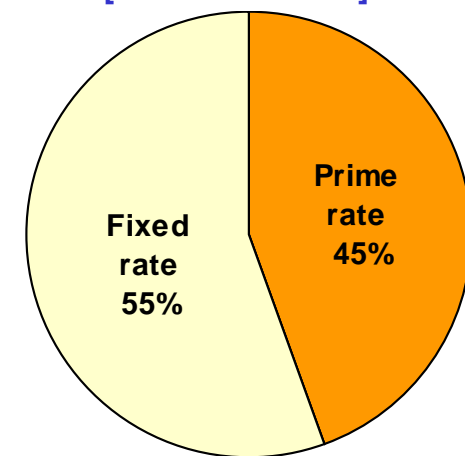
[End March 2006]



[End September 2006]



[End March 2007]

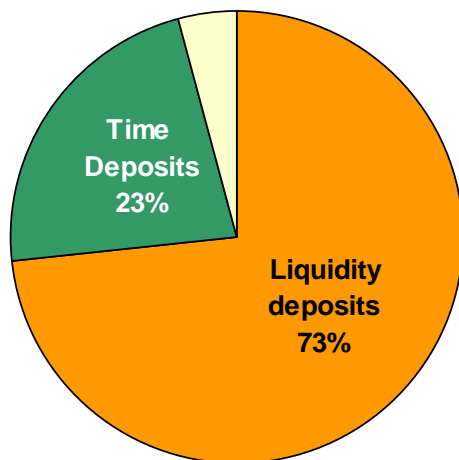


* Portfolio composition is computed based on the numbers compiled for administration purposes.

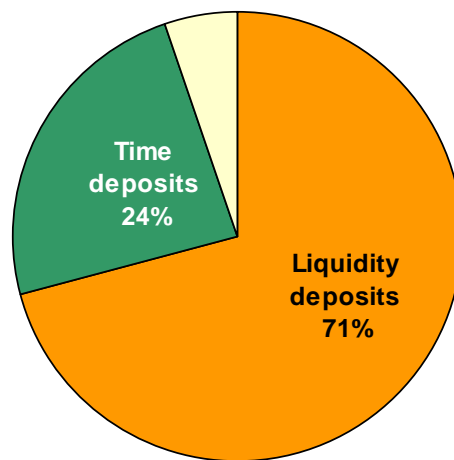
Composition of Deposits by Corporate/Individual Customers (Resona Bank)

Corporate Deposits

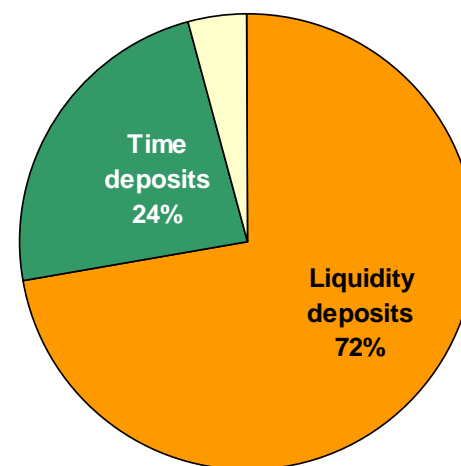
[End March 2006]



[End September 2006]

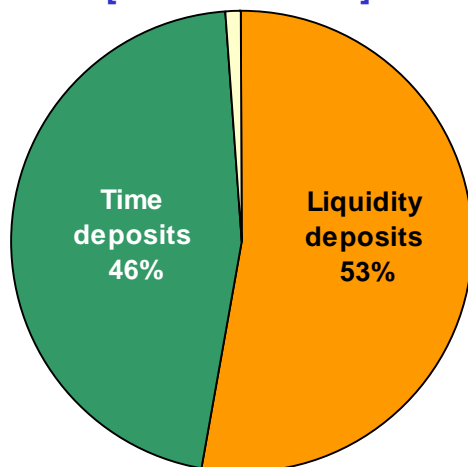


[End March 2007]

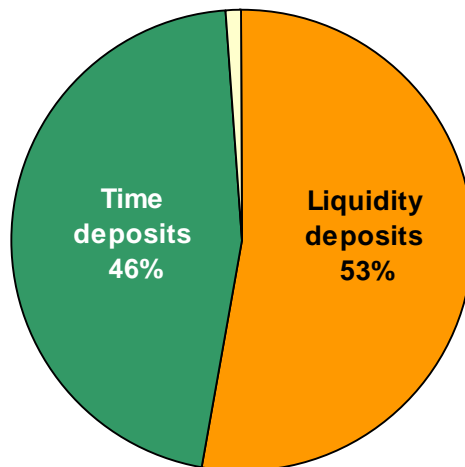


Individual Deposits

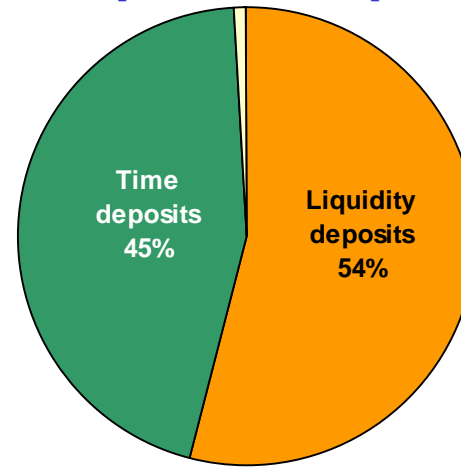
[End March 2006]



[End September 2006]



[End March 2007]



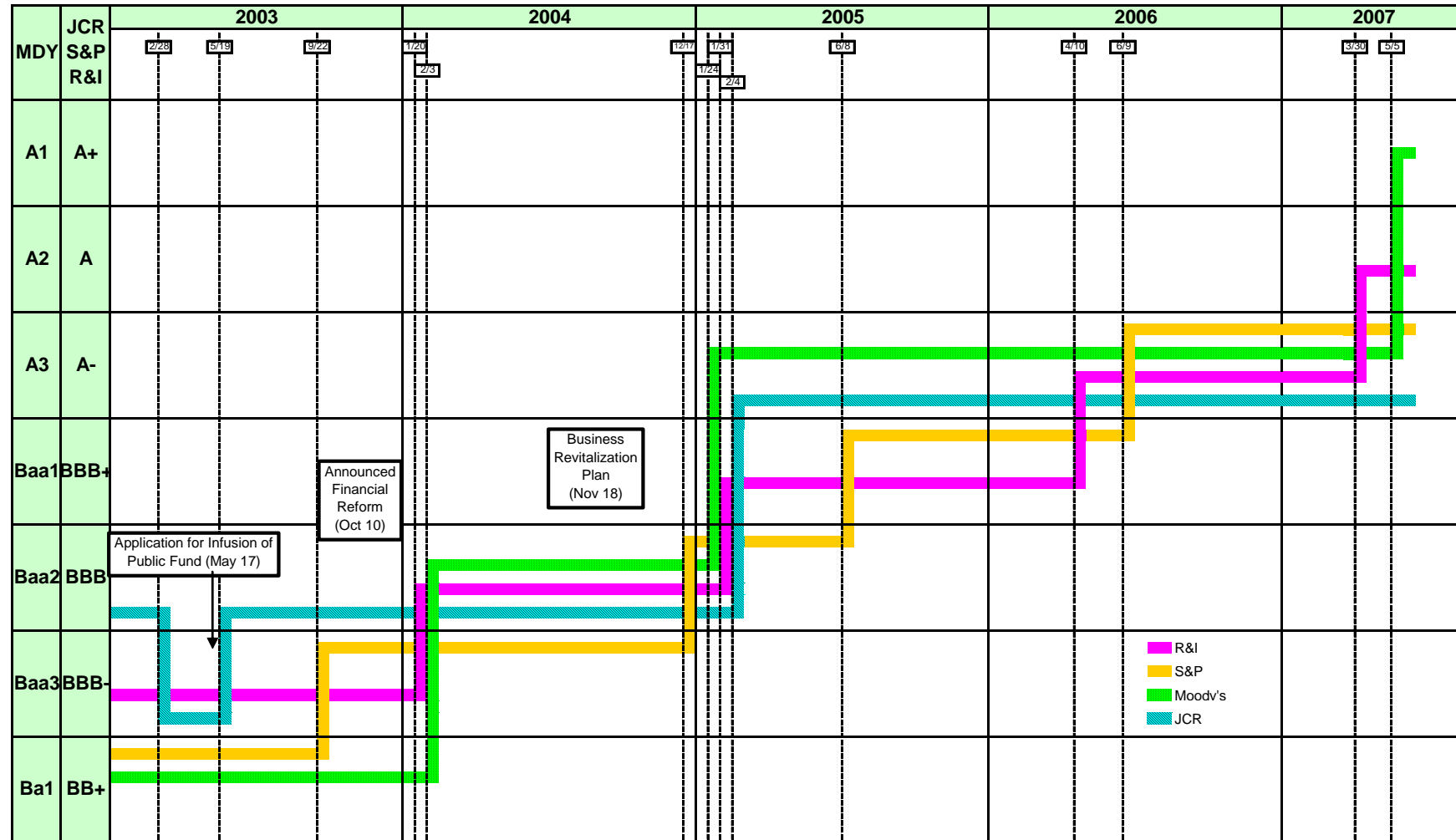
Migrations of Borrowers (Resona Bank, 2H of FY2006)

Exposure amount basis (Migration during the 2H of FY2006)

		End of March 2007									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Quasi-Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of September 2006	Normal	97.4%	1.9%	0.3%	0.2%	0.0%	0.1%	0.1%	0.1%	0.0%	-	2.5%
	Other Watch	7.7%	80.1%	4.3%	3.0%	0.2%	0.4%	4.4%	4.4%	0.1%	7.7%	7.9%
	Special Attention	2.2%	13.3%	68.7%	7.0%	0.6%	0.7%	7.5%	3.7%	3.8%	15.5%	8.4%
	Doubtful	2.1%	4.0%	0.5%	68.7%	9.2%	3.6%	12.0%	10.4%	1.6%	6.5%	12.8%
	Quasi-Bankrupt	0.4%	0.1%	0.2%	0.5%	63.4%	13.4%	22.0%	2.1%	19.9%	1.2%	13.4%
	Bankrupt	0.0%	0.0%	0.0%	0.4%	0.1%	64.1%	35.4%	1.9%	33.5%	0.5%	-

1. Above table shows how a borrower belonging to either of the borrower categories shown as of the end of September 2006 moved to a new category in the half a year period.
2. Percentage points are calculated based on exposure amounts as of the end of September 2006. (New loans extended, loans collected or written-off during the period are not taken into account.)
3. "Other" for end of March 2007 indicates those exposures removed from the balance sheet due to collection, repayments, assignments or sale of claims.

Trend of Long-term Senior Debt Rating of Resona Bank



List of RHD's Preferred Shares (1)

		Class B Preferred Shares	Class C Preferred Shares	Class D Preferred Shares	Class E Preferred Shares	Class F Preferred Shares
Distinction between public and private funds		Public Fund	Public Fund	Private Fund	Public Fund	Public Fund
Original issuer and name of securities		Daiwa Bank Class B Series 1	Kinki Osaka Bank Series 1	Asahi Bank Series 1	Asahi Bank Series 1 Class 2	Asahi Bank Series 2 Class 2
Original issue date		3/31/1999	4/26/2001	8/8/1997	3/31/1999	3/31/1999
Current number of shares		272,202 shares	120,000 shares	60 shares	9,576 shares	80,000 shares
Issue price per share		JPY 600,000	JPY 500,000	JPY 2,000,000	JPY 1,250,000	JPY 1,250,000
Total issue amount remaining at present		JPY 163.3 Billion	JPY 60.0 Billion	JPY 0.1 Billion	JPY 12.0 Billion	JPY 100.0 Billion
Original total issue amount		JPY 408.0 Billion	JPY 60.0 Billion	JPY 100.0 Billion	JPY 300.0 Billion	JPY 100.0 Billion
Shareholder		RCC	RCC	AB International	RCC	RCC
Preferred dividend	Dividend per share	JPY 6,360	JPY 6,800	JPY 10,000	JPY 14,380	JPY 18,500
	Total amount of dividend	JPY 1,731 Million	JPY 816 Million	JPY 1 Million	JPY 138 Million	JPY 1,480 Million
	Yield	1.06%	1.36%	0.50%	1.1504%	1.48%
Acquisition right	Acquisition period	6/30/1999 3/31/2009	1/1/2002 3/31/2015	10/1/1997 7/31/2007	7/1/2002 11/30/2009	7/1/2003 11/30/2014
	Current exchange price	(JPY 369,914)	JPY 338,400	JPY 496,300	JPY 360,400	JPY 360,400
	Current exchange rate	1.622	(1.478)	(4.030)	(3.468)	(3.468)
Reset of exchange rate	Date of reset	6/30	1/1	10/1	7/1	7/1
	Direction of reset	Upward/Downward	Upward/Downward	Downward only	Upward/Downward	Upward/Downward
	Cap exchange rate	3.429	(2.999)	(4.030)	(3.475)	(3.475)
	Floor exchange rate	---	---	---	---	---
	Cap exchange price	---	---	---	---	---
	Floor exchange price	(JPY 174,978)	JPY 166,700	JPY 496,300	JPY 359,700	JPY 359,700
	Start of market price calculation	45 trading days before	45 trading days before	45 trading days before	45 trading days before	45 trading days before
	Calculation period	30 trading days	30 trading days	30 trading days	30 trading days	30 trading days
Acquisition clause	Date of mandatory exchange	4/1/2009	4/1/2015	8/1/2007	12/1/2009	12/1/2014
	Mandatory exchange rate	JPY 600,000/Market Price ^{1.02}	JPY 500,000/Market Price	JPY 2,000,000/Market Price	JPY 1,250,000/Market Price	JPY 1,250,000/Market Price
	Start of market price calculation	45 trading days before	45 trading days before	45 trading days before	45 trading days before	45 trading days before
	Calculation period	30 trading days	30 trading days	30 trading days	30 trading days	30 trading days
	Floor exchange price	JPY 100,000	JPY 166,700	JPY 500,000	JPY 359,800	JPY 359,800

*Information is as of the end of April 2007

List of RHD's Preferred Shares (2)

		Class 1 Preferred Shares	Class 2 Preferred Shares	Class 3 Preferred Shares	Class 4 Preferred Shares	Class 9 Preferred Shares
Distinction between public and private fund		Public Fund	Public Fund	Public Fund	Private Fund	Private Fund
Original issuer and name of securities		Resona Bank Class 1 Series 1	Resona Bank Class 2 Series 1	Resona Bank Class 3 Series 1	Resona Holdings Class 4	Resona Holdings Class 9
Original issue date		7/1/2003	7/1/2003	7/1/2003	8/31/2006	6/5/2007 (scheduled)
Current number of shares		2,750,000 shares	2,817,808 shares	2,750,000 shares	25,200 shares	100,000 shares
Issue price per share		JPY 200,000	JPY 200,000	JPY 200,000	JPY 2,500,000	JPY 3,500,000
Total issue amount remaining at present		JPY 550.0 Billion	JPY 563.6 Billion	JPY 550.0 Billion	JPY 63.0 Billion	JPY 350.0 Billion
Original total issue amount		JPY 550.0 Billion	JPY 563.6 Billion	JPY 550.0 Billion	JPY 63.0 Billion	JPY 350.0 Billion
Shareholder		DIC	DIC	DIC	Shinkin Trust Bank	Merill Lynch Japan Finance
Preferred dividend	Dividend per share (Jun '08)	JPY 2,564	JPY 2,564	JPY 2,564	JPY 99,250	JPY 26,769
	Total amount of dividend (Jun '08)	JPY 7,051 Million	JPY 7,225 Million	JPY 7,051 Million	JPY 2,501 Million	JPY 2,677 Million
	Yield	Libor (1y) + 50bp 1.282%	Libor (1y) + 50bp 1.282%	Libor (1y) + 50bp 1.282%	3.97%	0.93%
Acquisition right	Acquisition period	7/1/2006 ---	7/1/2008 ---	7/1/2010 ---	---	6/5/2008 (Certain limitations applicable)
	Current exchange price	JPY 348,100	---	---	---	To be determined on 6/11/2007
	Current exchange rate	(0.575)	(---)	(---)	(---)	(---)
Reset of exchange rate	Date of reset	8/1	11/1	5/1	---	6/5
	Direction of reset	Upward/Downward	Upward/Downward	Upward/Downward	---	4 times only (2012 - 2015)
	Cap exchange rate	(7.143)	(10.000)	(11.765)	---	Downward only
	Floor exchange rate	---	---	---	---	(---)
	Cap exchange price	---	---	---	---	---
	Floor exchange price	JPY 28,000	JPY 20,000	JPY 17,000	---	Base price x 30%
	Start of market price calculation	45 trading days before	45 trading days before	45 trading days before	---	45 trading days
	Calculation period	30 trading days	30 trading days	30 trading days	---	30 trading days (VWAP)
Acquisition clause	Date of mandatory exchange	Mandatory exchange not applicable	Mandatory exchange not applicable	Mandatory exchange not applicable	Mandatory exchange not applicable	Mandatory exchange not applicable
	Mandatory exchange rate	---	---	---	---	Acquisition clause exercisable under certain conditions at the issuer's option after five years after issue date
	Start of market price calculation	---	---	---	---	---
	Calculation period	---	---	---	---	---
	Floor exchange price	---	---	---	---	---

*Information is as of the end of April 2007 (excluding Class 9 preferred stock)

*Scheduled date of issue for the Class 9 Preferred Stock is June 5, 2007.

Business Revitalization Plan: Outline of the Earnings Plan

Strengthen earnings while placing more importance on efficiency of asset

(Billions of Yen)	FY2005	FY2006	FY2007	FY2008	FY2009
	(Actual)	(Plan)	(Plan)	(Plan)	(Plan)
Gross operating profits	693.6	698.0	727.0	754.0	780.0
Interest income	527.8	537.0	548.0	569.0	585.0
Fee income *1	127.7	129.0	132.0	136.0	144.0
Before HL-related expense	171.0	173.0	180.0	188.0	199.0
Other gross operating profits	38.0	32.0	47.0	49.0	51.0
Operating expenses	348.5	365.0	380.0	388.0	388.0
Personnel expenses	117.2	122.0	126.0	130.0	132.0
Non-personnel expenses	210.2	224.0	232.0	237.0	235.0
Actual net operating profits (1) *2	345.1	333.0	347.0	366.0	392.0
Actual net operating profits (2) *3		342.0	355.0	374.0	400.0
Net gains on stocks	53.9	40.0	8.0	8.0	8.0
Net gains on stocks (pure investment position)	22.6	9.0	8.0	8.0	8.0
Credit-related expenses	(14.5)	36.0	61.0	60.0	56.0
Income before income taxes	401.4	348.0	280.0	300.0	330.0
<Management Indices>					
Cost-to-income ratio (OHR) %	50.24	52.29	52.27	51.46	49.74
Actual net operating profits ROA %*3		0.86	0.90	0.96	1.01

*1. Include trust fees.

*2. Net operating profit before NPL disposal in the trust account and provision to general reserve

*3. Actual net operating profit (1) plus net gains on sales of stocks (pure investment position).

Operating expenses: Increase strategic investments while reducing cost-to-income ratio

- Personnel expense
Operation reform enables strengthening of sales force without increasing total headcount
- Non-personnel expense
Reduction of routine expenses allows for an increase in strategic investments

Underlying assumptions (Standard scenario)

- Economy continues to grow at its potential growth rate of 1.5% to 2.0%
- Interest rate will go up gradually

	FY2006	FY2009
O/N call rate	0.183%	1.000%
10 year JGB	1.960%	2.500%
FX (¥/1US\$)	¥117	¥117
Nikkei 225	¥17,059	¥17,059

Gross operating profits:

+ 82.0bn (compared with FY2006)

- Net interest income +48.0bn.
Increase in SME loans (term-end bal.) + 1.12tn.
Increase in individual loans (term-end bal.) + 1.24tn.
- Fee income (exclude HL-related expense) +26.0bn
Sale of investment trusts
and personal annuity products 41.0bn ⇒ 52.0bn
Real estate business 13.8bn ⇒ 19.0bn
Pension business 19.9bn ⇒ 22.0bn
Corporate trusts 6.1bn ⇒ 9.2bn

Credit-related expense: NPL ratio in the 1% range

- Appropriate management of loan portfolio
- Strict adherence to the credit ceiling system

Business Revitalization Plan: Earnings Plan

(Total of Four Banks)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
(Billions of Yen)	(Actual)	(Actual)	(Plan)	(Plan)	(Plan)
Gross operating profit	693.6	735.9	727.0	754.0	780.0
Trust fees	36.6	40.4	34.0	33.0	34.0
Jointly Operated Designated Money Trust	6.2	6.7	3.0	2.0	1.0
NPL disposal in trust account	0.0	0.3	0.0	0.0	0.0
Interest income	604.4	660.2	709.0	777.0	852.0
Interest expense	76.6	115.5	161.0	208.0	267.0
Net fees & commissions	91.0	107.0	98.0	103.0	110.0
Net trading income	3.0	20.5	22.0	22.0	23.0
Other operating income	35.0	23.2	25.0	27.0	28.0
Gains/(losses) on bonds	(12.2)	7.4	1.0	1.0	1.0
Adjusted net operating profit (Note.1)	345.2	382.0	347.0	366.0	392.0
Net operating profit	348.7	377.2	347.0	366.0	392.0
Provision to general reserve	(3.6)	4.4	0.0	0.0	0.0
Expenses	348.5	354.3	380.0	388.0	388.0
Personnel expense	117.2	120.7	126.0	130.0	132.0
Non-personnel expenses	210.2	212.7	232.0	237.0	235.0
Disposal of NPL	57.6	72.1	61.0	60.0	56.0
Net gain/(loss) on stocks	53.9	69.1	8.0	8.0	8.0
Loss on devaluation	1.5	7.6	0.0	0.0	0.0
Ordinary profit/(loss)	336.6	386.5	288.0	308.0	338.0
Extraordinary gains	69.2	34.3	0.0	0.0	0.0
Extraordinary losses	4.5	12.9	8.0	8.0	8.0
Income taxes - current	9.5	18.3	10.0	11.0	65.0
Income taxes - deferred	1.1	(225.0)	65.0	63.0	33.0
Net income/(loss)	390.7	614.6	205.0	226.0	232.0

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
(Billions of Yen)	(Actual)	(Actual)	(Plan)	(Plan)	(Plan)
Total assets (Note.2)	41,653.9	40,649.4	40,300.0	39,870.0	40,620.0
Loans and bills discounted	25,247.2	26,019.4	26,800.0	27,480.0	28,030.0
Securities	7,598.5	7,341.8	7,200.0	6,550.0	6,950.0
Trading assets	828.4	407.8	670.0	670.0	670.0
DTA (term-end bal.)	4.4	280.1	175.7	112.2	74.9
Total liabilities (Note.2)	40,657.9	39,394.5	38,920.0	38,640.0	39,370.0
Deposits and NCDs	33,153.4	33,118.3	32,900.0	33,300.0	33,790.0
Trading liabilities	15.0	40.7	---	---	---
DTL (term-end bal.)	32.0	18.2	22.4	21.8	17.9
DTL for land revaluation (term-end bal.)	46.2	44.2	44.3	44.3	44.3
Net assets (Note.2)	1,692.0	1,947.6	1,450.2	1,481.2	1,487.2
Capital stock	398.8	398.8	398.8	403.8	403.8
Capital reserve	433.8	433.8	433.8	438.8	438.8
Other capital surplus	88.7	88.7	88.7	88.7	88.7
Earned surplus reserve	20.0	20.0	20.0	20.0	20.0
Retained earnings (Note.3)	433.3	660.4	250.7	271.7	277.7
Land revaluation excess	63.3	61.4	61.5	61.5	61.5
Net unrealized gains/(losses) on other securities	253.8	300.0	196.4	196.4	196.4

(Management Indicators) (Note.4)

Yield on interest earning assets (A)	1.66	1.78	1.95	2.15	2.30
Interest earned on loans and bills discounted	1.93	1.94	2.16	2.30	2.47
Interest on securities	1.05	1.28	1.36	1.67	1.74
Total cost of funding (B)	1.07	1.23	1.43	1.59	1.71
Interest paid on deposits and NCDs (D)	0.08	0.17	0.30	0.43	0.56
Overall interest spread (A) - (B)	0.58	0.55	0.52	0.56	0.59
Cost-to-income ratio (OHR)	50.24	48.12	52.26	51.45	49.74

*1. Net operating profit before NPL disposal in trust account and provision to general reserve

*2. Assets and liabilities are stated in average balance. Net assets are reported in term-end balance.

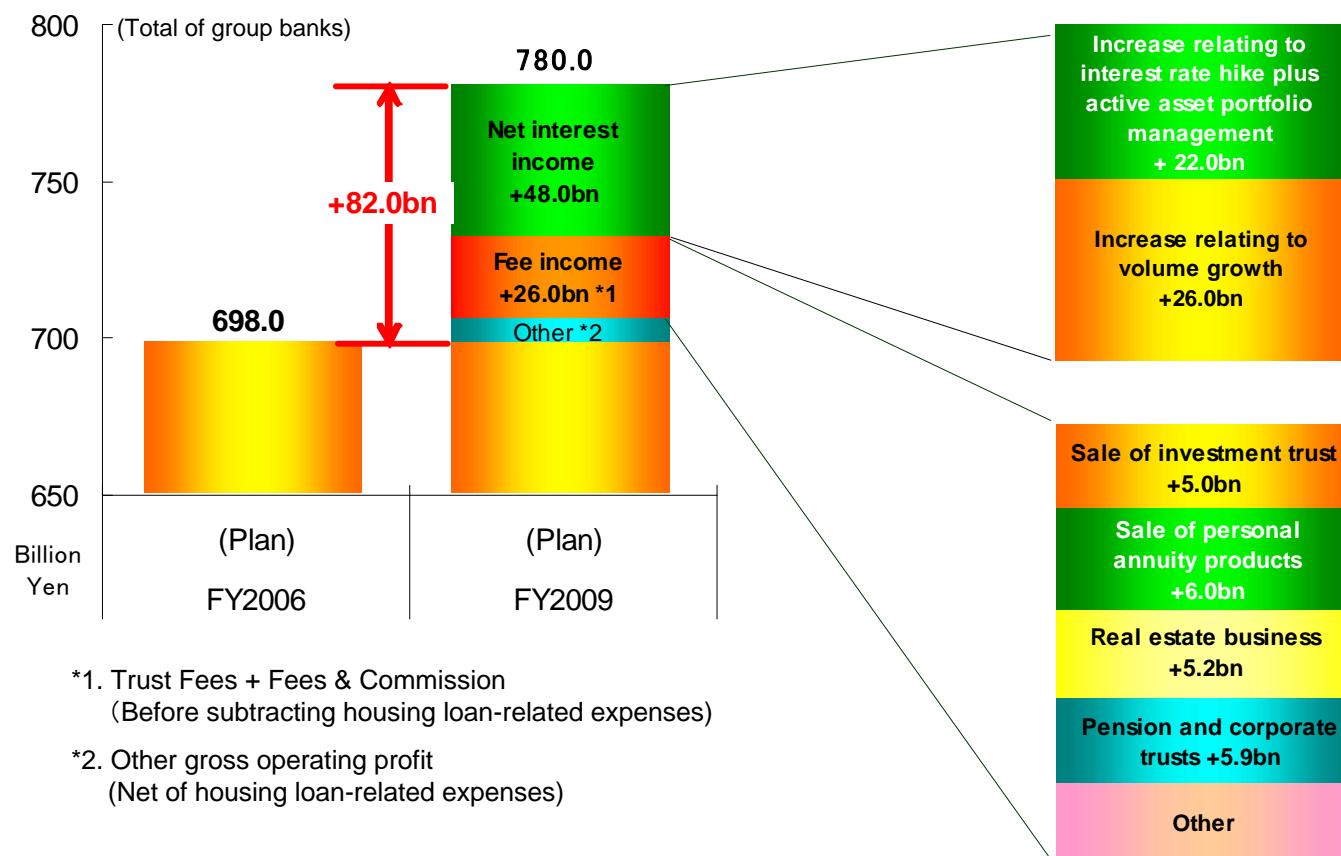
*3. Earned surplus excluding earned surplus reserve

*4. Management indicators other than OHR are based on the total figures of three subsidiary banks excluding Resona Trust & Banking.

Business Revitalization Plan: Source of Top-line Income Growth

Expand top-line income with strengthened ROA management

- ✓ Growth of top-line income during the new plan period: +82.0bn (FY2009 compared with FY2006)
- ✓ Growth drivers are (1) Net interest income +48.0bn and (2) Fee income +26.0bn



Actual net operating profits ROA*3

0.86% (FY2006)



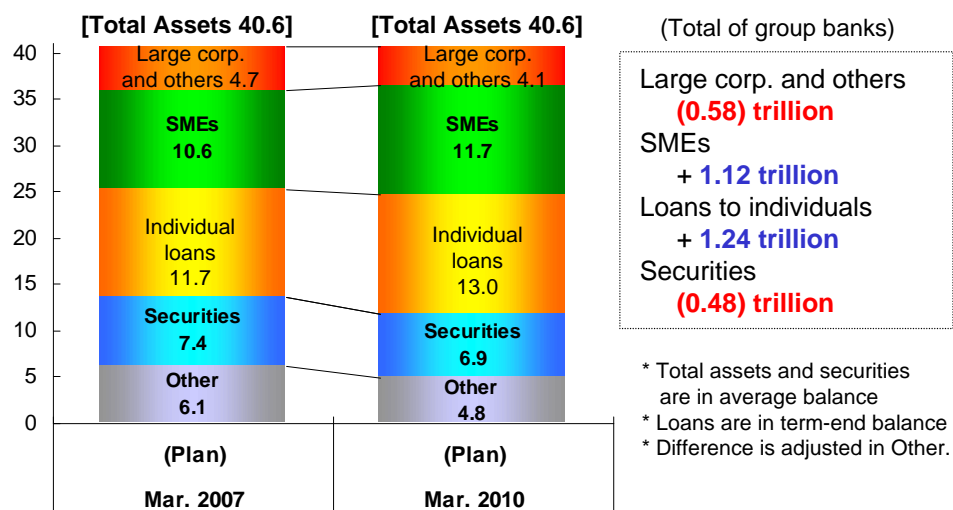
1.01% (FY2009)

*3. Net operating profit before provision to general reserve and NPL disposal in the trust account plus net gains on stocks (pure investment position).

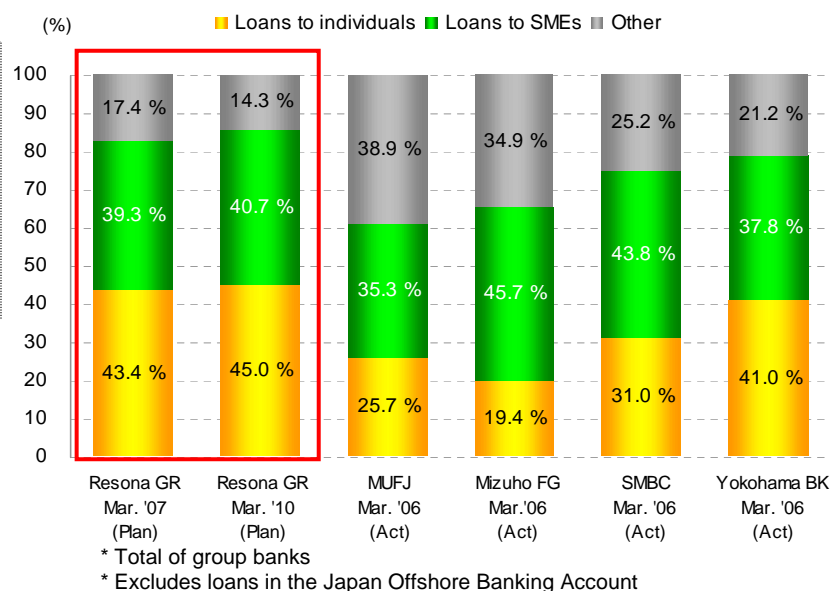
Business Revitalization Plan: Active Portfolio Management

Higher ROA realized through active portfolio management

✓ Loan portfolio management that allows for higher ROA



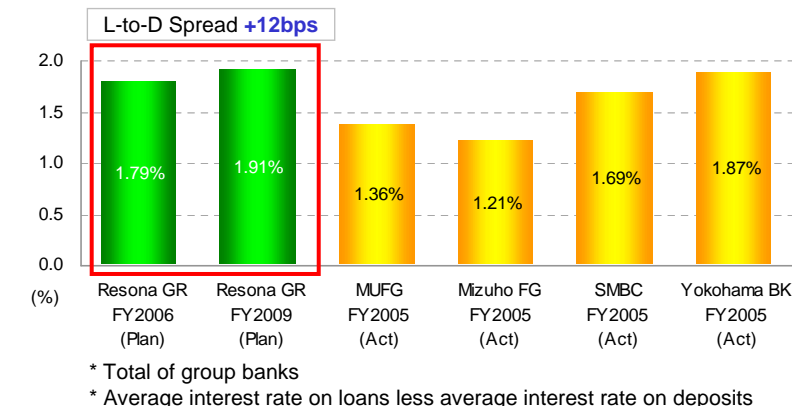
✓ Further strengthen housing and SME loans



✓ Assumptions for policy rate, deposit and loan rates

	FY2006	FY2009	Change
O/N call rate	0.183%	1.000%	0.817%
Loan rate	1.95%	2.47%	0.52%
Deposit rate	0.16%	0.56%	0.40%
Loan-to-deposit margin	1.79%	1.91%	0.12%

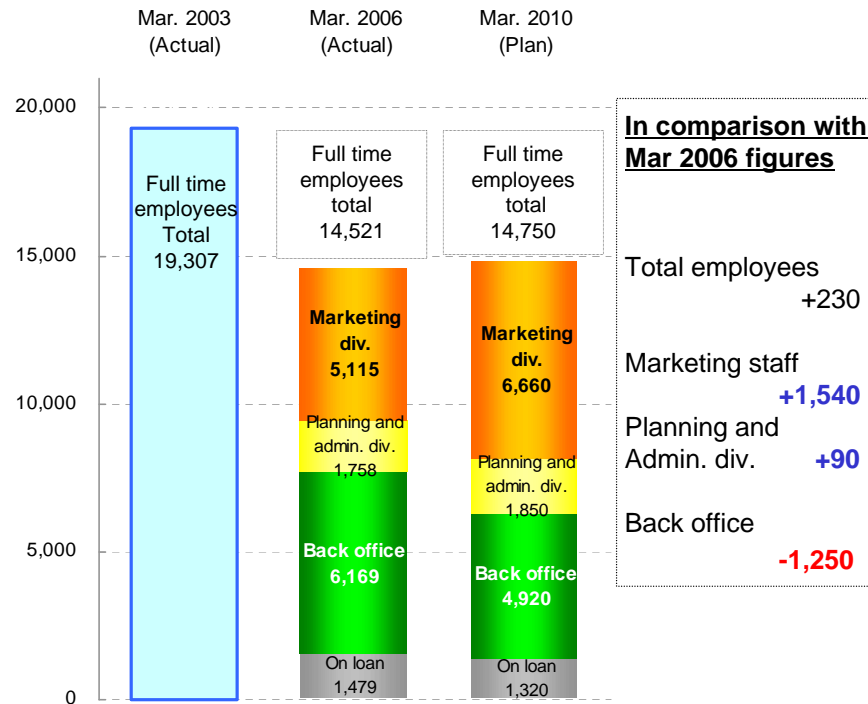
✓ Expand loan-to-deposit spread further



Strengthen Sales Force without Increasing Total Headcount

Redeploy headcount freed-up through operational reform to sales divisions

HR Plan: Full time employees



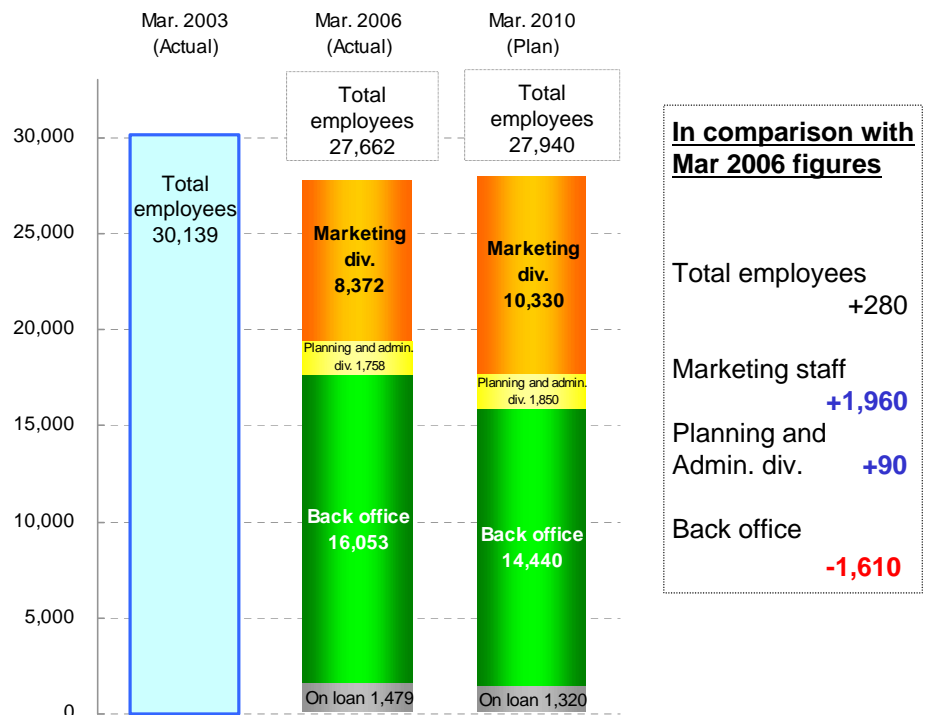
Approx. 40%



Approx. 50%

Ratio of marketing staff

HR Plan: Total employees



Approx. 62%



Approx. 66%

Ratio of temporary staff and part-time staffs in back office division

*1. Ratio of marketing staff = marketing div. / (marketing div. + planning and admin div. + back office)

Ratio of temp and part-timers in back office div. = (total employees in back office div. – regular employees in back office) / total employees in back office div.

The forward-looking statements contained in this presentation may be subject to material change due to the following factors.

These factors may include changes in the level of stock price in Japan, any development and change related to the government's policies, laws, business practices and their interpretation, emergence of new corporate bankruptcies, changes in the economic environment in Japan and abroad and any other factors which are beyond control of the Resona Group.

These forward-looking statements are not intended to provide any guarantees of the Group's future performance. Please also note that the actual performance may differ from these statements.