

Business Results of the 1st Half of FY2007 and Plan for the Full Year

– Maximizing Corporate Value through Sustained Growth –



RESONA

November 29, 2007



Resona Holdings, Inc.

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Outline of Business Results for the 1st Half of FY2007

**Updates on Major Businesses:
Results of 1H FY2007 and Outlook for the Full Year**

Efforts to Build Solid Foundation for Sustainable Growth

Pathway to Early Repayment of Public Funds

<Reference Material>

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Business Results of the 1st Half of FY2007: General Overview

Consolidated net interim income surpassed initial forecast

- Consolidated net interim income increased by ¥20.2bn (+20.2%) over initial forecast.

Core strength areas continue to be in good shape

- Loans and bills discounted: Loan to deposit spread has been steadily improving
 - Housing loans: steady trend in new loans extended
 - Loan outstanding to corporate borrowers decreased due to efforts to reflect risk pricing
- Fee businesses continued to expand
 - Financial product sale: Investment trust sale exceeded the initial plan.
 - Real estate business: Renewed the record high income for 1st half period
 - Pension trust: New entrustments increased due to synergies among group banks
 - Securities trust: Strong trend continuing because of new entrustments from investment trusts

Sustained Soundness in Asset Portfolio

- Eliminated latent losses on investment trusts held for investment purpose: Reduced downside risk for future earnings
- Net credit expenses declined due to upward migrations of borrowers and collections of claims
- Zero direct exposure to securitized products linked to the U.S. sub-prime mortgage loans
(Confirm the company announcement on August 6, 2007.)

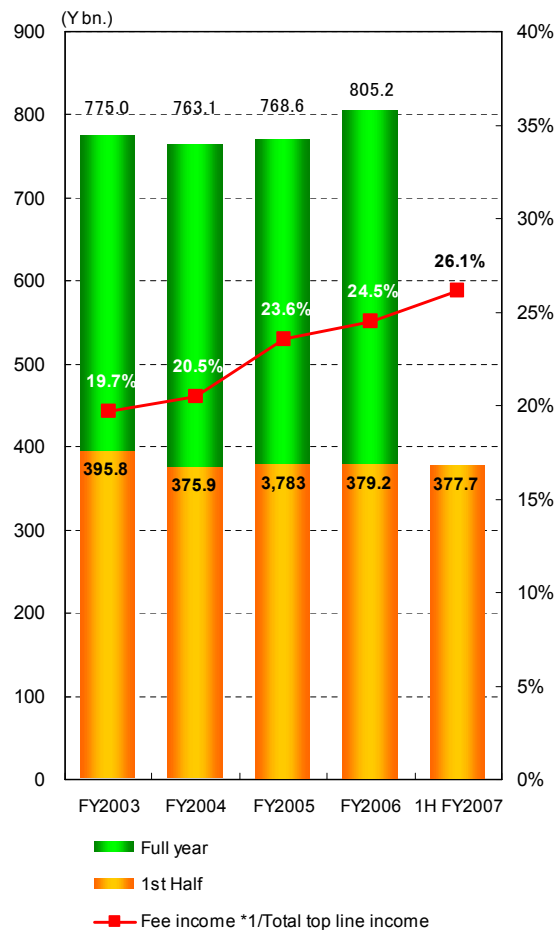
Efforts toward Early Repayment of Public Funds

- Issued new preferred shares: (Class 9 Preferred Shares ¥350bn, Class 5 Preferred Shares ¥100bn.)
- Including profits for the 1H, total funds for repayments reached 72% of the remaining public fund preferred shares

Trend of Resona Group Consolidated Business Results

Top-line income

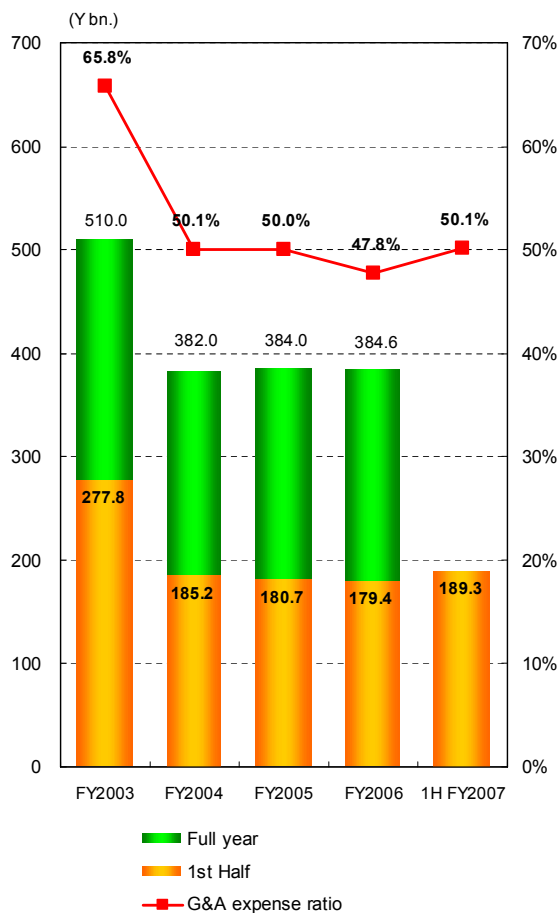
■ Fee income ratio on the rise



*1. Fees and commission income plus trust fees

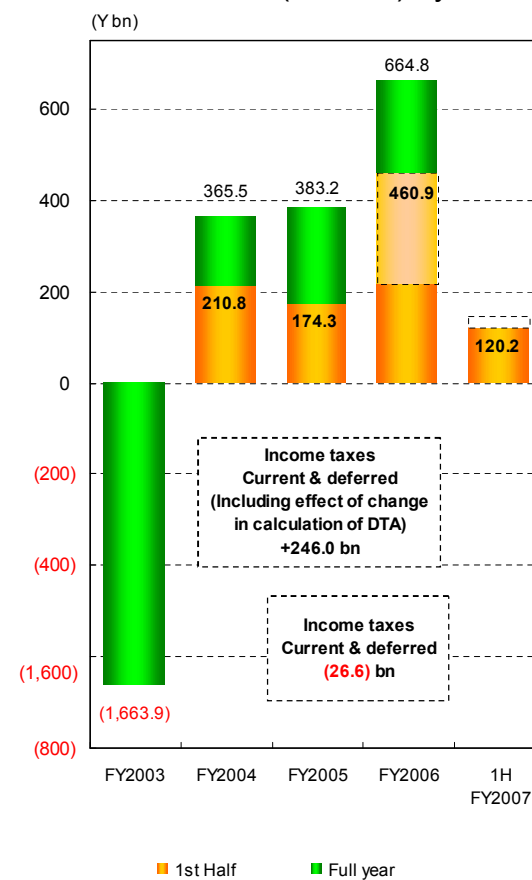
Operating expenses

■ Expense ratio controlled around 50%



Net income

■ Net income for 1H FY2007 exceeded the initial forecast (¥100bn) by ¥20.2bn



Outline of P&L for the 1H of FY2007

- Top-line income (total of group banks) remained almost flat (a decline of 0.7bn YoY) [Analysis on Page 6]
- Net interim income (total of group banks) declined by ¥303.6bn YoY.
However, it increased by ¥16.7bn from the forecast announced in May 2007. [Analysis on Page 7]
- Eliminated latent losses on investment trusts held for net investment purpose
 - Total loss on disposal: Approx. ¥35bn
(Approx. ¥15bn included in bond gain/(loss) and approx. ¥20bn included in stock gain /(loss))

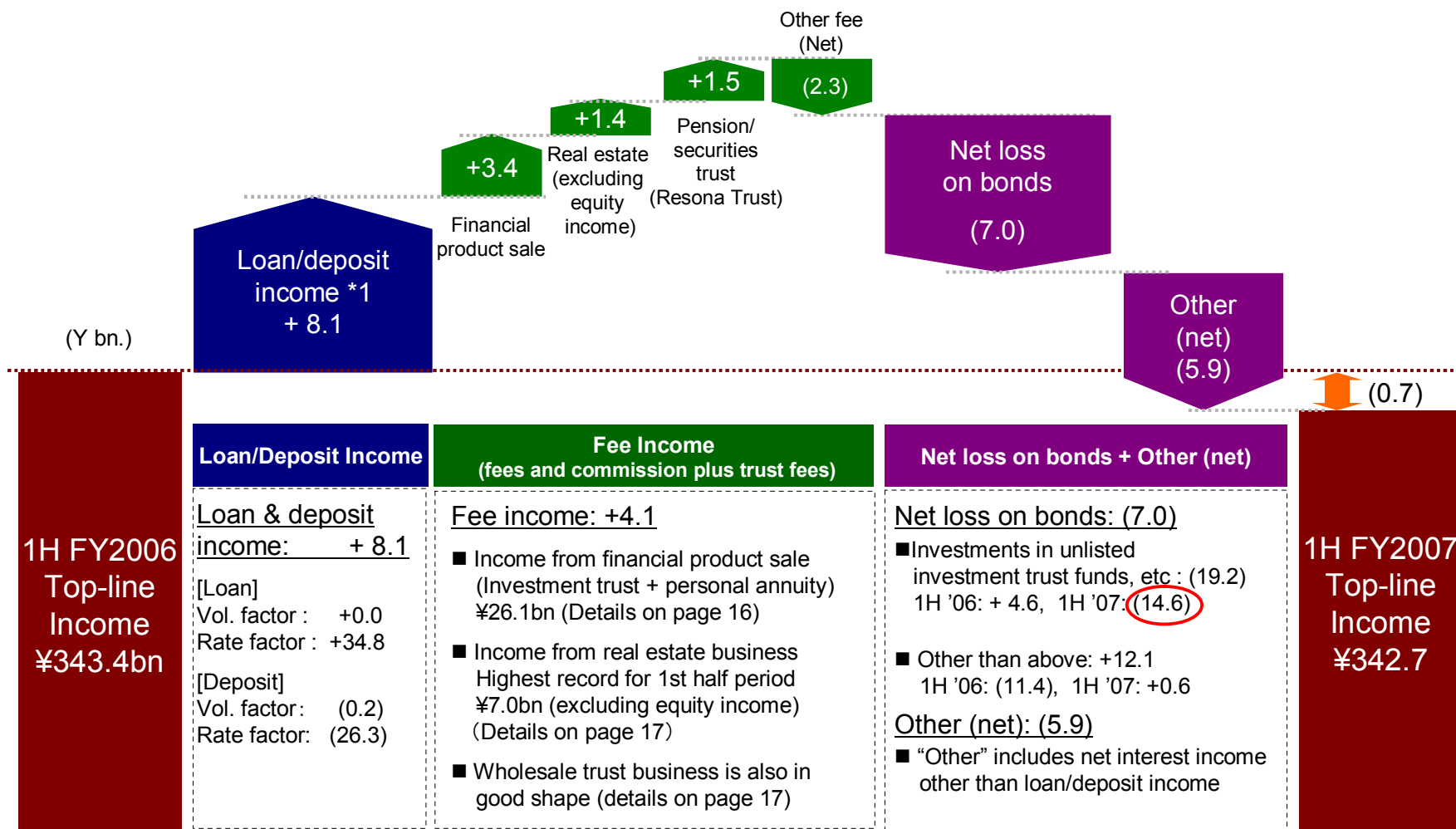
(Billions of yen)	Resona Holdings (Consolidated)		Difference (A)-(B)	Total of four banks (Unconsolidated)			Resona Bank (Unconsolidated)	Saitama Resona Bank	Kinki Osaka Bank (Unconsolidated)	Resona Trust & Banking	Factors accounting for the difference (A) - (B) (Approx. figures) RC: Resona Card, RG: Resona Guarantee, RKS: Resona Kessai Service, RCP: Resona Capital
	(A)	change from 1H FY '06		(B)	change from 1H FY '06	Change from initial forecast					
Gross operating profit	377.7	(1.5)	34.9	342.7	(0.7)	(17.3)	212.5	80.3	34.2	15.5	
Excluding gain/loss on bonds	391.6	5.5	34.9	356.6	6.2		227.3	79.5	34.1	15.5	
(1) Net interest income	276.5	(2.6)	9.7	266.8	(3.0)		169.7	67.3	29.6	0.0	RC 4.5 bn, other
Deposit/loan income				234.6	8.1		153.2	55.3	26.0	(0.0)	Domestic operations, banking account; including NCDs
(2) Trust fees	20.4	0.8	-	20.4	0.8		3.9	-	-	16.4	
(3) Fees and commission income	78.2	2.1	25.2	53.0	3.2		36.9	12.7	4.3	(0.9)	RG 14.1 bn, RC 7.5 bn, and other
(4) Other operating profit	2.4	(1.9)	0.0	2.3	(1.8)		1.8	0.2	0.3	-	
Actual net operating profit				165.0	(14.5)	(5.0)	97.9	44.5	12.5	9.8	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				178.9	(7.5)		112.7	43.7	12.5	9.8	Actual net operating profit excluding gain/(loss) on bonds
General & administrative expenses	189.3	9.8	14.8	174.4	10.5		110.2	36.4	22.1	5.6	RC 7.8 bn, RG 1.6 bn, amortization of consolidation difference 3.5 bn, and other
Gain/(loss) on stocks	(9.0)	(44.9)	1.0	(10.1)	(44.4)	(12.1)	(9.7)	(0.2)	(0.1)	-	RCP 1.1 bn, other
Credit related expenses	28.1	(2.3)	14.2	13.8	(4.2)	(14.2)	5.3	4.4	4.1	-	RG 12.8 bn, RC 3.3 bn, and other
Other gain/(loss), net	1.4	(14.5)	(3.0)	4.4	(13.2)		4.9	0.5	(0.9)	(0.0)	
Income before income taxes	152.6	(68.6)	3.9	148.7	(64.8)	8.7	92.1	39.7	6.9	9.8	
Income taxes, current and deferred	32.4	272.1	5.4	26.9	238.7		4.4	16.8	1.7	4.0	Minority interests in net income 5.8 bn, Resona HD's tax expenses (0.4 bn), other
Net interim income	120.2	(340.7)	(1.5)	121.7	(303.6)	16.7	87.7	22.9	5.2	5.8	

* Deposit /loan income: domestic operations, banking account, deposits include NCDs.

Analysis on Year on Year Change in Top-line Income (Total of Group Banks)

Top-line income remained almost flat

- Deposit/loan income increased by ¥8.1bn YoY primarily due to improvements in loan to deposit spread
- Major fee business lines such as financial product sale and real estate business have kept a steady growth trend

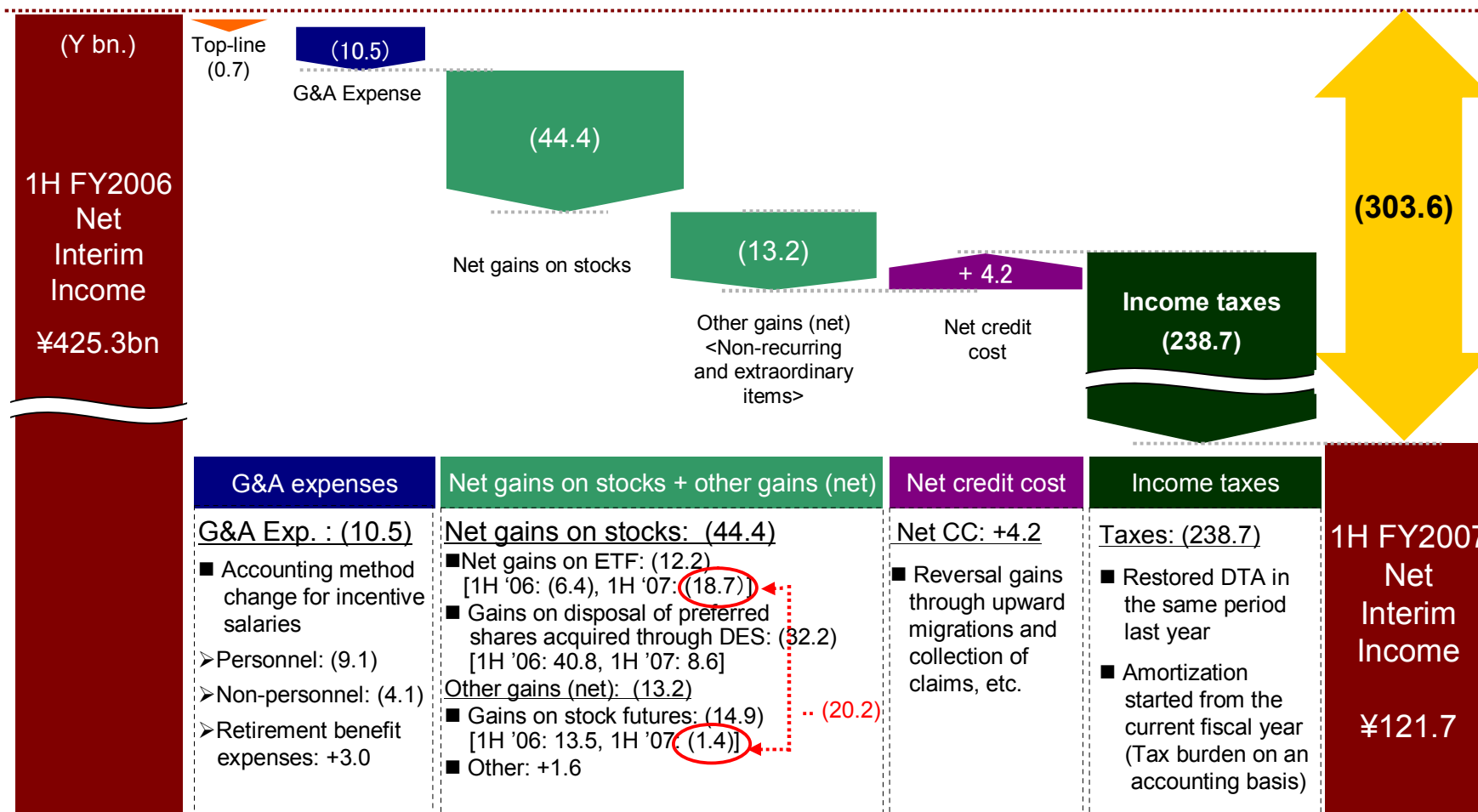


*1. Domestic operations (Deposits include NCDs)

Analysis on Year on Year Change in Bottom-line Income (Total of Group Banks)

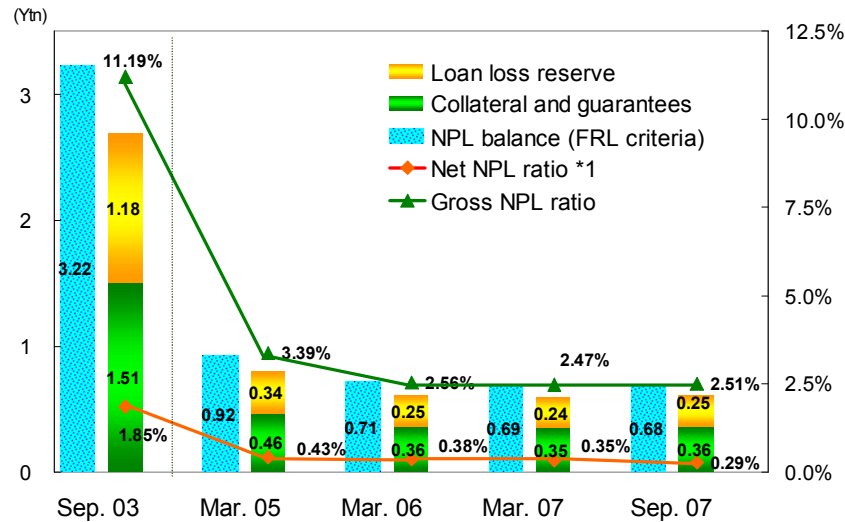
Bottom-line income declined by ¥303.6bn YoY primarily due to a tax expense factor

- G&A expenses increased year on year, but declined in comparison with the initial forecast
- Net credit cost decreased due to reversal gains and gains from recoveries of written-off claims

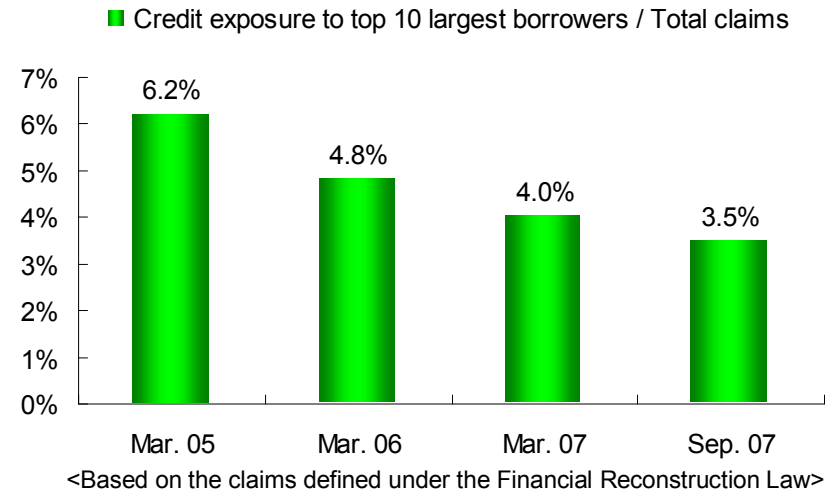


Measures to Enhance Financial Soundness: Loan Asset

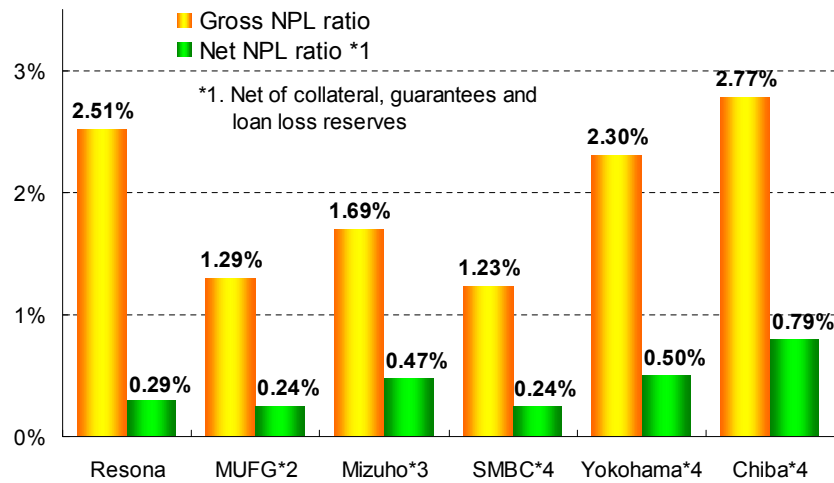
NPL balance and NPL ratio (group banks total)



Top 10 borrowers concentration (Resona Bank)



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

Enhanced quality of loan assets

Total loans and bills discounted (Total of group banks, banking and trust accounts)

Declined by ¥415.2bn*5, or 1.6%. from Mar. 31, 2007

Loans to following industries decreased:

Construction	- ¥49.3bn
Finance and insurance*5	- ¥75.6bn
Real estate	- ¥58.0bn

Real estate non-recourse loans remained flat

Such loans account for approximately 0.5% of total loans outstanding

*5. Adjusted to exclude the loan extended by Resona Bank to Resona Holdings

Measures to Enhance Financial Soundness: Securities Portfolio

Basic stance toward securities investments

Deflation is coming to an end
Normalization of interest rate is happening

Net investment portfolio

Pursuing diversification of net investment portfolio while building a bond portfolio that supplements income from loans and deposits

- Net investment position may flexibly expand/contract depending on market conditions under strict risk management -
- JGB investments to earn stable interest income in the medium term
- Diversification of investments with non-interest assets to earn stable income and enhance efficiency of capital

Segregated from relationship-purpose equity holdings

Relationship-purpose equity holdings

Portfolio with minimized downside risks

- Appropriate size relative to capital and earnings (Approx. ¥400bn, total of group banks)
- Net unrealized gain: Approx. ¥360bn. (End of March 2007)

Measure taken by RB to maintain soundness

Response measure for a plunge of stock price in 2Q taken by RB

- Unwinding of net investment position in response to deteriorating performance and poor visibility of markets
- Strictly adhered to internal risk management rules
- Resumed a part of investments in 2H while maintaining cautious stance

RB's net investments (investment trusts)	End of July	End of September
Japanese equity Real estate Bonds Commodity Foreign equity	Amount invested Approx. ¥460bn	<u>Amount invested</u> <u>Zero</u> <u>Latent loss</u> <u>Zero</u>

Approx. ¥35 bn. of loss charged to income in the 1H

Investment and loan exposure linked to U.S. sub-prime mortgage loans

- Direct investments in CDO and similar securities **Zero**
- Backup credit lines provided to SIVs **Zero**
- Loans to mortgage lenders in the U.S. **Zero**
- Indirect investments in related assets through fund of funds (FoF) **Approx. ¥0.5bn**
(Same as company announcement on Aug. 6, 2007)

Capital Adequacy Ratio (RHD Consolidated Basis)

Capital adequacy ratio (Basel II, SA)

- RHD's consolidated capital adequacy ratio has risen noticeably owing to the equity financing with new preferred shares for securing funds available for repaying public funds, accumulation of profits and a reduction of risk-weighted assets.

[RHD Consolidated] (Ybn, %)

	Mar. 31, 2007(A)	Sep. 30, 2007(B)	(B)-(A)
Capital Adequacy Ratio	10.56	13.55	2.99
Tier ratio	6.51	9.20	2.69
Total Qualifying capital	2,515.8	3,130.8	615.0
Tier 1 capital	1,551.7	2,125.9	574.2
Tier 2 capital	1,001.7	1,025.3	23.6
Deduction	37.5	20.4	(17.1)
Risk-weighted assets	23,803.3	23,093.7	(709.6)
Credit Risk assets	22,389.3	21,671.8	(717.5)
Assets for operational risk	1,414.0	1,421.8	7.8
DTA / Tier 1 Ratio	19.9	15.0	(4.9)

Outlier Framework

- All group banks satisfied the 20% cap rule (%)

	Mar. 31, 2007(A)	Sep. 30, 2007(B)	(B)-(A)
Resona Bank	7.8	7.9	0.1
Saitama Resona Bank	9.1	9.9	0.8
Kinki Osaka Bank	6.0	6.6	0.6
Resona Trust & Banking	0.2	0.1	(0.1)

* Interest-rate scenarios assume interest-rate fluctuations in the 99th percentile (periods of rising interest rates) over an observation period of five years and a holding period of one year.

[Calculating Methods]

Credit risk : Standardized Approach
 Operational risk : Gross income allocation method
 Market risk : Not included (exempted under the applicable regulation)

Primary factors for the change

[Qualifying Capital]

- Tier 1**
 - ⇒ Issue of the Class 9 Preferred Shares + 350.0 bn
 - ⇒ Issue of the Class 5 Preferred Shares + 100.0 bn
 - ⇒ Consolidated net interim income + 120.2 bn
- Tier 2**
 - Subordinated bonds and loans
 - ⇒ Tier 2 financing + 55.0 bn
 - ⇒ Repayment of the public fund perpetual subordinated loan - 35.0 bn

[Risk-weighted assets]

- Reduction of risk-weighted assets
 - Disposal of investment trusts held for an investment purpose: - 447.5 bn
 - Decrease of loans and bills discounted - 155.4 bn

Schedule for Transition to F-IRB

Schedule for introduction

(subject to approval from competent authorities)

- Applicable from the end of March 2008
Resona Holdings, Resona Bank, Saitama Resona Bank
- Applicable from the end of March 2010
Kinki Osaka Bank

Earnings Forecasts for Fiscal Year Ending March 2008

(Billions of yen)	Resona Holdings (Consolidated)		
	1H FY 2007	Revised full year forecasts	Change from initial forecasts
Ordinary income	551.3	1090.0	60.0
Ordinary profit	127.5	270.0	(10.0)
Net (interim) income	120.2	230.0	20.0

(Billions of yen)	Resona Holdings (Non-consolidated)		
	1H FY 2007	Revised full year forecast	Change from initial forecasts
Operating income	391.6	600.0	-
Ordinary profit	385.0	590.0	-
Net (interim) income	388.9	590.0	-

Forecast for term-end per share dividend on common stock	¥1,000
Forecast for term-end per share dividend on preferred stock	As pre-determined

(Billions of yen)	Total of four banks (approx. figure)		Resona Bank		Saitama Resona Bank		Kinki Osaka Bank		Resona Trust & Banking	
	Revised full year forecast	Change from initial forecasts	Revised full year forecast	Change from initial forecasts	Revised full year forecast	Change from initial forecasts	Revised full year forecast	Change from initial forecasts	Revised full year forecast	Change from initial forecasts
Gross operating profit	714.0	(22.0)	456.5	(28.5)	158.5	5.5	68.0	-	31.0	0.5
Operating expenses	367.0	(9.0)	236.0	(6.0)	75.0	(1.0)	44.5	(0.5)	12.0	-
Actual net operating profit	347.0	(13.0)	220.5	(22.5)	83.5	6.5	23.5	0.5	19.0	0.5
Ordinary profit	275.0		175.0		70.0		11.5		19.0	
Income before income taxes	295.0	10.0	195.0	1.0	70.5	7.0	11.5	-	19.0	0.5
Net (interim) income	235.0	15.0								

Resona Group started applying a consolidated taxation system from FY2005.

Gain/(loss) on stocks	(4.0)	(9.0)	(4.0)	(9.0)	-	-	-	-	-	-
Credit related expenses	50.0	(10.0)	33.0	(12.0)	8.5	0.5	7.7	0.4	-	-

Outline of Business Results for the 1st Half of FY2007

**Updates on Major Businesses:
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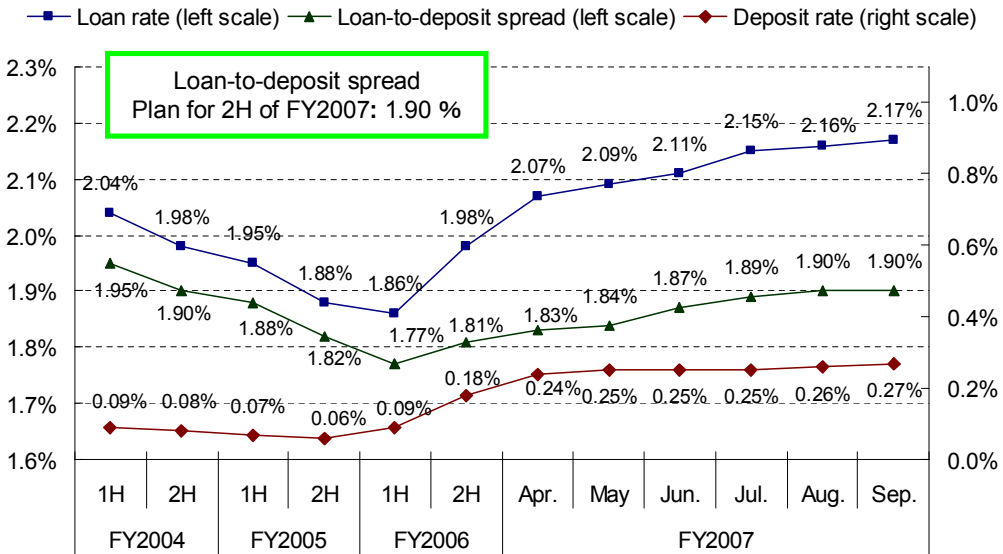
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Trend of Loan Business

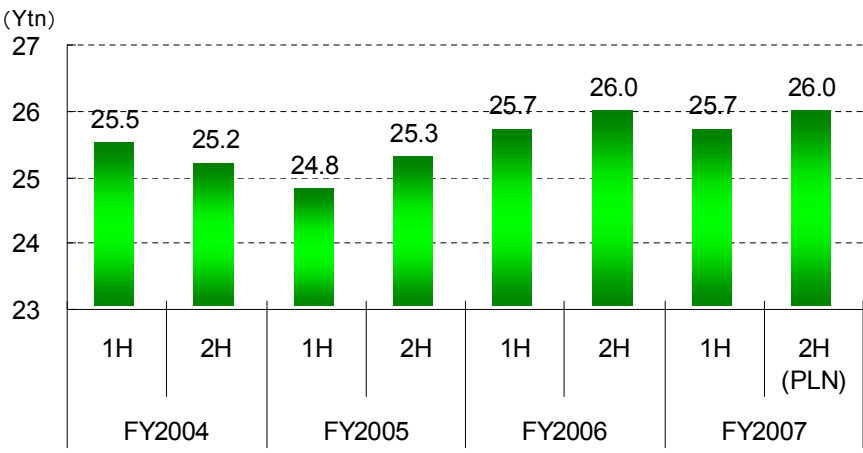
Trend of loan and deposit rates and loan-to-deposit spread



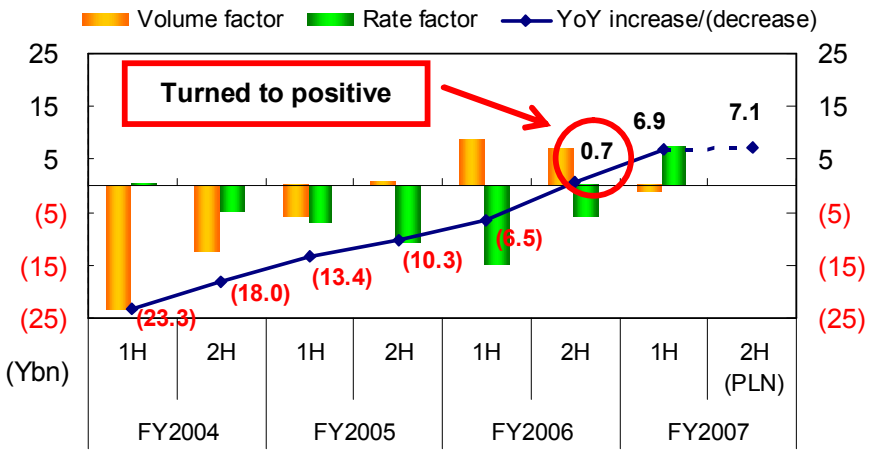
■ Loan-to-deposit margin has improved by 13bps reflecting the past two rate hikes

	Apr.06	Sep.07	Change
O/N call rate	0.002%	0.51%	0.508%
Loan rate	1.83%	2.17%	0.34%
Deposit rate	0.06%	0.27%	0.21%
Loan-to-deposit margin	1.77%	1.90%	0.13%

Trend of loan balance (average balance)

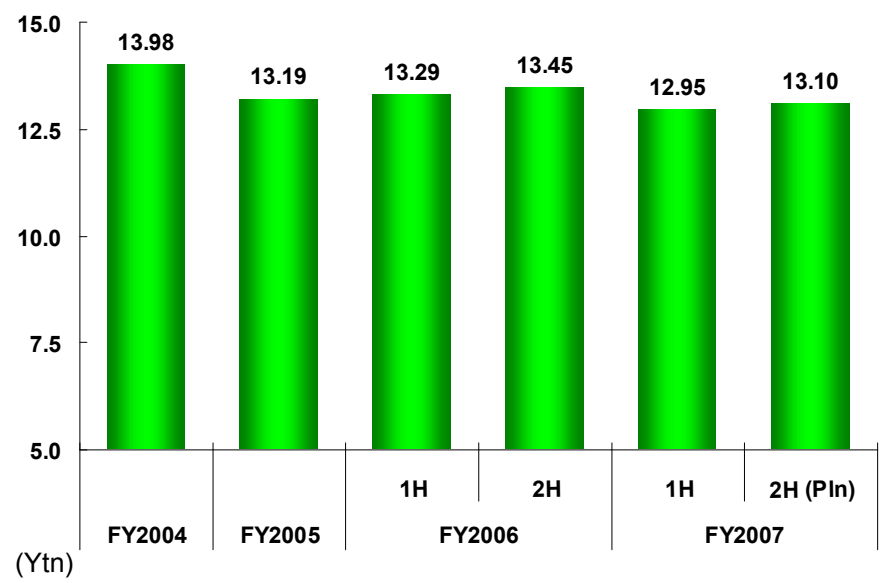


Trend of net income on loans and deposits (YoY change)



Loan Plan for FY2007 (1): Loans to Corporations

Average balance of loans to corporations (Group banks total)



* Loans in the domestic banking account, management accounting basis

Promotion prioritizing risk pricing

- Although the average balance declined due to stronger emphasis on risk pricing, interest rate on loans improved.

Number of core corporate clients* increased

* Corporate clients at which group banks are targeting.

[Reference] General trend of domestic SME loan market

Demand for loans from SMEs is still weak

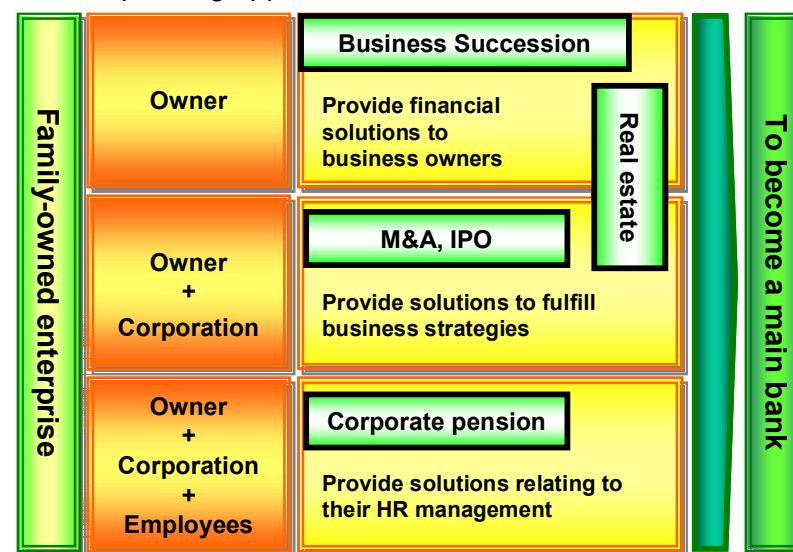
- Balance of loans to SMEs of all Japanese banks as of the end of September 2007 declined by 1.5% compared with the balance six months earlier.

(Data Source: Bank of Japan)

Measures to increase high-quality loan assets

Capture comprehensive transaction opportunities utilizing solutions

- Real estate and corporate pension functions (Pursuit of group synergies)
- “Area Solution Business Division” established for providing supports to branch offices (Resona Bank, February 2007)
- Expanding application of “owner business model”



Tactics adopted by Resona Bank

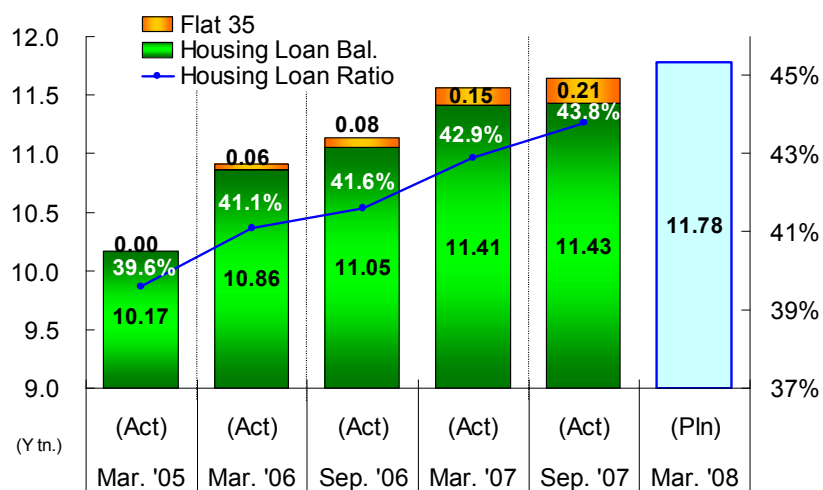
- Particular focus on SMEs with annual business of ¥500 million and over, or with loans of ¥50 million and over.
- Efforts to capture new corporate clients (Adjustments are made to performance evaluation)
- Effective utilization of CRM system

Loan Plan for FY2007 (2): Loans to Individuals

Housing loan

■ HL bal. at end of Sep. '07: ¥11.43tn. (HL ratio 43.8%)

- New loans extended in 1H: ¥0.66tn (including Flat 35) (¥0.74tn for the same period last year)
- Origination of “Flat 35” loans: ¥64.9bn (+¥41.6bn YoY)
⇒ Top record among all banks that handle “Flat 35”



(Plan for FY2007 is based on management accounting (excluding “Flat 35”))

■ Favorable market environment in the medium term

- Strong housing demand from baby boomer juniors
- Number of households is increasing even while population is decreasing
- Inflow of people into urban areas (= Resona’s main footholds)

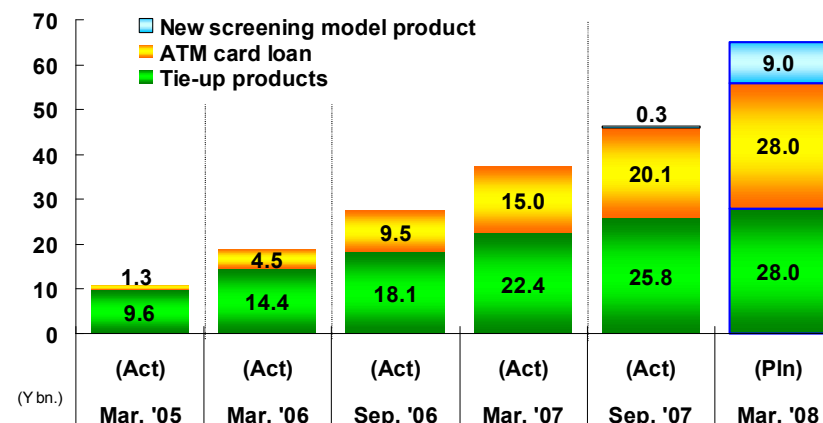
■ Competitive advantage supporting stable growth

- Fast loan application screening, cost competitiveness, product development capability, etc.
- Establishing nationwide coverage in HL business

Other consumer loans

■ Strategic consumer loan products are increasing

- Tie-up products: End Sep. '07 ¥25.8bn (+15% in 1H)
- ATM card loan: End Sep. '07 ¥20.1bn (+33% in 1H)
- Launched “Quick Card Loan” (screening model product)



■ Following an independent path for higher convenience

- Introduction of new products which respond to sound capital needs
- Multiple and convenient channels for loan applications (via the Internet, etc.)

■ Low cost operation

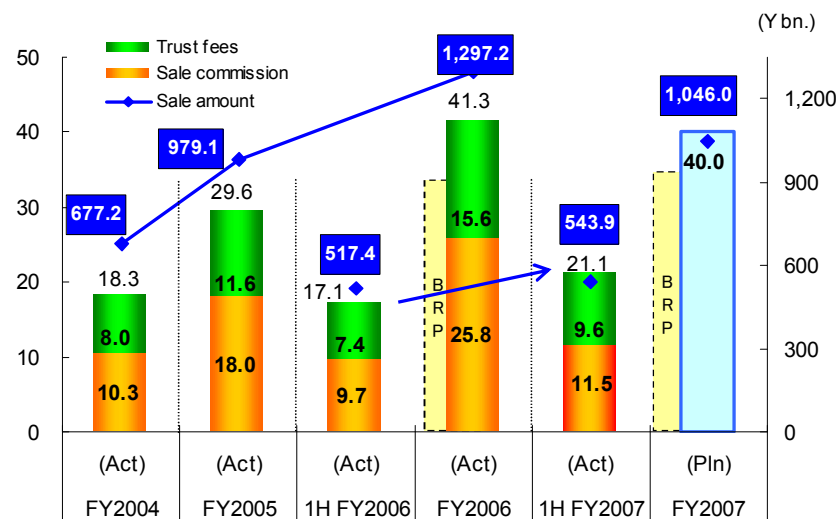
- Remote channel (ATM, telephone and Internet)
- Accumulated know-how from precedent products

Sale of Financial Products

Investment trusts

Income for 1H FY'07: ¥21.1bn. (+23% YoY)

➢ [Amount sold] ¥543.9bn, [Term-end. Bal.] 2,774.1bn



Timely introduction of new products based on customer needs

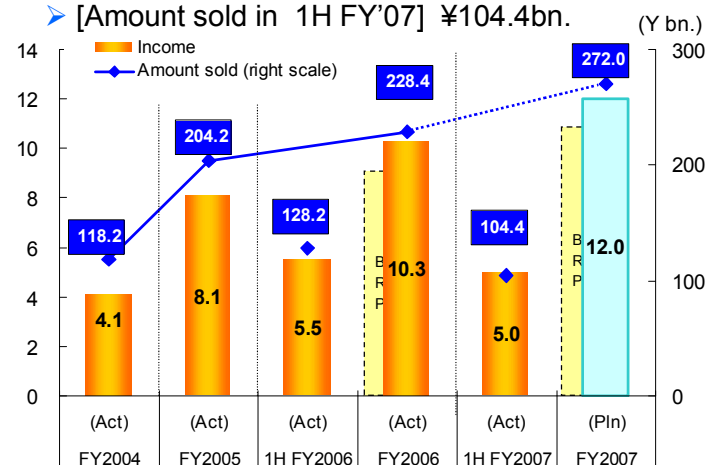
- Strength arising from not belonging to any "Keiretsu"
- Products developed exclusively for Resona Group

"Shift from savings to investments" taking place

Personal annuity

Grown to be a second pillar after investment trusts

➢ [Amount sold in 1H FY'07] ¥104.4bn.



Mid-career recruiting of specialized staff

- Ex-insurance co. staff ⇒ +50 in 1H and 2H, respectively
- Staff seconded from insurance co. ⇒ engage in planning and sales promotion

Original products procured from alliance partners

- Dai-ichi Mutual Life, Credit Agricole Life Insurance

Response to lifting of the remaining ban on bank's sale

- Start handling cancer and medical care insurance ⇒ Projected income FY2008: ¥1.0bn → FY2010: ¥2.0bn

Measures to strengthen compliance and responses to Financial Instruments and Exchange Law

Business infrastructure developments

- Branch layout suited for consulting-based sales activities
- CRM system ⇒ Adherence to "principle of suitability"

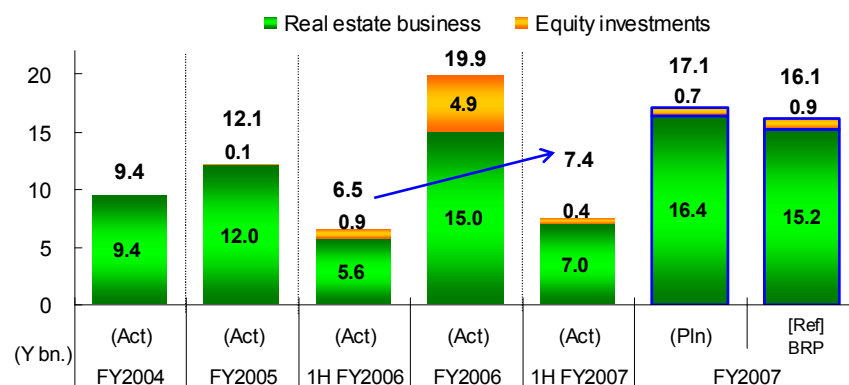
Introduction of low-risk and simplified products

- Strict internal rules for selling investment products
- Utilizing the know-how of specialized staff

Real Estate, Pension and Securities Trust Businesses

Real estate business (Resona Bank)

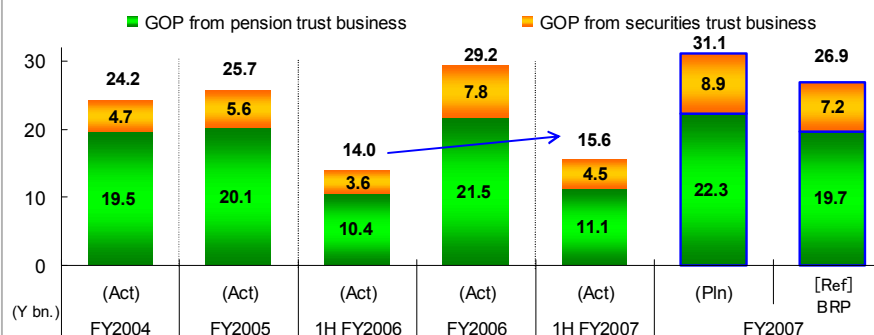
- Income for 1H FY2007 ¥7.4bn (+13% YoY)
Highest record ever achieved for 1H period
- Licensed branches in the Tokyo metropolitan area has been leading the recent growth trend
[Mar. '03] Eastern Japan: 38 offices, Western Japan 66 offices
[Present] Eastern Japan: 58 offices, Western Japan 46 offices
 - East: Income for 1H '07 ¥5.1bn (+0.7bn, +15% YoY)
 - West: Income for 1H '07 ¥2.2bn (+0.2bn, +10% YoY)



- Resona Bank is the only commercial bank that can engage in real estate business**
 - Advantage vis-à-vis designated trust banks in having well-established branch network covering entire nation
- Group synergies**
 - Making the best use of the group banks' network and existing customer base
- Reinforcement of specialized personnel**
 - Staffs in the real estate business unit: 146 as of March 2003 → 222 at present

Pension and securities trust business (Resona Trust & Banking)

- Gross operating profits for 1H FY2007: ¥15.6bn**
 - Pension trust business: ¥11.1bn (+0.7bn YoY)
 - Securities trust business: ¥4.5bn (+0.9bn YoY)



- Group synergies**
 - Number of pension trusts newly entrusted in 1H FY2007: 92 (+71 YoY)
- Market environment**
 - Abolition of tax-qualified pension plan and transition to new schemes
⇒ Providing SMEs with needed supports and solutions
 - Expanding profit opportunities:
A shift from savings to investments
Establishing a brand of having strength in investment trusts
- High quality fund management products**
 - Entrusted from 2 large European pension funds with fund management by Japanese equity
⇒ Largest scale among entrustments from European institutional investors

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Establishing competitive advantages in retail banking business

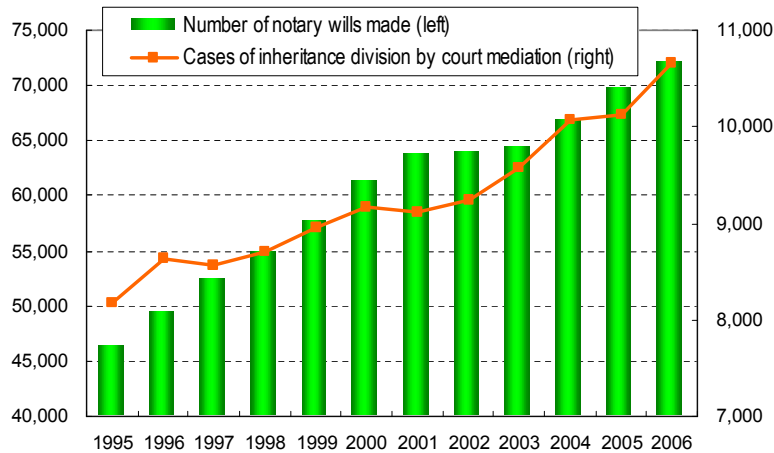
Recent examples of measures taken to establish overwhelming competitive advantage

Products and services	Product developments	<ul style="list-style-type: none"> ■ Procurements of competitive products from alliance partners (Examples of recent alliances) <ul style="list-style-type: none"> ▪ Tie-up with Travelex Japan in the field of foreign money exchange (RB, Mar. '07) ▪ Tie-up with Dai-ichi Mutual Life (RB, SR, KO Oct. '07) ▪ Tie-up with Credit Agricole Life Insurance (RB, SR Nov. '07) ■ Development of competitive retail banking products <ul style="list-style-type: none"> ▪ Housing loan product specially designed for women (RB Nov. '06, SR Feb. '07) ▪ Multi-function (cash/credit) joint-brand (Resona/Saison) IC card (RB, SR Jul. '07) ▪ Auto loan for refinancing with third party guarantee (RB, Nov. '07)
	Service reform	<ul style="list-style-type: none"> ■ Bank card with biometric authentication (RB, SR, KO Oct. '06) ■ Expanded ATM tie-up with convenience stores <ul style="list-style-type: none"> ▪ E-net (RB, SR over 7,000 ATMs available to Resona customers) ▪ Circle K Sunkus (RB from Feb. '08 875 locations in Kansai area) ■ Branch offices open on Saturdays increased to 45 (RB, Oct. '07) ■ Abolition of fees for out-of-business-hours ATM transaction (RB, SR, KO Nov. '07)
Channel	Customer interface reform	<ul style="list-style-type: none"> ■ CRM system for individual customers (Introduction completed RB, SR Mar. '06) ■ Next generation branch office (RB renovated 196 offices as of Sep. '07) ■ Started trial on new branch office management (RB from Oct. '07, details on P21) ■ Full-scale renewal of internet banking planned in FY2008 (RB, SR, KO)
Low-cost operation	Operation reform	<ul style="list-style-type: none"> ■ Introduction of “Coordination DB” greatly enhancing branch office efficiency (As of Sep. '07: RB's 85 branch offices completed introduction.) ■ 35 % reduction in admin. work volume achievable within FY2007 (RB) ■ Admin. staff could be reduced from 5,500 to 4,200 within FY2007 (RB)

Pursuing Group Synergy Centering on Trust Functions

Private banking business leveraging on trust function (Testamentary trust services)

[Number of wills made and cases of inheritance division by court mediation]



Expanding market

- Advent of the full-fledged aging society
- Steadily rising number of notary wills made
- Handing down of assets from baby boomers to their children

Resona's strengths: Integration of function and client base

- Concurrently providing trust banking services along with commercial banking services (Resona Bank)
- Well-established customer base and network as a commercial bank
- Lineup of products and solutions (cross-selling)

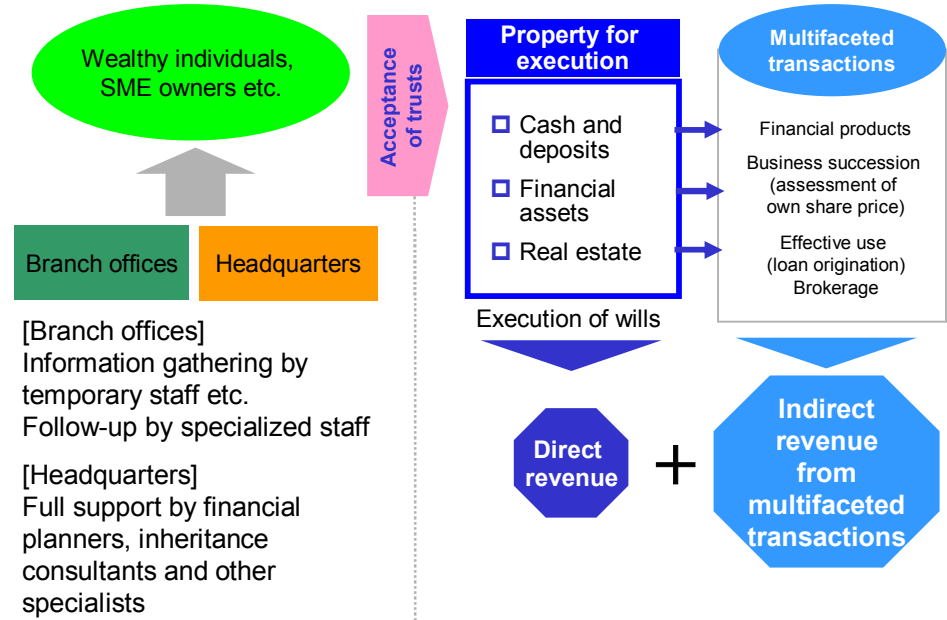
Affinity with banking business

- Using the acceptance of testamentary trusts as an opportunity to initiate numerous transactions (financial products, loans, real estate brokerage, etc.)

Wills entrusted to Resona Bank (as of September 30, 2007)

- Number of wills in custody: **10,288**
(Share among trust banks: 17.4%)
- "Execution course" entrustment accounts for 90% or more
- Amount of property for execution: approx. ¥ 2 trillion
 - Of which, cash and deposits: 28%
 - Financial assets (other than deposits): 10%
 - Real estate: 62%
- Average period of custody until execution: about 5 years
- Average level of execution fees (direct fees): around 1%

Firmly establishing a successful model in the next phase



Efforts to Build a New Branch Office Management Structure

Clearly redefined roles for business promotion division and administration & internal control division

Traditional structure reaching its limit

(Business promotion)

- Expansion of customer base is essential for sustainable growth
- Sales activity by branch managers and the expansion of client contact points are both necessary
- The ability to make prompt credit decisions and offer competitive solutions should be enhanced

(Administration & internal control)

- Increasingly stringent internal control requirements (Financial Instruments and Exchange Law, etc.)
- The volume of internal administration work is expected to continue to increase (specifically, in terms of customer protection and compliance)

Outline and objective of new structure to be trialed

- Liberate the business promotion unit from the burden of administration and internal control
- Strengthen mutual checking between the two divisions by clearly defining the distinctive roles
- Break away from the old branch management system which centered on branch GMs
 - Sharing of responsibilities to rectify excessive concentration of authorities and responsibilities to branch GMs

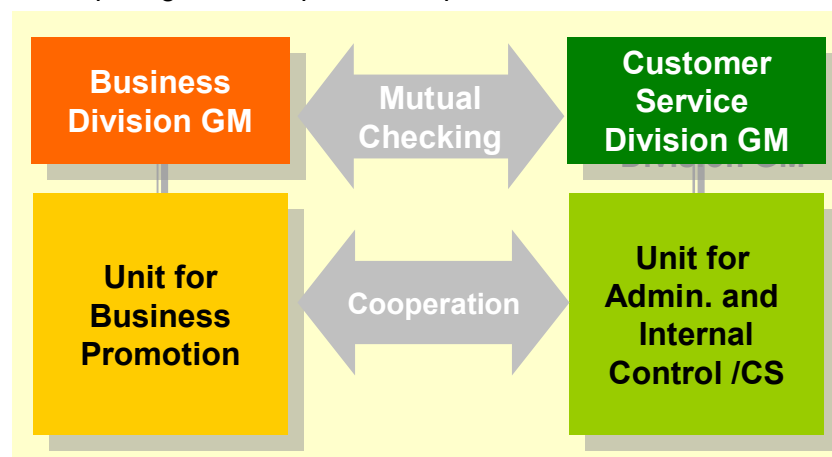
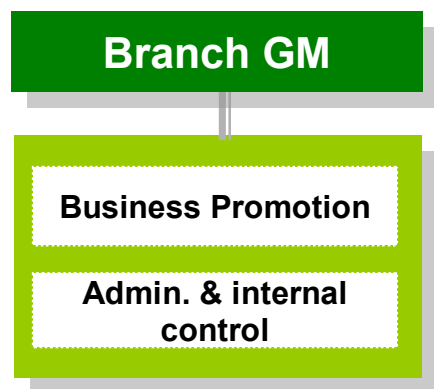
Business promotion division

Promotion units by market segment established in each area
 Title of branch GM will be changed to “Business Division GM”
 Branch GMs focus on sales, credit control and HR developments

Administration & internal control division

A “Customer Service Division GM” appointed at each office
 Enhancement of customer satisfaction / hospitality

- Preparing a career path as a specialist for each division



Establishing Operation that Makes the Best Use of Capital

Management accounting by major business lines (Provisional calculation for 1H FY2007)

- Started calculating RAROC and RVA*¹ as management indicators to measure profitability and soundness of each business line

(Y bn., %)

	Net Operating Profit after a Deduction of Credit Cost *2				Internal Capital	Management Indices		
	Gross Operating Profit	Operating Expenses	Credit Cost			OHR	RAROC	RVA
Commercial Banking Unit	342.7	168.2	26.7	147.8	1,694.4	49%	17.5%	93.9
Corporate Banking	167.3	75.6	10.9	80.8	1,087.7	45%	14.9%	46.2
Real Estate Business	7.4	2.6	0.0	4.8	14.2	35%	68.1%	4.4
Personal Banking	175.4	92.6	15.8	67.0	606.7	53%	22.1%	47.7
Housing Loan Business *3	81.6	19.9	14.5	47.2	572.1	24%	16.5%	29.0
Treasury	3.0	5.6	0.0	(2.6)	321.2	187%	-1.7%	(12.9)
Pension & Securities Trusts	15.6	5.7	0.0	9.9	30.0	36%	66.0%	8.9
Total of Group Banks Simple sum of figures compiled on a management accounting basis*4	358.5	179.6	26.8	152.1	2,452.7	50%	12.4%	74.0

*1. RVA: Resona Value Added (Net profit after a deduction of cost on allocated internal capital)

*2. Gross operating profit - operating expenses - credit cost

*3. Gains and losses belonging to loan guarantee subsidiaries are included.

*4. Total of four banks on a non-consolidated basis plus gains and losses of guarantee subsidiaries for housing loans.

Outline of Business Results for the 1st Half of FY2007

**Updates on Major Businesses:
Results of 1H FY2007 and Outlook for the Full Year**

Efforts to Build Solid Foundation for Sustainable Growth

Pathway to Early Repayment of Public Funds

<Reference Material>

Capital Policy Directed toward Early Repayment of Public Funds

Steps taken in FY2006 and FY2007 toward early repayment of public funds

- Amount of public funds repaid in the 1H FY2007: ¥35 bn. (subordinated loan)
- Procured ¥450bn. of funds available for repayments by issuing new preferred shares in the 1H FY2007

<p>May 23, 2006</p>	<p>Announced “Basic Policy toward Repayment of Public Funds”</p> <ul style="list-style-type: none"> (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
<p>June 28, 2006</p>	<p>Approval of creation of the terms for new preferred shares (Classes 4 through 9) at the General Meeting of Shareholders</p> <ul style="list-style-type: none"> • Classes 4 through 8 ... Non-convertible (bond-type) preferred shares • Class 9 ... Convertible (“restrictive” conversion) preferred shares
<p>August 31, 2006</p>	<p>Issue of the Class 4 Preferred Shares (Total issue amount ¥63bn)</p>
<p>November 2, 2006</p>	<p>Partial repayment of the public fund perpetual subordinated loan (Amount ¥20bn)</p>
<p>January 26, 2007</p>	<p>Repurchase and cancellation of the public funds preferred shares (Total issue amount ¥532.7bn)</p>
<p>March 30, 2007</p>	<p>Requested for sale in the market of the public fund ordinary shares</p>
<p>June 5, 2007</p>	<p>Issue of the Class 9 Preferred Shares (Total issue amount ¥350bn)</p>
<p>June 13, 2007</p>	<p>Partial repayment of the public fund perpetual subordinated loan (Amount ¥35bn)</p>
<p>August 28, 2007</p>	<p>Issue of the Class 5 Preferred Shares (Total issue amount ¥100bn)</p>

List of Public Funds Still Outstanding and Approaches for Repayments

List of remaining public funds and approaches for repayments

(Billions of Yen)	Time of Issue	Mandatory Conversion (First Call)	Amount	Amount	Amount repaid (2) - (1)
			Sep. 30, '03 (1)	Sep. 30, '07 (2)	
Total public funds received			3,128.0	2,337.5	(790.4)
Preferred Shares			2,531.5	1,998.8	(532.7)
Early Strengthening Law			868.0	335.2	(532.7)
Class B No.1	Mar. 1999	Apr. 2009	408.0	163.3	(244.6)
Class C No.1	Apr. 2001	Apr. 2015	60.0	60.0	---
Class E No.1	Mar. 1999	Dec. 2009	300.0	11.9	(288.0)
Class F No.1	Mar. 1999	Dec. 2014	100.0	100.0	---
Deposit Insurance Law			1,663.5	1,663.5	---
Class One No.1	Jul. 2003	N.A.	550.0	550.0	---
Class Two No.1	Jul. 2003	N.A.	563.5	563.5	---
Class Three No.1	Jul. 2003	N.A.	550.0	550.0	---
Subordinated Loans			300.0	45.0	(255.0)
Financial Function Early Stabilization Law	Mar. 1998	Fully repaid	200.0	---	(200.0)
Early Strengthening Law	Mar. 1999	Mar. 2009	100.0	45.0	(55.0)
Common Shares	Jul. 2003	N.A.	296.4	293.7	(2.7)

Subordinated Loans

Entire amount to be repaid by the end of March 2009 (the call date)

Common Shares

Plan to discuss further details including methods and timing with the relevant authorities as soon as circumstances permit

Preferred Shares

- Repurchase and cancellation utilizing the retained earnings and proceeds from the issuances of new preferred shares
- As of the end of September 2007, procured the funds for repayments covering **72%** of the remaining public fund preferred shares on an infusion amount basis

Public fund preferred shares Remaining amount: ¥1,998.8bn (infusion amount basis)

**Other capital surplus (New PS)
(¥350bn) (¥100bn)**

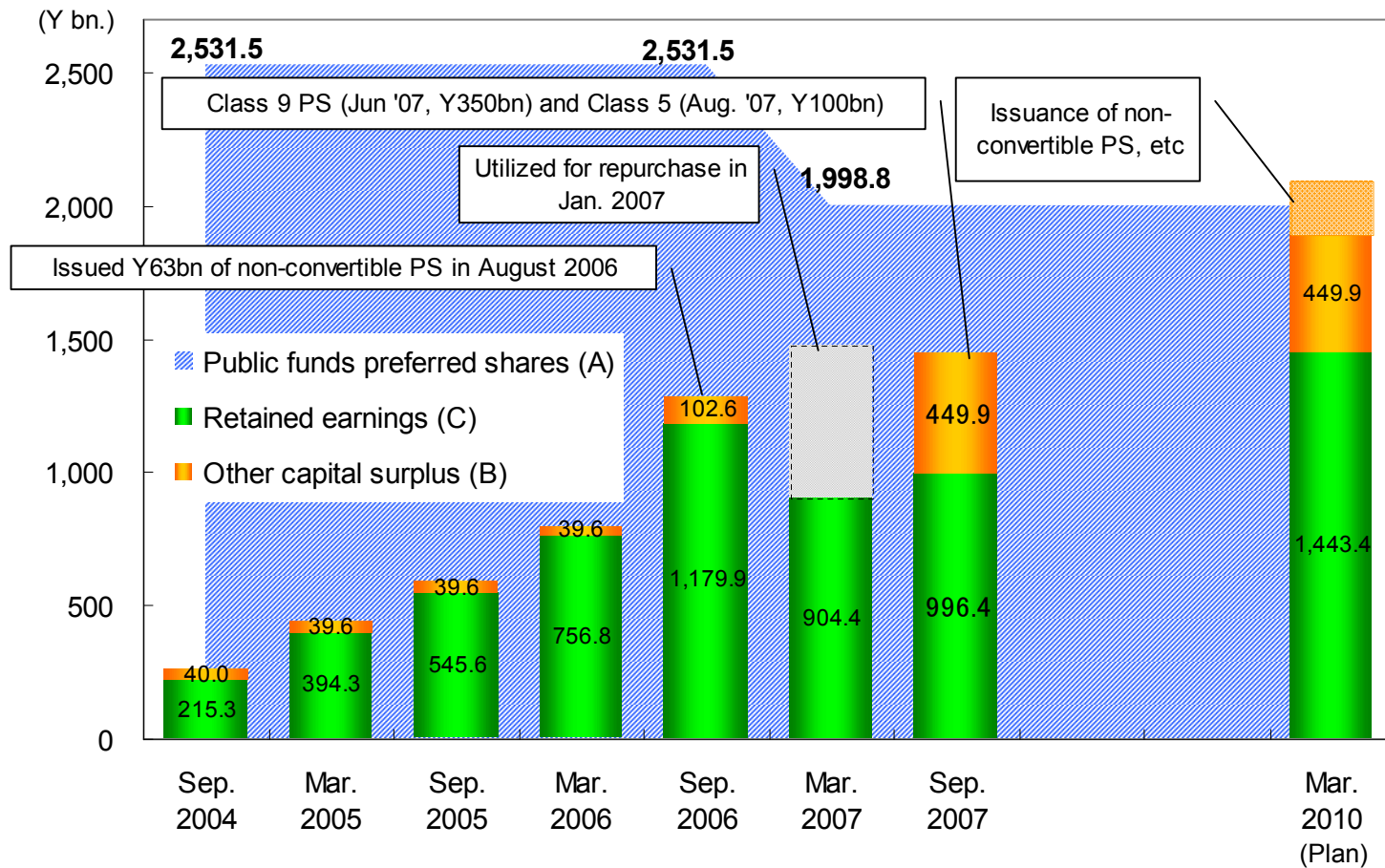
**Retained earnings (End of September 2007)
(¥996.4bn)**

Total available funds for repayments ¥1,446.4bn (72% of above)

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 fund preferred shares through accumulation of retained earnings and issuances of non-convertible preferred shares

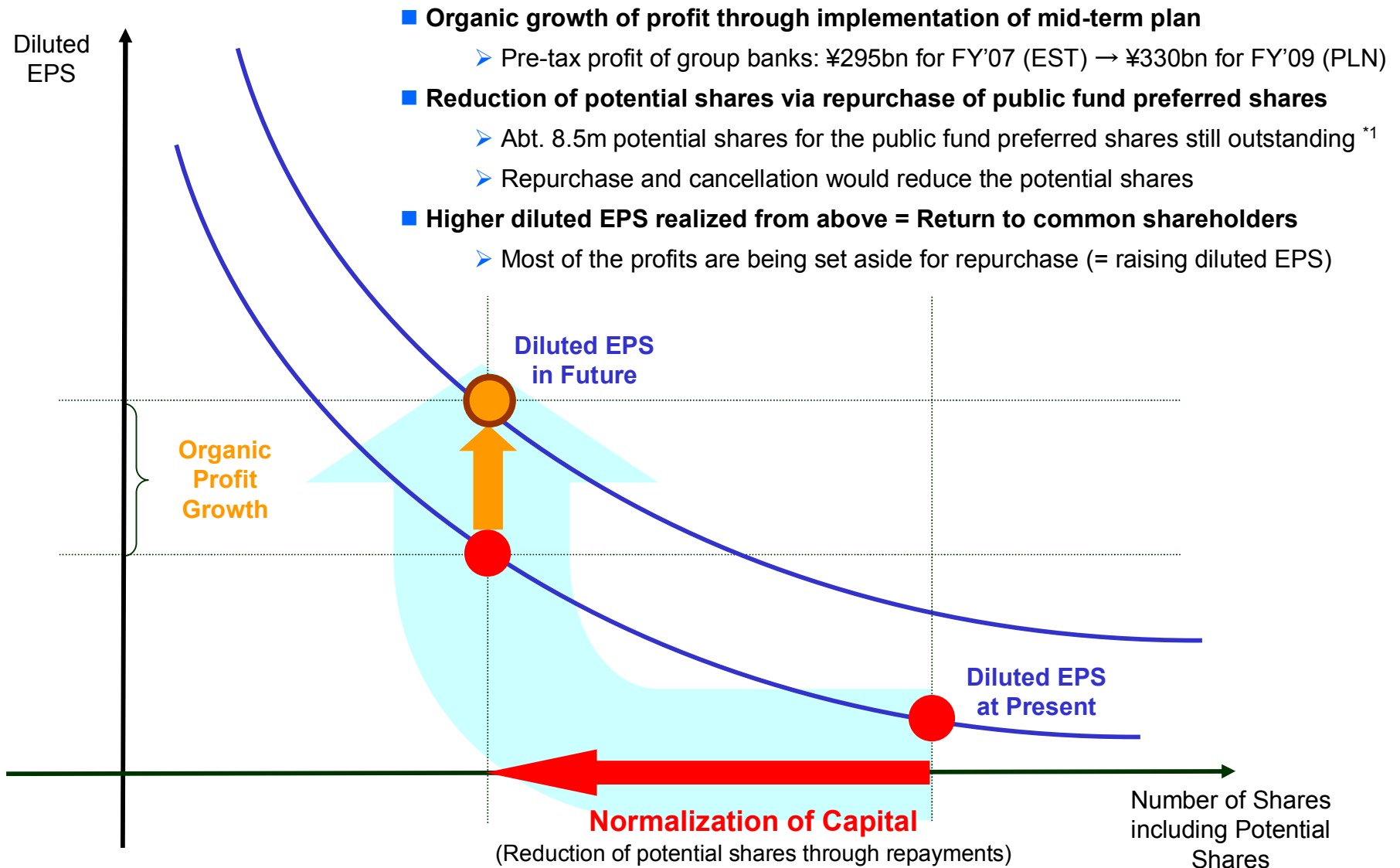


1. Retained earnings as of the end of March 2010 are based on the Business Revitalization Plan.
 (After adjustments to reflect their use for repurchase and cancellation of the public fund preferred shares in January 2007 and excess profits for FY2006 and 1H of FY2007.)

2. 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.

Two drivers that raise common shareholder value

Repayments of public funds and organic profit growth will both drive up diluted EPS



*1. 2007年10月末時点で適用される引換価額(比率)をベースに算出。
 (取得請求期間未到来分は当社普通株時価=200,000円をベースに算出)

Outline of Business Results for the 1st Half of FY2007

**Updates on Major Businesses:
Results of 1H FY2007 and Outlook for the Full Year**

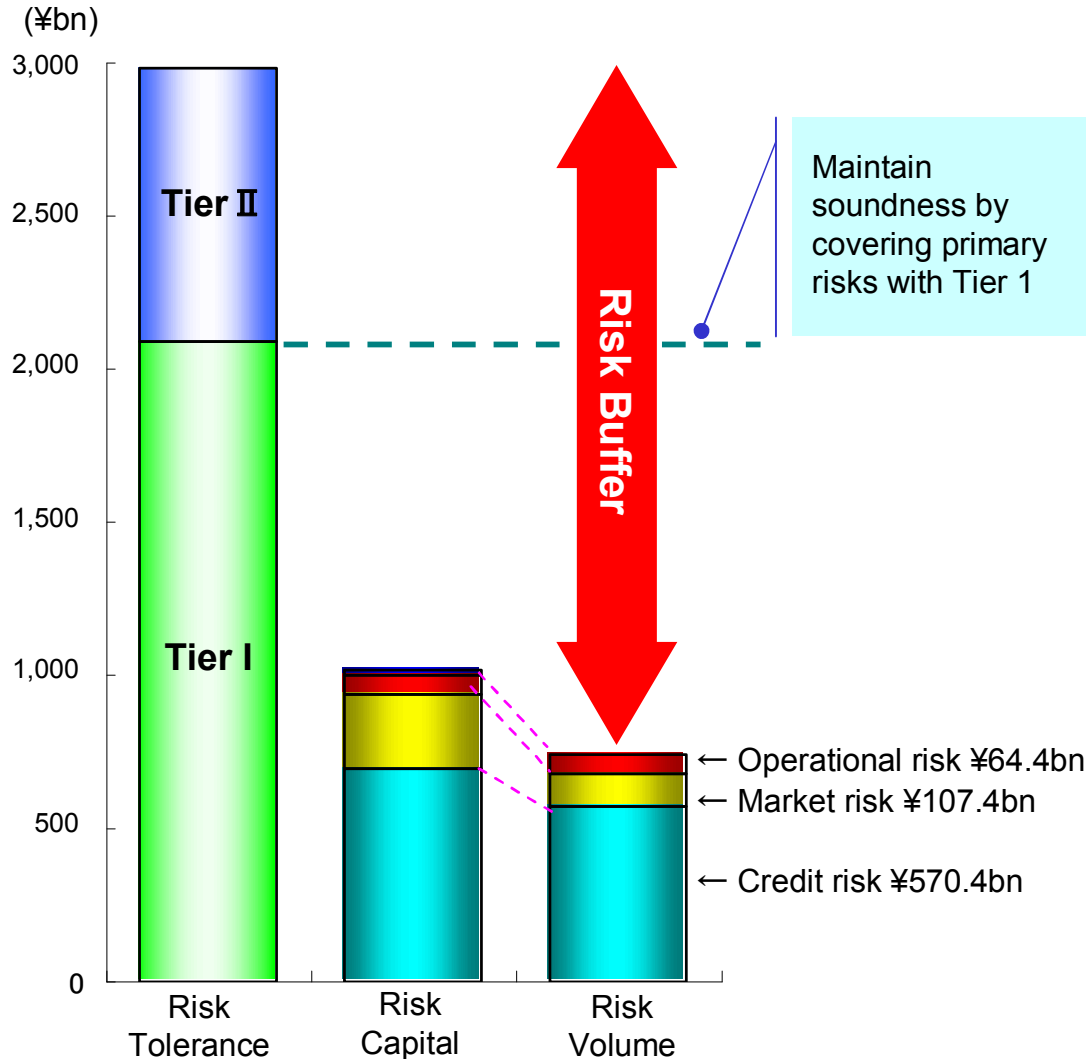
Efforts to Build Solid Foundation for Sustainable Growth

Pathway to Early Repayment of Public Funds

<Reference Material>

Risk Volume Relative to Capital (End of September 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

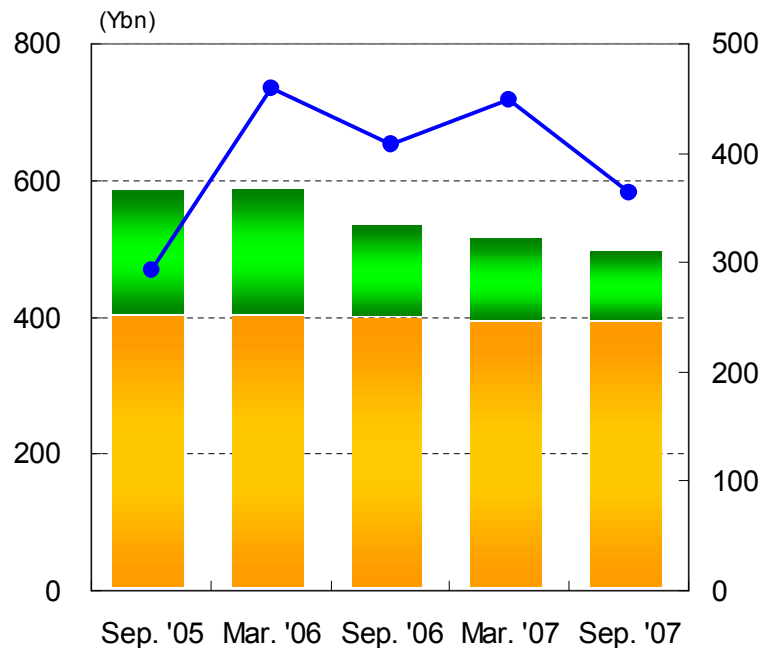
- Confidence Interval: 99%
 * “99.9%” confidence level is used as a supplementary assumption for a stress test.
- Holding period
 Credit risk: 1 year
 Market risk: 1 to 6 months depending on the nature of assets
 Operational risk: 1 year

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

Securities Portfolio

- Net unrealized gains on available-for-sale securities (RHD consolidated basis) as of the end of September 2007 amounted to ¥343.6bn.

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



■ Non-marketable stocks
■ Marketable stocks
● Net unrealized gains (marketable stocks, right scale)

- Book value of stocks sold outright 1H of FY2007 (Act): ¥1.5bn (total of group banks)

Bonds

【Balance of Securities Held (Non-consolidated Basis)】 (Ybn)

	Within 1 year	1 to 5 year	5 to 10 year	Over 10 years	No designated term	Total
Japanese government bonds	2,838.9	373.5	110.2	853.7	-	4,176.5
Japanese local gov. bonds	69.7	138.7	259.6	-	-	468.1
Japanese corporate bonds	400.0	640.5	41.6	15.2	0.0	1,097.6
Stocks	-	-	-	-	867.2	867.2
Other	3.7	42.8	172.4	40.9	164.6	424.6
Foreign securities	2.0	4.7	84.4	40.2	74.5	206.0
<Foreign bonds>	1.1	0.1	80.5	14.5	-	96.3
<Foreign stocks>	-	-	-	-	9.6	9.6
Other	1.6	38.0	88.0	0.7	90.0	218.5
Total	3,312.4	1,195.7	584.0	910.0	1,031.9	7,034.2

【Net unrealized gains/(losses) on bonds(RHD Consolidated Basis)】 (Ybn)

	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	Sep. '07
Japanese Bonds	10.7	(17.7)	(64.0)	(32.9)	(32.9)	(31.4)
Other*	16.8	44.2	47.0	(14.4)	16.5	11.0
Total	27.5	26.5	(17.0)	(47.3)	(16.4)	(20.4)

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

10-year JGB yield

	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	Sep. '07
	1.320%	1.475%	1.765%	1.665%	1.650%	1.675%

【JGB duration (Banking Account)】 (Years)

	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	Sep. '07
Resona Group	2.1	2.3	2.4	2.1	1.9	1.7
Resona Bank	1.9	2.3	2.3	2.0	1.8	1.6

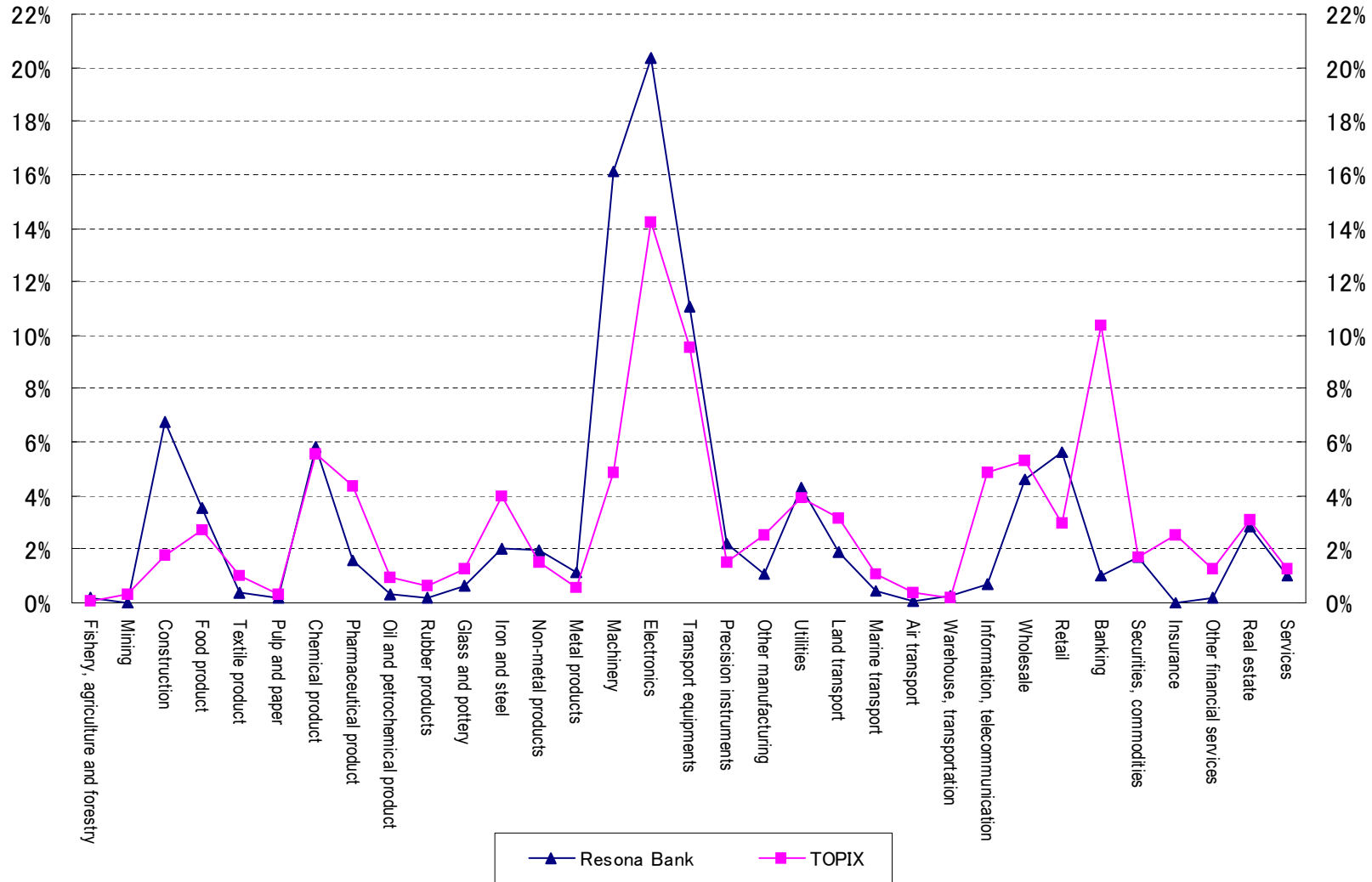
【Basis Point Value (BVP, Domestic Bonds)】 (Ybn)

	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	Sep. '07
Resona Group	(1.02)	(1.38)	(1.30)	(0.99)	(0.99)	(0.95)
Resona Bank	(0.65)	(0.89)	(0.77)	(0.61)	(0.59)	(0.54)

【Break-even Nikkei Average Points】 (Yen)

	Mar. '05	Sep. '05	Mar. '06	Sep. '06	Mar. '07	Sep. '07
Resona Group	6,600	6,300	6,000	6,600	7,000	7,000

Shareholdings by Industry (End September 2007, Resona Bank)



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

Loans and Bills Discounted

[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%**

[End of September 2007]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	4.9%	3.6%	9.0%	7.7%	25.2%
Prime rate-based	40.5%	0.1%	0.0%	0.0%	40.6%
Market rate-based	26.2%	2.5%	2.9%	2.6%	34.2%
Total	71.6%	6.2%	11.9%	10.4%	100.0%

Loans maturing within 1 year **77.7%**

[Change in 1H of FY2007]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	0.4%	-1.0%	-1.1%	1.2%	-0.5%
Prime rate-based	1.2%	-0.7%	0.0%	0.0%	0.5%
Market rate-based	-0.5%	0.3%	0.1%	0.1%	0.0%
Total	1.1%	-1.3%	-1.1%	1.3%	0.0%

Loans maturing within 1 year **-0.3%**

Deposits

[End of March 2007]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	45.9%	2.4%	8.1%	7.8%	64.1%
Time deposits	16.9%	8.4%	7.7%	2.8%	35.9%
Total	62.8%	10.8%	15.8%	10.6%	100.0%

[End of September 2007]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	42.4%	2.0%	8.1%	7.8%	60.6%
Time deposits	19.2%	10.8%	6.5%	2.9%	39.4%
Total	61.6%	12.9%	14.8%	10.8%	100.0%

[Change in 1H of FY2007]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	-3.5%	-0.3%	0.1%	0.1%	-3.5%
Time deposits	2.2%	2.4%	-1.2%	0.0%	3.5%
Total	-1.2%	2.1%	-1.0%	0.1%	0.0%

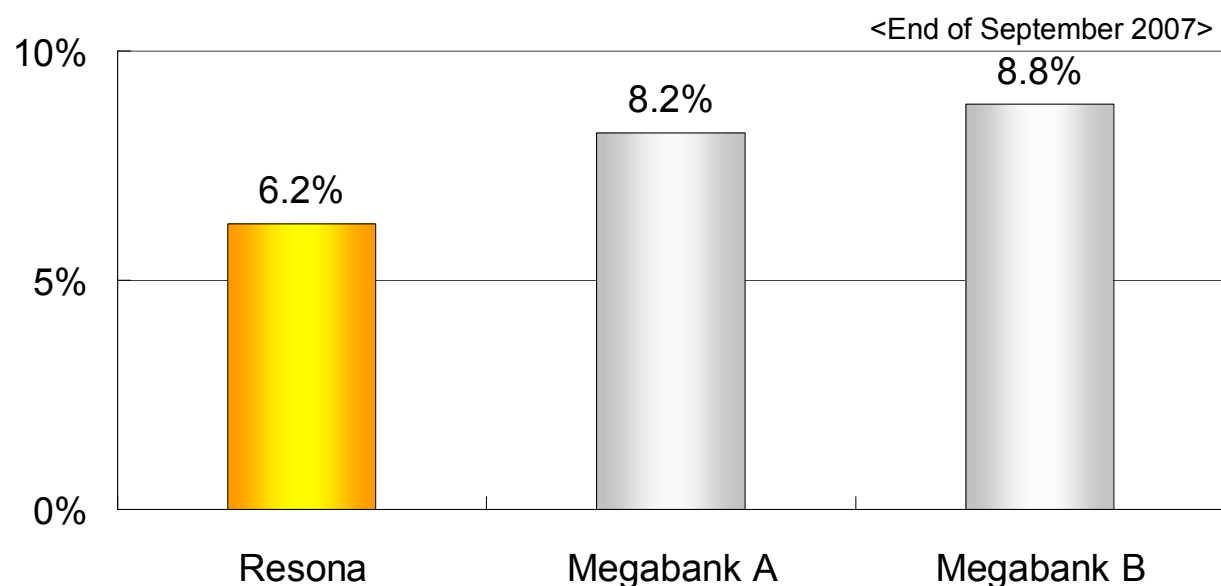
Swap Positions by Remaining Periods (Resona Bank)

■ Notional amounts of interest rate swaps by remaining period *

(Billions of Yen)

	End of September 2007				End of March 2007			
	Within 1 year	1 to 5 years	Over 5 years	Total	Within 1 year	1 to 5 years	Over 5 years	Total
Receive fixed rate/Pay floating rate	512.0	684.0	1,005.1	2,201.1	467.0	995.0	819.2	2,281.2
Receive floating rate/Pay fixed rate	265.1	179.9	100.0	545.0	210.0	235.0	100.0	545.0
Net position to pay fixed rate	246.9	504.1	905.1	1,656.1	257.0	760.0	719.2	1,736.2

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



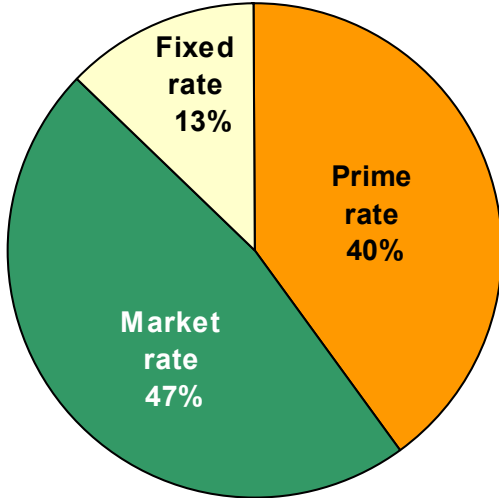
* Notional amount of interest rate swaps to which deferred hedge accounting is applicable.

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

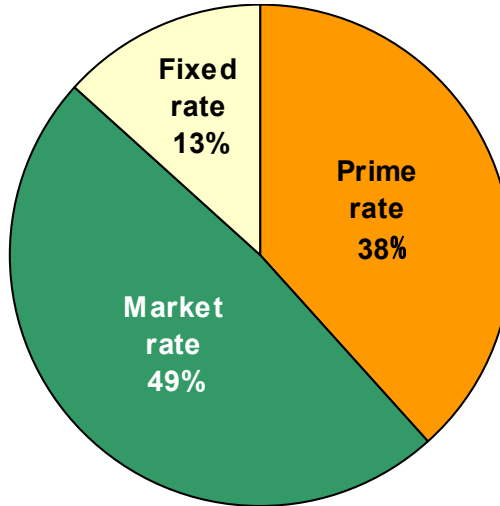
Loans to corporations

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

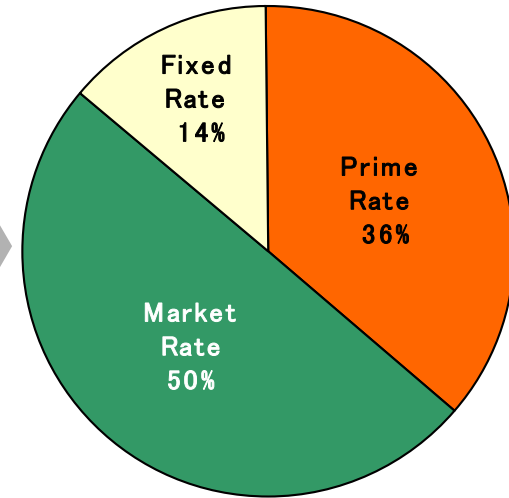
[End September 2006]



[End March 2007]

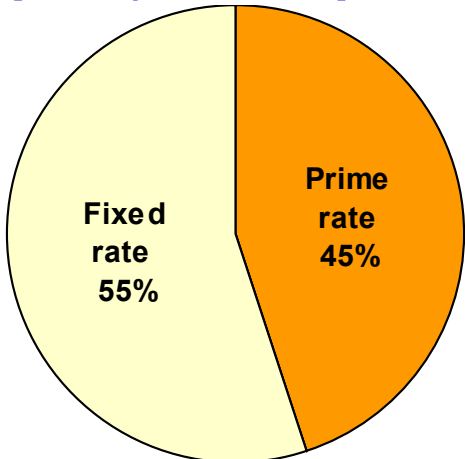


[End September 2007]

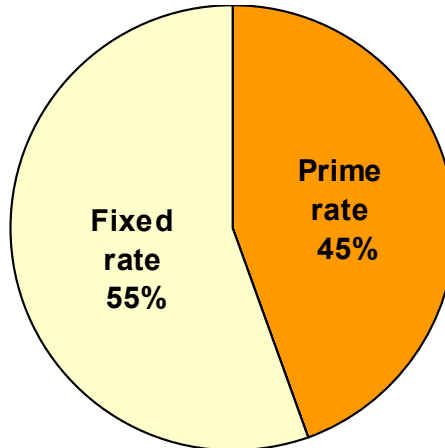


Loans to individuals

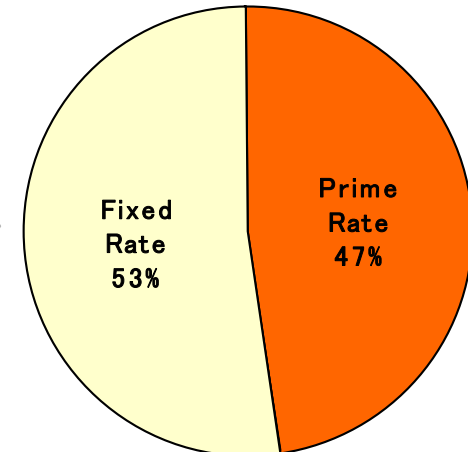
[End September 2006]



[End March 2007]



[End September 2007]

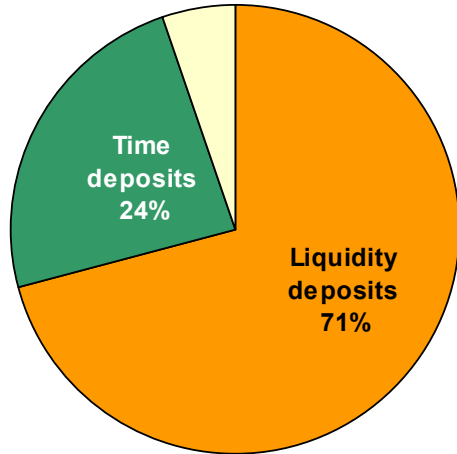


* Portfolio composition is computed based on the numbers compiled for administration purposes.

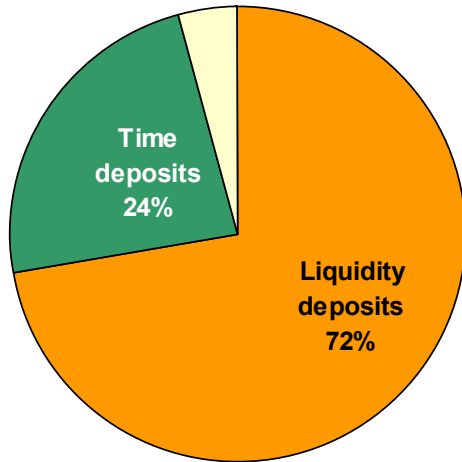
Composition of Deposits by Corporate/Individual Customers (Resona Bank)

Corporate Deposits

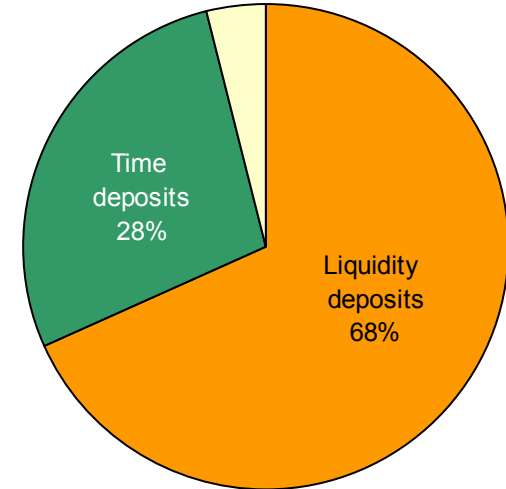
[End September 2006]



[End March 2007]

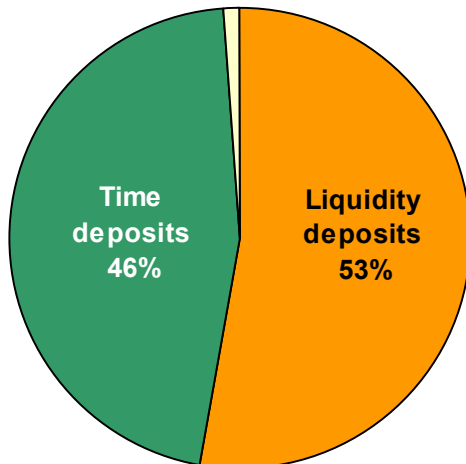


[End September 2007]

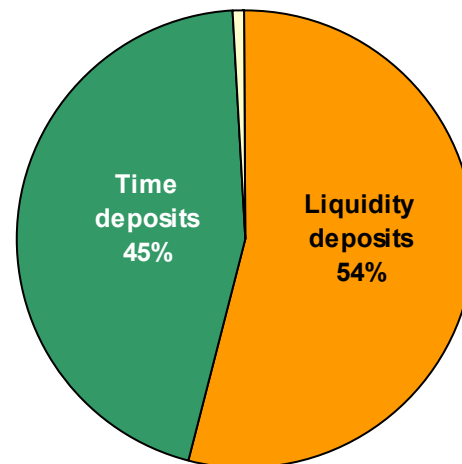


Individual Deposits

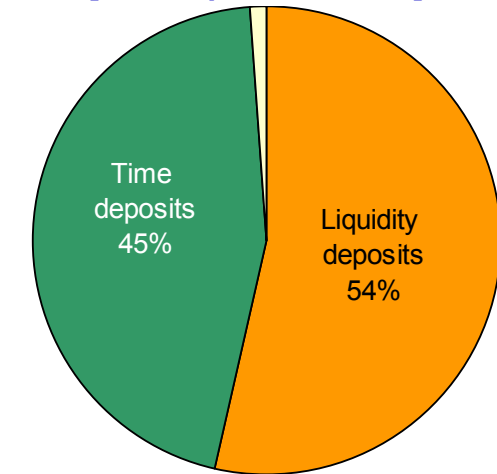
[End September 2006]



[End March 2007]



[End September 2007]



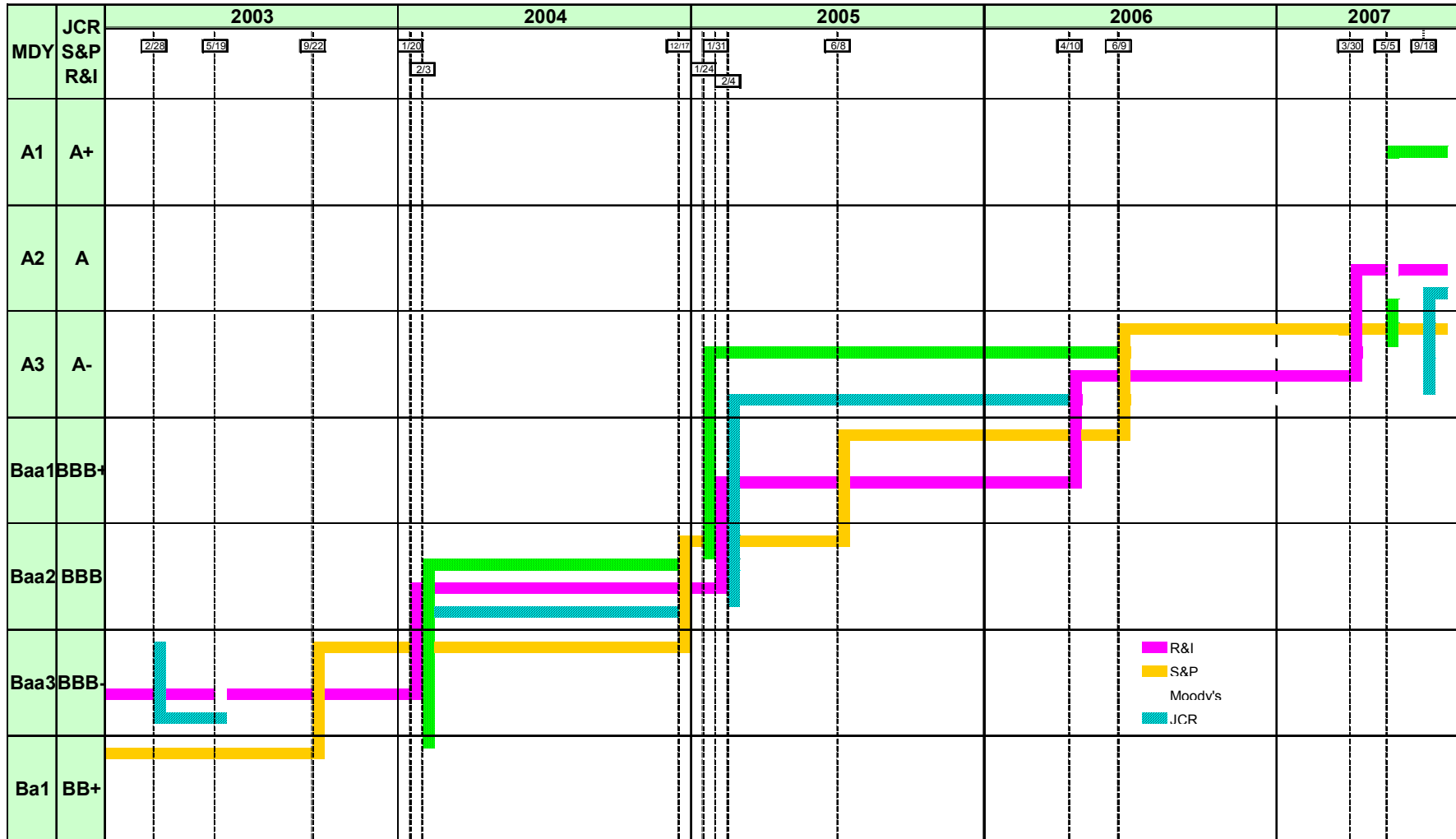
Migrations of Borrowers (Resona Bank, 1H of FY2007)

Exposure amount basis (Migration during the 1H of FY2007)

		End of September 2007									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Quasi-Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of March 2007	Normal	95.3%	3.7%	0.5%	0.2%	0.0%	0.1%	0.2%	0.2%	0.0%	-	4.6%
	Other Watch	9.3%	79.1%	1.4%	4.0%	0.2%	0.8%	5.1%	5.1%	0.0%	9.3%	6.5%
	Special Attention	23.5%	9.6%	50.6%	10.9%	0.6%	0.3%	4.5%	4.5%	0.0%	33.1%	11.8%
	Doubtful	1.7%	4.4%	1.1%	73.6%	7.8%	2.3%	9.0%	6.1%	3.0%	7.2%	10.2%
	Quasi-Bankrupt	0.2%	0.3%	0.0%	1.3%	79.9%	3.1%	15.1%	10.1%	5.0%	1.9%	3.1%
	Bankrupt	0.0%	0.0%	0.0%	0.7%	0.0%	89.5%	9.7%	8.4%	1.3%	0.7%	-

1. Above table shows how a borrower belonging to either of the borrower categories shown as of the end of March 2007 moved to a new category in the first half of FY2007.
2. Percentage points are calculated based on exposure amounts as of the end of March 2007. (New loans extended, loans collected or written-off during the period are not taken into account.)
3. "Other" for end of September 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)

(As of September 30, 2007)

	Class B Preferred Shares	Class C Preferred Shares	Class E Preferred Shares	Class F Preferred Shares
Distinction between public and private funds	Public Fund	Public 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 Class 2	Asahi Bank Series 2 Class 2
Original issue date	3/31/1999	4/26/2001	3/31/1999	3/31/1999
Current number of shares	272,202 shares	120,000 shares	9,576 shares	80,000 shares
Issue price per share	JPY 600,000	JPY 500,000	JPY 1,250,000	JPY 1,250,000
Total issue amount remaining at present	JPY 163.3 Billion	JPY 60.0 Billion	JPY 12.0 Billion	JPY 100.0 Billion
Original total issue amount	JPY 408.0 Billion	JPY 60.0 Billion	JPY 300.0 Billion	JPY 100.0 Billion
Shareholder	RCC	RCC	RCC	RCC
Preferred dividend	Dividend per share	JPY 6,360	JPY 6,800	JPY 14,380
	Total amount of dividend	JPY 1,731 Million	JPY 816 Million	JPY 138 Million
	Yield	1.06%	1.36%	1.1504%
Acquisition right	Acquisition period	6/30/1999 3/31/2009	1/1/2002 3/31/2015	7/1/2002 11/30/2009
	Current exchange price	(JPY 294,985)	JPY 338,400	JPY 359,700
	Current exchange rate	2.034	(1.478)	(3.475)
				(3.475)
Reset of exchange rate	Date of reset	6/30	1/1	7/1
	Direction of reset	Upward/Downward	Upward/Downward	Upward/Downward
	Cap exchange rate	3.429	(2.999)	(3.475)
	Floor exchange rate	---	---	---
	Cap exchange price	---	---	---
	Floor exchange price	(JPY 174,978)	JPY 166,700	JPY 359,700
	Start of market price calculation	45 trading days before	45 trading days before	45 trading days before
	Calculation period	30 trading days	30 trading days	30 trading days
Acquisition clause	Date of mandatory exchange	4/1/2009	4/1/2015	12/1/2009
	Mandatory exchange rate	JPY 600,000/Market Price x 1.02	JPY 500,000/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
	Calculation period	30 trading days	30 trading days	30 trading days
	Floor exchange price	JPY 100,000	JPY 166,700	JPY 359,800

List of RHD's Preferred Shares (2)

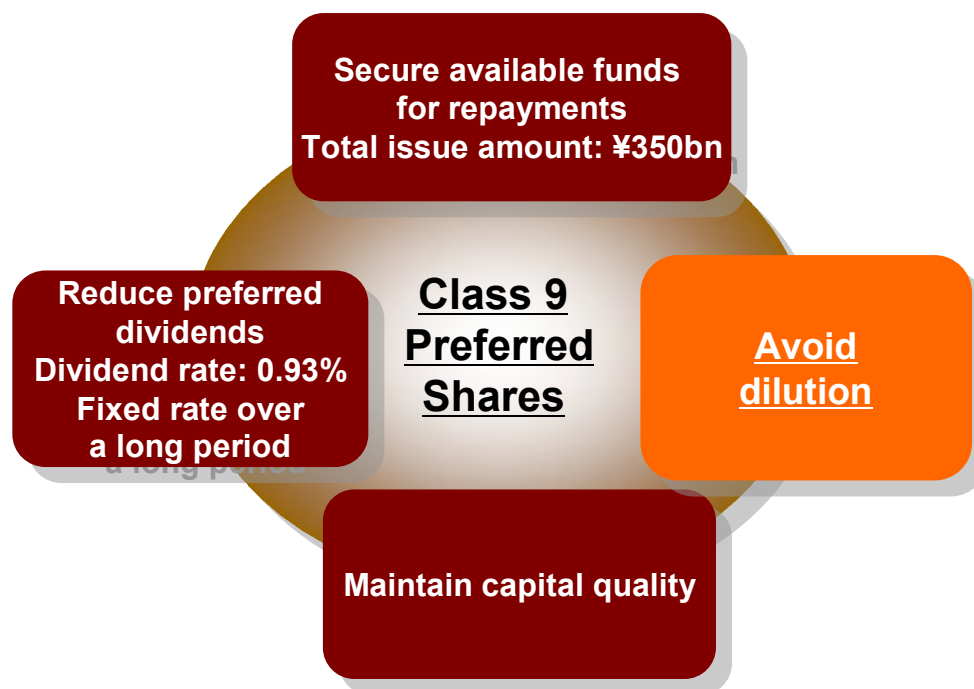
(As of September 30, 2007)

	Class 1 Preferred Shares	Class 2 Preferred Shares	Class 3 Preferred Shares	Class 4 Preferred Shares	Class 5 Preferred Shares	Class 9 Preferred Shares	
Distinction between public and private fund	Public Fund	Public Fund	Public Fund	Private 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 5	Resona Holdings Class 9	
Original issue date	7/1/2003	7/1/2003	7/1/2003	8/31/2006	8/28/2007	6/5/2007	
Current number of shares	2,750,000 shares	2,817,808 shares	2,750,000 shares	25,200 shares	40,000 shares	100,000 shares	
Issue price per share	JPY 200,000	JPY 200,000	JPY 200,000	JPY 2,500,000	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 100.0 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 100.0 Billion	JPY 350.0 Billion	
Shareholder	DIC	DIC	DIC	Shinkin Trust Bank	Dai-ichi Life	Merill Lynch Japan Finance	
Preferred dividend	Dividend per share (Jun '08)	JPY 2,564	JPY 2,564	JPY 99,250	JPY 91,875	JPY 26,769	
	Total amount of dividend (Jun '08)	JPY 7,051 Million	JPY 7,225 Million	JPY 2,501 Million	JPY 3,675 Million	JPY 2,677 Million	
	Yield	Libor (1y) + 50bp 1.282%	Libor (1y) + 50bp 1.282%	Libor (1y) + 50bp 1.282%	3.97%	3.675%	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 299,700	---	---	---	JPY 332,465	
	Current exchange rate	(0.667)	(---)	(---)	(---)	(10.527)	
	Date of reset	8/1	11/1	5/1	---	---	6/5 4 times only (2012 - 2015)
Reset of exchange rate	Direction of reset	Upward/Downward	Upward/Downward	Upward/Downward	---	---	Downward only
	Cap exchange rate	(7.143)	(10.000)	(11.765)	---	---	(40.355)
	Floor exchange rate	---	---	---	---	---	---
	Cap exchange price	---	---	---	---	---	---
	Floor exchange price	JPY 28,000	JPY 20,000	JPY 17,000	---	---	JPY 86,730
	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		---	---	---	---	---	---
Start of market price calculation		---	---	---	---	---	---
Calculation period		---	---	---	---	---	---
Floor exchange price		---	---	---	---	---	---
				Acquisition clause exercisable under certain conditions at the issuer's option after seven years after issue date	Acquisition clause exercisable under certain conditions at the issuer's option after seven years after issue date	Acquisition clause exercisable under certain conditions at the issuer's option after five years after issue date	

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)

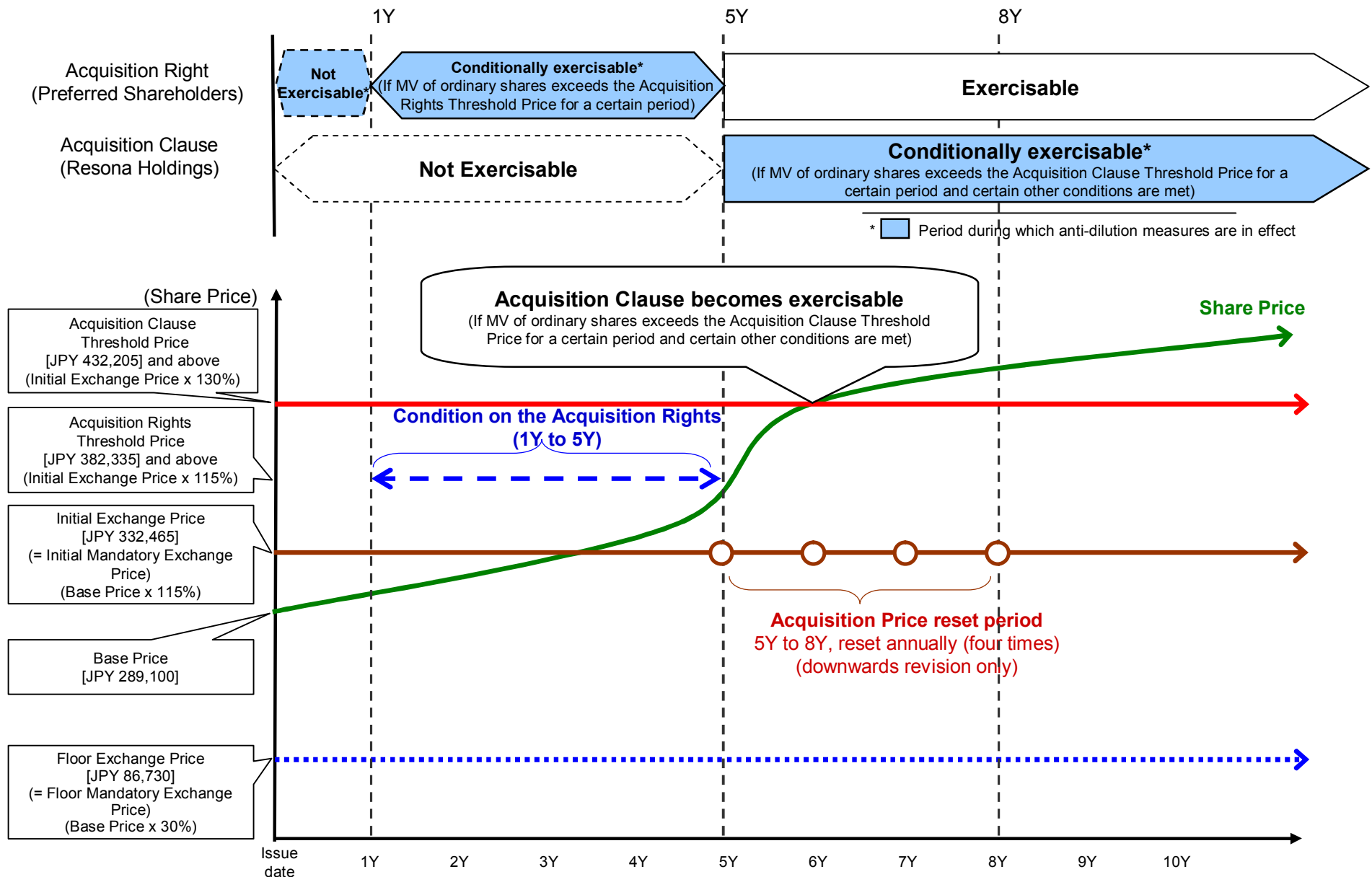
Limitation on exercise of Acquisition Rights

- 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”

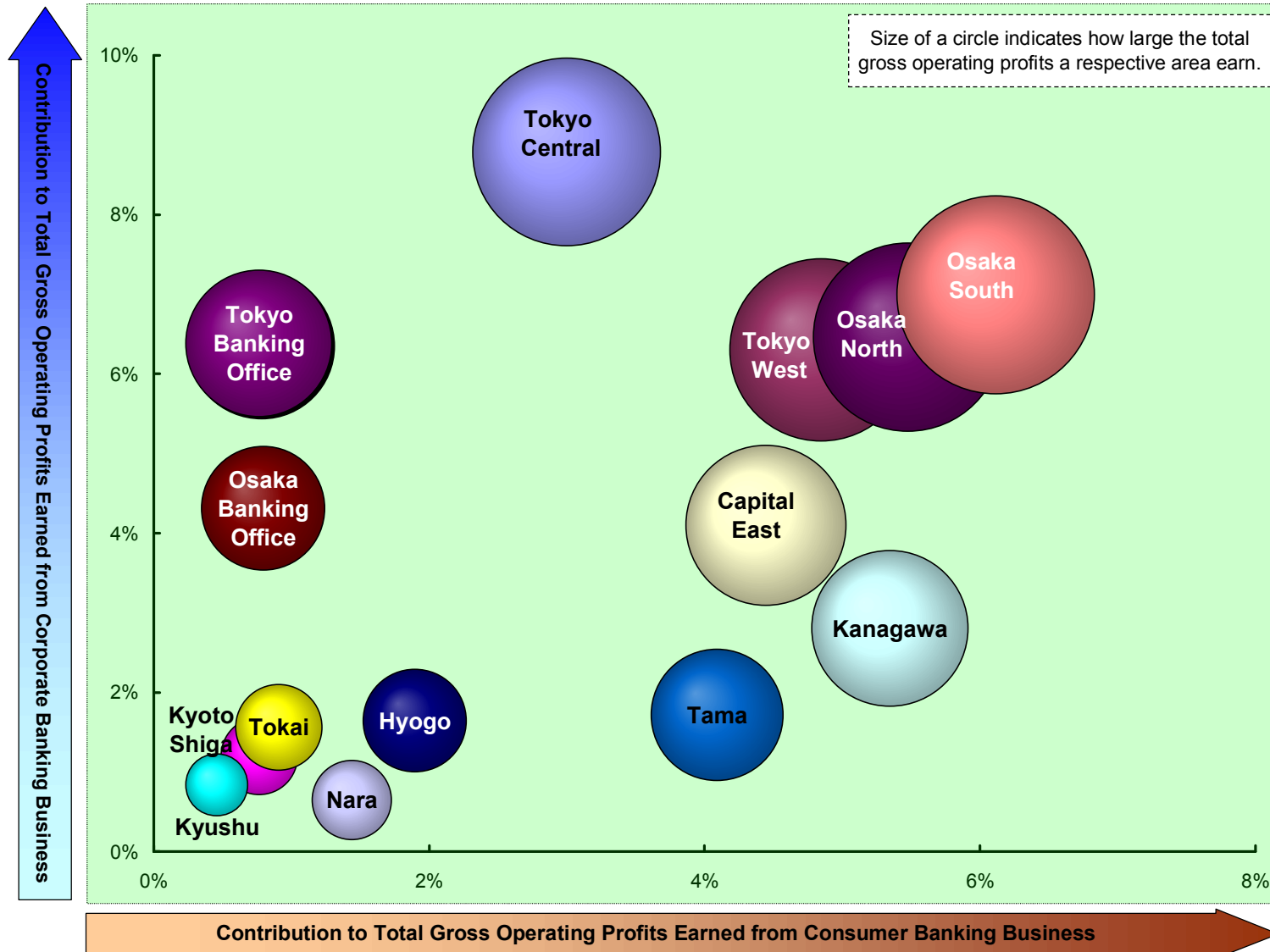


Class 9 Preferred Shares: Comparison with Public Fund Preferred Stocks

	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	¥86,730 (Base Price x 30%)
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)

Characteristics of Gross Operating Profits by Area Units (Resona Bank)

■ Characteristics based on the actual results of 1H FY2007



Business Revitalization Plan: Earnings Plan

(Total of Four Banks)

(Billions of Yen)	FY 2005 (Actual)	FY 2006 (Actual)	1H of FY 2007 (Actual)	FY 2007 (Plan)	FY 2008 (Plan)	FY 2009 (Plan)
Gross operating profit	693.6	735.9	342.7	727.0	754.0	780.0
Trust fees	36.6	40.4	20.4	34.0	33.0	34.0
Jointly Operated Designated Money Trust	6.2	6.7	3.2	3.0	2.0	1.0
NPL disposal in trust account	0.0	0.3	0.1	0.0	0.0	0.0
Interest income	604.4	660.2	348.3	709.0	777.0	852.0
Interest expense	76.6	115.5	81.4	161.0	208.0	267.0
Net fees & commissions	91.0	107.0	53.0	98.0	103.0	110.0
Net trading income	3.0	20.5	13.1	22.0	22.0	23.0
Other operating income	35.0	23.2	(10.7)	25.0	27.0	28.0
Gains/(losses) on bonds	(12.2)	7.4	(13.9)	1.0	1.0	1.0
Adjusted net operating profit (Note.1)	345.2	382.0	165.0	347.0	366.0	392.0
Net operating profit	348.7	377.2	184.6	347.0	366.0	392.0
Provision to general reserve	(3.6)	4.4	(19.8)	0.0	0.0	0.0
Expenses	348.5	354.3	177.8	380.0	388.0	388.0
Personnel expense	117.2	120.7	60.0	126.0	130.0	132.0
Non-personnel expenses	210.2	212.7	107.1	232.0	237.0	235.0
Disposal of NPL	57.6	72.1	58.7	61.0	60.0	56.0
Net gain/(loss) on stocks	53.9	69.1	(10.1)	8.0	8.0	8.0
Loss on devaluation	1.5	7.6	2.3	0.0	0.0	0.0
Ordinary profit/(loss)	336.6	386.5	126.2	288.0	308.0	338.0
Extraordinary gains	69.2	34.3	25.3	0.0	0.0	0.0
Extraordinary losses	4.5	12.9	2.8	8.0	8.0	8.0
Income taxes - current	9.5	18.3	5.4	10.0	11.0	65.0
Income taxes - deferred	1.1	(225.0)	21.5	65.0	63.0	33.0
Net income/(loss)	390.7	614.6	121.7	205.0	226.0	232.0

(Billions of Yen)	FY 2005 (Actual)	FY 2006 (Actual)	1H of FY 2007 (Actual)	FY 2007 (Plan)	FY 2008 (Plan)	FY 2009 (Plan)
Total assets (Note.2)	41,653.9	40,649.4	40,500.3	40,300.0	39,870.0	40,620.0
Loans and bills discounted	25,247.2	26,019.4	25,873.5	26,800.0	27,480.0	28,030.0
Securities	7,598.5	7,341.8	6,941.3	7,200.0	6,550.0	6,950.0
Trading assets	828.4	407.8	463.1	670.0	670.0	670.0
DTA (term-end bal.)	4.4	280.1	279.7	175.7	112.2	74.9
Total liabilities (Note.2)	40,657.9	39,394.5	39,109.5	38,920.0	38,640.0	39,370.0
Deposits and NCDs	33,153.4	33,118.3	33,342.2	32,900.0	33,300.0	33,790.0
Trading liabilities	15.0	40.7	84.9	---	---	---
DTL (term-end bal.)	32.0	18.2	10.3	22.4	21.8	17.9
DTL for land revaluation (term-end bal.)	46.2	44.2	43.9	44.3	44.3	44.3
Net assets (Note.2)	1,692.0	1,947.6	1,621.9	1,450.2	1,481.2	1,487.2
Capital stock	398.8	398.8	398.8	398.8	403.8	403.8
Capital reserve	433.8	433.8	433.8	433.8	438.8	438.8
Other capital surplus	88.7	88.7	88.7	88.7	88.7	88.7
Earned surplus reserve	20.0	20.0	20.0	20.0	20.0	20.0
Retained earnings (Note.3)	433.3	660.4	394.5	250.7	271.7	277.7
Land revaluation excess	63.3	61.4	61.0	61.5	61.5	61.5
Net unrealized gains/(losses) on other sec	253.8	300.0	241.2	196.4	196.4	196.4

(Management Indicators) (Note.4)

Yield on interest earning assets (A)	1.66	1.78	1.89	1.95	2.15	2.30
Interest earned on loans and bills discount	1.93	1.94	2.14	2.16	2.30	2.47
Interest on securities	1.05	1.28	0.95	1.36	1.67	1.74
Total cost of funding (B)	1.07	1.23	1.36	1.43	1.59	1.71
Interest paid on deposits and NCDs (D)	0.08	0.17	0.28	0.30	0.43	0.56
Overall interest spread (A) - (B)	0.58	0.55	0.52	0.52	0.56	0.59
Cost-to-income ratio (OHR)	50.24	48.12	51.87	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.

Resona HD Selected as Best Bank in Japan by EUROMONEY

- EUROMONEY, UK monthly magazine specializing in finance, chose Resona Holdings to receive award for best bank in Japan in its July 2007 issue
- Resona Holdings was selected for the award because of its strong financial results and ability to attract foreign investors including Merrill Lynch who subscribed the Preferred Shares issued by Resona Holdings.



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.