

Maximizing Corporate Value through Sustained Growth



RESONA

February 2008



Resona Holdings, Inc.

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Pathway to Early Repayment of Public Funds

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Updates on Recent Business Trend

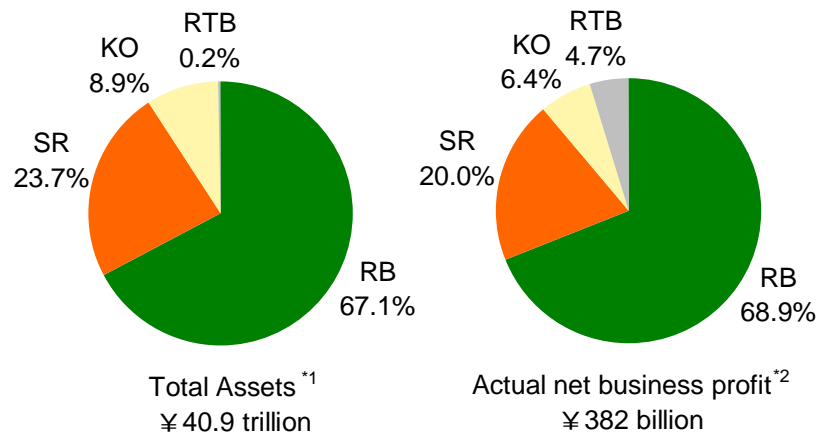
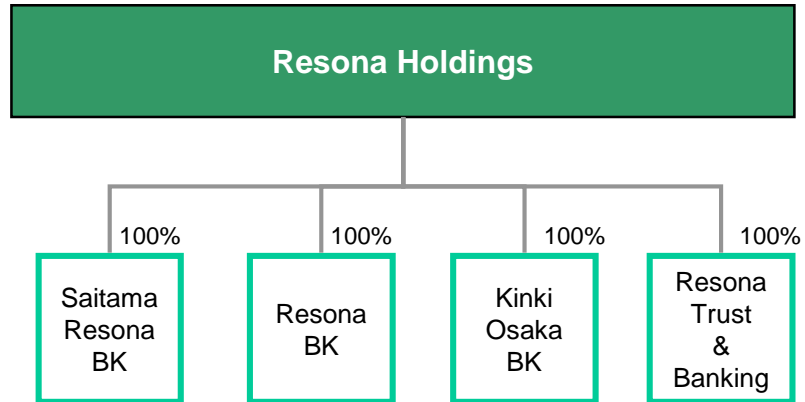
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Overview of Resona Group

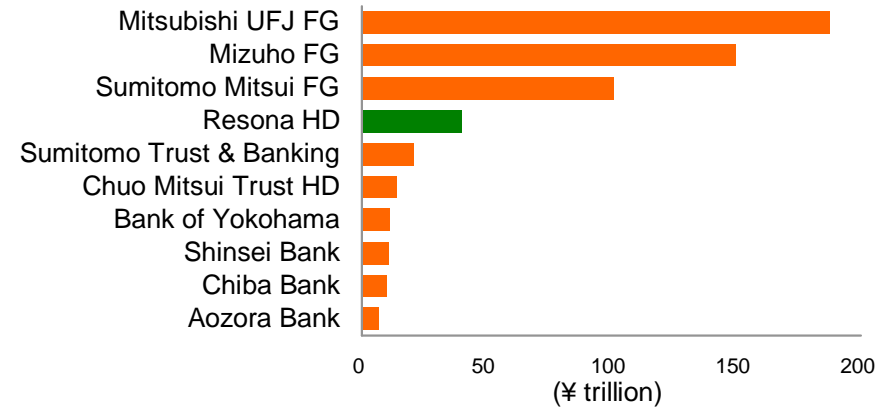
Corporate structure



*1. Aggregate of 4 bank subsidiaries as of Mar. '07. Consolidated basis

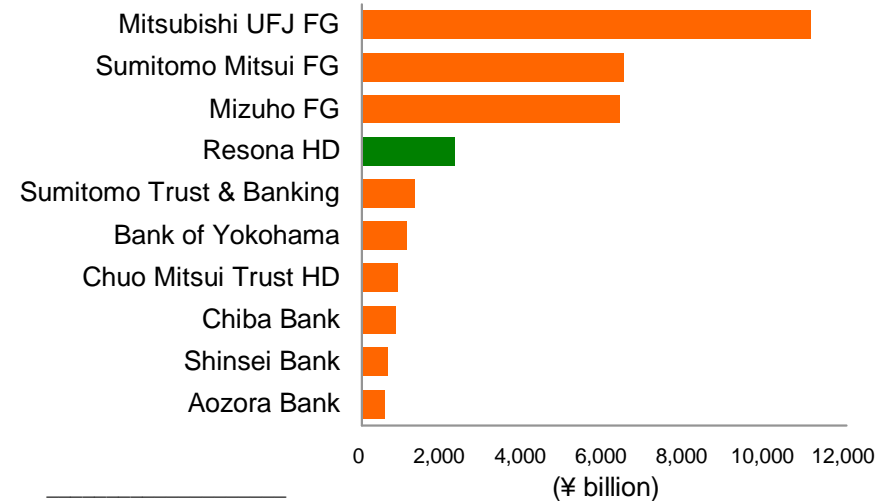
*2. Aggregate of 4 bank subsidiaries as of Mar. '07. Non-consolidated basis

Total assets comparison *1



*1. As of Mar. '07 for selected major banks

Market cap comparison *2

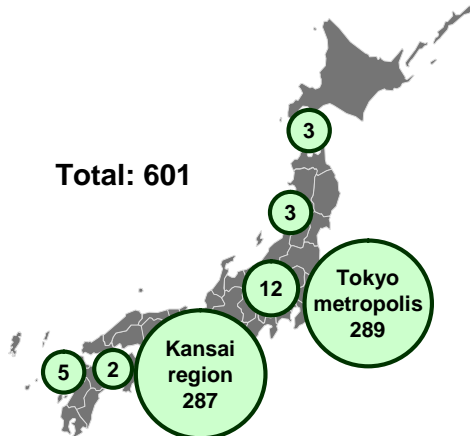


*2. As of Dec 14, '07 for selected major banks

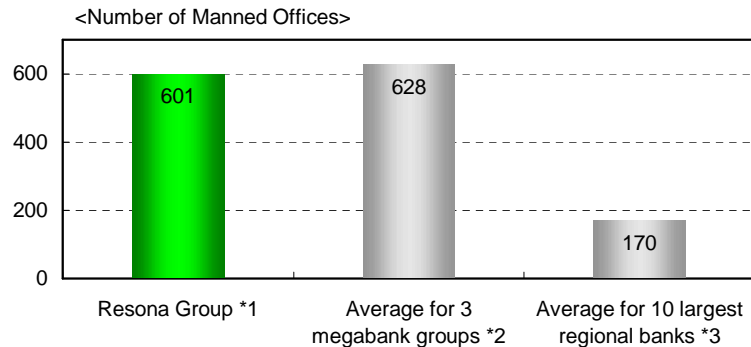
Strong Franchise Value (Mar. '07)

Franchise value

- Solid presence in the Tokyo Metropolitan Area and the Kansai region where economic activities, industries, and population are highly concentrated

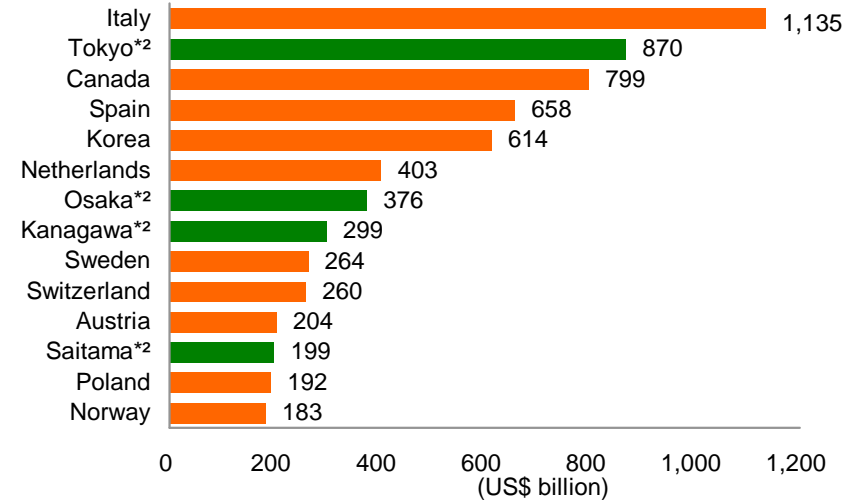


- Branch network comparable in size to megabanks



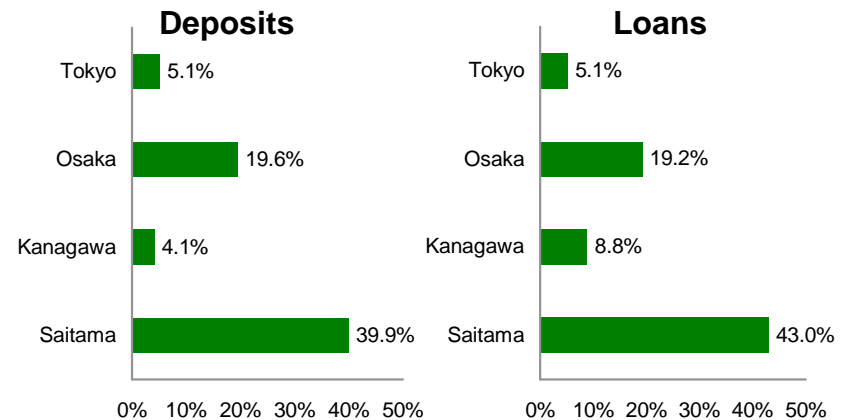
*1. Total of 4 group banks (RB, SR, KO, and RTB)
 *2. MUFG (BTMU+ MUTB), Mizuho FG (Mizuho BK, Mizuho CBK), SMFG (SMBC)
 *3. 10 largest regional banks in terms of non-consolidated total assets (Yokohama, Chiba, Shizuoka, Fukuoka, Jyo, Nishinohon City, Kyoto, Hiroshima, 82th, and Gunma)

GDP comparison (2004*1)



Source: OECD Annual National Accounts Database, Cabinet office
 *1. Tokyo, Osaka, Kanagawa and Saitama: Fiscal Year, Other countries: Calendar Year
 *2. \$1=Y103 (Bank of Japan, as of Mar, '05)

Market share (Mar. '07)

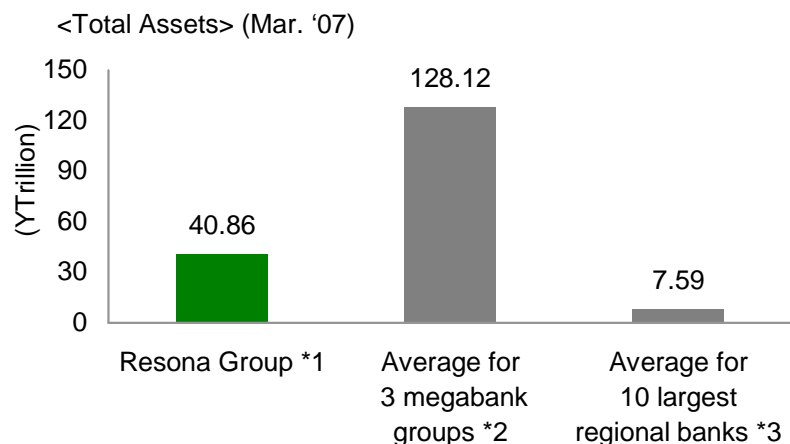


Source: Bank of Japan

Economies of Scale

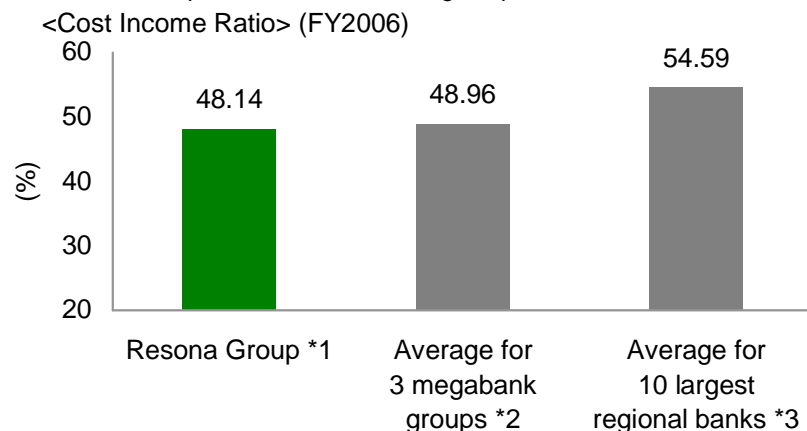
Scale merit

- 4th largest banking group in Japan, with Y40 trillion in assets



- Operational efficiency comparable to megabanks

Assets and operations sizeable enough to pursue economies of scale

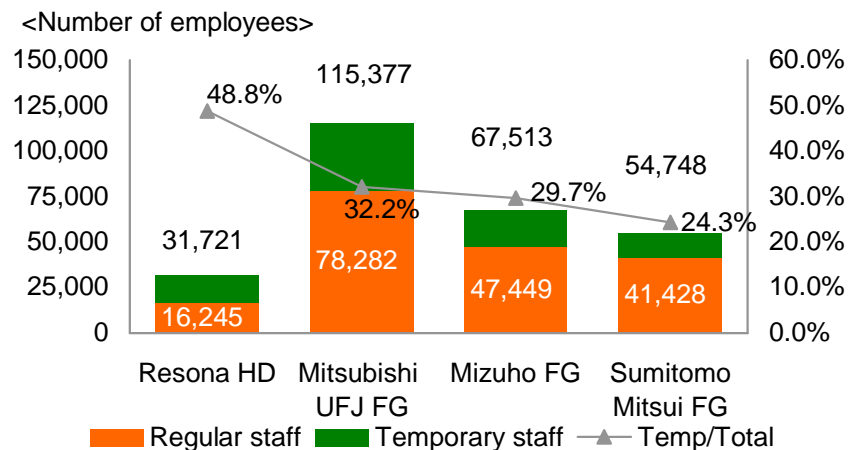


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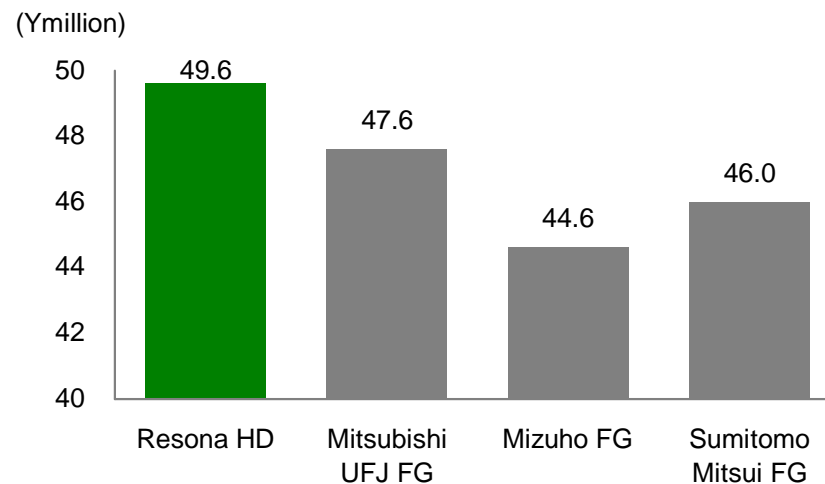
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Number of employees (Mar. '07)



Gross operating profit per employee*1 (Mar. '07)

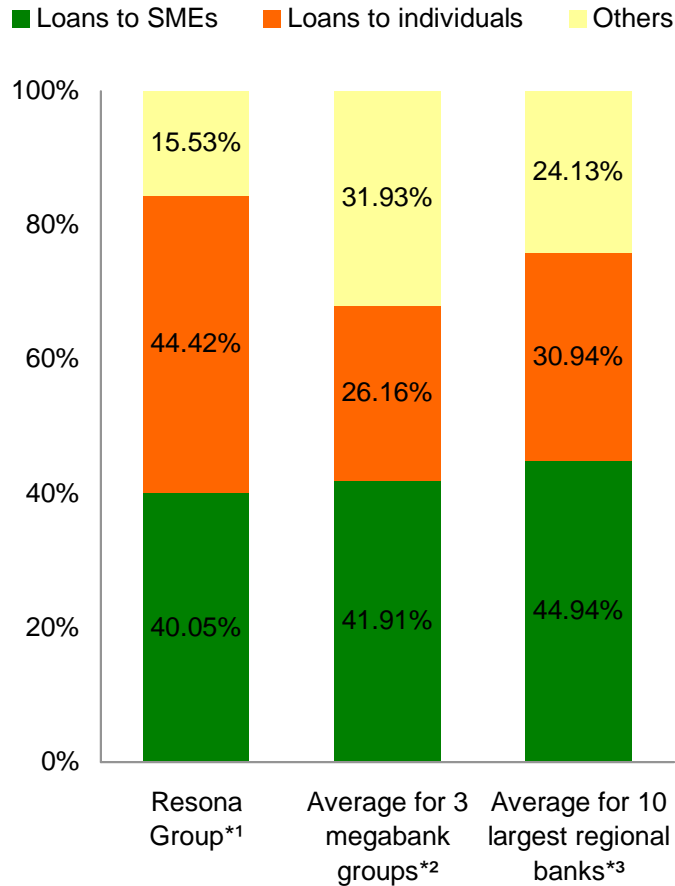


*1. Regular staff only

Focus on SMEs and Retail Banking Business

Comparison of Loan Portfolio

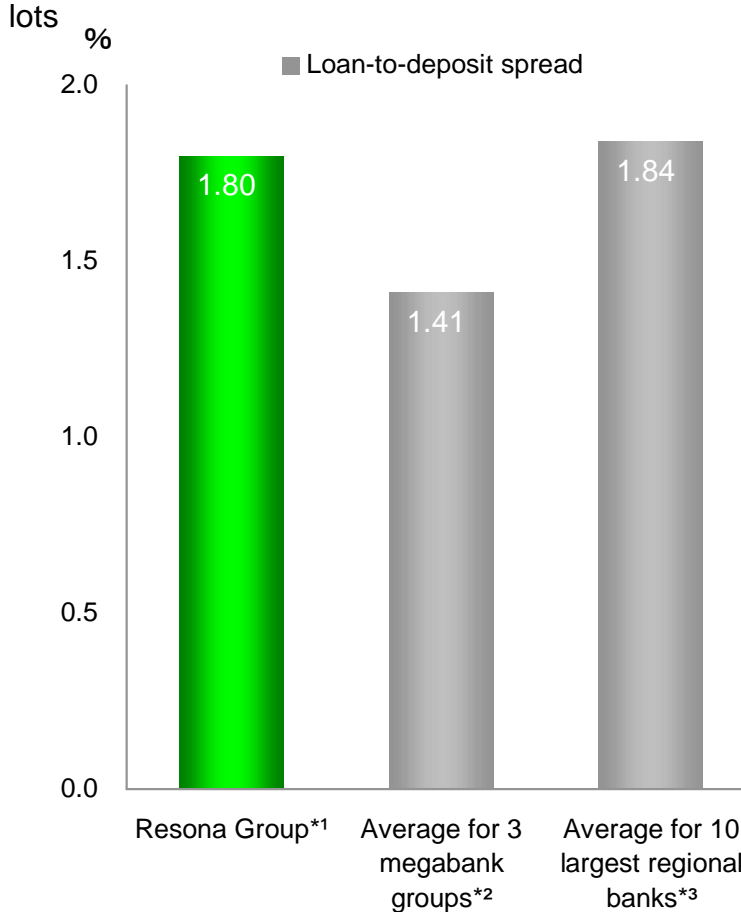
- Lending to SMEs and individuals accounts for more than 80% of the entire loan portfolio



*1. Total of 4 group banks (RB, SR, KO, and RTB)
 *2. MUFG (BTMU+ MUTB), Mizuho FG (Mizuho BK, Mizuho CBK), SMFG (SMBC)
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Comparison of Loan-to-deposit spread

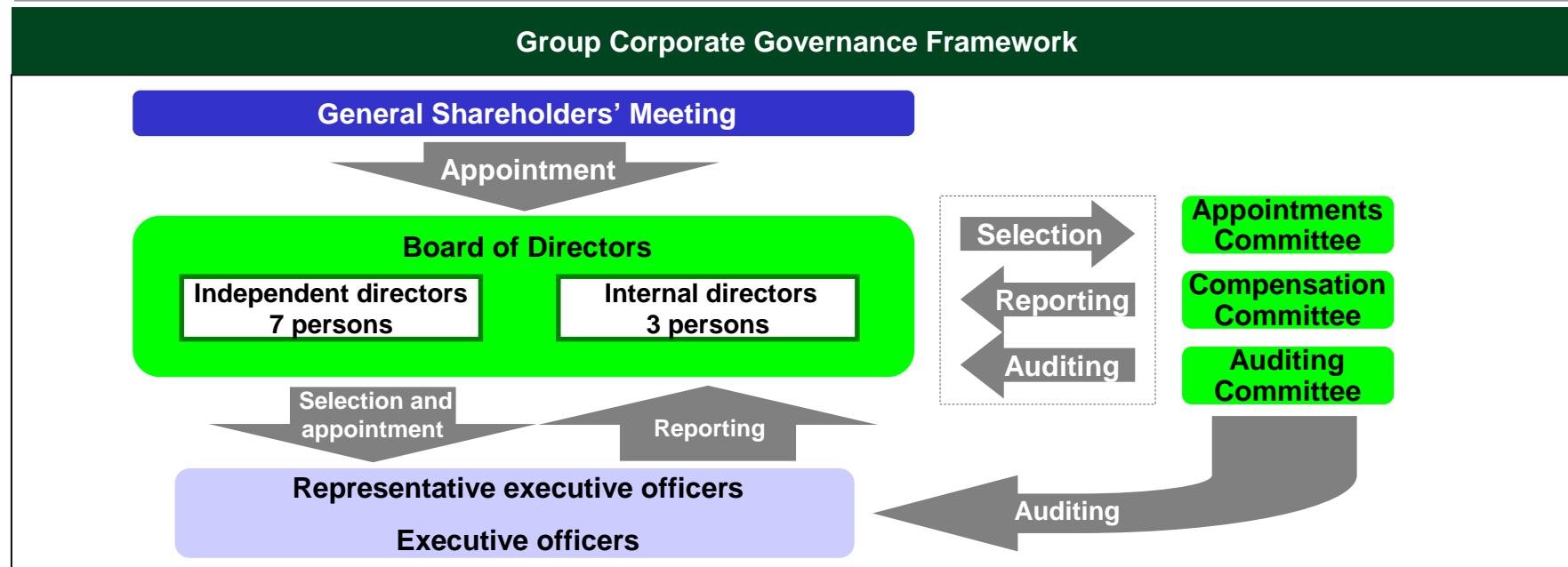
- Credit risk control and favorable loan-to-deposit spread realized through the loan portfolio diversified into small lots



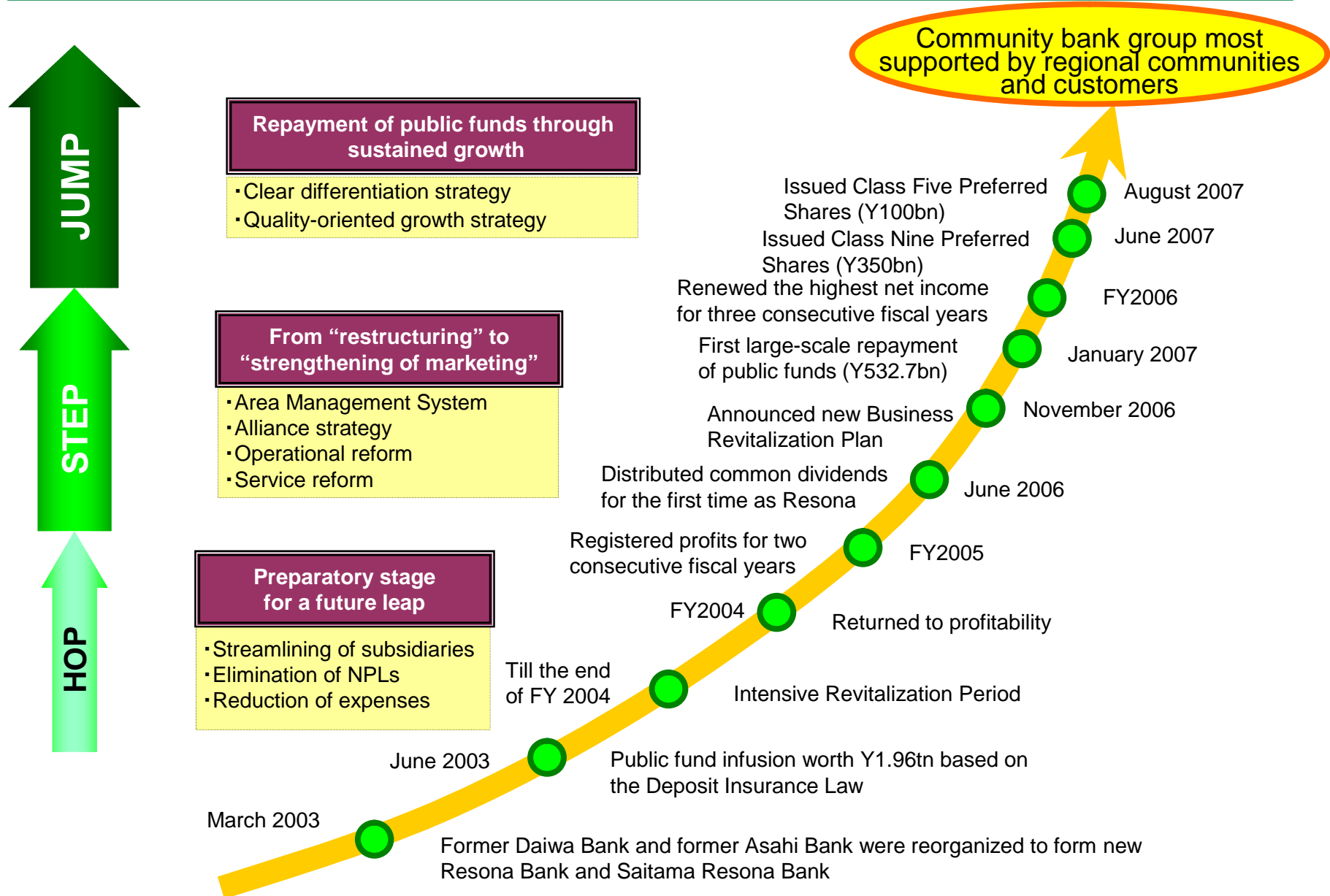
Corporate Governance

- Resona Holdings became the first banking institution to adopt the Committees Governance Model (CGM) in the interest of realizing highly transparent as well as sound and efficient management.
- The Board of Directors (BOD) consists of 10 directors, 7 of whom are independent directors having various back grounds.
- While the BOD makes decisions regarding important management issues and supervises the execution of operations, clearly defined roles give executive officers responsibility for the execution of operations.
- Resona Holdings accomplished strengthening the BOD's supervisory function and accelerating the execution of operations.

- Resona Holdings was ranked 9th in the "2007 JCGR Corporate Governance Survey" which was carried out by the Japan Corporate Governance Research Institute, Inc.
- The rankings were based on responses to a questionnaire. Questionnaires were sent to 1,728 companies listed on the first section of the Tokyo Stock Exchange, with 307 companies responding to the survey.



Resona Group's Management Direction



What We Have Achieved (1): Sustainable Profitability

(Total of Group Banks)		FY2002	FY2004	FY2006	
Profitability	Actual net operating profit	307.3bn	365.2bn	382.0bn	<ul style="list-style-type: none"> ➢ Improved core business profitability driven by growth in fee business, and thorough restructuring of operations ➢ Emphasis on return on assets for higher profitability
	Actual net operating profit ROA	0.72%	0.90%	0.97%	
Efficiency	Per head actual net operating profit	15.8mn	24.8mn	26.1mn	<ul style="list-style-type: none"> ➢ Thoroughly streamlined operations. ➢ Cost income ratio stabilizing at below 50% level.
	Cost income ratio	59.7%	48.6%	48.1%	
Soundness	Balance of cross-shareholdings	1,316.6bn	397.9bn	387.3bn	<ul style="list-style-type: none"> ➢ Eliminated downside risks for profits by raising the quality of balance sheet ➢ Diversification of loan portfolio into small lots
	NPL ratio	11.19% (Sep. 2003)	3.39%	2.47%	
	Housing loan ratio	28.9%	39.6%	42.9%	

What We Have Achieved (2): Growth of Five Core Businesses

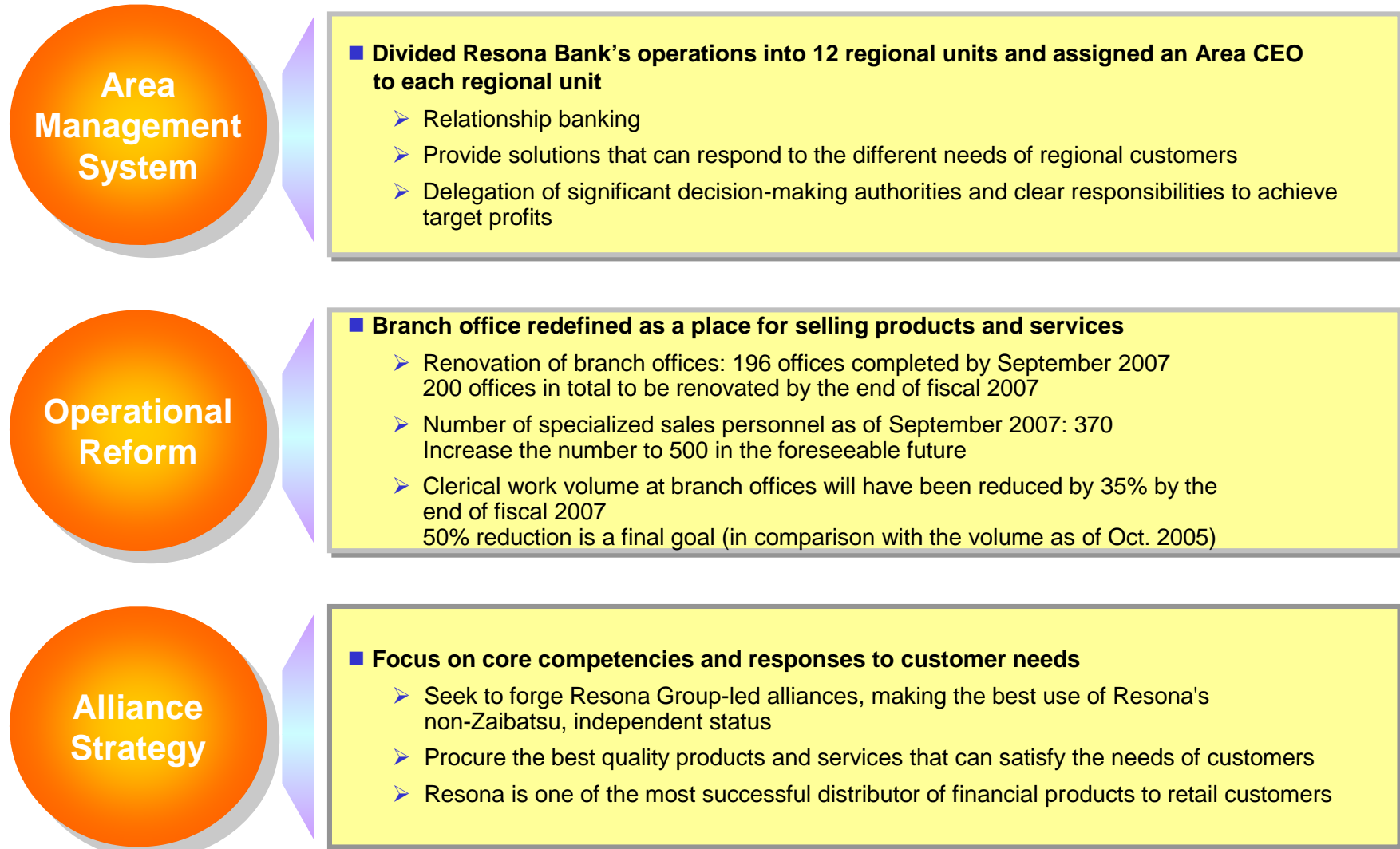
Sustained Growth of Five Core Businesses

(Total of Group Banks)		FY2002	FY2004	FY2006	
Transaction with SMEs	Loans to SMEs	10.5tn (Mar. 2004)	9.8tn	10.0tn	➤ Emphasis on accumulating high quality loan assets in terms of credit and pricing
Housing loans	Housing loans	8.4tn	10.1tn	11.4tn	➤ Raised housing loan balance and ratio steadily, making the best use of the advantage in business infrastructure.
	Market share for Housing Loans	10.5%	11.4%	11.8%	
Financial product sale	Financial products sold to individuals	0.79tn	1.96tn	3.79tn	➤ Balance increased fivefold ➤ Ratio of investment products exceeded 15%.
	Ratio of investment products *	3.7%	9.0%	15.6%	
Real estate	Income from real estate business	6.0bn	9.4bn	19.9bn	➤ Pursuing the group synergies ➤ Real estate business renewed the highest profits
Corporate pension	Balance of entrusted pension funds	5.4tn	5.5tn	6.3tn	➤ Entrusted pension funds have been rising continuously

* Ratio of investment products to total financial assets including deposits held by individuals

Strategies Differentiating Resona Group from Its Competitors

3 Key strategies implemented to further enhance Resona's "Metro Community Banking" strategy



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



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Operating Results for the 3Q (9 Months from April to December) (Total of Group Banks, Non-consolidated Basis)

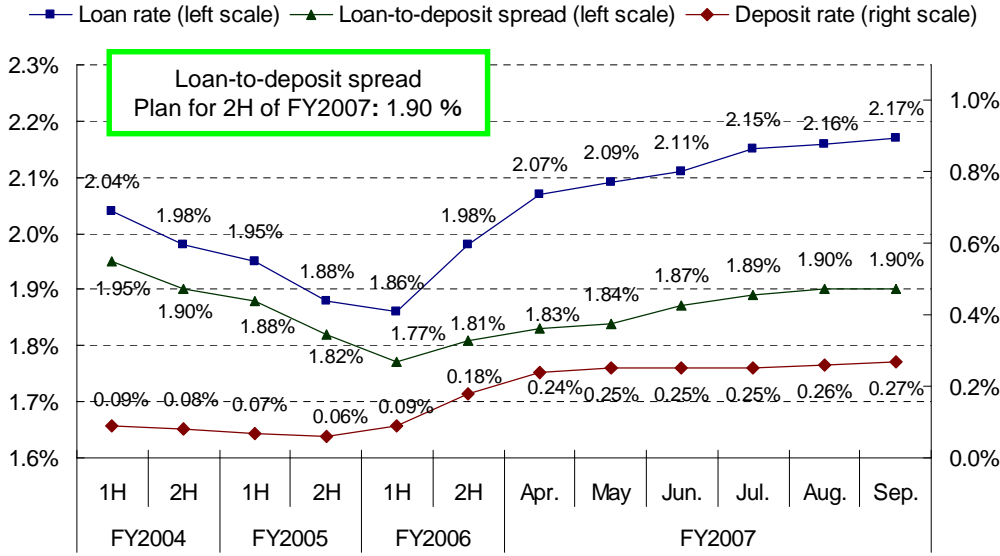
Financial Results	1-3Q FY2007	1-3Q FY2006	Change	Rate of Progress ⁵	Comments
Gross Operating Profit	514.4 Bn	522.8 Bn	(1.6)%	72.0%	<ul style="list-style-type: none"> ■ Improvement in loan to deposit spread has led to an increase in interest income from loans and deposits. ■ Fees and commission kept a steady growth trend. ■ Other operating income declined reflecting losses on sales of investments in investment trust funds. ■ Operating expenses increased due to a change in accounting treatment for incentive salaries. ■ Net gains on stocks declined by Y 68.0Bn YoY. <ul style="list-style-type: none"> – Reflecting losses on sales of investments in ETFs and absence of one time gain from sales of preference stocks ■ Credit expenses decreased primarily due to improvements in creditworthiness of our borrowers and collections from them. ■ Pre-tax income declined by Y 68.8Bn YoY. ■ Significant decline in net income is largely attributable to a restoration of DTA on the balance sheet in the same period of the previous fiscal year.
Interest Income from Loans and Deposits ¹	354.7Bn	342.8Bn	3.5%	–	
Fees and Commission Income ²	100.0 Bn	98.6 Bn	1.4 %	–	
Other Operating Income	13.9 Bn	25.0 Bn	(44.4)%	–	
Operating Expenses	267.4Bn	251.2 Bn	6.5 %	72.8 %	
Actual Net Operating Profit ³	247.0 Bn	271.7 Bn	(9.1)%	71.2%	
Net Gains on Stocks ⁴	(10.0)Bn	58.0Bn	–	–	
Credit Expenses, Net	13.0 Bn	29.8 Bn	(56.2)%	26.0%	
Pre-tax Income	232.7Bn	301.5Bn	(22.8)%	78.9%	
Net Income	192.0 Bn	511.0 Bn	(62.4)%	81.7%	

Asset Quality	Dec. 2007	Mar. 2007	Change	Comments
NPL Ratio	2.39%	2.47%	–	<ul style="list-style-type: none"> ■ NPL ratio declined to 2.39% ■ Maintained soundness in securities portfolio <ul style="list-style-type: none"> – Maintained more than Y320bn of unrealized gains on available-for-sale securities despite a sharp decline in share prices
Net Unrealized Gains on Available-for-sale Securities	324.8Bn	391.8Bn	(17.1)%	

1. Domestic operations (Deposits include NCDs.)
2. Fees and commission income plus trust fees
3. Net operating profit before transfer to general reserve for possible loan losses and expenses related to NPL disposal in the trust account
4. Include net gains on stock futures
5. Progress rate against a full year net income forecast announced in November 2007.

Trend of Loan Business

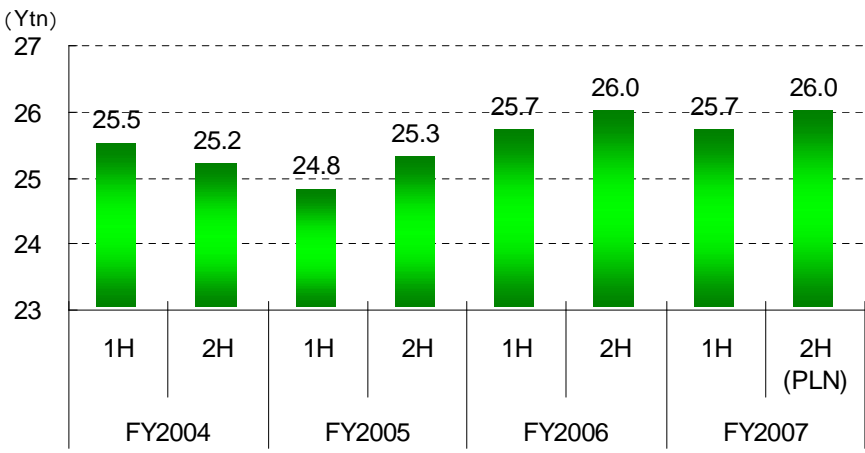
Trend of loan and deposit rates and loan-to-deposit spread



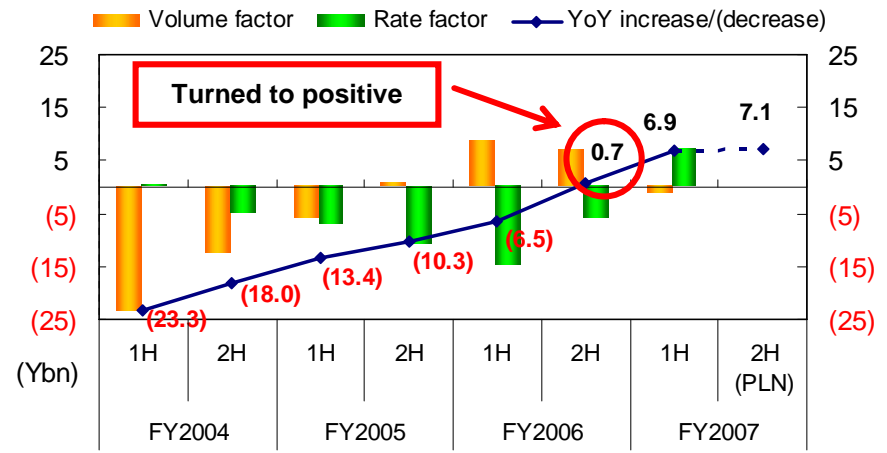
Loan-to-deposit margin has improved by 13bps reflecting the past two rate hikes

	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)

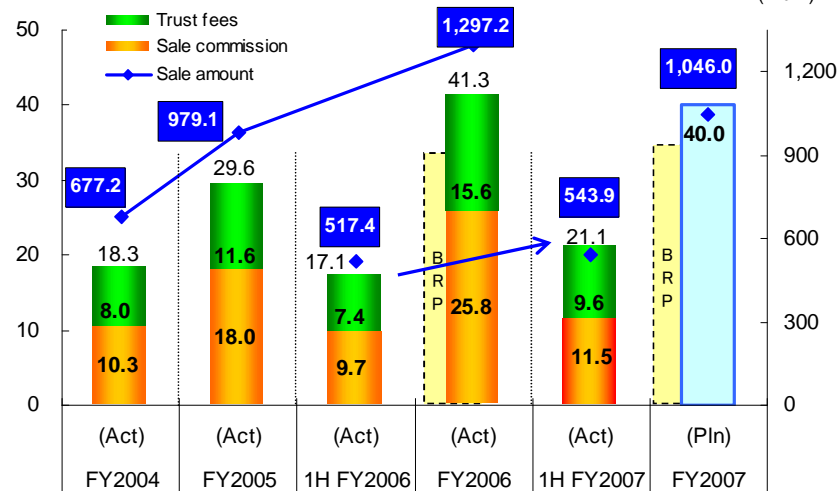


Sale of Financial Products

Investment trusts

Income for 1H FY'07: Y21.1bn. (+23% YoY)

➢ [Amount sold] Y543.9bn, [Term-end. Bal.] 2,774.1bn (Ybn.)

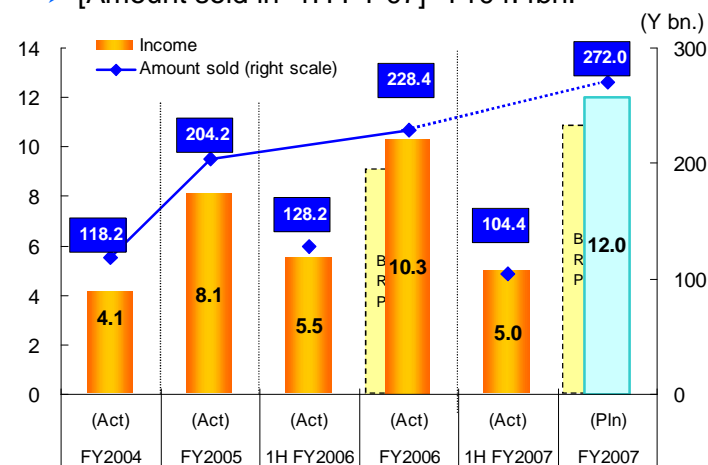


- Average monthly sale amount during 3Q (Oct to Dec) declined by 30% in comparison with the same amount for 1H (Apr to Sep). However, income earned for 1-3Q period (Y29.8bn) exceeded the number for the same period of previous year (Y27.1bn)
- Timely introduction of new products based on customer needs
- “Shift from savings to investments” taking place

Personal annuity

Grown to be a second pillar after investment trusts

➢ [Amount sold in 1H FY'07] Y104.4bn.



- Income earned for 1-3Q period: Y6.9bn (Income for the same period previous year: Y7.5bn)
- Mid-career recruiting of specialized staff
 - Ex-insurance co. staff and staff seconded from insurance co.
- 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: Y1.0bn → FY2010: Y2.0bn

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

Business infrastructure developments

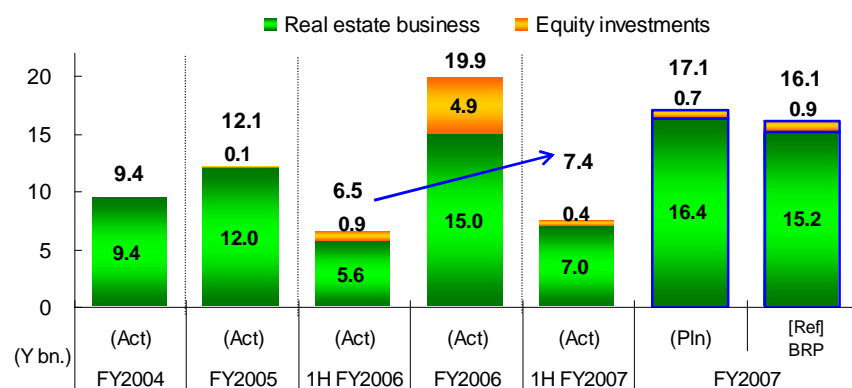
- Branch layout suited for consulting-based sales activities
- CRM system ⇒ Adherence to “principle of suitability”

- 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)

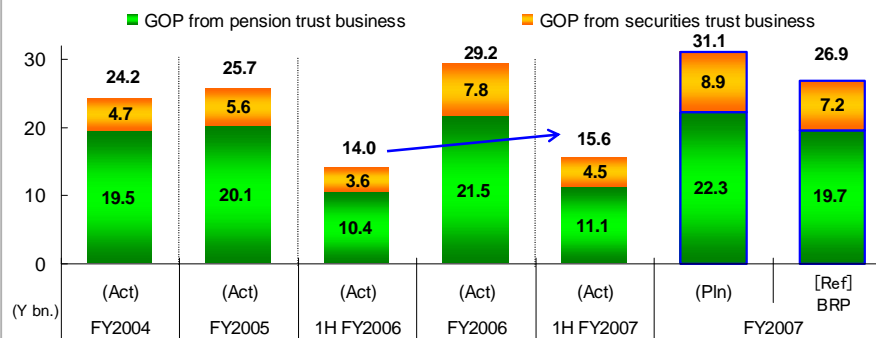
- Income for 1H FY2007 Y7.4bn(+13% YoY)
Highest record ever achieved for 1H period
- Licensed branches in the Tokyo metropolitan area has been leading the recent growth trend
[Mar. '03] Eastern Japan: 38 offices, Western Japan 66 offices
[Present] Eastern Japan: 58 offices, Western Japan 46 offices
 - East: Income for 1H '07 Y5.1bn (+0.7bn, +15% YoY)
 - West: Income for 1H '07 Y2.2bn (+0.2bn, +10% YoY)



- Steady trend is continuing in 3Q**
 - Income for 1-3Q period amounted to Y10.5bn (Income for the same period previous year: Y9.0bn)
- Resona Bank is the only commercial bank that can engage in real estate business**
- 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 (GOP) for 1H FY2007: Y15.6bn**
 - Pension trust business: Y11.1bn (+0.7bn YoY)
 - Securities trust business: Y4.5bn (+0.9bn YoY)

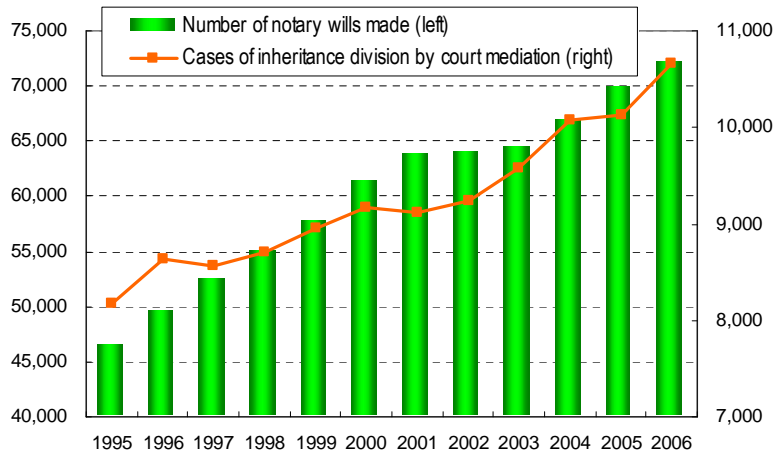


- Steady trend is continuing in 3Q**
 - GOP from pension trust business for 1-3Q period: Y13.0bn (GOP for the same period previous year: Y12.2bn)
 - GOP from securities trust business for 1-3Q period: Y6.6bn (GOP for the same period previous year: Y5.7bn)
- Group synergies**
 - Pension trusts newly entrusted in 1H FY2007: 92 (+71 YoY)
- Market environment**
 - Abolition of tax-qualified pension plan and transition to new schemes
 - Expanding opportunities: 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

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)

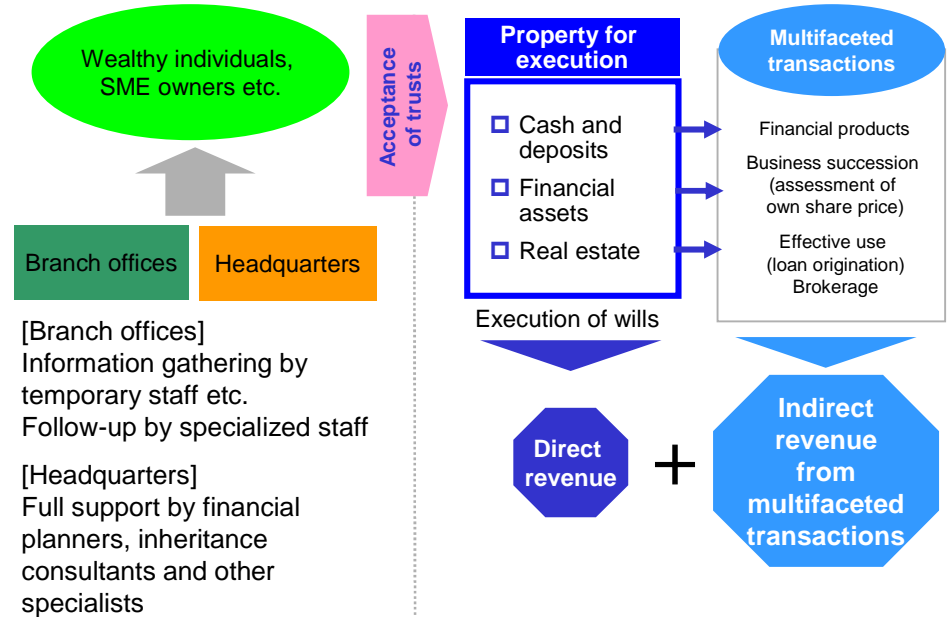
Affinity with banking business

- 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)

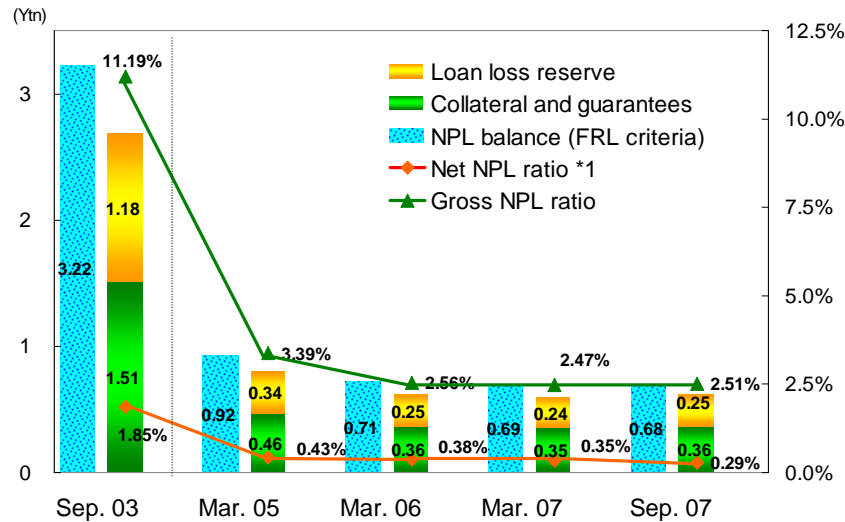
- Number of wills in custody: **10,288**
(Share among trust banks: 17.4%)
- "Execution course" entrustment accounts for 90% or more
- Amount of property for execution: approx. Y2 trillion
 - Of which, cash and deposits: 28%
 - Financial assets (other than deposits): 10%
 - Real estate: 62%
- Average 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

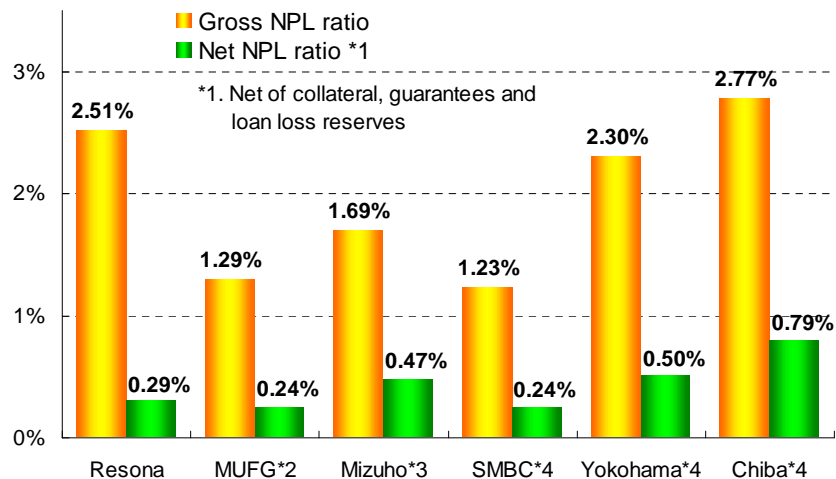


Measures to Enhance Financial Soundness: Loan and Securities Portfolio

NPL balance and NPL ratio (group banks total)



Comparative advantage in net NPL ratio

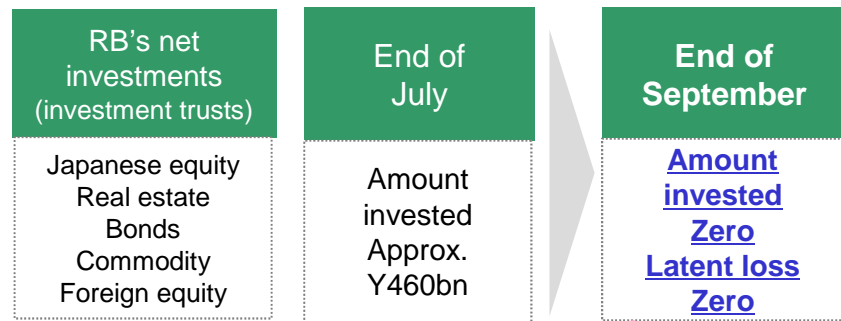


*1. Net of collateral, guarantees and loan loss reserves
 *2. 2 group banks including trust account loans
 *3. 3 group banks including trust account loans
 *4. non-consolidated basis

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



Approx. Y35 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**
- Credits to mortgage lenders in the U.S. **Zero**
- Exposures related to mono-line insurers **Zero**
(Including CDS and securities guaranteed by mono-line insurers)
- Indirect investments in related assets through fund of funds (FoF) **Approx. Y0.5bn**
(Same as company announcement on Aug. 6, 2007)

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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	Mandatoy 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)
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

Approaches for Repayments: Preferred Shares

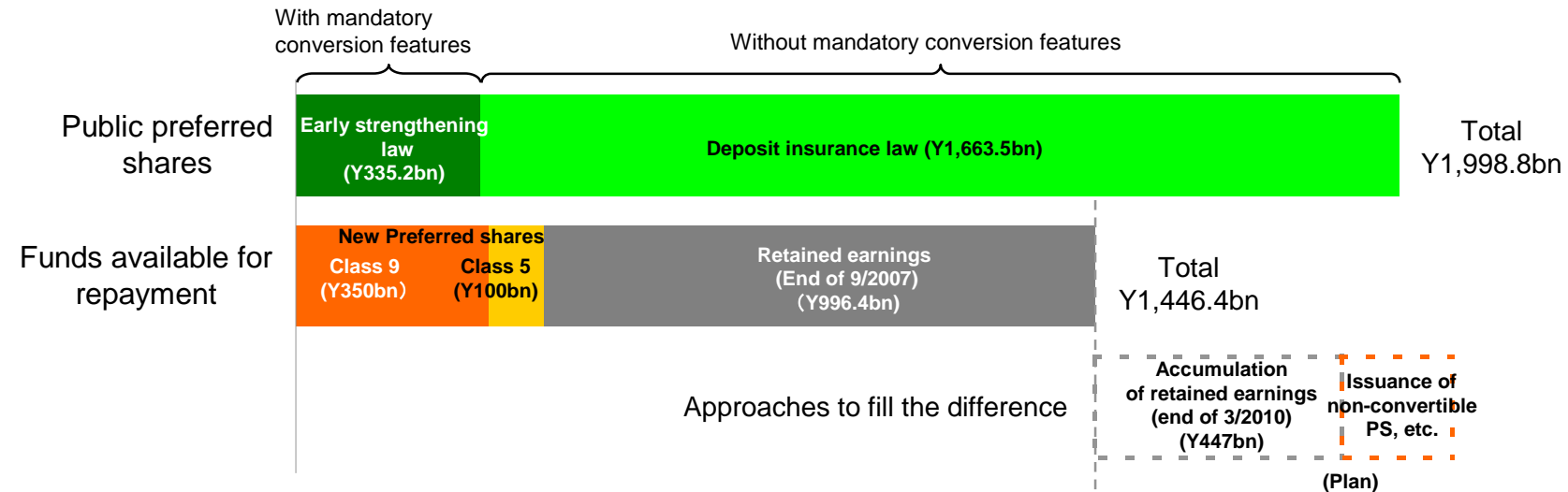
“Basic Policy toward Repayment of Public Funds”

- (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 common shares as much as possible

Remaining public preferred shares and approaches for repayments

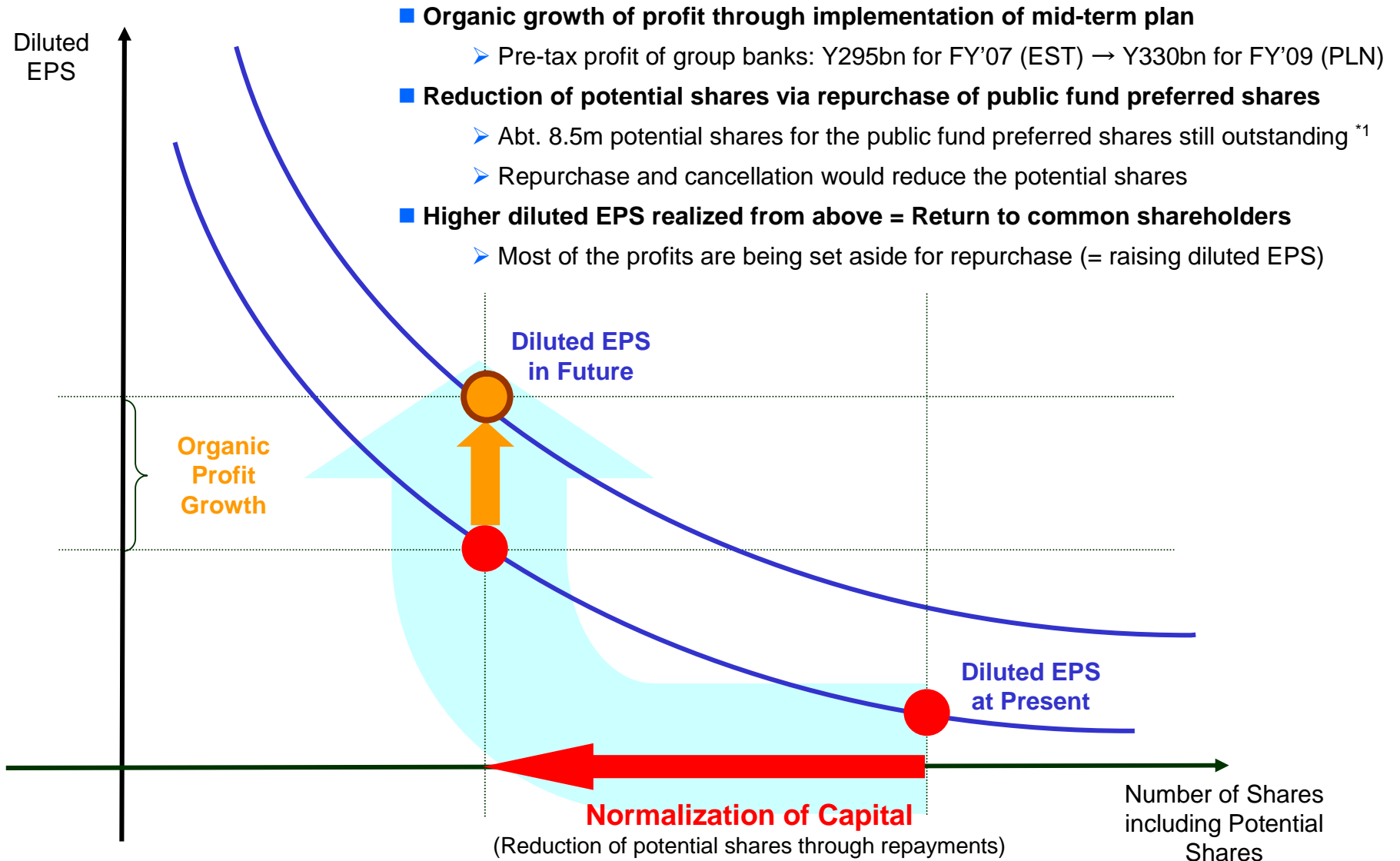
Preferred Shares

- As of the end of September 2007, procured the funds available for repayments covering **72%** of the remaining public fund preferred shares on an infusion amount basis



Two Drivers that Raise Common Shareholder Value

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



*1. Based on the exchange price (ratio) applicable as of the end of October 2007
 (For those preferred shares not convertible yet, potential dilution is based on a prevailing RHD's common share price (Y200,000).

Resona Group at a Glance

Updates on Recent Business Trend

Pathway to Early Repayment of Public Funds

<Reference> Overview of Business

<Reference> Macro Trends of Japan

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

Consolidated net interim income surpassed initial forecast

- Consolidated net interim income increased by Y20.2bn (+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.)

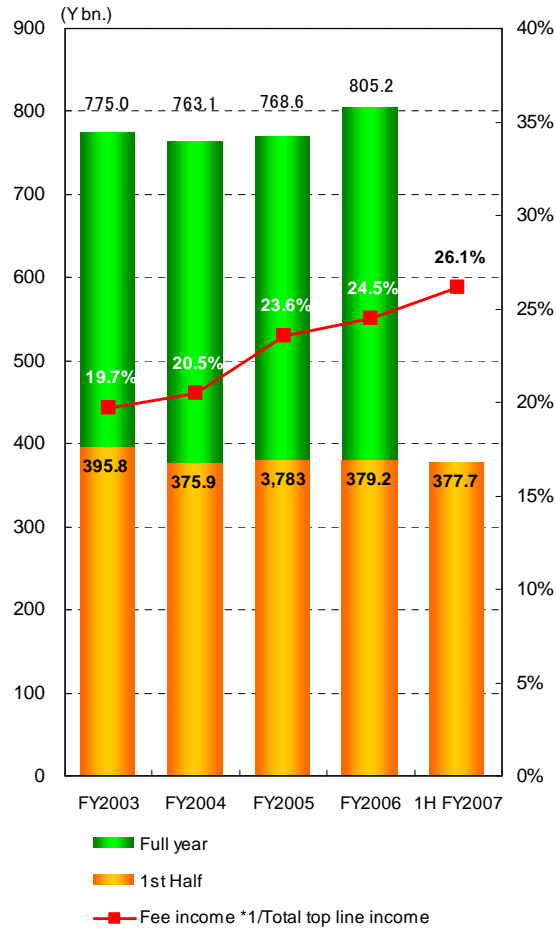
Efforts toward Early Repayment of Public Funds

- Issued new preferred shares: (Class 9 Preferred Shares Y350bn, Class 5 Preferred Shares Y100bn.)
- 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

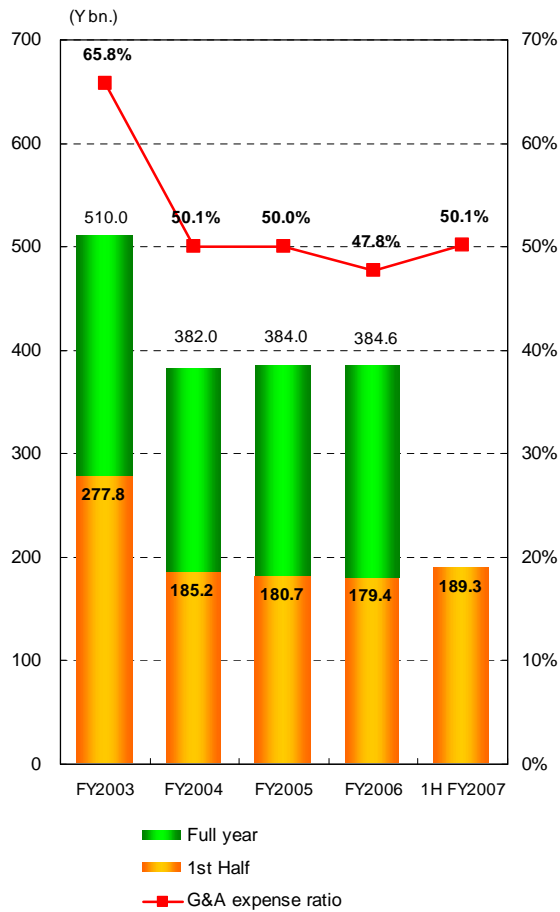
■ Fee income ratio on the rise



*1. Fees and commission income plus trust fees

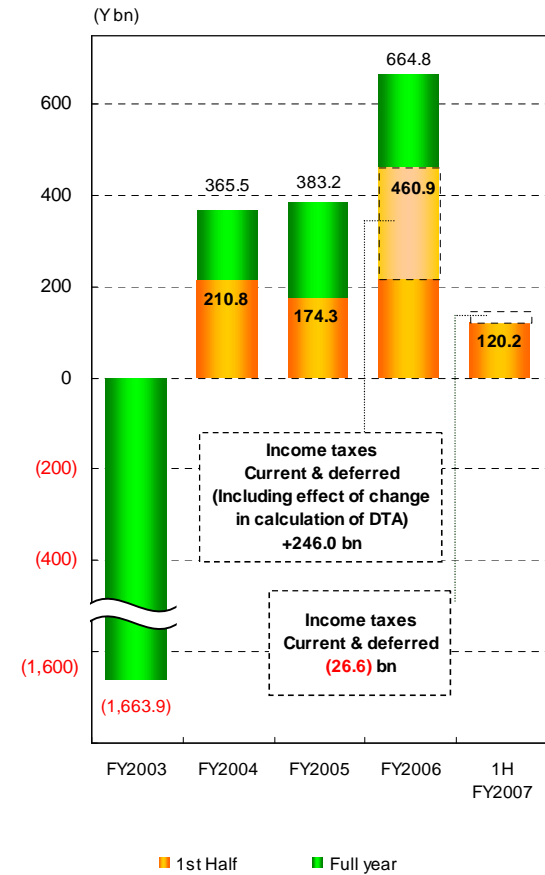
Operating expenses

■ Expense ratio controlled around 50%



Net income

■ Net income for 1H FY2007 exceeded the initial forecast (Y100bn) by Y20.2bn



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 Y303.6bn YoY.
However, it increased by Y16.7bn 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. Y35bn
(Approx. Y15bn included in bond gain/(loss) and approx. Y20bn included in stock gain /(loss))

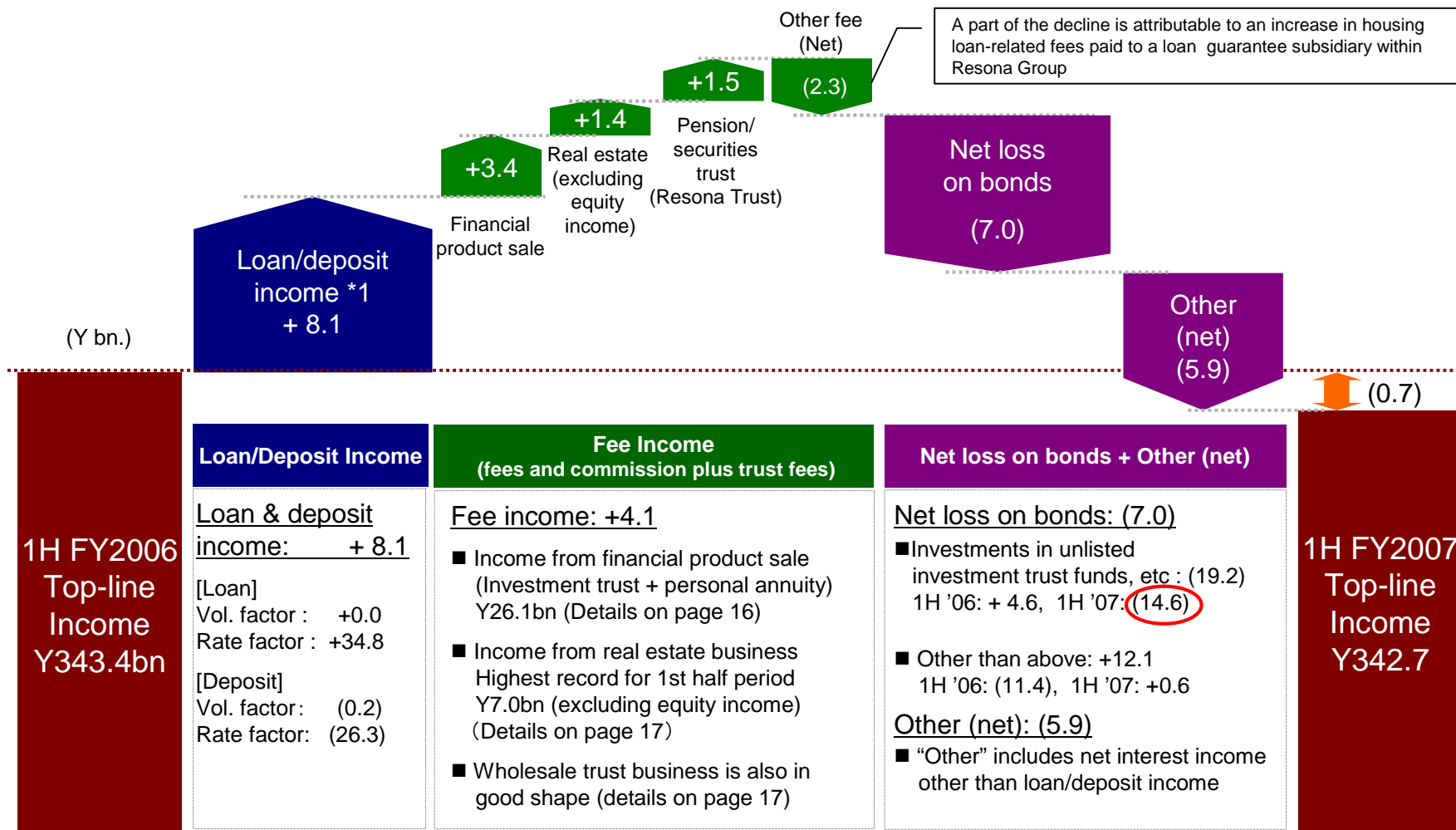
(Billions of yen)	Resona Holdings (Consolidated)		Difference (A)-(B)	Total of four banks (Unconsolidated)			Resona Bank (Unconsolidated)	Saitama Resona Bank	Kinki Osaka Bank (Unconsolidated)	Resona Trust & Banking	Factors accounting for the difference (A) - (B) (Approx. figures) RC: Resona Card, RG: 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 Y8.1bn 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

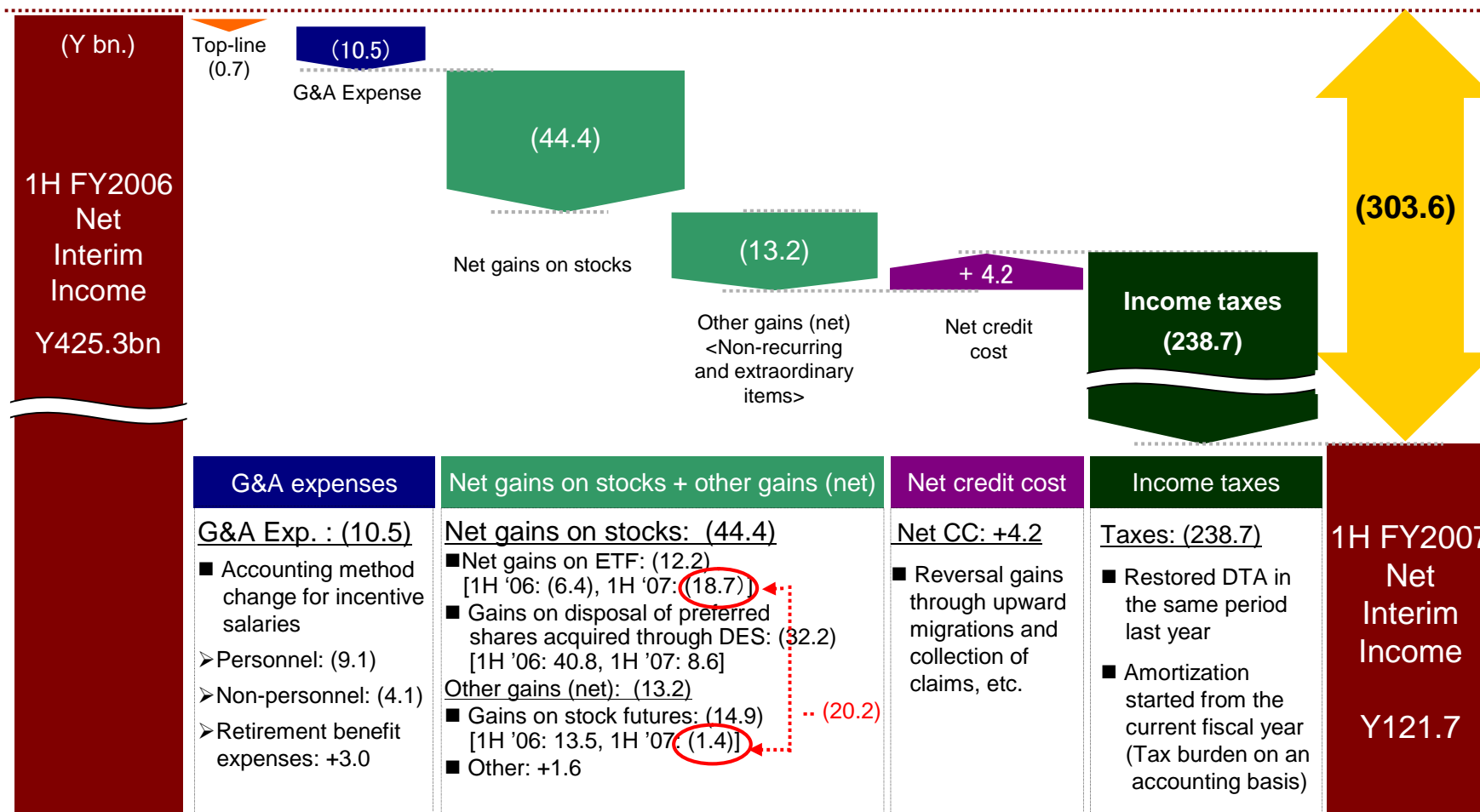


*1. Domestic operations (Deposits include NCDs)

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

Bottom-line income declined by Y303.6bn 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



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	-	-

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

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)

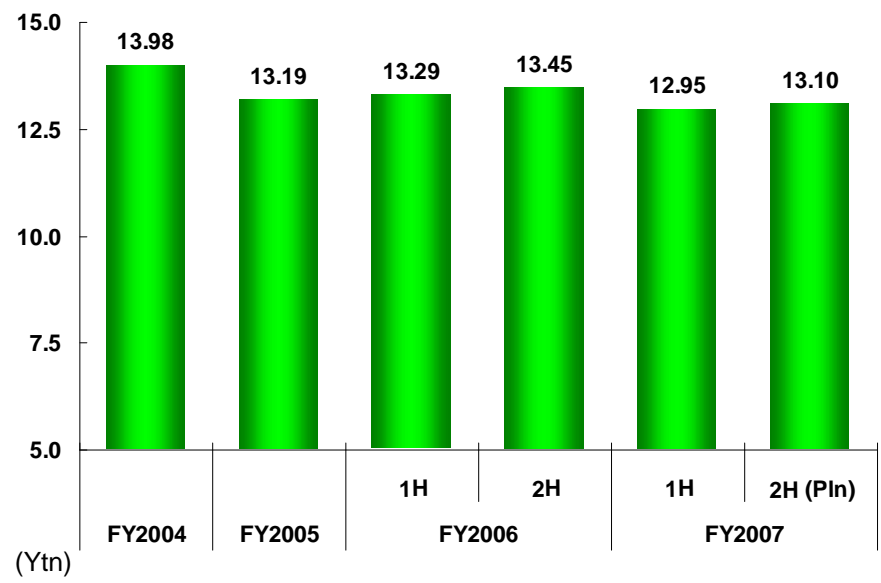
*2. Gross operating profit - operating expenses - credit cost

*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.

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

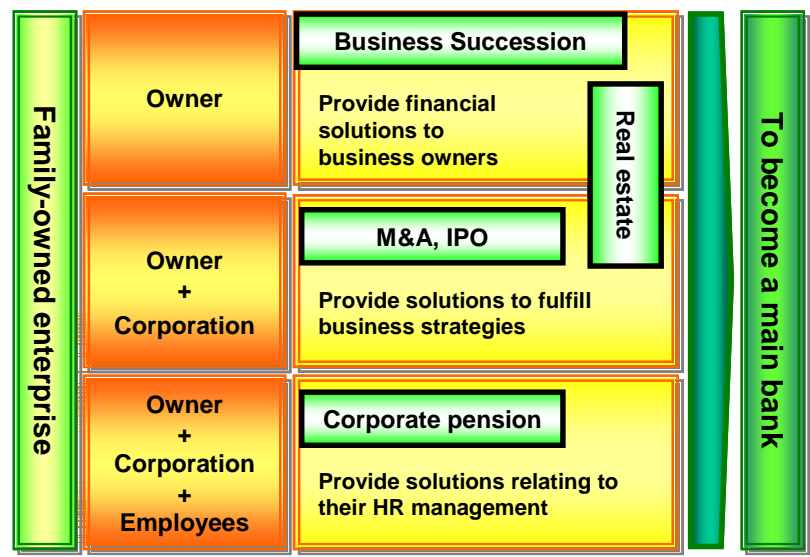
- Balance of loans to SMEs of all Japanese banks as of the end of September 2007 declined by 1.5% compared with the balance six months earlier.

(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

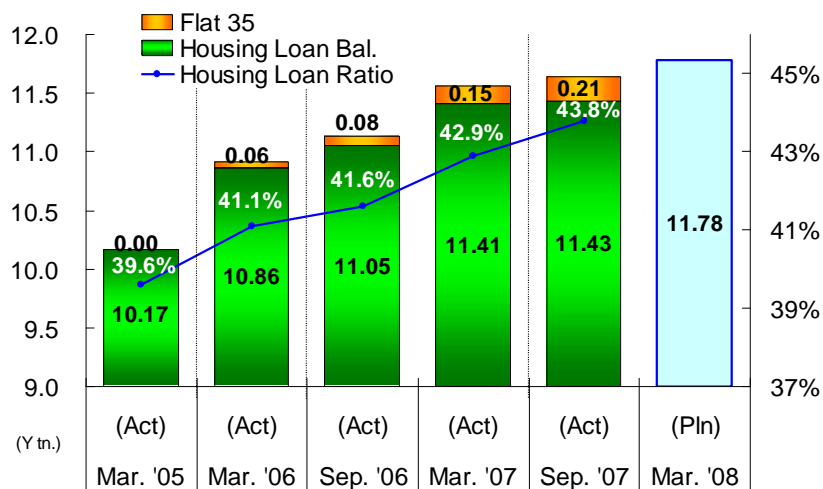
- Particular focus on SMEs with annual business of Y500 million and over, or with loans of Y50 million and over.
- Efforts to capture new corporate clients (Adjustments are made to performance evaluation)
- Effective utilization of CRM system

Loan Plan for FY2007 (2): Loans to Individuals

Housing loan

■ HL bal. at end of Sep. '07: Y11.43tn. (HL ratio 43.8%)

- New loans extended in 1H: Y0.66tn (including Flat 35) (Y0.74tn for the same period last year)
- Origination of “Flat 35” loans: Y64.9bn (+Y41.6bn 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)

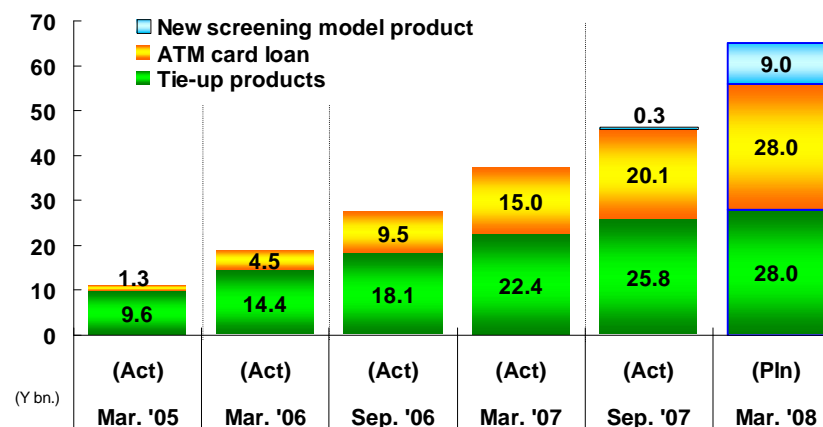
■ Competitive advantage supporting stable growth

- 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 Y25.8bn (+15% in 1H)
- ATM card loan: End Sep. '07 Y20.1bn (+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

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

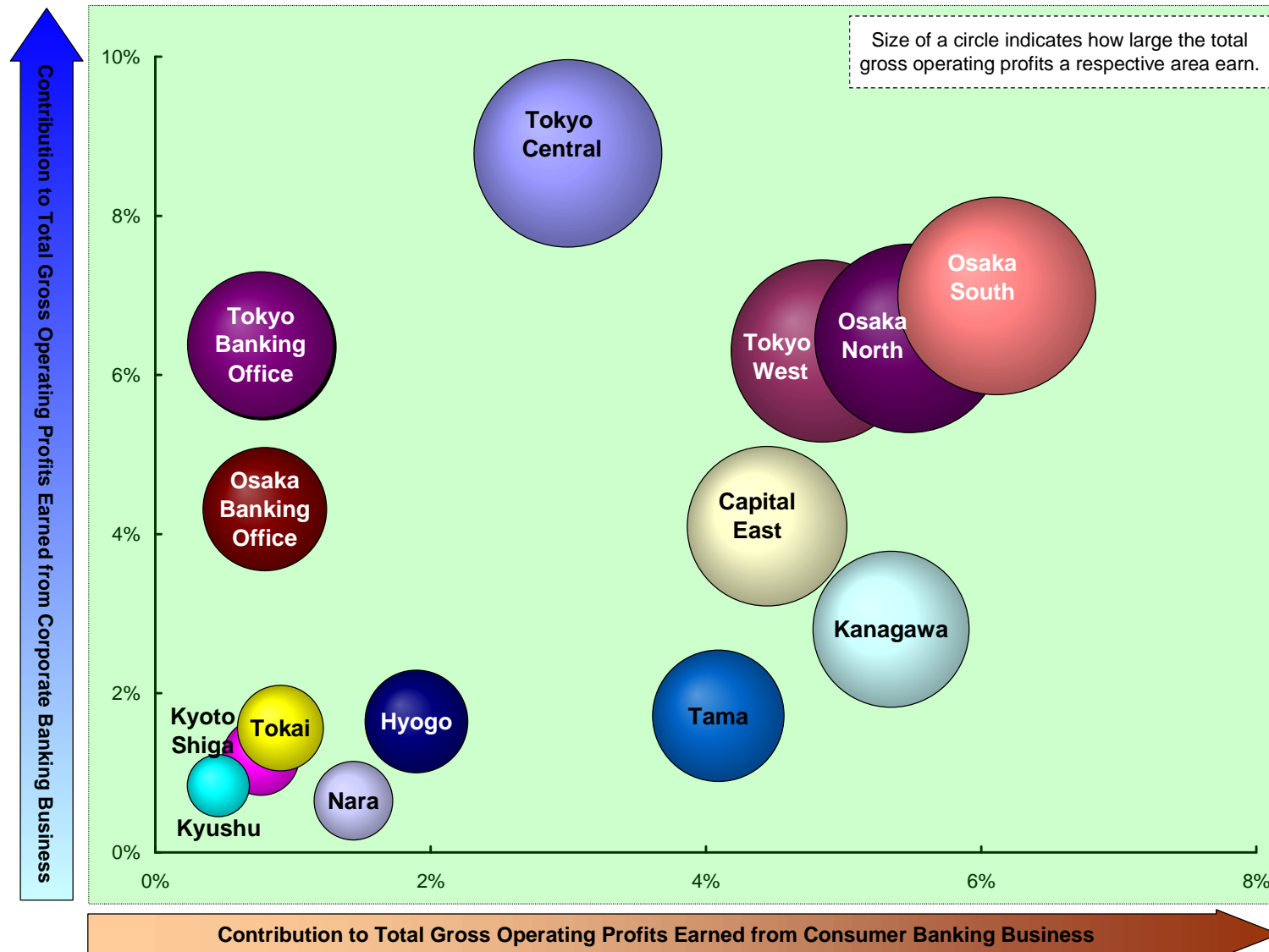


Objectives

- Raise area market share (Expand customer base)
- ×
- Enhance profitability
- ||
- Maximize corporate value

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

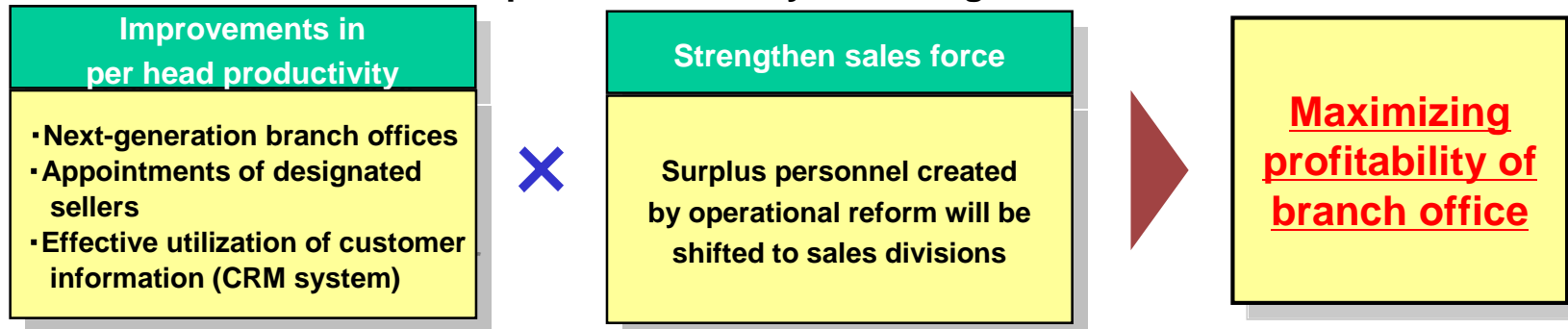
■ Characteristics based on the actual results of 1H FY2007



Operational Reform (Resona Bank)

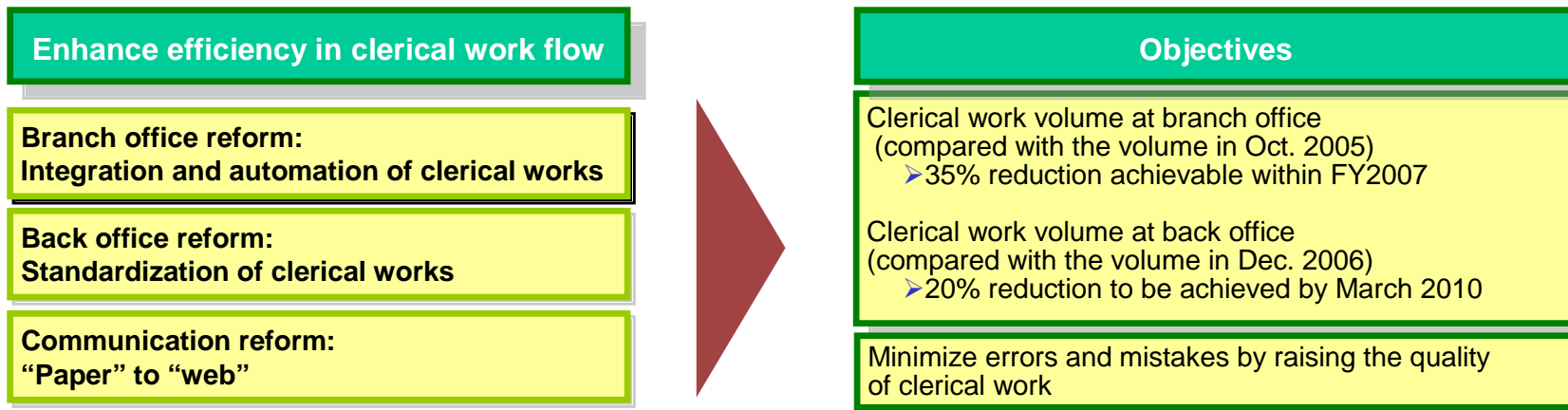
Maximize profitability of branch office through operational reform

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



- 196 offices have already been renovated to next-generation branch offices. (September '07)
Renovation of 200 offices, in total, to be completed by the end of March 2008
- Number of designated sellers: 370 (September '07). Target: 500 persons

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

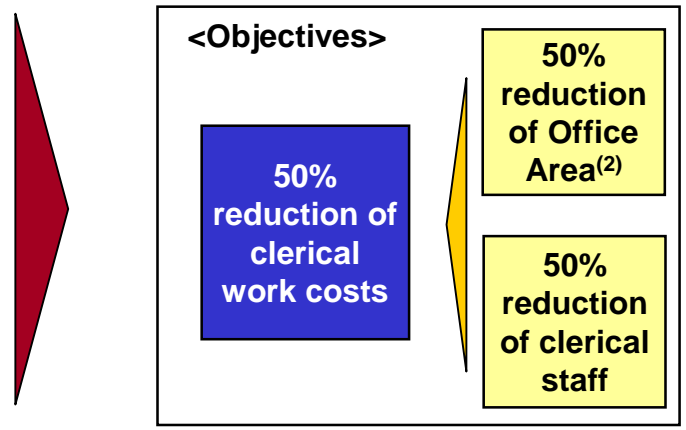


Resona's Differentiation Strategy: Branch Reform (Resona Bank)

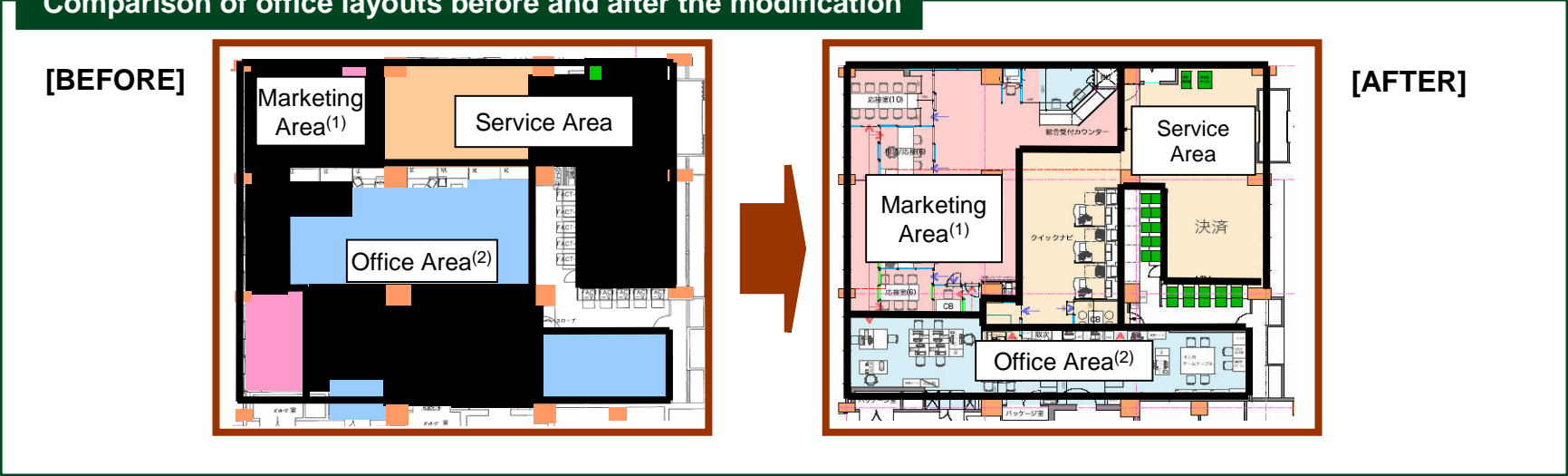
Business Processing Reformation (BPR)⁽¹⁾ in branch offices

- 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

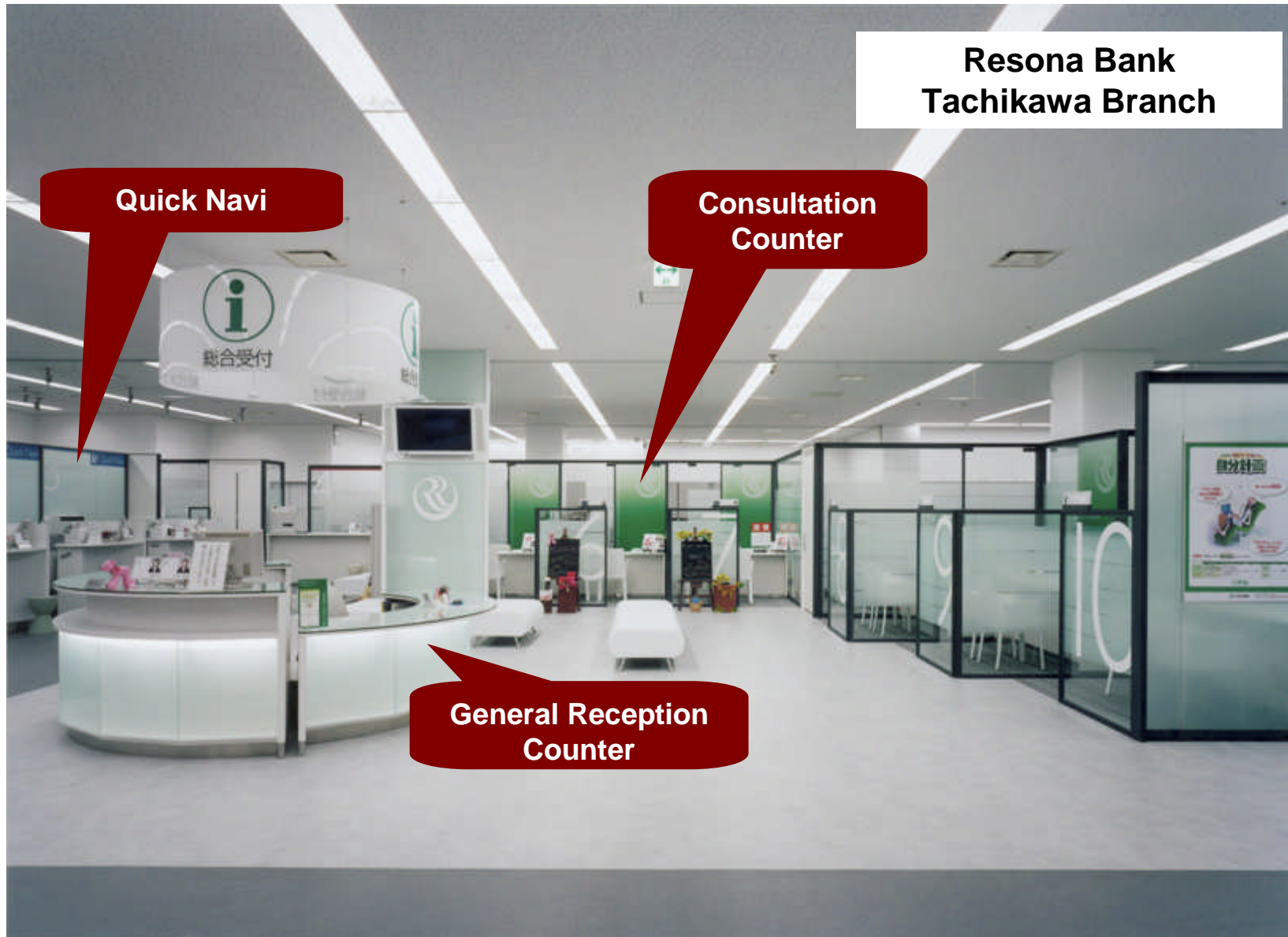


Comparison of office layouts before and after the modification



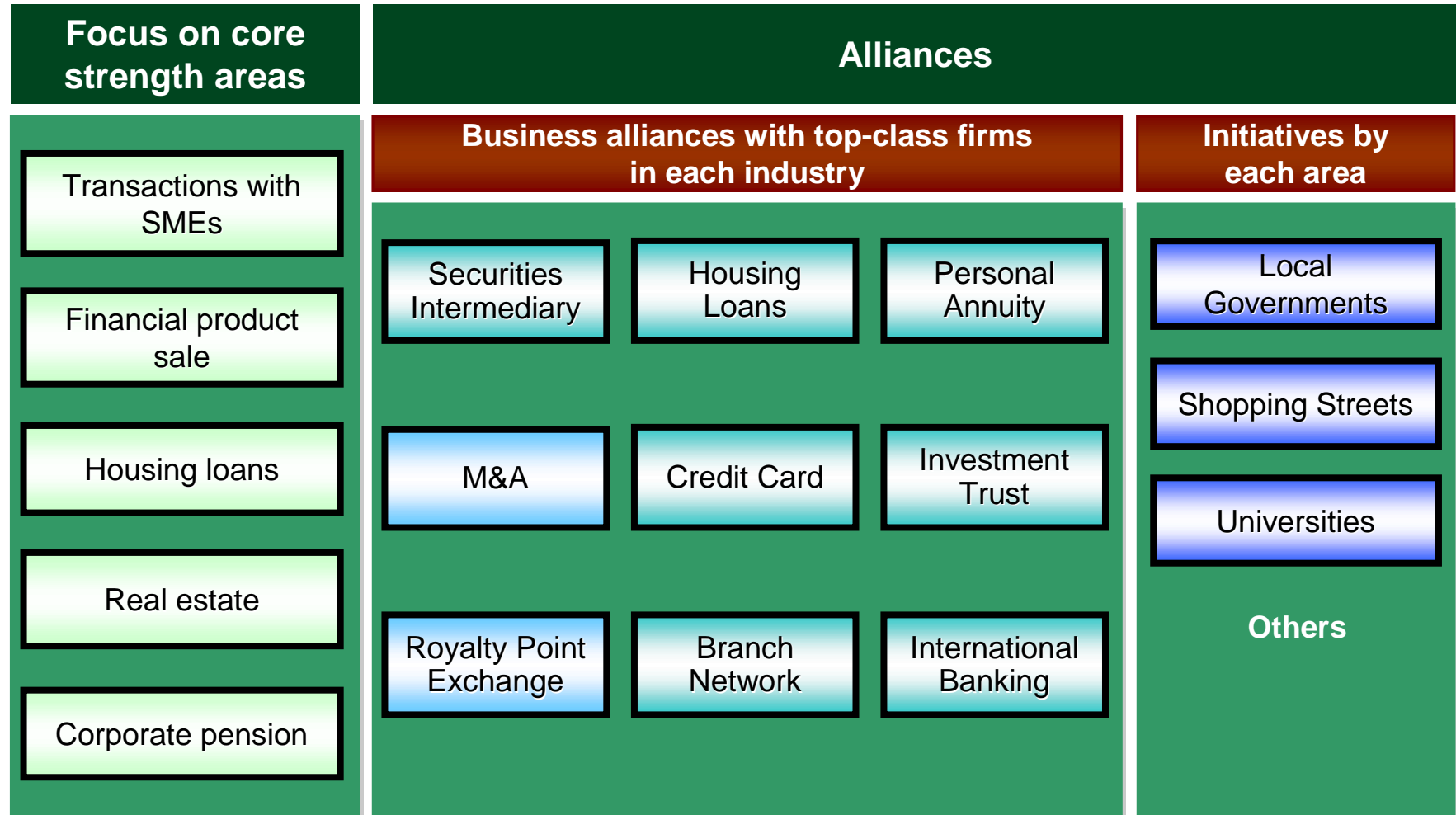
(1) Enlargement of marketing area: Approx. 66 square meters □ Approx. 132 square meters (Doubled)
 (2) Cutback in office space: Approx. 132 square meters □ Approx. 66 meters (Halved)

Layout of Next Generation Branch Offices



Alliance Strategy

- Most recent alliance partners include Credit Agricole Life Insurance Company Japan, The Dai-ichi Mutual life Insurance Company, Travelex (one of the largest foreign money exchangers), State Bank of India and Korea Exchange Bank



Establishing Competitive Advantages in Retail Banking Business

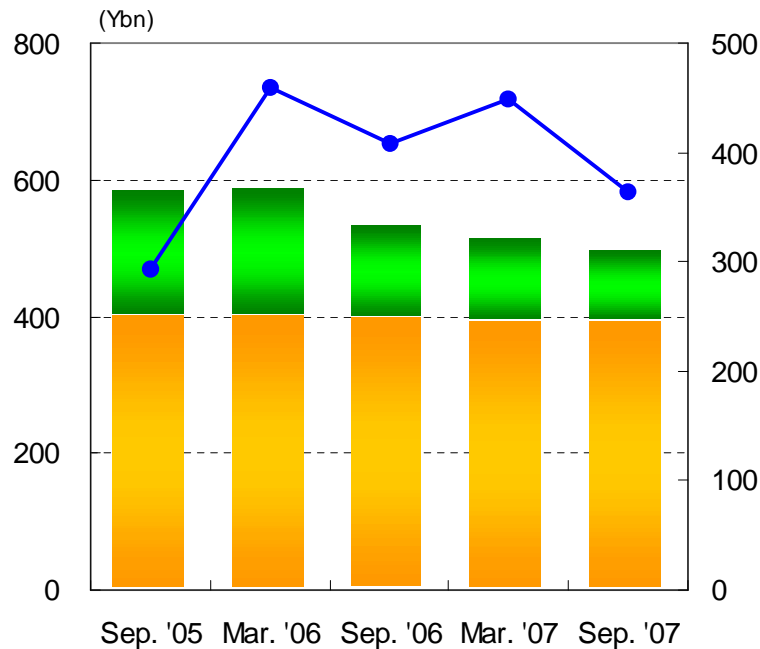
Recent examples of measures taken to establish overwhelming competitive advantage

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)

Securities Portfolio

- Net unrealized gains on available-for-sale securities (RHD consolidated basis) as of the end of September 2007 amounted to Y343.6bn.

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): Y1.5bn (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

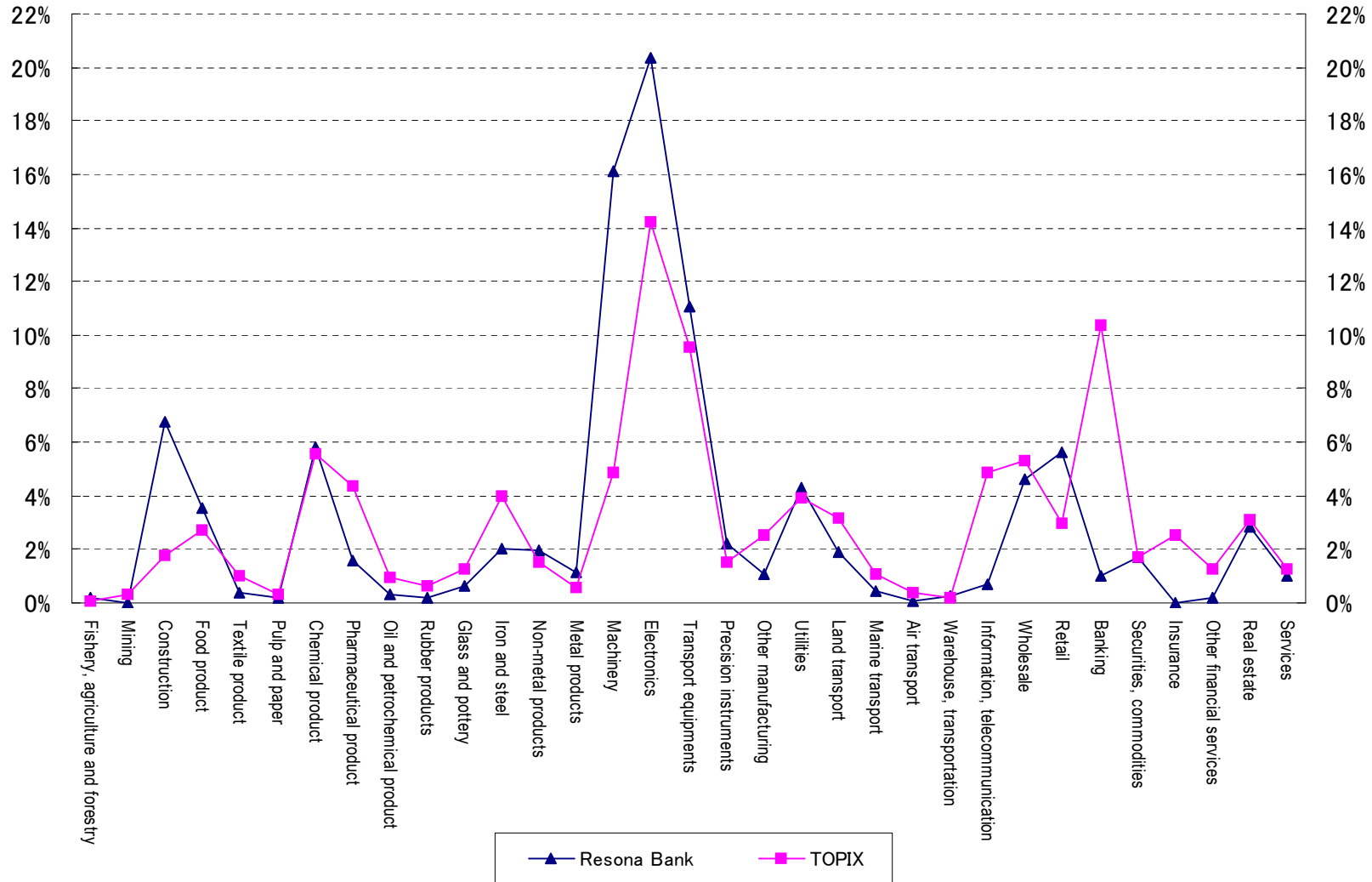
【Basis Point Value (BVP, Domestic Bonds)】 (Ybn)

	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%

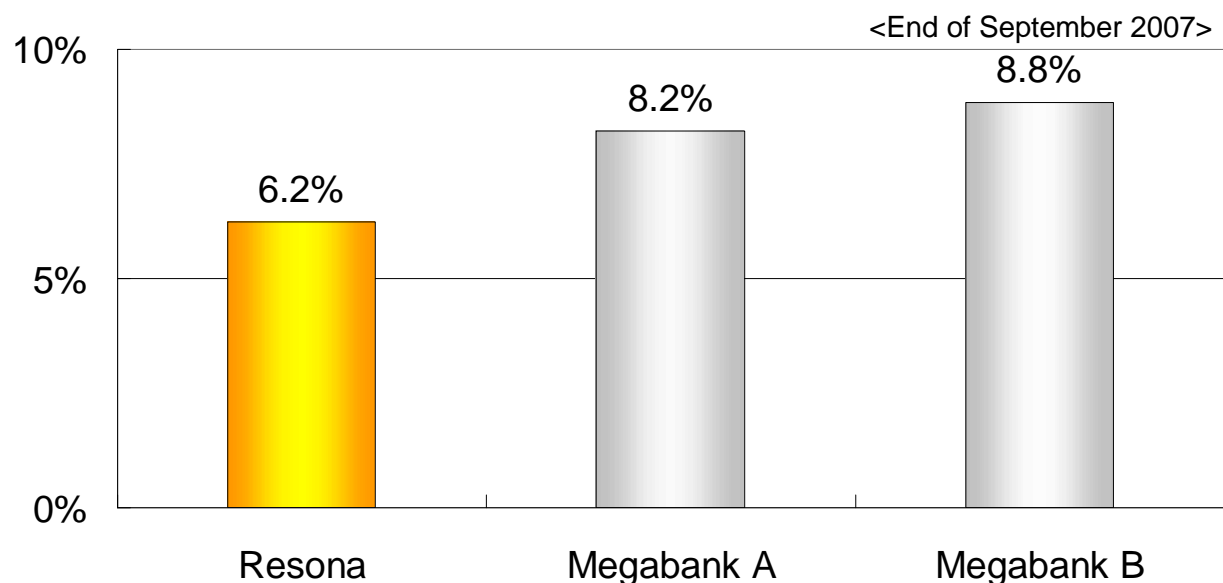
Swap Positions by Remaining Periods (Resona Bank)

■ 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 *



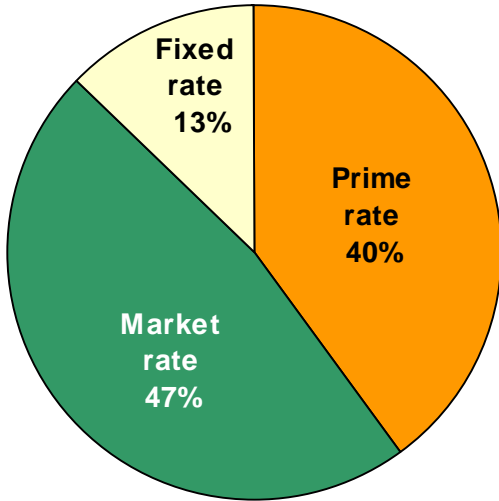
* Notional amount of interest rate swaps to which deferred hedge accounting is applicable.

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

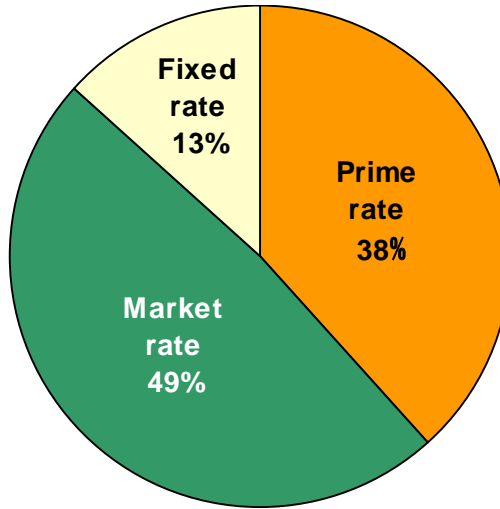
Loans to corporations

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

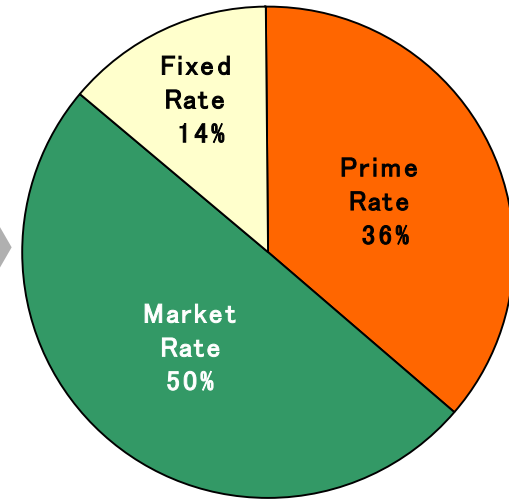
[End September 2006]



[End March 2007]

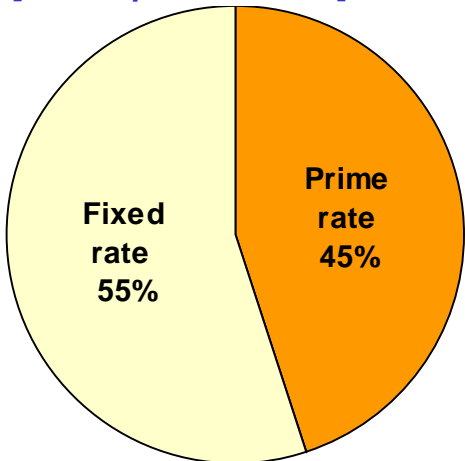


[End September 2007]

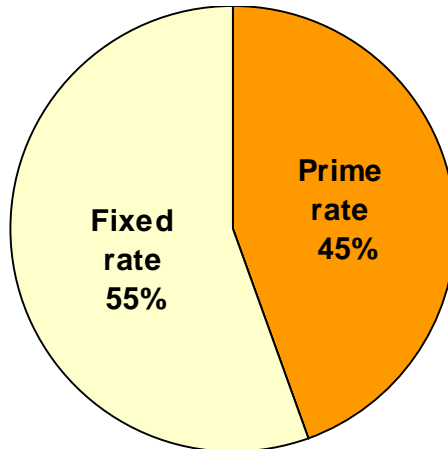


Loans to individuals

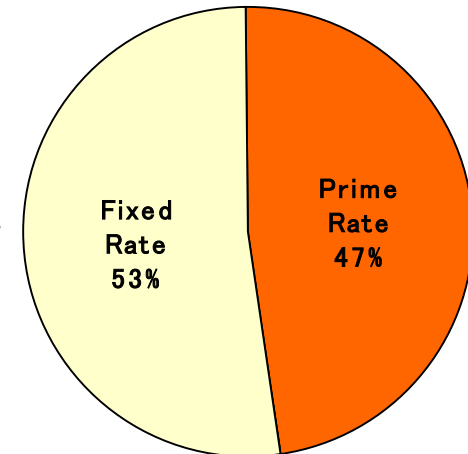
[End September 2006]



[End March 2007]



[End September 2007]

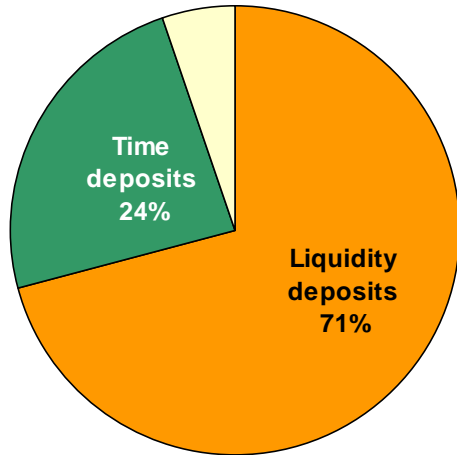


* Portfolio composition is computed based on the numbers compiled for administration purposes.

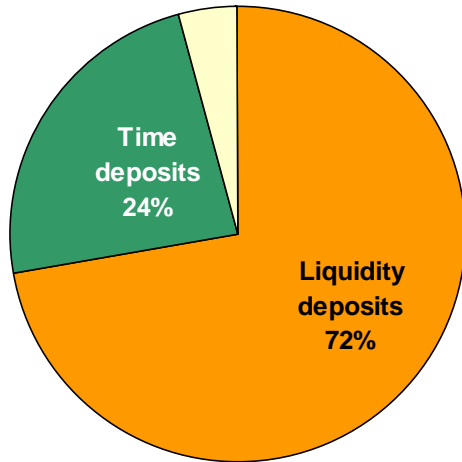
Composition of Deposits by Corporate/Individual Customers (Resona Bank)

Corporate Deposits

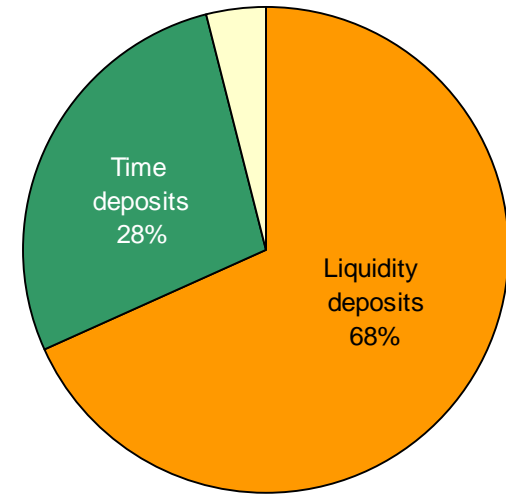
[End September 2006]



[End March 2007]

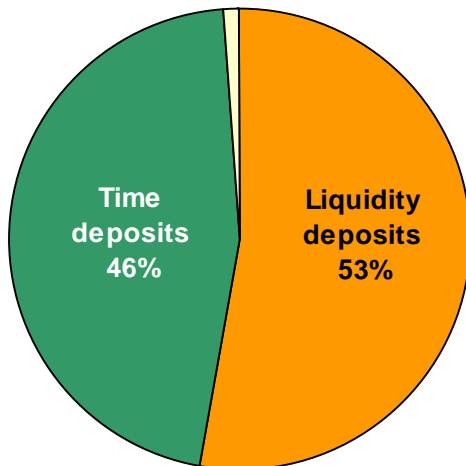


[End September 2007]

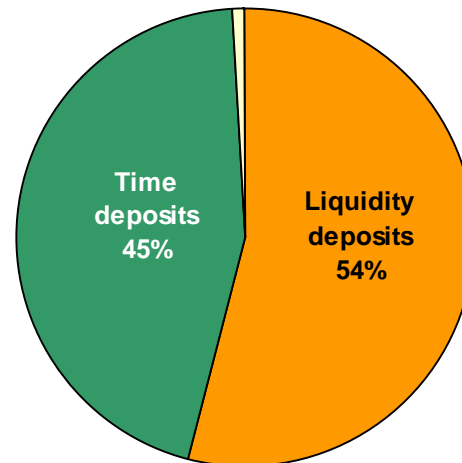


Individual Deposits

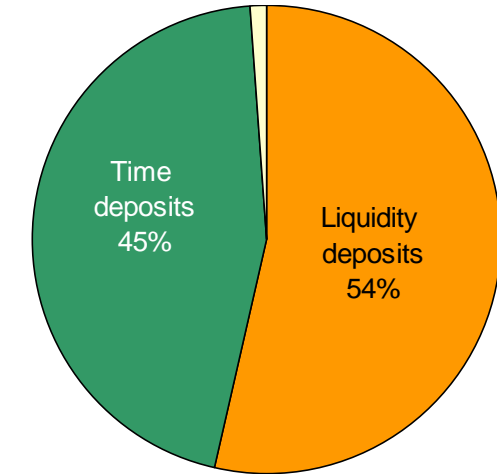
[End September 2006]



[End March 2007]



[End September 2007]



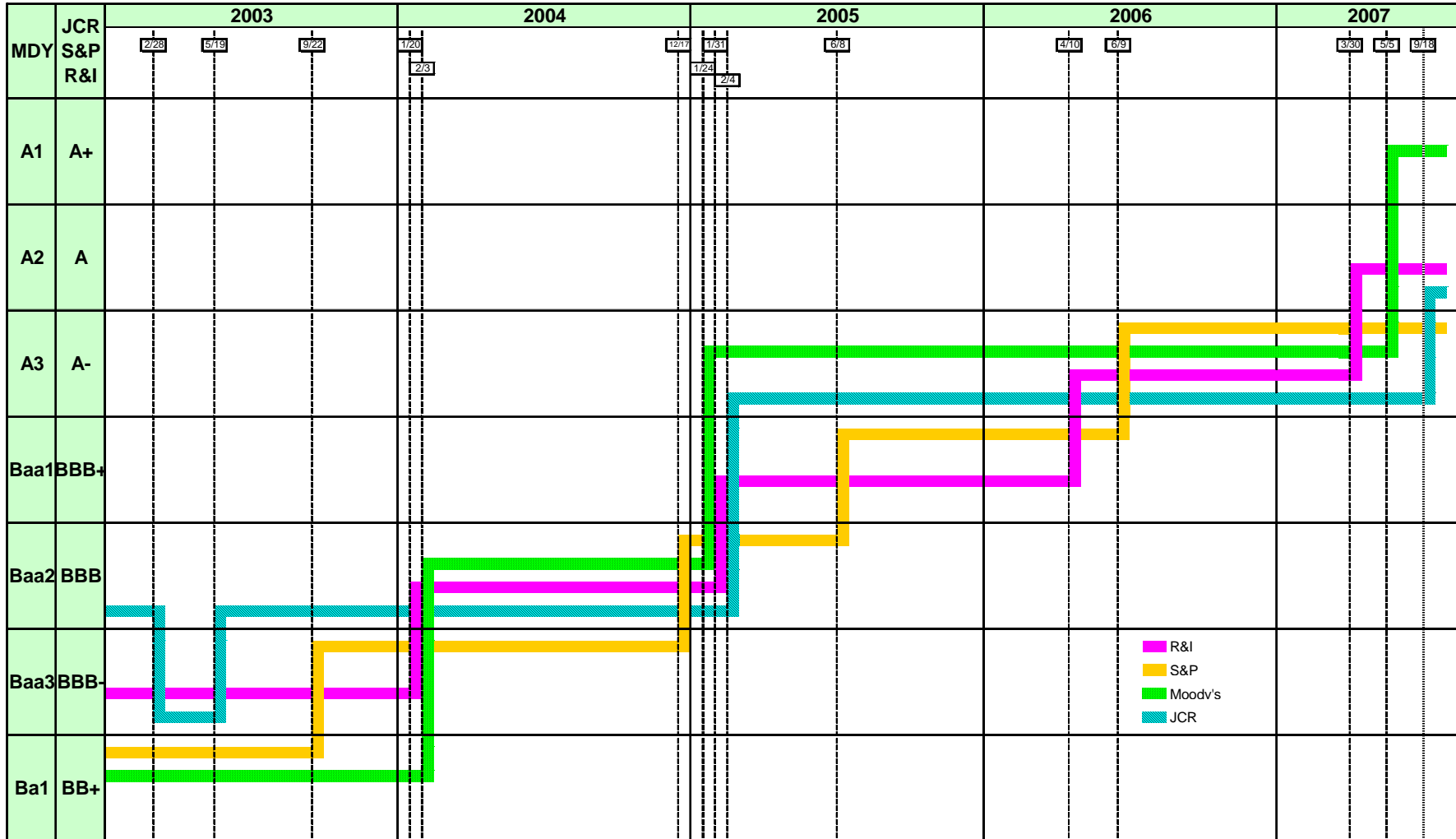
Migrations of Borrowers (Resona Bank, 1H of FY2007)

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 January 1, 2008)

	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	1/1/2002	7/1/2002
		3/31/2009	3/31/2015	11/30/2009
	Current exchange price	(JPY 294,985)	JPY 199,200	JPY 359,700
	Current exchange rate	2.034	(2.510)	(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 January 1, 2008)

	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)	
	Reset of exchange rate	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	---	---	---	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	
	Start of market price calculation	---	---	---	---	---	
	Calculation period	---	---	---	---	---	
	Floor exchange price	---	---	---	---	---	

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: Y35 bn. (subordinated loan)
- Procured Y450bn. of funds available for repayments by issuing new preferred shares in the 1H FY2007

June 28, 2006

Approval of creation of the terms for new preferred shares (Classes 4 through 9) at the General Meeting of Shareholders

- Classes 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 Y63bn)**

November 2, 2006

Partial repayment of the public fund perpetual subordinated loan **(Amount Y20bn)**

January 26, 2007

Repurchase and cancellation of the public funds preferred shares **(Total issue amount Y532.7bn)**

March 30, 2007

Requested for sale in the market of the public fund ordinary shares

June 5, 2007

Issue of the Class 9 Preferred Shares **(Total issue amount Y350bn)**

June 13, 2007

Partial repayment of the public fund perpetual subordinated loan **(Amount Y35bn)**

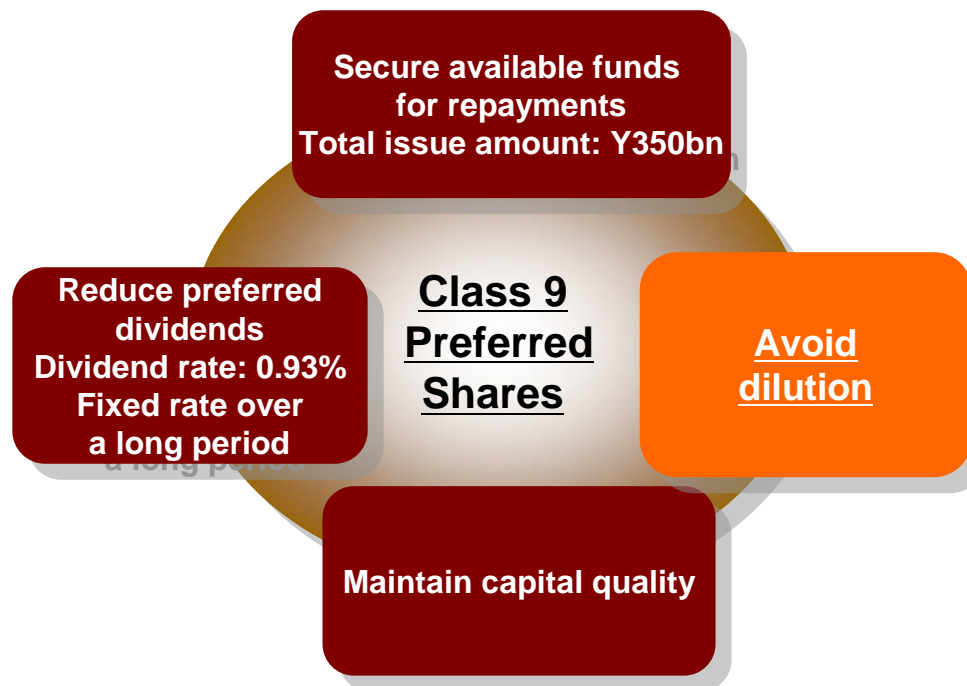
August 28, 2007

Issue of the Class 5 Preferred Shares **(Total issue amount Y100bn)**

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)

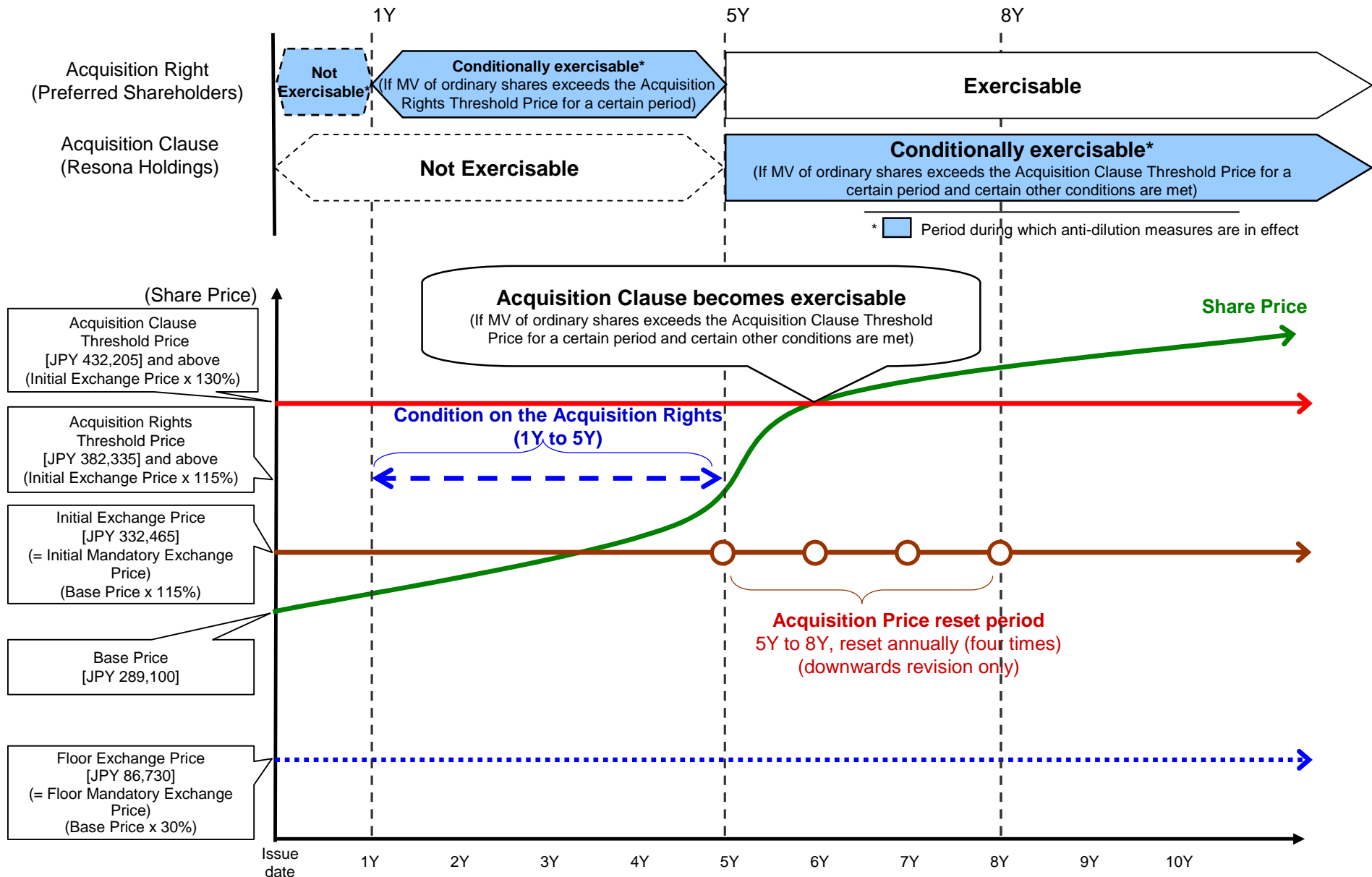
Limitation on exercise of Acquisition Rights

- 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%)	1yYLibor +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	Y166,700 to Y359,700	Y17,000 to Y28,000	Y86,730 (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)

Outline of the Earnings Plan (Business Revitalization Plan)

Strengthen earnings by placing more importance on efficiency of asset

(Billions of Yen)	FY2005	FY2006		FY2007	FY2008	FY2009
	(Actual)	(Plan)	(Actual)	(Plan)	(Plan)	(Plan)
Gross operating profits	693.6	698.0	735.9	727.0	754.0	780.0
Interest income	527.8	537.0	544.6	548.0	569.0	585.0
Fee income *1	127.7	129.0	147.4	132.0	136.0	144.0
Before HL-related expense	171.0	173.0	191.1	180.0	188.0	199.0
Other gross operating profits	38.0	32.0	43.8	47.0	49.0	51.0
Operating expenses	348.5	365.0	354.3	380.0	388.0	388.0
Personnel expenses	117.2	122.0	120.7	126.0	130.0	132.0
Non-personnel expenses	210.2	224.0	212.7	232.0	237.0	235.0
Actual net operating profits (1) *2	345.2	333.0	382.0	347.0	366.0	392.0
Actual net operating profits (2) *3		342.0	396.9	355.0	374.0	400.0
Net gains on stocks	53.9	40.0	69.1	8.0	8.0	8.0
Net gains on stocks (pure investment position)	22.6	9.0	14.9	8.0	8.0	8.0
Credit-related expenses	(14.5)	39.0	46.8	61.0	60.0	56.0
Income before income taxes	401.4	348.0	407.9	280.0	300.0	330.0
Net income	390.7	543.0	614.6	205.0	226.0	232.0
<Management Indices>						
Cost-to-income ratio (OHR) %	50.24	52.29	48.12	52.27	51.46	49.74
Actual net operating profits ROA %*3		0.84	0.97	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: Increasing strategic investments while reducing cost-to-income ratio

- Personnel expense
Operation reform enables strengthening of sales force without increasing total headcounts
- 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 (Y/1US\$)	Y117	Y117
Nikkei 225	Y17,059	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.
- Fees income (exclude HL-related expense) +26.0bn
Income from sale of investment trusts
and personal annuity products 41.0bn ⇒ 52.0bn
Income from real estate business 13.8bn ⇒ 19.0bn
Income from pension business 19.9bn ⇒ 22.0bn
Income from 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

Earnings Plan: Business Revitalization 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.



Resona Group at a Glance

Updates on Recent Business Trend

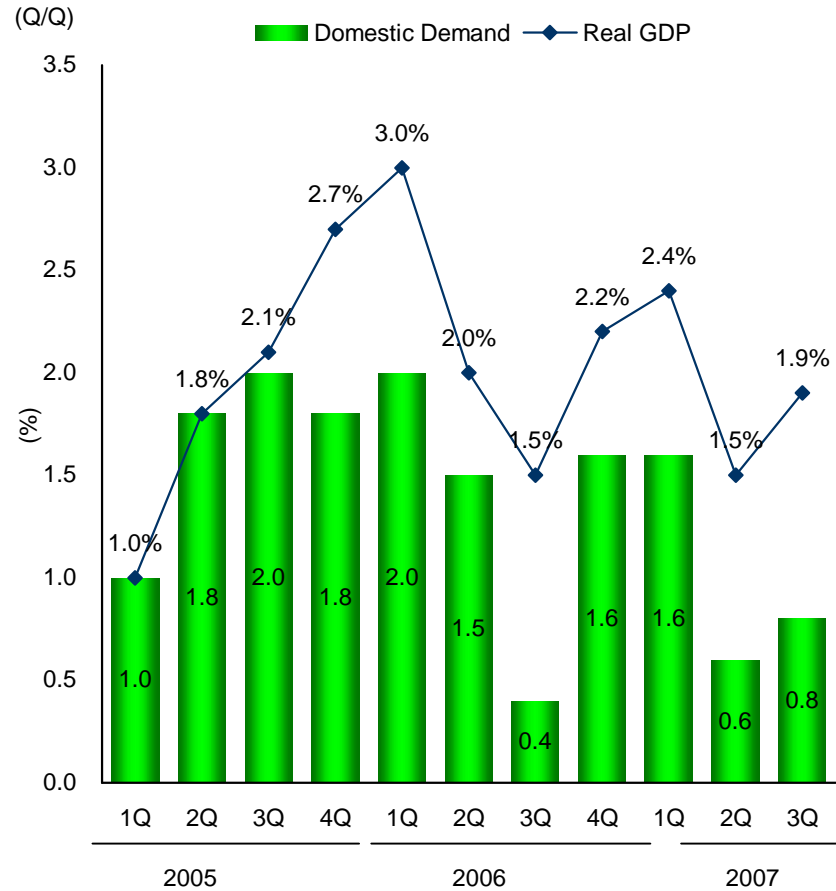
Pathway to Early Repayment of Public Funds

<Reference> Overview of Business

<Reference> Macro Trends of Japan

Overall Economy

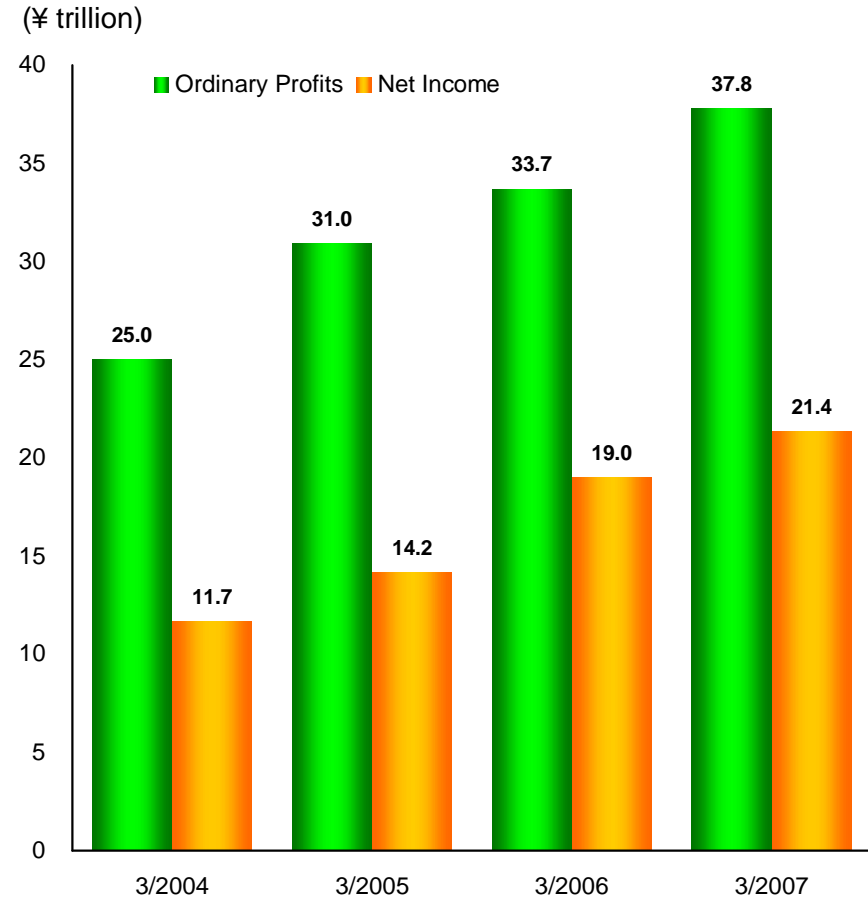
GDP growth*1



Source: Cabinet office

*1. Real basis

Ordinary profits and net income*2

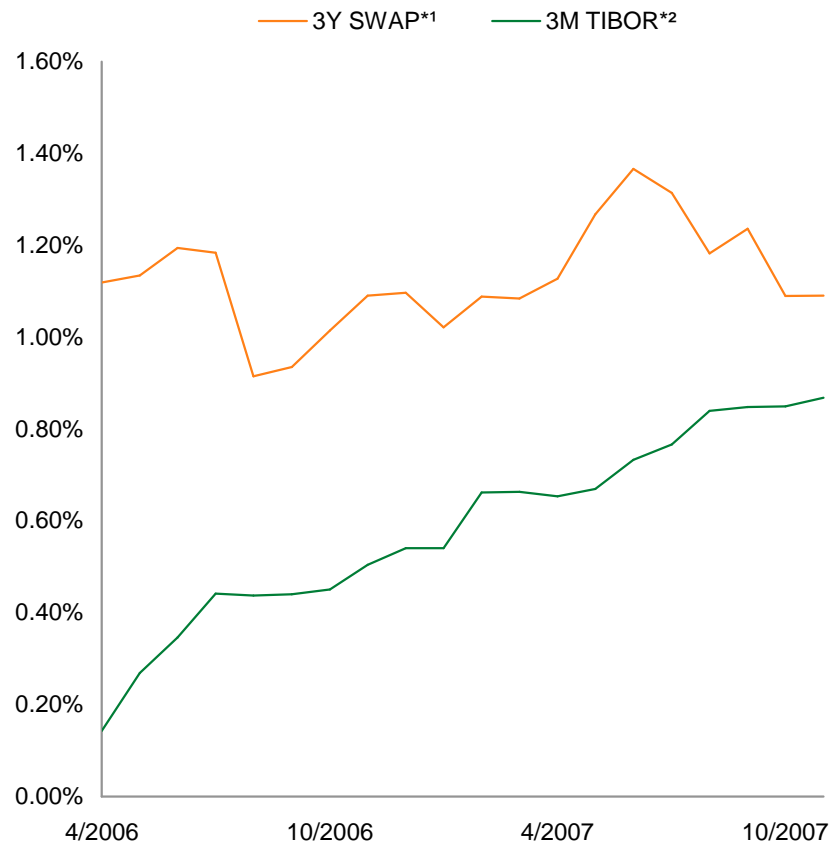


Source: Tokyo Stock Exchange

*2. Aggregated amount, TSE listed domestic companies

Overall Economy

Interest rates

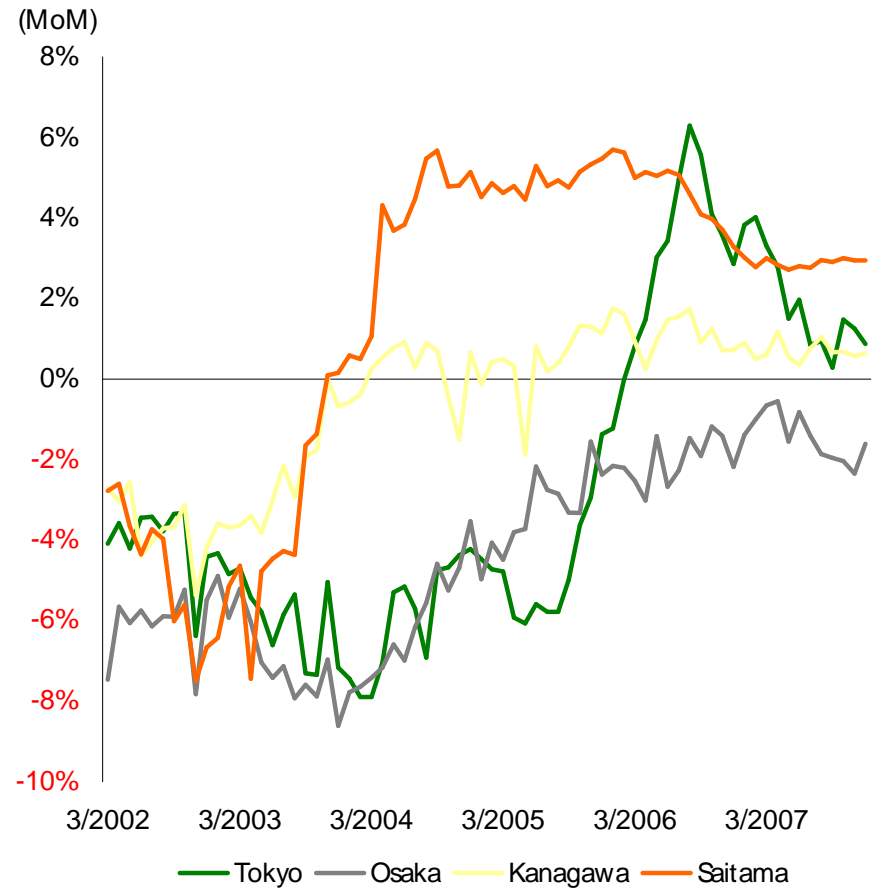


Source: Bloomberg

*1. 3Year interest rate swap, end of month rates

*2. 3Month TIBOR, end of month rates

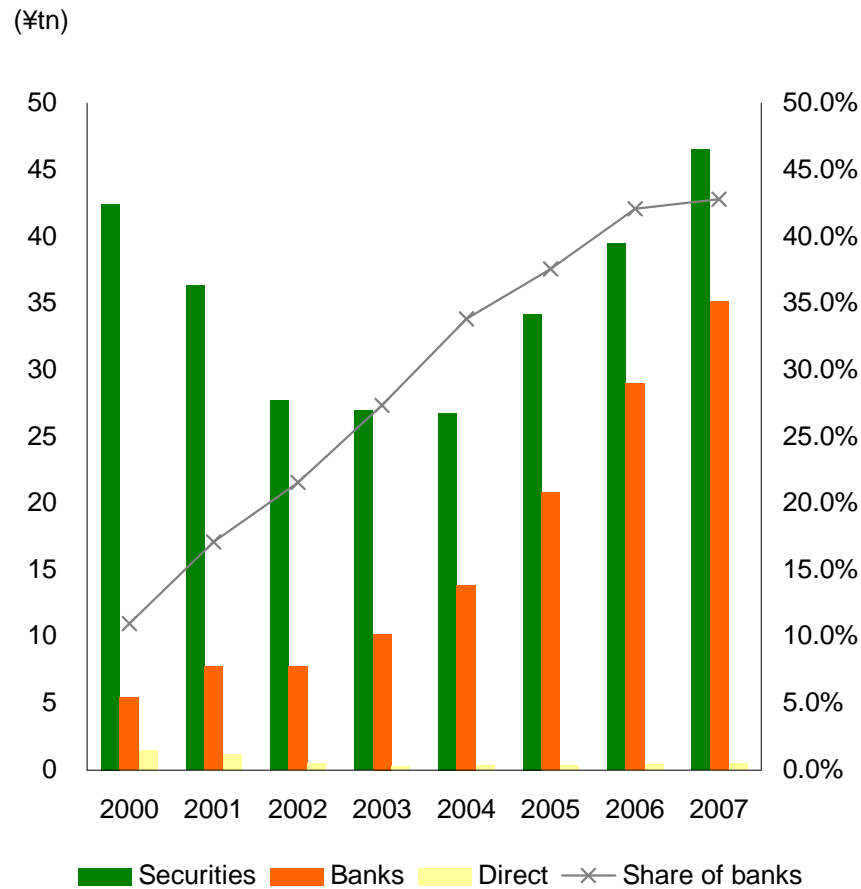
Loan balance trend



Source: Bank of Japan

Macro Trends for Sales of Financial Products

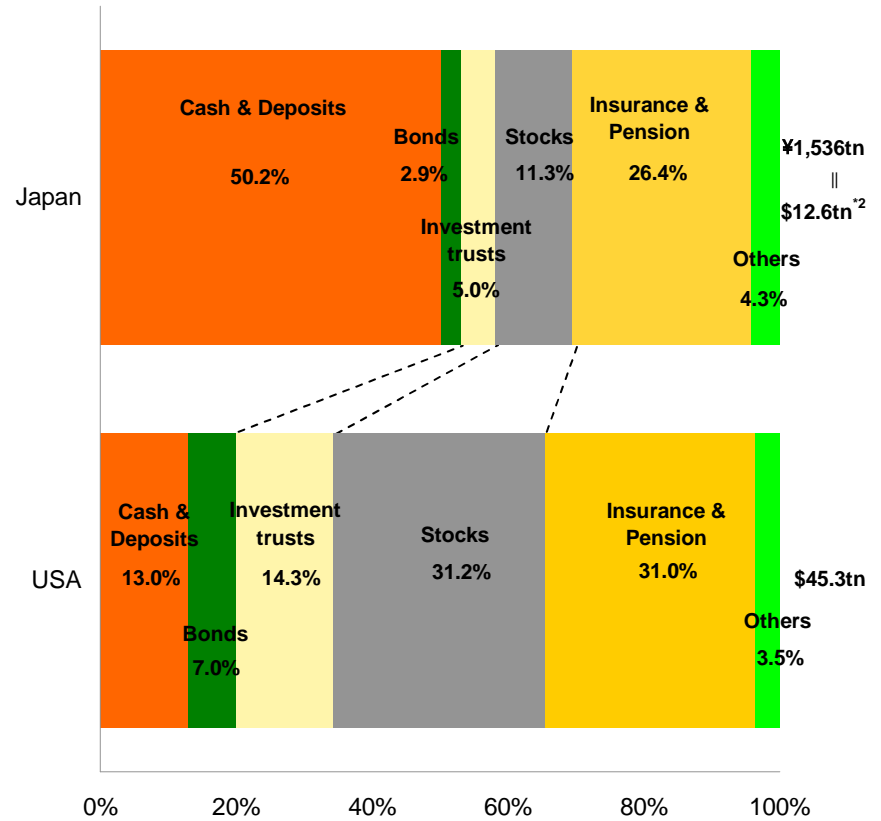
Total net assets of investment trusts*1



Source: The Investment Trusts Associate, Japan

*1. Contractual type by distribution channel
2000-2006: End of Dec., 2007: End of Oct.

Individual's financial assets (Sep. 2007)

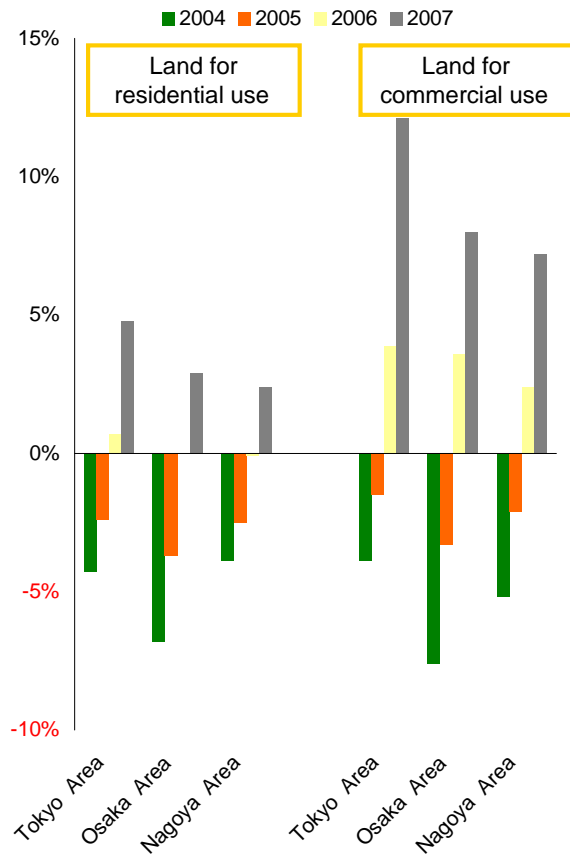


Source: Bank of Japan

*2. \$=¥122 (Bank of Japan, as of Sep. 2007)

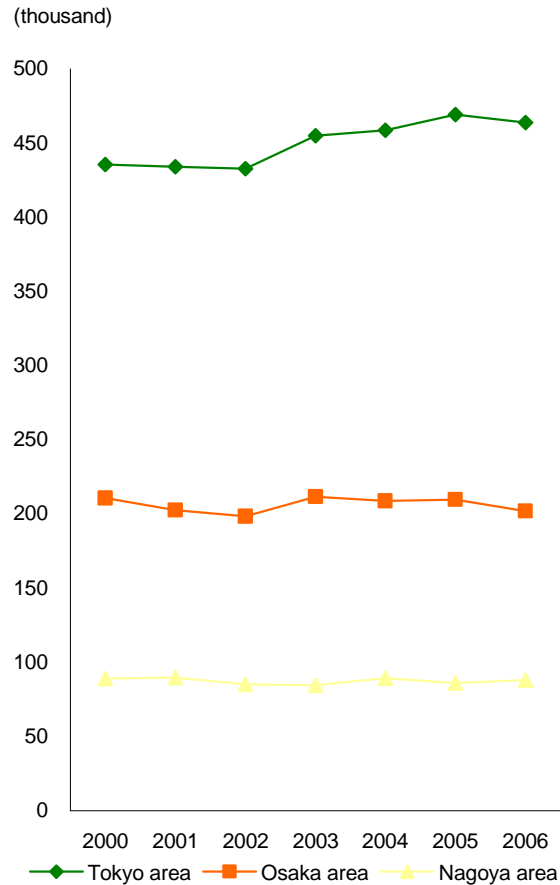
Macro Trends for Real Estate Business

Recovery in land prices



Source: Ministry of Land, Infrastructure and Transport Japan

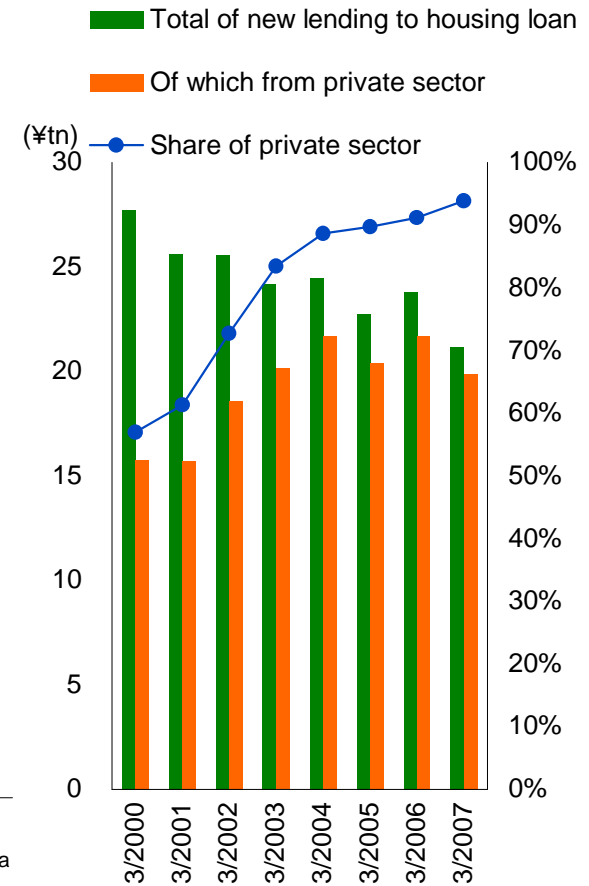
Number of land transactions*1



Source: Ministry of Justice

*1. Sales and purchase

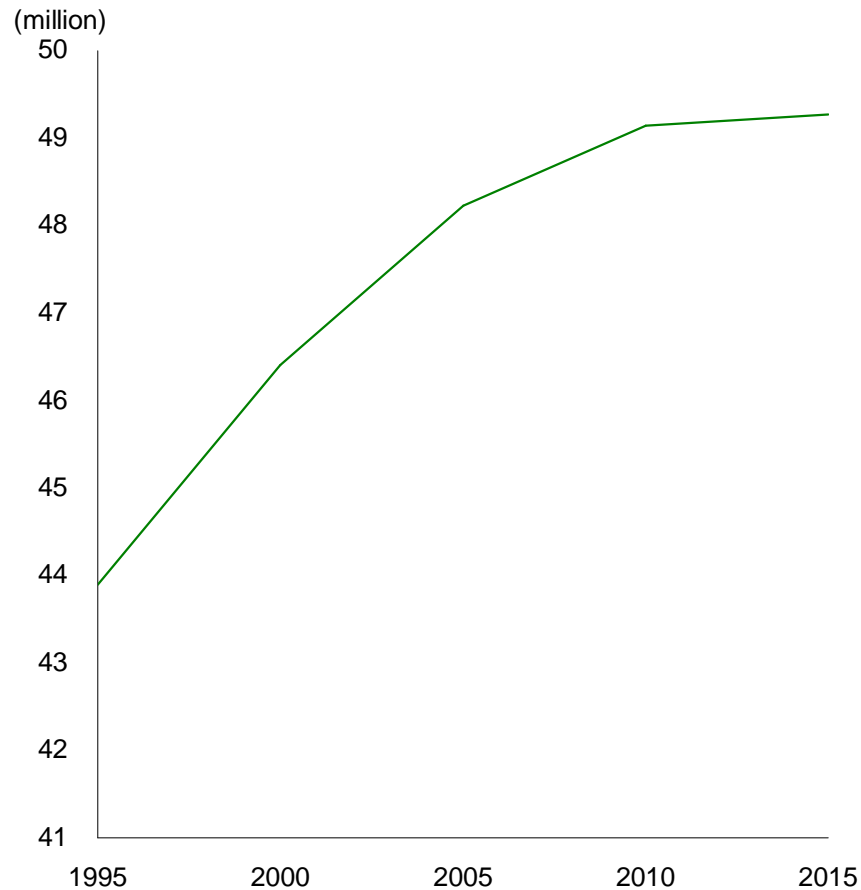
New housing loan trend



Source: Japan Housing Finance Agency

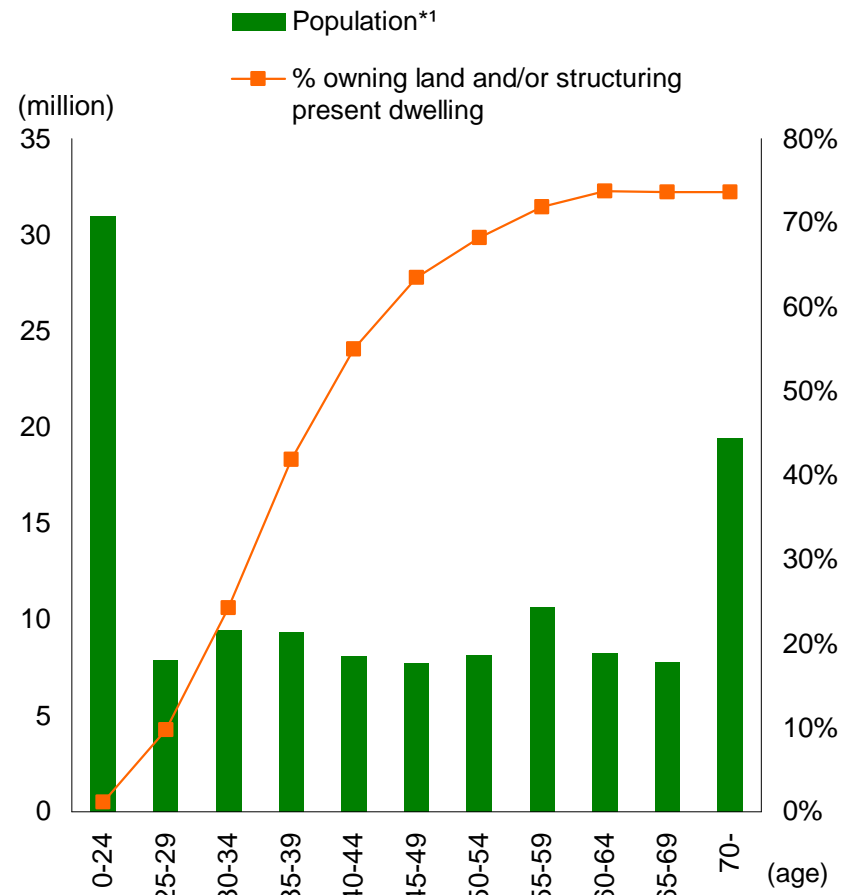
Macro trends for Real Estate Business

Number of households



Source: National Institute of Population and Social Security Research

Population and housing ownership rate



Source: Ministry of Internal Affairs and Communications Housing & Land Survey (Oct, '03)

*1. as of Jun 1, '07

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.