

*Outline of the New Business Revitalization Plan and Financial Results for 1H of FY2008*

*- Aiming at Establishing True Retail Bank -*



**RESONA**

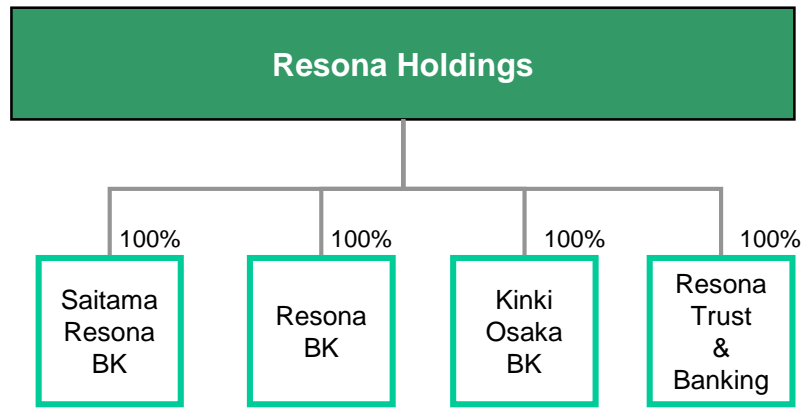
**December 8, 2008**



**Resona Holdings, Inc.**

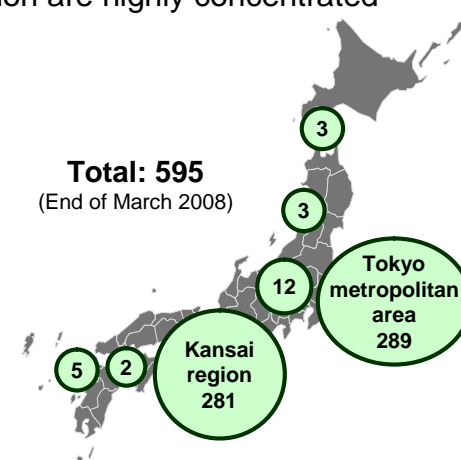
# Resona Group at a Glance

## Corporate structure

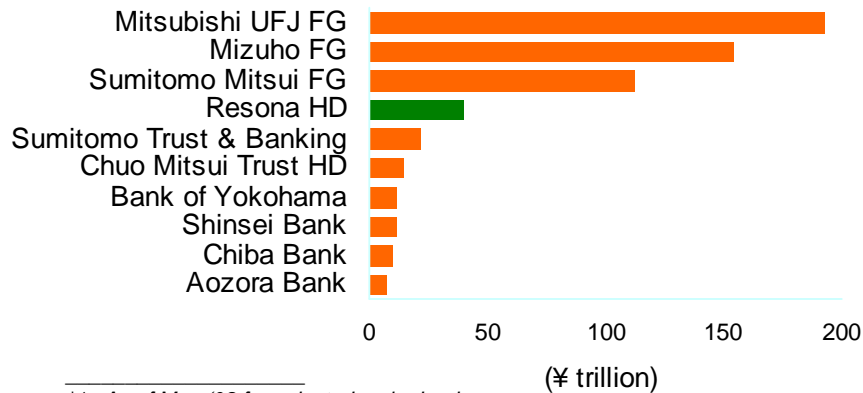


## Franchise value

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

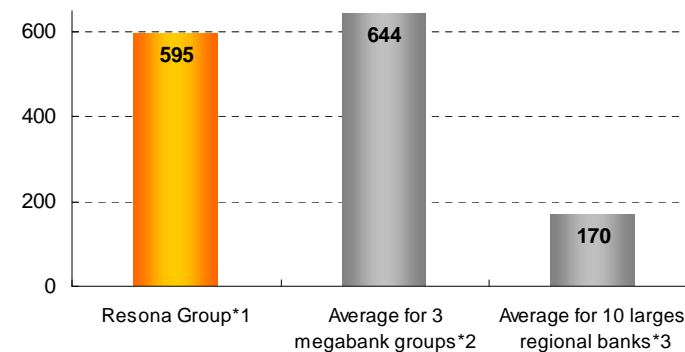


## Total assets comparison <sup>\*1</sup>



\*1. As of Mar. '08 for selected major banks

- Branch network comparable in size to megabanks



\*1. Total of 4 group banks (RB, SR, KO, and RTB) <Mar. '08>

\*2. MUFG (BTMU+ MUTB), Mizuho FG (Mizuho BK, Mizuho CBK), SMFG (SMBC) <Surveyed in Aug. '08>

\*3. 10 largest regional banks in terms of non-consolidated total assets (Yokohama, Chiba, Shizuoka, Fukuoka, Joyo, Nishinoh City, Kyoto, Hiroshima, 82th, and Gunma) <Surveyed in Aug. '08>

# CONTENTS

*Note: In some pages of this material, names of Resona Group companies are shown in the following abbreviated form: RHD: Resona Holdings, RB: Resona Bank, SR: Saitama Resona Bank, KO: Kinki Osaka Bank, and RT: Resona Trust & Banking*

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## **I. Outline of the Business Results for the 1st Half of FY2008**

## **II. Outline of the New Business Revitalization Plan**

**[Reference Material (Financial Results for 1H of FY2008) ]**

**[Reference Material (Business Revitalization Plan)]**

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## **I. Outline of the Business Results for the 1st Half of FY2008**

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## Financial Results for the 1st Half of FY2008: General Overview

### Posted consolidated net income of Y86.3 bn.

- Net income decreased by Y33.8 bn. (-28.1%) YoY and by Y63.7 bn. (-42.4%) compared with forecast
  - Y104.4 bn. gain from the sale of Tokyo Head Officer building
  - Net credit cost increased by Y105.2 bn. YoY and by Y104.5 bn. compared with forecast for total of Group banks

### Top-line income remained almost flat YoY

- Consolidated gross operating profit: Y374.8 bn., declined by Y2.8 bn. (-0.7%) YoY
  - Income from loans and deposits decreased due to decrease in average loan balance, but maintained loan-to-deposit spread around the 1.9% level as originally planned
  - While income from insurance product sale increased, income from investment trust sale and real estate brokerage fees decreased
  - Net gains on bonds increased by Y14.8 bn. due to the absence of the loss posted in the same period of last year
- Actual net operating profit declined by Y1.7 bn. (-1.0%) YoY and by Y1.8 bn. (-1.0%) compared with the forecast
  - Reduced operating expenses by Y11.0 bn. compared with the forecast to partially make up for a decline of Y12.7 bn. in top-line income.

### Sustained financial soundness

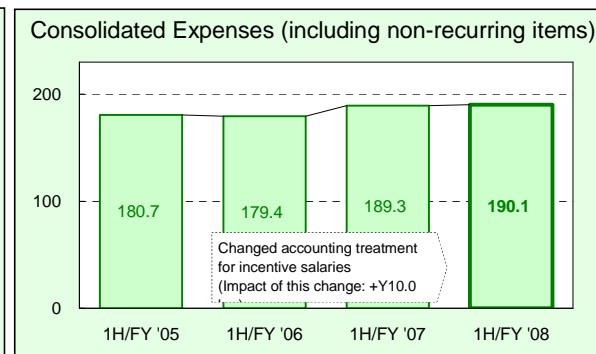
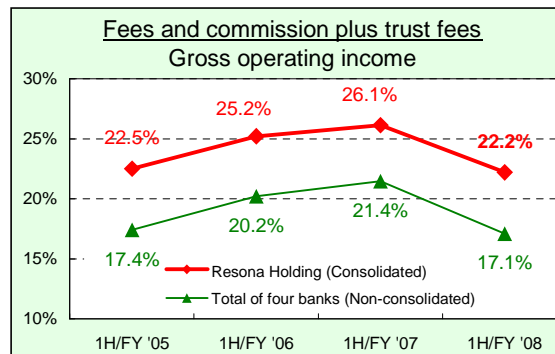
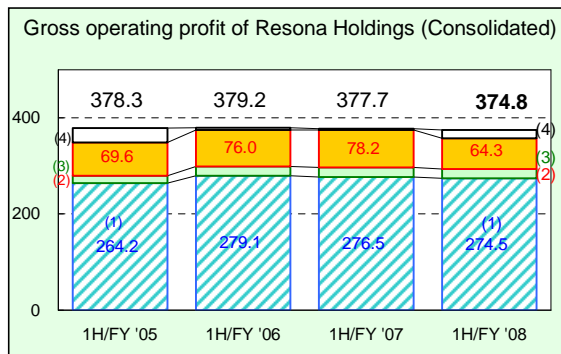
- Credit costs: Increase in write-offs and provisions of reserves relating to borrowers belonging to construction, real estate and financial services sectors
  - Preemptive provisions to eliminate future downside risks
- Net unrealized gains on available-for-sale securities as of Sep. 30, 2008: +Y100.2 bn.
- Resona Holdings' CAR as of Sep. 30, 2008: 14.84%, Tier I ratio: 10.92%

### Continued efforts toward repayment of public funds

- A part of public-fund common shares were repaid ⇒ Repayment of Y14.4 bn.
- Intend to continue share repurchase in a steady pace up until the end of March 2009

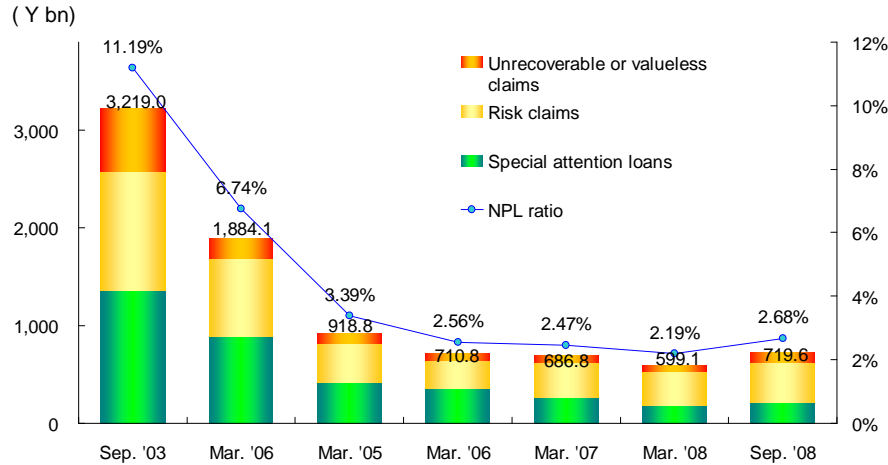
# Outline of Financial Results for 1H of FY2008

(Amount in billions of yen)	Resona Holdings (Consolidated)		Difference (A)-(B)	Total of four banks (Non-consolidated)		Resona Non- consolidated	Saitama Resona	Kinki Osaka Non- consolidated	Resona Trust & Banking	Factors accounting for the difference (A) - (B) (Approx. figures)  RC: Resona Card, RG: Resona Guarantee, RCP: Resona Capital
	(A)	YoY change		(B)	YoY change					
Gross operating profit	374.8	(2.8)	33.0	341.8	(0.8)	216.9	79.6	30.4	14.6	
(1) Net interest income	274.5	(2.0)	8.1	266.4	(0.4)	167.6	70.7	27.9	0.0	RC 3.9 bn and other
Income from loans and deposits				231.8	(2.8)	148.7	58.2	24.8	(0.0)	Domestic operations; banking account; Deposits include NCDs
(2) Trust fees	18.8	(1.6)	(0.0)	18.8	(1.6)	3.4	-	-	15.3	
(3) Fees and commission income	64.3	(13.8)	24.5	39.7	(13.2)	28.0	8.5	4.0	(0.7)	RG 13.6 bn., RC 8.1 bn and other
(4) Other operating income	17.1	14.7	0.3	16.8	14.4	17.9	0.3	(1.4)	-	
Net gain/(loss) on bonds	0.9	14.8	-	0.9	14.8	4.1	(1.3)	(1.8)	-	
Actual net operating profit				163.2	(1.7)	102.1	43.3	8.9	8.7	Net operating profit before transfer to general reserve for possible loan losses and expenses related to problem loan disposal in the trust account.
Expenses (including non-recurring items)	190.1	0.7	14.7	175.3	0.8	110.1	37.1	22.1	5.9	RC 7.9 bn, RG 1.5 bn, goodwill amortization 3.6 bn and other
Net gain/(loss) on stocks	(5.0)	3.9	(2.7)	(2.3)	7.8	(2.9)	(0.0)	0.7	-	RCP -1.5 bn and other
Credit related expenses, net	133.4	105.2	6.9	126.5	112.6	104.9	18.2	3.2	-	RG 1.9 bn, RC 3.7 bn and other
Other gain/(loss), net	103.2	101.8	0.4	102.8	98.3	107.3	0.1	(4.6)	0.0	
Income before income taxes	149.5	(3.0)	9.0	140.5	(8.2)	106.2	24.3	1.2	8.7	
Income taxes and other	63.1	30.7	(6.1)	69.3	42.3	55.3	9.8	0.5	3.5	Minority interests in net income 1.6 bn, Income tax of RHD and other -7.8 bn
Net interim income	86.3	(33.8)	15.1	71.1	(50.5)	50.8	14.4	0.6	5.1	

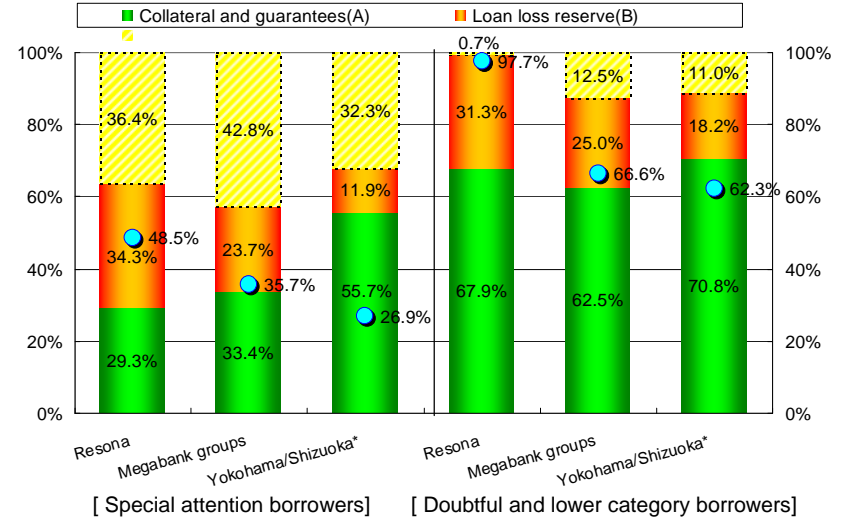


# Measures to Enhance Financial Soundness: Loan Asset

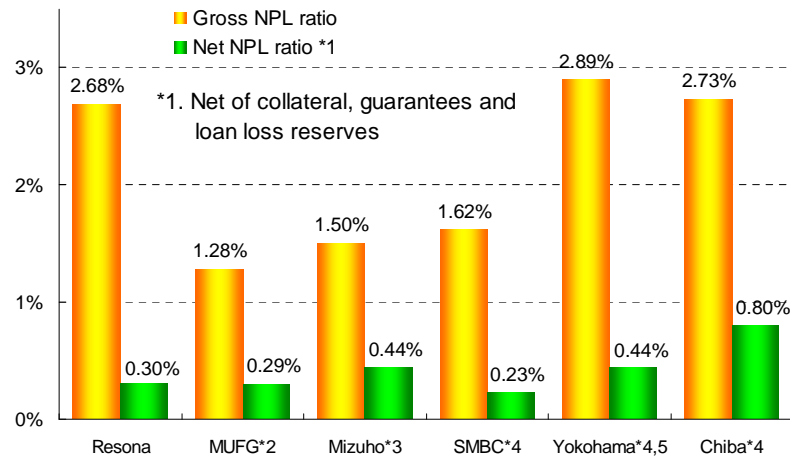
## NPL balance and NPL ratio (Total of Group Banks)



## High reserve ratio against uncovered NPLs

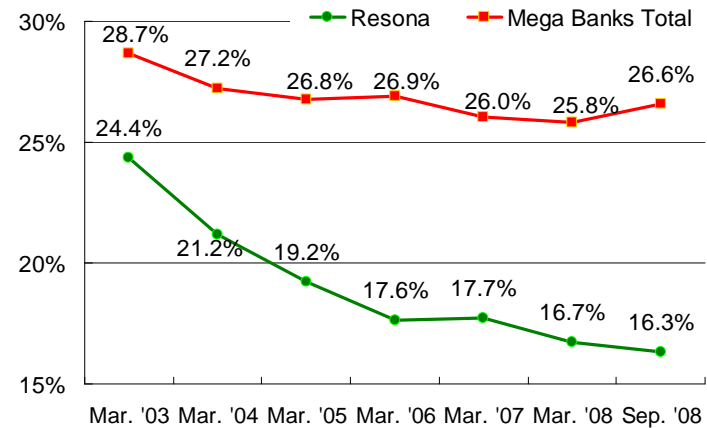


## Comparative advantage in net NPL ratio (Total of Group Banks)



\*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

## Trend of loan exposure to the 3 sectors \*6



\*6. Ratio of loans to construction, finance and insurance, and real estate sectors to the total lending in the domestic account.

\*5. Based on the coverage provided for special attention loan borrowers

# Measures to Enhance Financial Soundness: Credit Cost

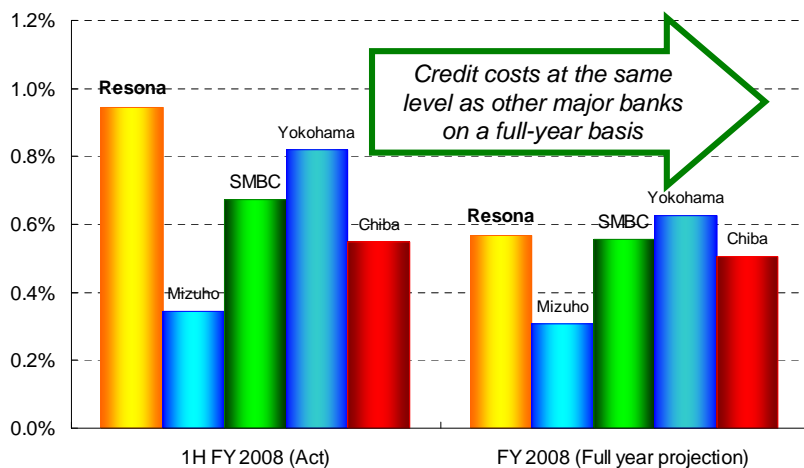
## Credit costs for 1H FY 2008 (Total of Group banks)

(Billions of Yen)

	1H FY'07	2H FY'07	1H FY'08
General reserve	(20.5)	4.6	6.4
DCF method : new addition	38.8	36.5	42.3
DCF method : reversal	(66.3)	(36.3)	(40.3)
Specific reserve and other items	34.2	20.3	120.2
New bankruptcy, downward migration	85.3	81.3	157.3
Reversal and other gains (upward migration, off-balancing and other)	(51.1)	(61.0)	(37.1)
Disposal of problem loans in the trust account	0.1	(0.1)	(0.1)
Total credit-related expenses (net)	13.8	24.8	126.5

## Ratio of net credit costs vis-à-vis total credits

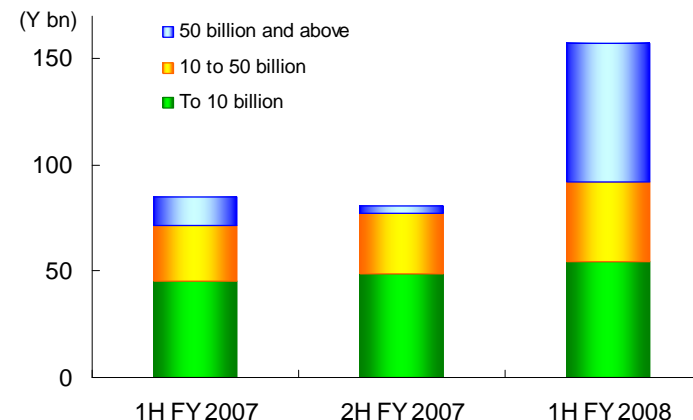
(Actual result for 1H FY08 and full year outlook for FY08)



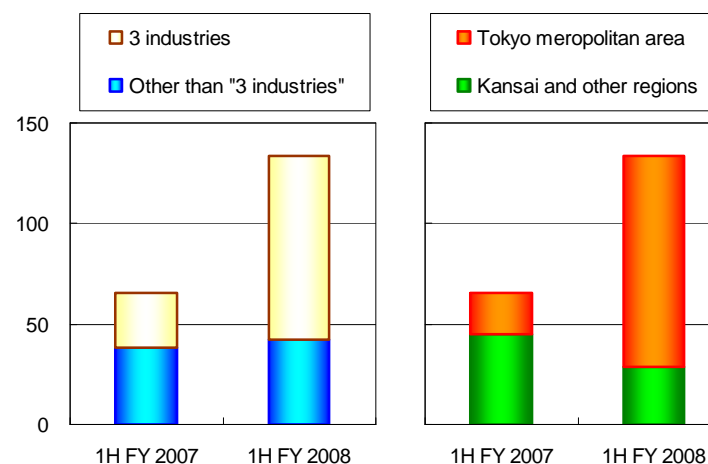
- By industries 90% of the increase attributable to "3 industries" (Total credits as of the end of 1H period is used for a calculation on a full-year basis).

## New addition to specific reserve is mostly necessitated by "3 specified industries" and certain large borrowers

- New addition to specific reserve by credit amounts at the beginning of the fiscal year (Total of group banks)



- New addition to specific reserve by industries and regions (RB)
- Increase in credit costs is mostly attributable to 3 industries and Tokyo Metropolitan Area

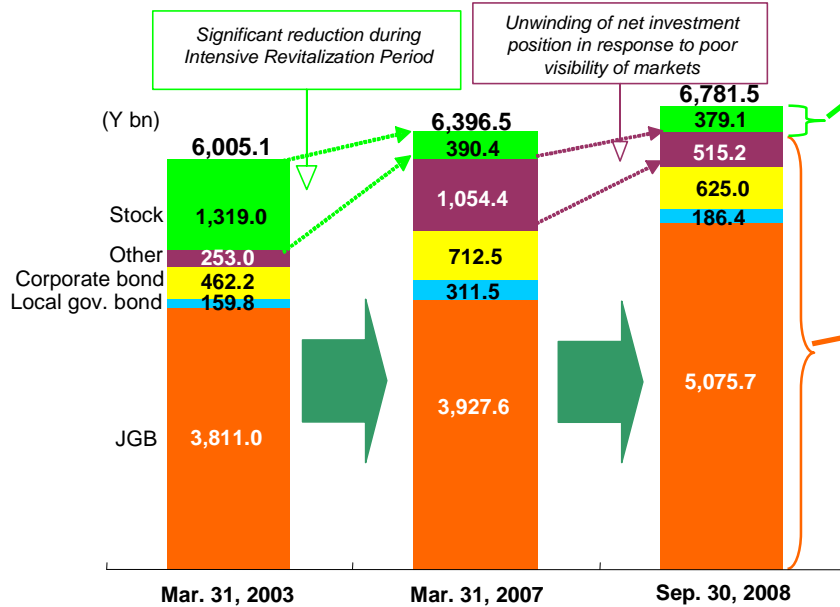




# Measures to Enhance Financial Soundness: Securities Portfolio

## Securities portfolio with minimized downside risks

### ◆ Non-trading marketable securities available for sale



### Relationship-purpose equity holdings

- **[Stocks] Net unrealized gain/(loss) : +Y179.6 bn**
  - Reduced relationship-purpose holdings to Y379.1bn
  - Break-even Nikkei Average : Middle of 7,000 yen range
  - Write-down of listed stocks for 1H FY2008: Approx. Y3.0 bn

### Net investment portfolio

- **[JGB] Net unrealized gain/ (loss): Y(57.6) bn**
  - Average duration: 1.6 years, BPV: Y0.97 bn
  - Consistently applied mark-to market accounting to variable rate JGBs
    - [Variable-rate JGB] 732.8bn, Unrealized loss Y45.9bn
    - [Inflation-indexed JGB] 183.4bn, Unrealized loss Y6.8bn

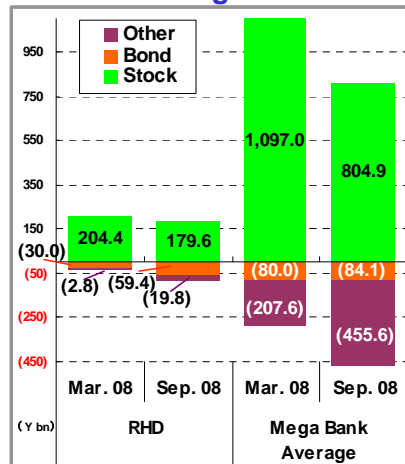
### ■ [Other] Net unrealized gain / (loss): Y(19.8) bn

- Net investment position could flexibly expand/contract depending on market conditions under a strict risk management
- No direct investments has been made in assets linked to the U.S. sub-prime housing loans
- Securitized products

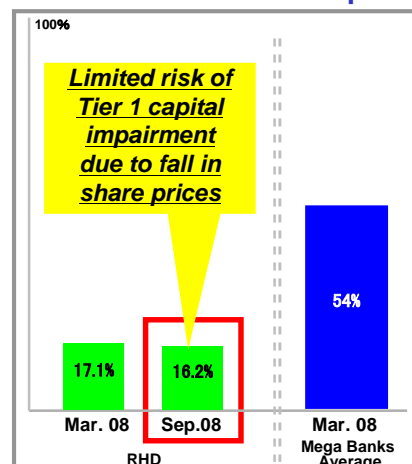
Securitized Products	(Ybn)
Securitized Products	285.2
Housing loans	235.6
Commercial Real Estate	18.5
Other	31.1

All securitized products were organized in Japan and 80% of them are backed by housing loans originated in Japan.

### ◆ Unrealized gains/losses



### ◆ Stocks held / Tier1 Capital



\* Valuation method of variable-rate JGB (Sep. 08):

RHD, Mizuho FG: Mark to market (transaction price)  
 MUFG, SMFG: Mark to market (theoretical price)



# Earnings Forecasts for Fiscal Year Ending March 31, 2009 (Revised in November 2008)

(Billions of Yen)	Resona Holdings (Consolidated)			
	1H FY 2008	Full year forecasts	Change from initial forecasts	Change from the previous year
Consolidated ordinary income	514.5	<b>1,000.0</b>	(50.0)	(114.4)
Consolidated ordinary profit	37.0	<b>150.0</b>	(120.0)	(83.7)
<b>Net (interim) income</b>	86.3	<b>160.0</b>	(90.0)	(142.8)

	Resona Holdings (Non-consolidated)			
	1H FY 2008	Full year forecasts	Change from initial forecasts	Change from the previous year
Operating income	52.3	<b>180.0</b>	-	(420.4)
Operating profit	48.1	<b>170.0</b>	-	(419.9)
Ordinary profit	49.5	<b>170.0</b>	-	(420.2)
<b>Net (interim) income</b>	58.1	<b>190.0</b>	-	(434.6)

Forecast for term-end per share dividend on common stock	1000 yen
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 & Banki	
	Full year forecasts	Change from initial forecasts	Change from the previous year	Full year forecasts	Change from the previous year	Full year forecasts	Change from the previous year	Full year forecasts	Change from the previous year	Full year forecasts	Change from the previous year
Gross operating profit	<b>684.0</b>	(37.0)	(16.0)	430.0	(14.3)	159.0	1.0	65.5	(1.1)	29.5	(1.5)
Operating expenses	<b>369.0</b>	(14.0)	6.9	233.0	(0.3)	76.5	3.8	47.0	2.9	13.0	1.2
Actual net operating profit	<b>315.0</b>	(23.0)	(22.8)	197.0	(13.8)	82.5	(2.7)	18.5	(4.0)	16.5	(2.6)
Ordinary profit	<b>146.0</b>	(116.0)	(66.5)	70.0	(50.7)	56.0	(10.8)	3.5	(2.5)	16.5	(2.4)
<b>Income before income taxes</b>	<b>273.0</b>	(111.0)	(29.1)	196.0	(8.6)	56.0	(13.0)	4.0	(5.4)	16.5	(2.4)
Net income	<b>159.0</b>	(74.0)	(101.1)								

Resona Group started applying a consolidated taxation system from FY2005.

Gain/(loss) on stocks	<b>4.0</b>	4.0	49.8	3.0	47.6	-	0.3	1.0	1.8	-	-
Credit related expenses	<b>152.0</b>	92.0	113.3	120.0	98.8	23.0	11.1	9.0	3.5	-	-

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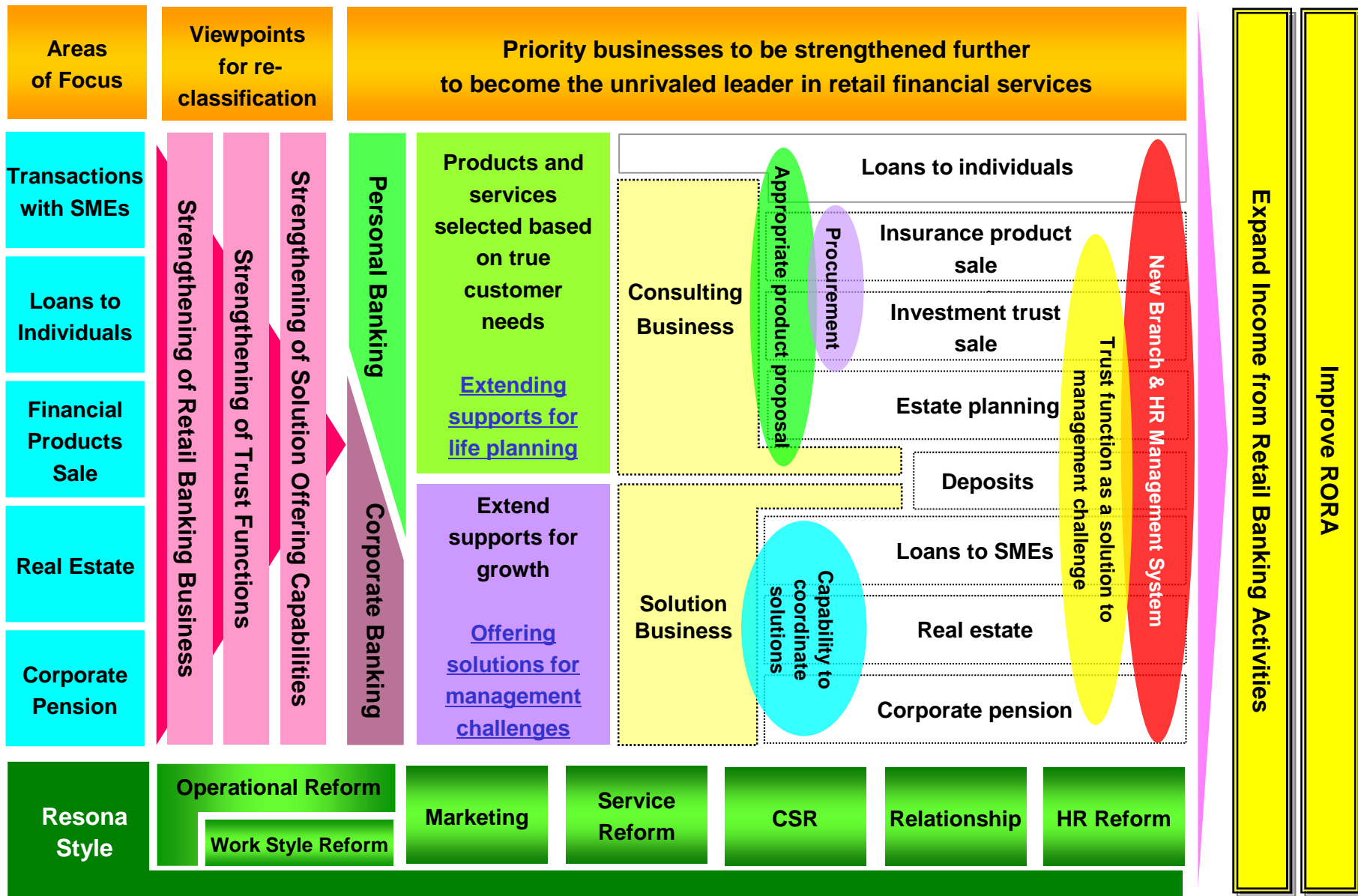
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**II. Outline of the New Business Revitalization Plan**

[Reference Material (Financial Results for 1H of FY2008) ]

[Reference Material (Business Revitalization Plan)]

# Concept of the New Business Revitalization Plan



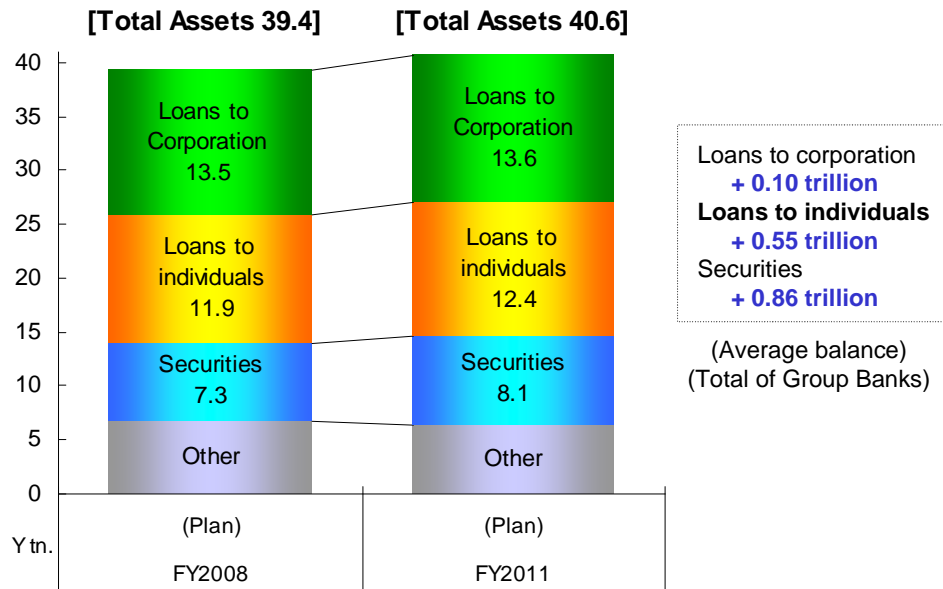
## Outlook for Major Management Indices in the New Plan Period

(Total of Group Banks)		FY2007 (Actual)	FY2008 (Plan)	FY2011 (Plan)	
Profitability	Actual Net Operating Profit	337.8 bn.	315.0	383.0 bn.	<ul style="list-style-type: none"> <li>Actual net operating profit will increase by 22% to Y383.0 bn.</li> <li>Income before income taxes will increase by 24% to Y338.0 bn.</li> <li>RORA (Income before income taxes) will improve by 0.20% to 1.45%</li> </ul>
	Actual Net Operating Profit ROA	0.85%	0.82%	0.96%	
	Income before Income Taxes	302.1 bn.	273.0 bn	338.0 bn.	
	RORA (Income before Income Taxes)	1.33%	1.25%	1.45%	
Soundness	NPL Ratio	2.19%	2.52%	About 2.2%	<ul style="list-style-type: none"> <li>Credit costs rise temporarily to approx. 60bps in FY2008, but will return to a normalized level in the latter half of the new plan period.</li> </ul>
	Net Credit Costs against Total Credits	14bps	57bps	22bps	
	Cost-to-Income Ratio	51.73%	53.94%	49.60%	
Productivity	Top-line income per Regular Employee	47.7 million	46.4 million	51.7 million	<ul style="list-style-type: none"> <li>Cost-to-income ratio will be controlled at around 50%</li> <li>Number of regular employees remain almost flat at 14,700 level</li> </ul>
	No. of Regular Employees	14,675	14,750	14,700	
	Combined Retained Earnings	1,165.9 bn	1,314.7 bn.	1,763.5 bn.	
Retained Earnings					<ul style="list-style-type: none"> <li>Combined retained earnings do not include Y449.9 bn. of other capital surplus secured by Resona Holdings</li> </ul>

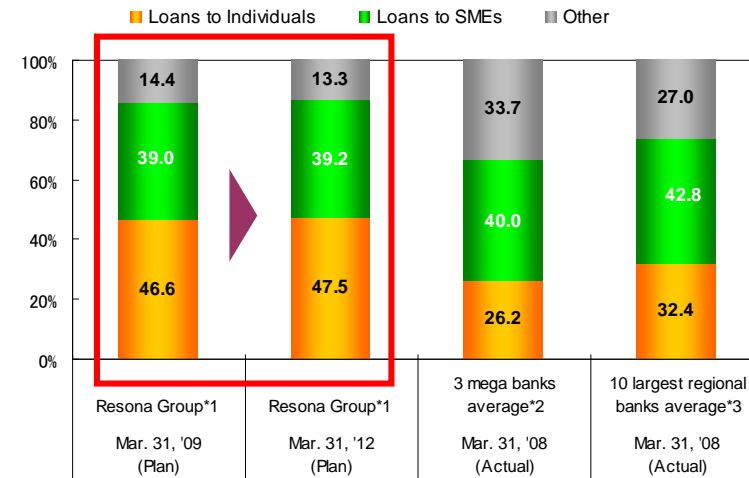
# How We Manage Loans and Deposits during the New Plan Period

## Aiming at securing stable interest income from employed assets

### Loan portfolio management in reference to RORA

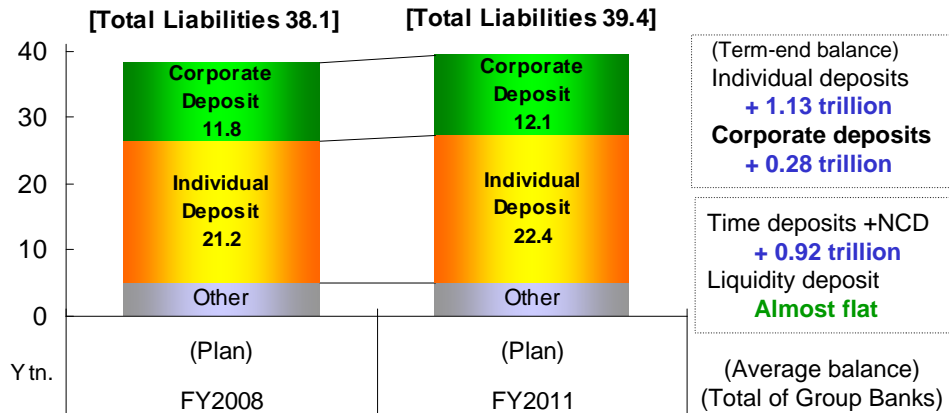


### Strengthen housing and SME loans to which relatively low capital charge is applicable

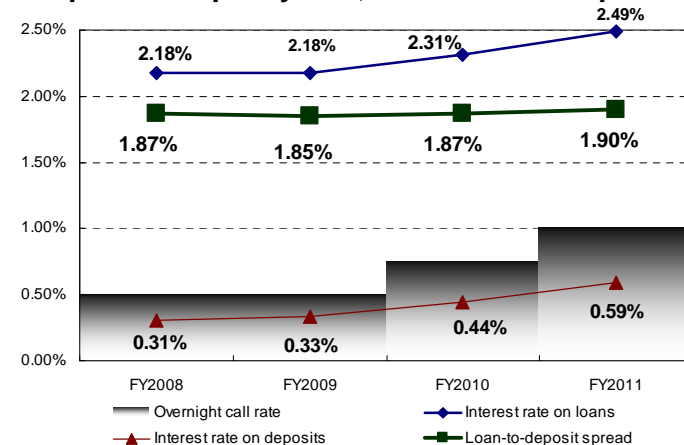


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\*3. 10 largest regional banks in terms of non-consolidated total assets (Yokohama, Chiba, Shizuoka, Fukuoka, Joyo, Nishinoh City, Kyoto, Hiroshima, 82nd and Gunma)

### Build-up of retail deposits



### Assumptions for policy rate, loan rate and deposit rate



# Outlook for the Priority Businesses in the New Plan Period

(Total of Group Banks)		FY2007 (Actual)	FY2008 (Plan)	FY2011 (Plan)	
<b>Consumer Banking Business</b>	Number of Will Trusts under Custody	10,331	10,830	12,980	<ul style="list-style-type: none"> <li>• Cross-selling opportunities captured by will trusts</li> <li>• Sales and marketing activities strengthened by new branch management system</li> <li>• Wider variety of competitive products and services</li> <li>• Existence of potential market                             <ul style="list-style-type: none"> <li>• Money from first baby boomers</li> <li>• Housing loan demand from first baby boomer juniors</li> </ul> </li> <li>• Cross-selling opportunities after originating housing loans</li> </ul>
	Income from Investment Trust Sale	37.2 bn.	28.2 bn.	42.3 bn.	
	Income from Insurance Products Sale	9.7 bn.	16.1 bn.	22.2 bn.	
	Housing Loan Balance	11.5 tn.	11.6 tn.	12.3 tn.	
	Consumer Loan Balance (Focus Products)	55.5 bn.	71.0 bn.	118.0 bn.	
<b>Corporate Banking Business</b>	Balance of Loans to SMEs	10.2 tn.	10.0 tn.	10.5 tn.	<ul style="list-style-type: none"> <li>• Strengthen solution coordination capabilities</li> <li>• Sales and marketing activities strengthened by new branch management system</li> <li>• Advantage as a commercial bank concurrently engaging in real estate business</li> <li>• Shift from tax-qualified pension fund to new schemes</li> <li>• Group synergies</li> </ul>
	Income from Real Estate Business	15.7 bn.	14.0 bn.	21.7 bn.	
	Income from Corporate Pension Business	22.4 bn.	20.7 bn.	22.1 bn.	
	Income from Securities Trust Business	8.6 bn.	8.8 bn.	11.4 bn.	



# Merger between Resona Bank (RB) and Resona Trust & Banking (RT)

## RB and RT plan to merge on April 1, 2009

- Resona Bank is supposed to be a surviving company
- Set up “Merger Steering Committee” to realize merger effects at an early date
- Expected merger effects are as follows:

### 1. Strengthening of sales and marketing and capabilities to organize services

#### ● Sales and marketing

- RB’s branch staffs motivated to promote corporate pension business
- Retirement benefit solutions based on proper understanding of the customers’ balance sheets
- Close cooperation with the divisions in charge of sales of investment trusts

#### ● Relationship with customers

- Strengthened relationship with a corporate client and its management after provision of trust solutions such as corporate pension

#### ● Effective utilization of asset management capabilities

- Expended opportunity to give investment advice to investment management companies whose products are handled by Resona Group banks
- Fund management solutions to those who have excess cash



### 2. Streamlining of operations

- Streamlining of overlapping head office divisions (Possible reduction of approx. 30 to 40 head office staffs)
- Higher efficiency in group management through a reduction of group banks

# Approach towards Repayment of Public Funds

Aims at early repayments of public funds through the following approaches

## ■ “Basic Policy toward Repayment of Public Funds” (Announced in May 2008)

- Secure a source of funds for repayment as soon as possible
- Maintain an appropriate capital adequacy ratio, and
- Avoid dilution of common shares as much as possible

## ■ List of public funds still outstanding

(Billions of Yen)	Time of issue	Mandatory conversion (First call)	Amount	Amount	Amount repaid (2) - (1)
			Sep. 30, '03 (1)	Sep. 30, '08 (2)	
Total public funds received			3,128.0	2,323.1	(804.8)
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	279.2	(17.1)

### Preferred Shares

- Repurchase and cancellation utilizing retained earnings and proceeds of newly issued preferred shares
- Refer to page 18 for a counter-measure against a risk of dilution from Early Strengthening Law preferreds

### Subordinated Loans

- Entire amount to be repaid by the call date arriving at the end of March 2009

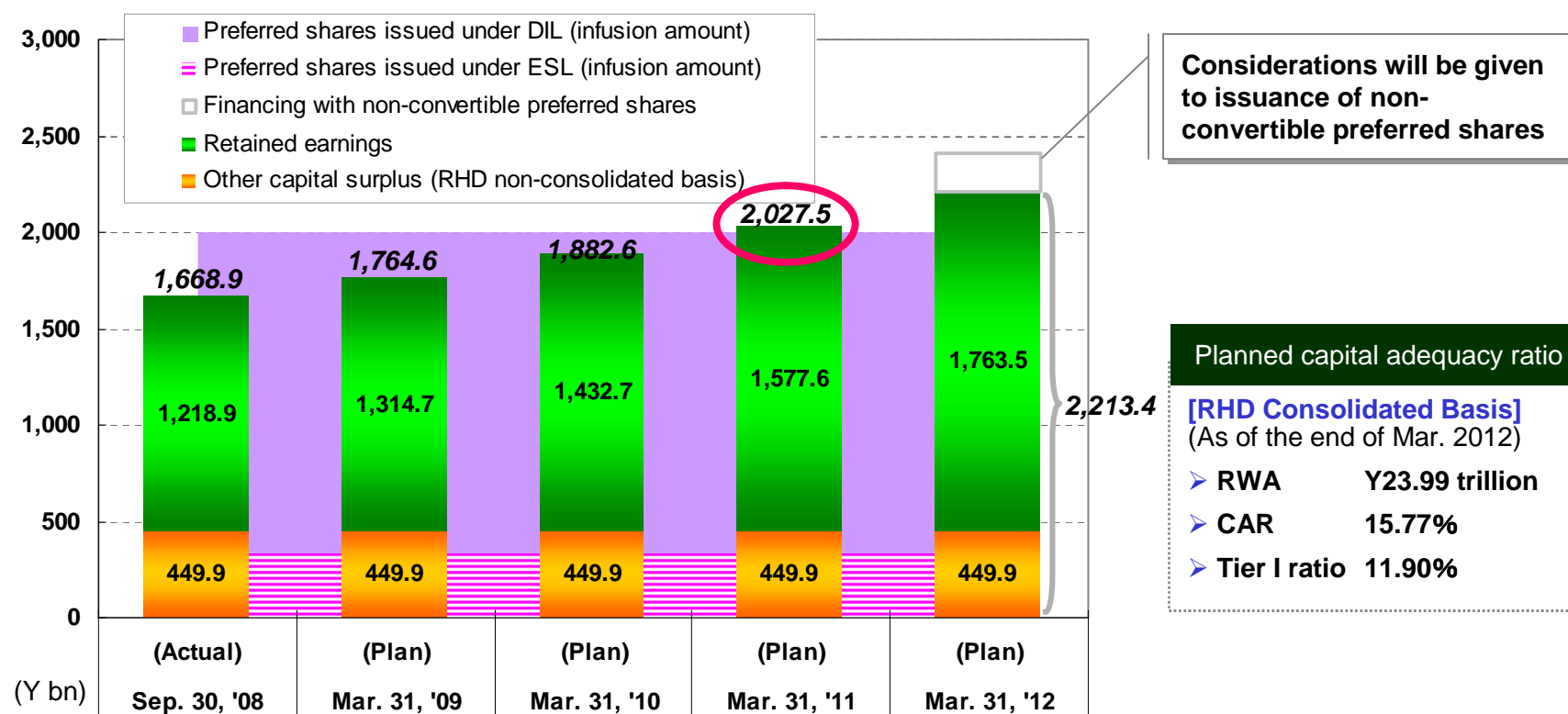
### Common Shares

- Intend to proceed with discussions with relevant authorities for a repayment through sale in the market or through transfer to a third party, closely monitoring market and other conditions

# Plan for Accumulating Retained Earnings

## How we will build up funds for repayments during the new Business Revitalization Plan period

- Funds available for repayment are expected to exceed the infusion amount of public funds preferred shares issued and outstanding by the end of March 2011
- Plan to build up approx. ¥2.2 trillion of funds available for repayments by the end of March 2012

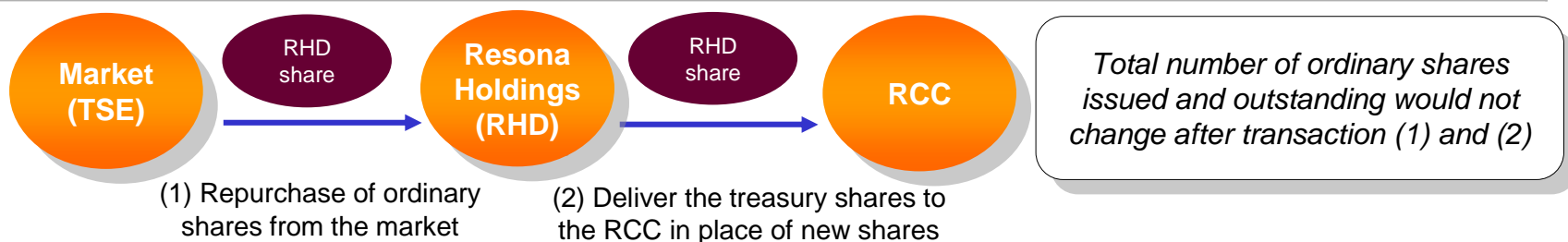


## Countermeasure for Possibility of Dilution Relating to the Early Strengthening Law Preferred Shares

Intend to prevent dilution from taking place by the following countermeasures

- Basic policy of repurchase and cancellation remain unchanged
- Announced the following approaches as a countermeasure for a risk scenario of dilution (Sep. 8, 2008)

Total number of shares to be repurchased	Total amount of repurchase	Period of repurchase
660,000 shares (Maximum)	Y110 billion (Maximum)	From Sep. 9, 2008 to Mar. 31, 2009
<ul style="list-style-type: none"> <li>✓ Determined based on the maximum number of potential shares arising from Class C, E and F prefs.</li> <li>✓ 5.79% of the total shares issued (10.9% excluding shares held by DIC)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Determined based on the premise that all potential shares from Class C, E and F prefs will be repurchased from the market at a floor exchange price applicable to Class C prefs.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Now being implemented</li> </ul>



- Status of repurchase up until November 13, 2008

- Number of shares repurchased ..... 141,820 shares
- Total amount spent on repurchase ..... 15,721,844,400 yen

- If mandatory conversion were to take place despite the countermeasures described above, RHD would consider repurchasing its own shares from the market after a mandatory conversion date with a view to mitigating the impact of dilution.

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**I. Outline of the Business Results for the 1st Half of FY2008**

**II. Outline of the New Business Revitalization Plan**

**[Reference Material (Financial Results for 1H of FY2008) ]**

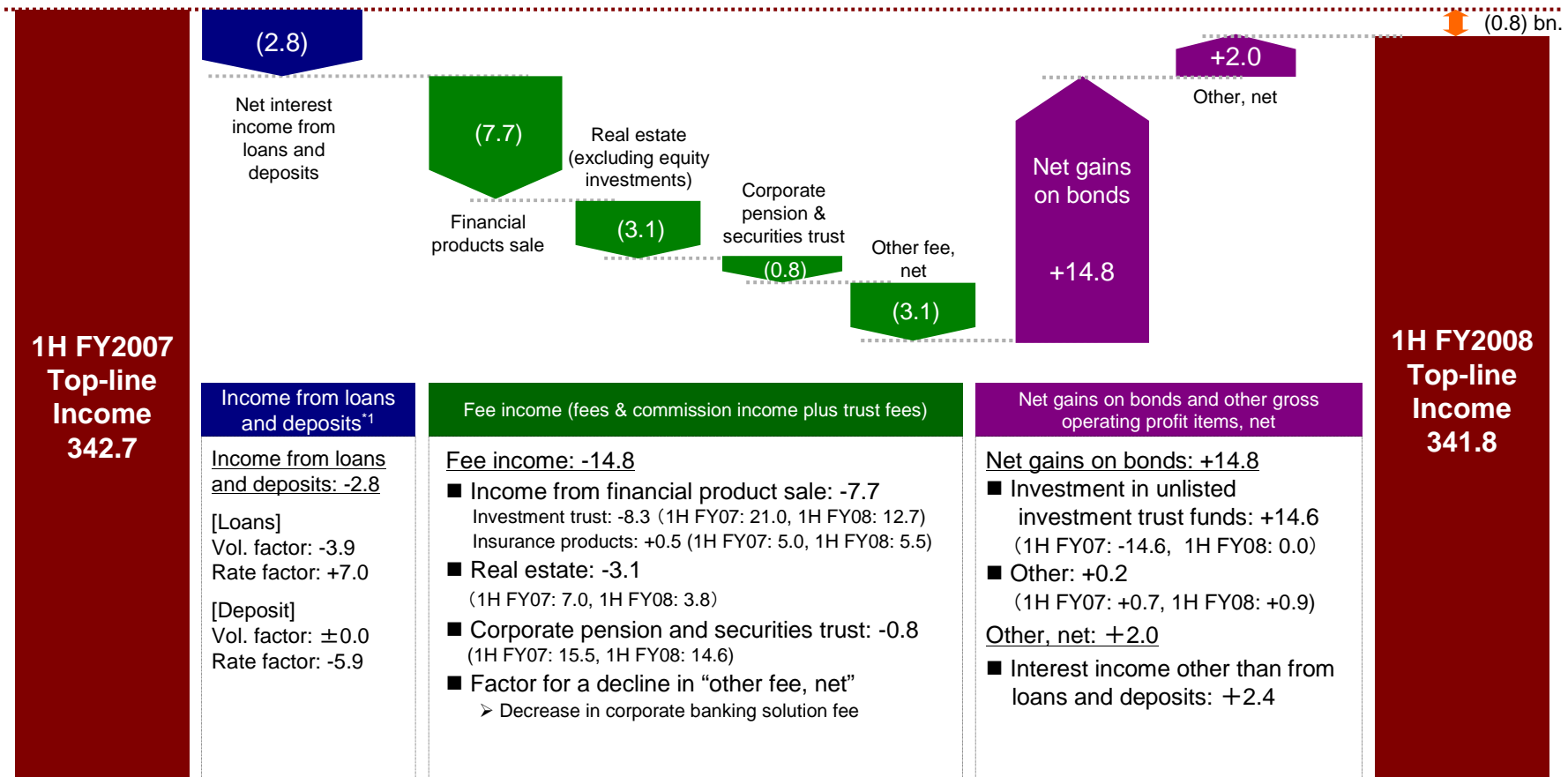
[Reference Material (Business Revitalization Plan)]

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

**Top-line income for 1H of FY2008 remained almost flat ( a decline of 0.8 bn. YoY)**

- Fee income items such as investment trust sale and real estate brokerage fees slowed down
- Net gains on bonds recovered due to the absence of a loss posted in the same period of last fiscal year

(Amount in billions of Yen)  
 “+” mark indicates contribution to profit

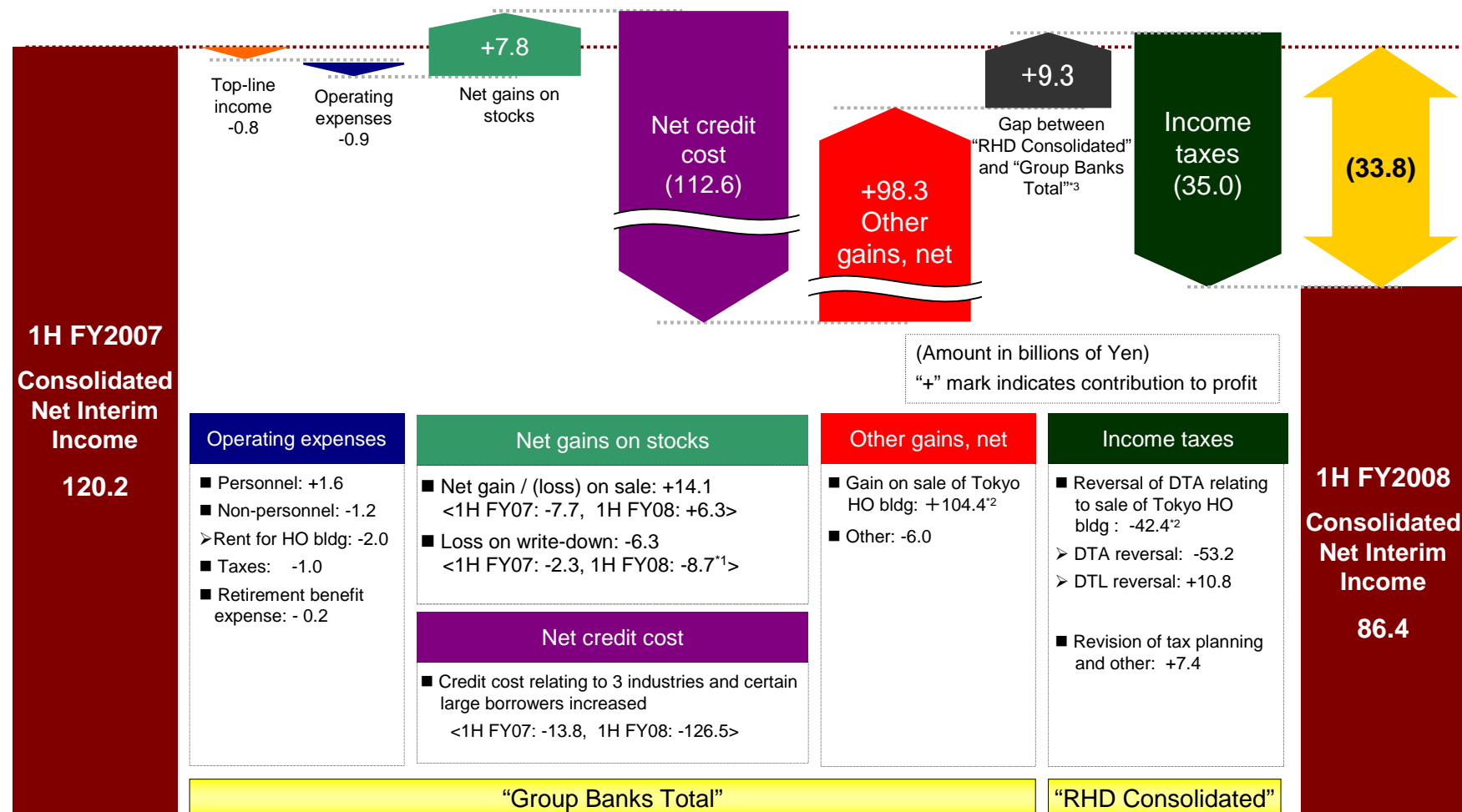


\*1. Domestic operations (deposits include NCDs).

# Analysis on YoY Change in Consolidated Net Interim Income

**Consolidated net interim income declined by Y33.8 bn (28.1%) YoY**

- Increase of net credit cost (+112.6 bn) is mostly attributable to 3 specified industries and certain large borrowers
- Sale of Tokyo HO bldg. contributed Y62.0 bn to consolidated net interim income

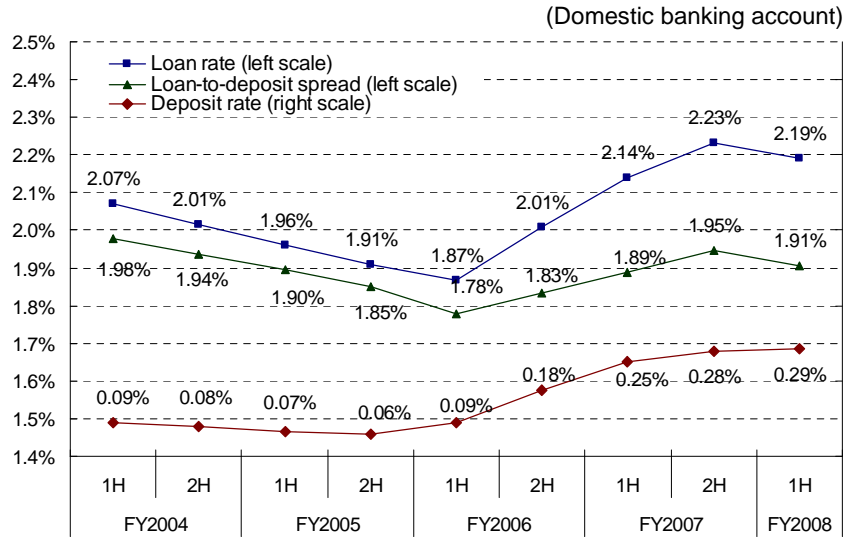


\*1. Loss on write-down of listed stocks in 1H of FY2008 is approx. Y3.0 bn. (Remaining loss is for unlisted stock.)

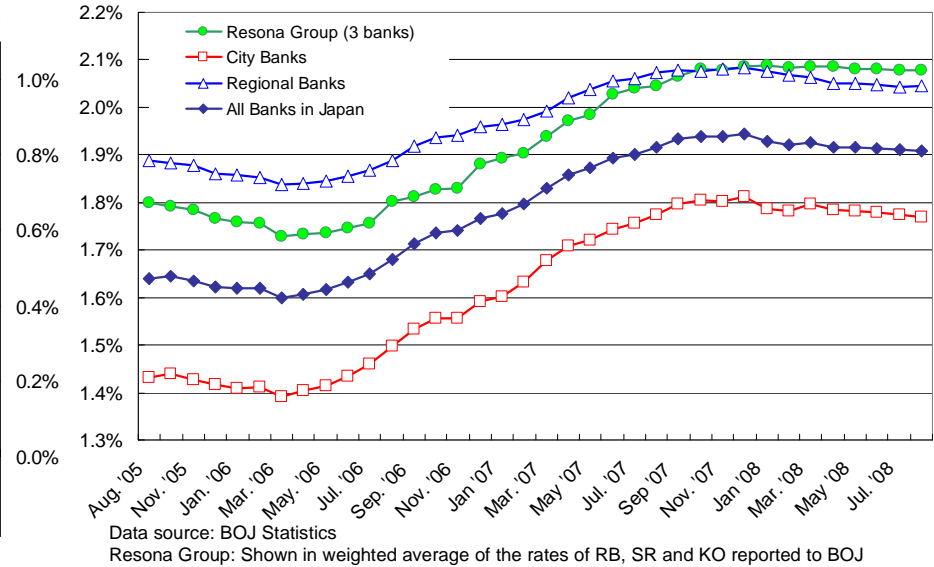
\*2. Net contribution by sale of Tokyo HO bldg. was Y62.0 billion. \*3. Increase in profits contributed by subsidiaries other than 4 group banks.

# Trend of Loan Business (Total of Group Banks)

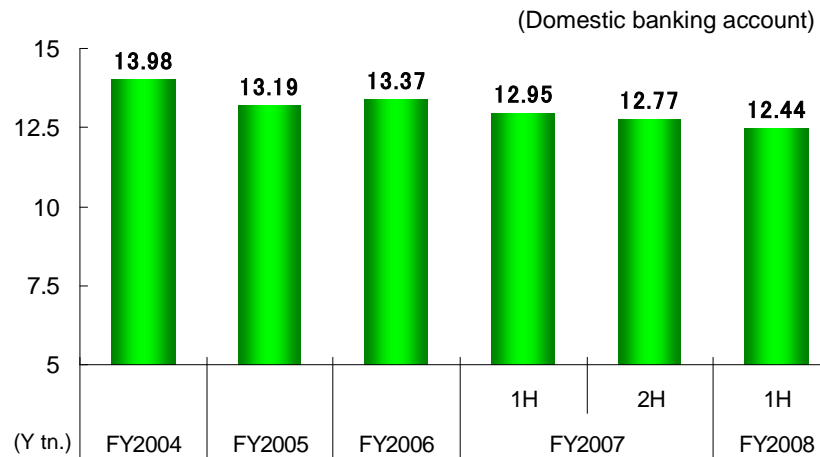
## Trend of loan and deposit rates and spread



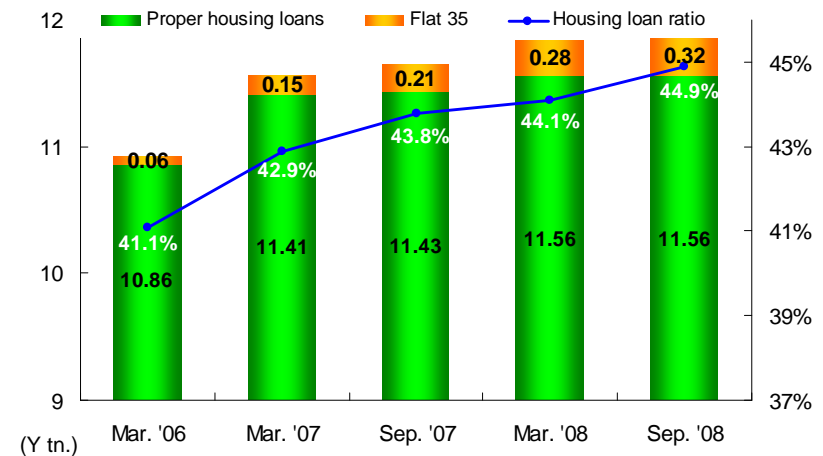
## Loan rate caught up with regional banks average



## Loans to corporations (Average balance)



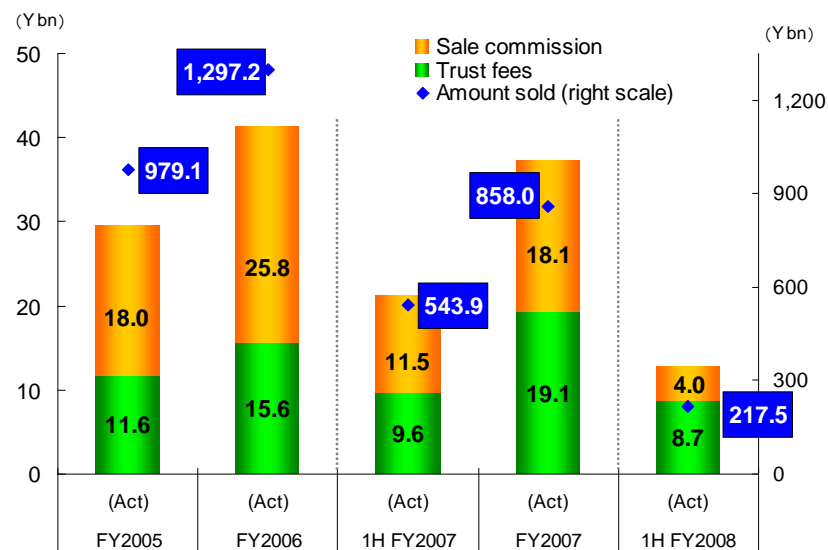
## Housing loan balance (Term-end balance)



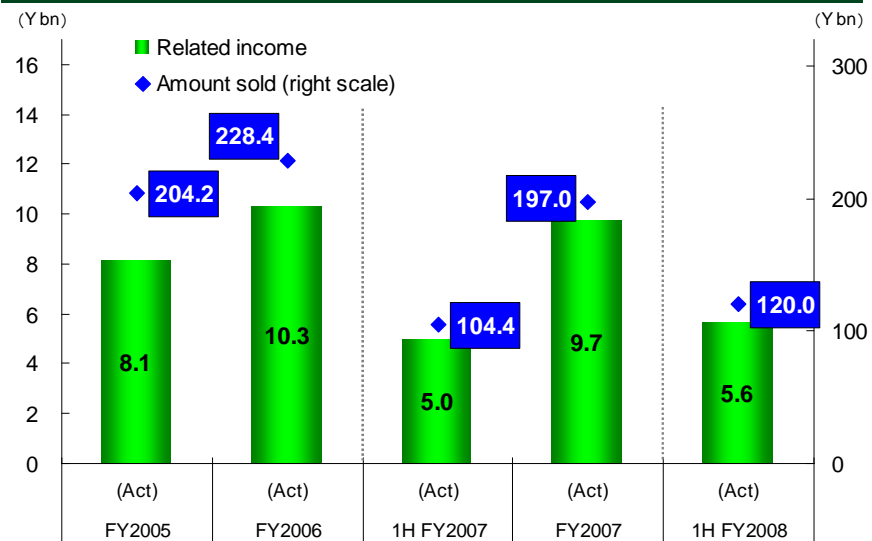


# Trend of Major Fee Businesses

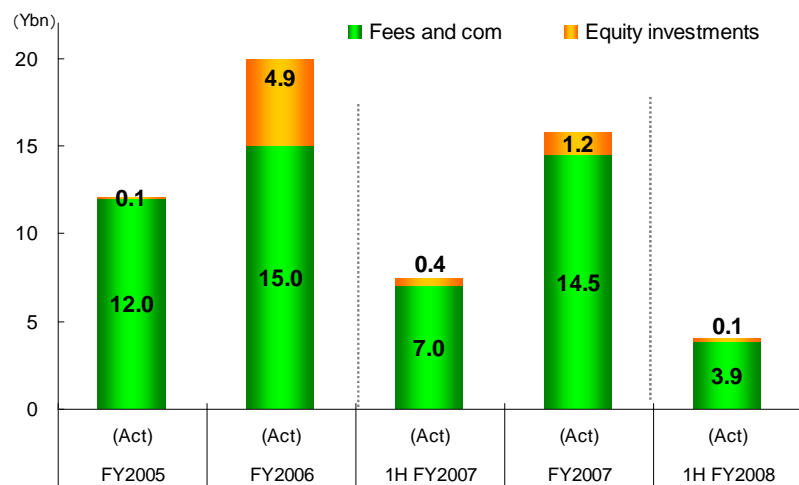
## Investment trusts



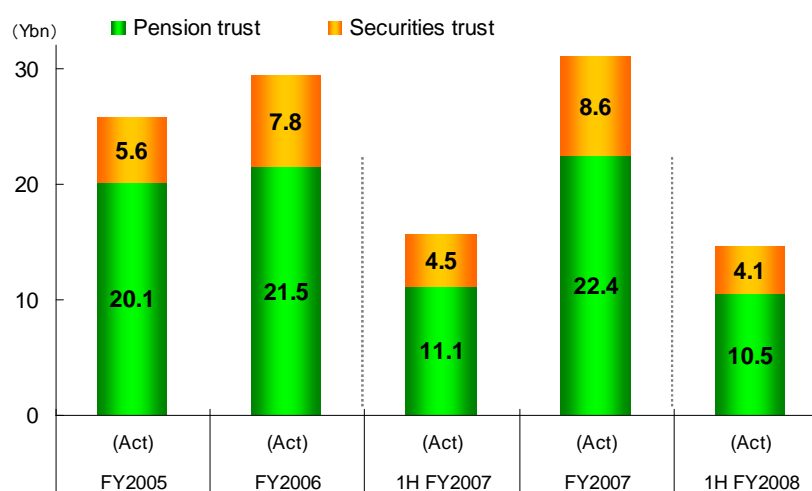
## Personal annuity



## Real estate business (RB)



## Pension and securities trust business (RT)



# Management Accounting by Business Lines

## Management Accounting by Group Business Lines (1H FY2008)

- “RAROC” and “RVA” as management indicators to measure profitability to allocated capital

(Y bn., %)

	Net Operating Profit after Deduction of Credit Cost*1								Management Indices					
	Gross Operating Profit	YoY	Operating Expenses	YoY	Credit Cost	YoY		YoY	OHR	YoY	RAROC	YoY	RVA *2	YoY
<b>Commercial Banking Unit</b>	<b>316.8</b>	<b>(26.0)</b>	<b>170.0</b>	1.8	<b>131.7</b>	103.6	<b>15.1</b>	<b>(131.5)</b>	<b>53.7%</b>	49.1%	<b>2.0%</b>	17.3%	<b>(34.8)</b>	<b>(127.4)</b>
<b>Personal Banking</b>	<b>175.6</b>	1.3	<b>95.6</b>	3.3	<b>10.6</b>	<b>(9.5)</b>	<b>69.5</b>	7.5	<b>54.4%</b>	52.9%	<b>27.1%</b>	20.4%	<b>52.3</b>	9.6
Housing Loan Business *3	<b>85.7</b>	4.1	<b>23.2</b>	3.8	<b>10.6</b>	<b>(8.6)</b>	<b>51.9</b>	8.9	<b>27.0%</b>	23.7%	<b>21.5%</b>	16.4%	<b>35.7</b>	9.3
<b>Corporate Banking</b>	<b>141.1</b>	<b>(27.2)</b>	<b>74.4</b>	<b>(1.4)</b>	<b>121.1</b>	113.1	<b>(54.4)</b>	<b>(138.9)</b>	<b>52.7%</b>	45.1%	<b>(11.2)%</b>	15.5%	<b>(87.1)</b>	<b>(137.0)</b>
Real Estate Business	<b>4.0</b>	<b>(3.4)</b>	<b>2.0</b>	<b>(0.6)</b>	<b>0.0</b>	-	<b>2.0</b>	<b>(2.8)</b>	<b>49.5%</b>	34.6%	<b>43.3%</b>	68.1%	<b>1.7</b>	<b>(2.7)</b>
<b>Treasury</b>	<b>27.8</b>	44.9	<b>4.4</b>	<b>(1.3)</b>	<b>0.0</b>	<b>(0.1)</b>	<b>23.5</b>	46.3	<b>15.7%</b>	<b>(33.1)%</b>	<b>13.8%</b>	<b>(14.2)%</b>	<b>12.1</b>	45.1
<b>Pension</b>	<b>14.8</b>	<b>(0.8)</b>	<b>6.0</b>	0.3	<b>0.0</b>	-	<b>8.7</b>	<b>(1.2)</b>	<b>40.2%</b>	36.5%	<b>53.7%</b>	66.0%	<b>7.7</b>	<b>(1.3)</b>
<b>Total of Group Banks</b>	<b>355.6</b>	17.1	<b>180.4</b>	0.8	<b>131.2</b>	104.5	<b>44.1</b>	<b>(87.8)</b>	<b>50.7%</b>	53.1%	<b>3.8%</b>	10.8%	<b>(33.5)</b>	<b>(87.2)</b>

\*1 Gross operating profit - operating expenses - credit cost

\*2 RVA : Resona Value Added (Net profit after a deduction of cost on allocated internal capital)

\*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.

## Capital Adequacy Ratio (RHD and Subsidiary Banks)

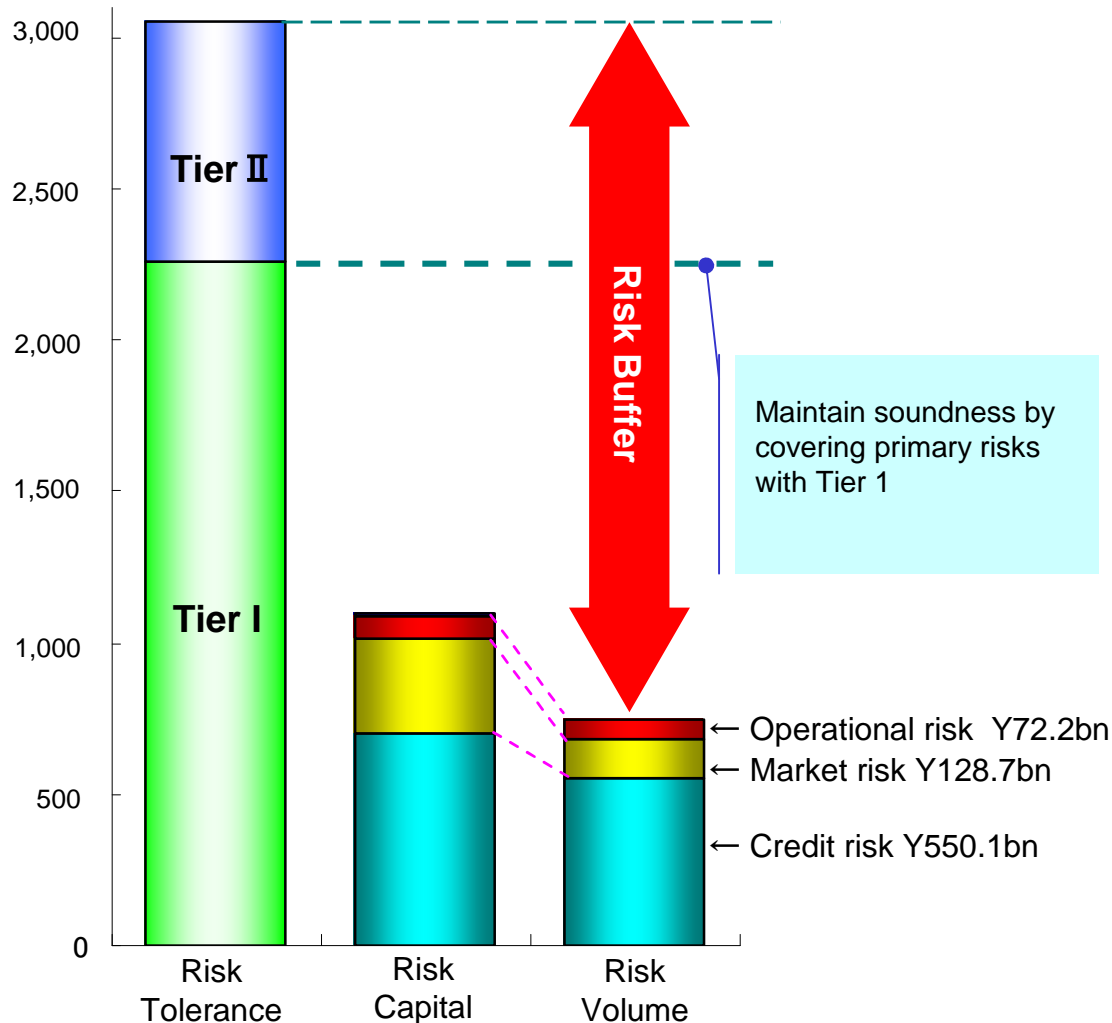
Sep. 30, 2008 [Preliminary]  Japanese Domestic Standard  (Billions of Yen)	RHD (Consolidated)			RB (Consolidated)		
	Mar. 31,2008	Sep. 30, 2008		Mar. 31,2008	Sep. 30, 2008	
	F-IRB Act	F-IRB Act	Change	F-IRB Act	F-IRB Act	Change
<b>Capital adequacy ratio</b>	14.28%	14.84%	+0.56%	9.81%	10.57%	+0.76%
Tier I ratio	10.33%	10.92%	+0.59%	5.86%	6.68%	+0.82%
Tier I capital	2,253.3	2,346.7	93.4	927.5	1,030.9	103.4
Tier II capital	910.4	879.7	(30.6)	686.2	655.3	(30.8)
Deductions	47.8	37.9	(9.9)	61.7	55.2	(6.4)
Total BIS qualifying capital	3,115.8	3,188.5	72.7	1,552.0	1,631.0	79.0
Risk weighted assets	21,809.3	21,479.2	(330.2)	15,814.2	15,417.3	(396.8)

Sep. 30, 2008 [Preliminary]  Japanese Domestic Standard  (Billions of Yen)	SR (Non-consolidated)			KO (Consolidated)			RT (Non-consolidated)		
	Mar. 31,2008	Sep. 30, 2008		Mar. 31,2008	Sep. 30, 2008		Mar. 31,2008	Sep. 30, 2008	
	F-IRB Act	F-IRB Act	Change	SA Act	SA Act	Change	SA Act	SA Act	Change
<b>Capital adequacy ratio</b>	10.10%	10.51%	+0.41%	9.46%	9.80%	+0.33%	41.78%	45.37%	+3.59%
Tier I ratio	5.76%	6.16%	+0.40%	5.48%	5.63%	+0.15%	41.78%	45.37%	+3.59%
Tier I capital	219.5	233.5	14.0	106.5	103.5	(3.0)	32.1	37.3	5.1
Tier II capital	177.1	177.1	0.1	77.1	76.4	(0.6)	—	—	—
Deductions	11.8	12.3	0.5	—	—	—	—	—	—
Total BIS qualifying capital	384.8	398.3	13.5	183.6	180.0	(3.6)	32.1	37.3	5.1
Risk weighted assets	3,807.1	3,787.8	(19.3)	1,940.7	1,836.9	(103.8)	77.0	82.3	5.3

# Risk Volume Relative to Capital (End of September 2008)

- 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.

(Ybn)



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

Assumptions for measuring the VaR

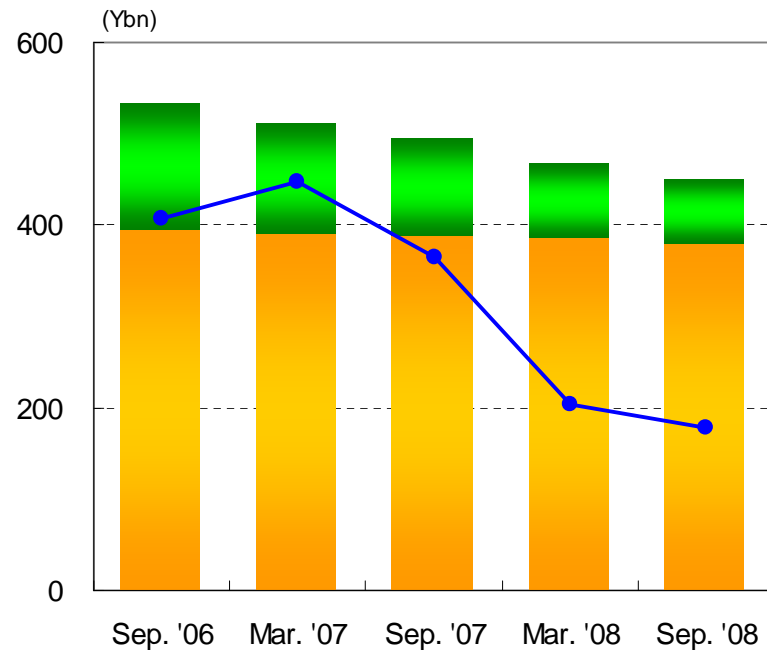
- Confidence Interval: 99%  
\* "99.9%" confidence level is used as a supplementary assumption for a stress test.
- Holding period  
Credit risk: 1 year  
Market risk: 1 to 6 months depending on the nature of assets  
Operational risk: 1 year

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 2008 amounted to ¥100.4bn.

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



- Book value of stocks sold outright  
1H of FY2008 (Act): Y2.7bn (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	3,116.3	841.2	591.0	499.6	-	5,048.2
Japanese local gov. bonds	38.7	125.1	232.7	-	-	396.6
Japanese corporate bonds	416.4	590.3	12.5	38.0	-	1,057.2
Stocks	-	-	-	-	639.9	639.9
Other	16.8	69.5	79.0	23.0	150.7	338.9
Foreign securities	1.0	51.3	13.8	23.0	69.5	158.6
<Foreign bonds>	-	51.3	13.8	23.0	-	88.1
<Foreign stocks>	-	-	-	-	8.5	8.5
Other	15.8	18.2	65.1	-	81.2	180.4
Total	3,588.2	1,626.1	915.2	560.6	790.6	7,480.7

[Net unrealized gains/(losses) on bonds(RHD Consolidated)] (Ybn)

	Mar. '06	Sep. '06	Mar. '07	Sep. '07	Mar. '08	Sep. '08
Japanese Bonds	(64.0)	(32.9)	(32.9)	(31.4)	(32.7)	(57.5)
Other*	47.0	(14.4)	16.5	11.0	5.8	(18.6)
Total	(17.0)	(47.3)	(16.4)	(20.4)	(26.9)	(76.1)

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

10-year JGB yield	1.765%	1.665%	1.650%	1.675%	1.275%	1.460%
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[JGB duration (Banking Account)] (Years)

	Mar. '06	Sep. '06	Mar. '07	Sep. '07	Mar. '08	Sep. '08
Resona Group	2.4	2.1	1.9	1.7	1.7	1.6
Resona Bank	2.3	2.0	1.8	1.6	1.6	1.5

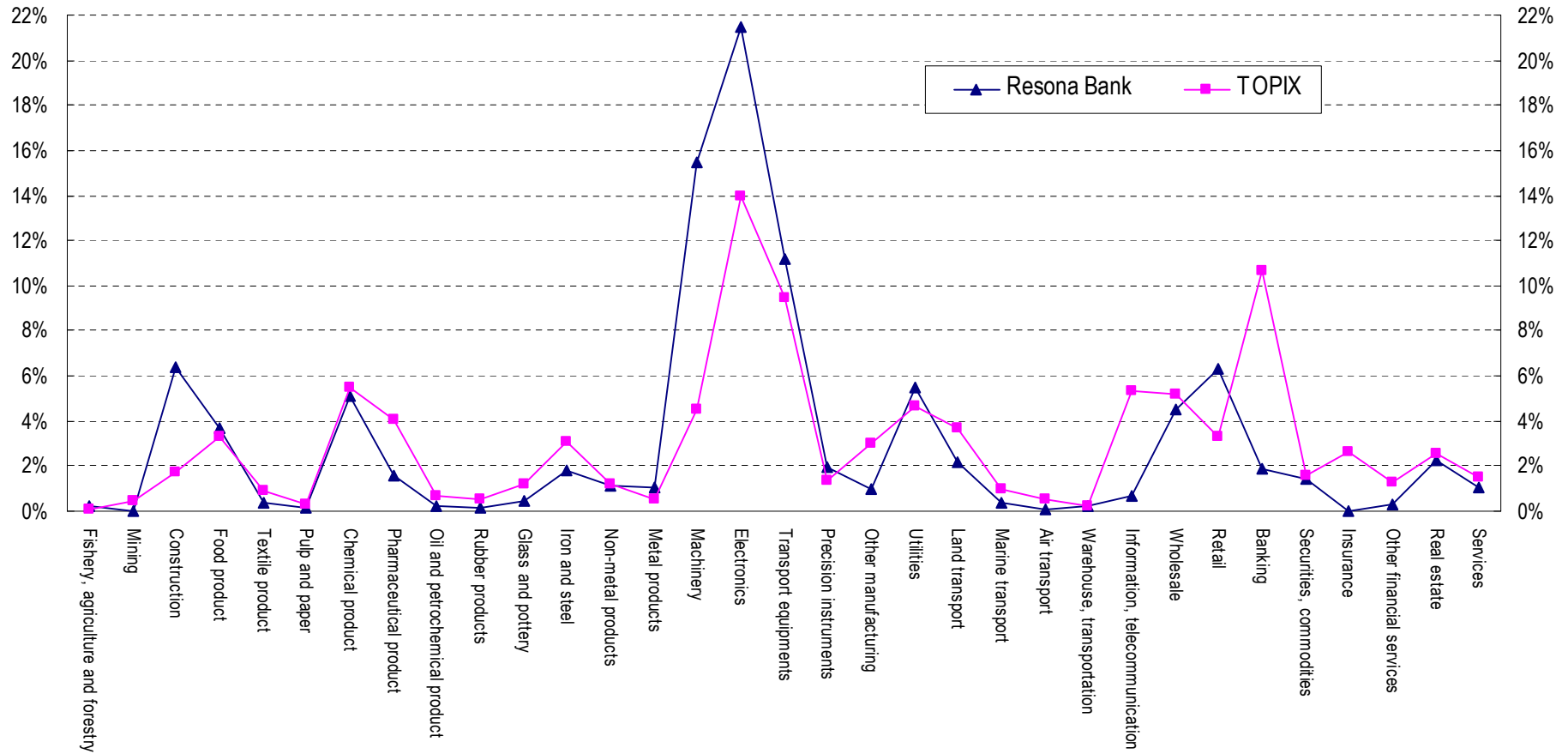
[Basis Point Value (BVP, Domestic Bonds)] (Ybn)

	Mar. '06	Sep. '06	Mar. '07	Sep. '07	Mar. '08	Sep. '08
Resona Group	(1.30)	(0.99)	(0.99)	(0.95)	(0.90)	(0.97)
Resona Bank	(0.77)	(0.61)	(0.59)	(0.54)	(4.80)	(0.47)

[Break-even Nikkei Average Points] (Yen)

	Mar. '06	Sep. '06	Mar. '07	Sep. '07	Mar. '08	Sep. '08
Resona Group	6,000	6,600	7,000	7,000	7,500	7,500

# Shareholdings by Industry (End September 2008, Resona Bank)



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

### Loans and Bills Discounted

[End of March 2008]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	4.1%	4.0%	7.2%	8.0%	23.3%
Prime rate-based	41.2%	0.8%	0.0%	0.0%	42.0%
Market rate-based	26.3%	2.1%	3.3%	2.9%	34.7%
<b>Total</b>	<b>71.6%</b>	<b>6.9%</b>	<b>10.6%</b>	<b>10.9%</b>	<b>100.0%</b>

Loans maturing within 1 year **78.5%**

[End of September 2008]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	4.3%	3.0%	6.0%	8.6%	21.9%
Prime rate-based	42.9%	0.1%	0.0%	0.0%	43.0%
Market rate-based	26.1%	2.6%	3.5%	2.9%	35.1%
<b>Total</b>	<b>73.4%</b>	<b>5.8%</b>	<b>9.4%</b>	<b>11.5%</b>	<b>100.0%</b>

Loans maturing within 1 year **79.1%**

[Change in 1H of FY2008]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	0.2%	-1.0%	-1.2%	0.6%	-1.4%
Prime rate-based	1.7%	-0.6%	0.0%	0.0%	1.0%
Market rate-based	-0.2%	0.5%	0.1%	0.0%	0.4%
<b>Total</b>	<b>1.7%</b>	<b>-1.1%</b>	<b>-1.1%</b>	<b>0.5%</b>	<b>0.0%</b>

Loans maturing within 1 year **0.6%**

### Deposits

[End of March 2008]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
<b>Liquid deposits</b>	<b>43.8%</b>	<b>2.1%</b>	<b>8.2%</b>	<b>7.9%</b>	<b>61.9%</b>
Time deposits	19.3%	9.7%	6.1%	2.9%	38.1%
<b>Total</b>	<b>63.1%</b>	<b>11.8%</b>	<b>14.3%</b>	<b>10.8%</b>	<b>100.0%</b>

[End of September 2008]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
<b>Liquid deposits</b>	<b>42.0%</b>	<b>2.1%</b>	<b>8.4%</b>	<b>8.0%</b>	<b>60.5%</b>
Time deposits	18.6%	11.7%	6.1%	3.1%	39.5%
<b>Total</b>	<b>60.6%</b>	<b>13.8%</b>	<b>14.5%</b>	<b>11.1%</b>	<b>100.0%</b>

[Change in 1H of FY2008]

	Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
<b>Liquid deposits</b>	<b>-1.8%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>-1.4%</b>
Time deposits	-0.7%	1.9%	0.0%	0.2%	1.4%
<b>Total</b>	<b>-2.5%</b>	<b>2.0%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>0.0%</b>

\* Presented figures are based on the numbers compiled for an internal administration purpose

## Swap Positions by Remaining Periods (Resona Bank)

### ■ Notional amounts of interest rate swaps by remaining period

(Billions of Yen)

	End of September, 2008				End of March, 2008			
	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	90.0	474.0	1,001.2	1,565.2	372.0	714.0	1,257.2	2,343.2
Receive floating rate/Pay fixed rate	80.0	200.0	590.0	870.0	75.0	160.0	100.0	335.0
Net position to receive fixed rate	10.0	274.0	411.2	695.2	297.0	554.0	1,157.2	2,008.2

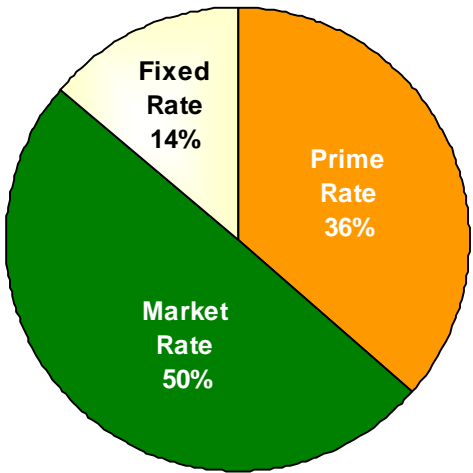


# Composition of Loan Portfolio by Corporate/Individual Customers (RB)

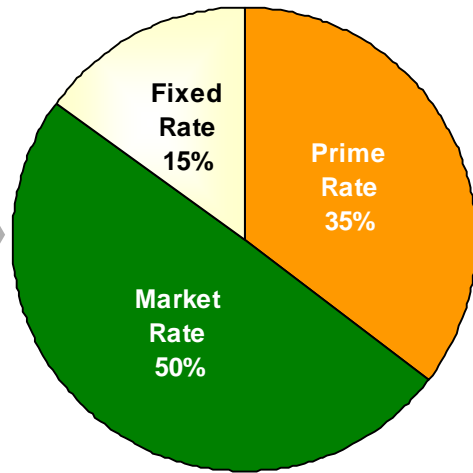
## Loans to corporations

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

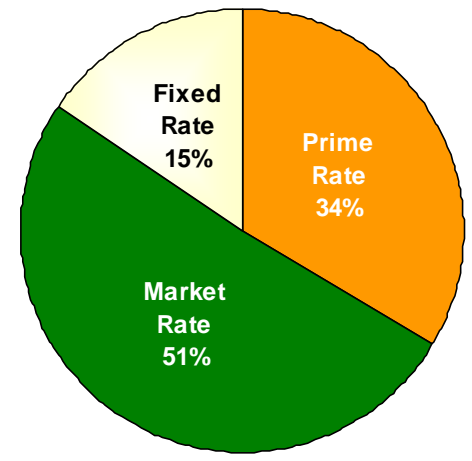
[End September 2007]



[End March 2008]

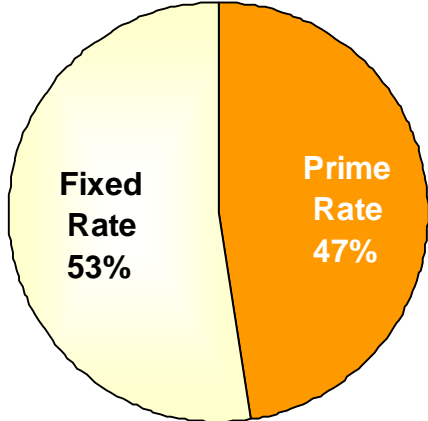


[End September 2008]

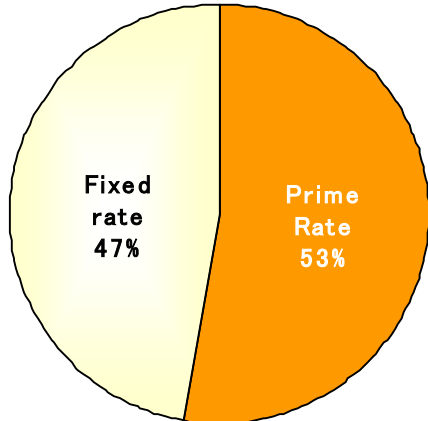


## Loans to individuals

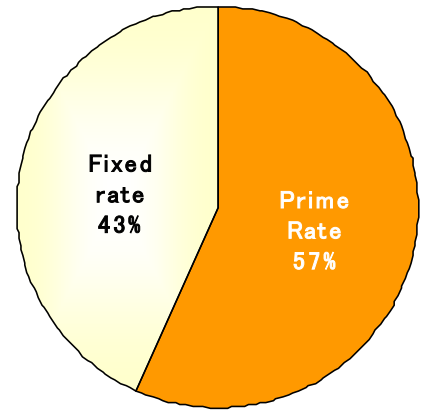
[End September 2007]



[End March 2008]



[End September 2008]

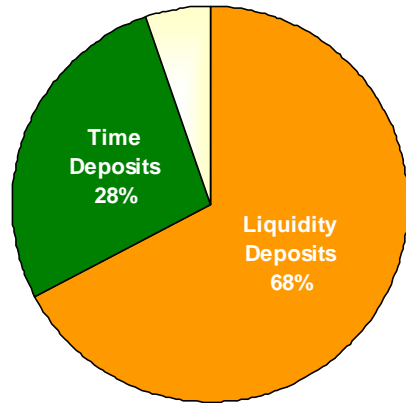


\* Portfolio composition is computed based on the numbers compiled for administration purposes.

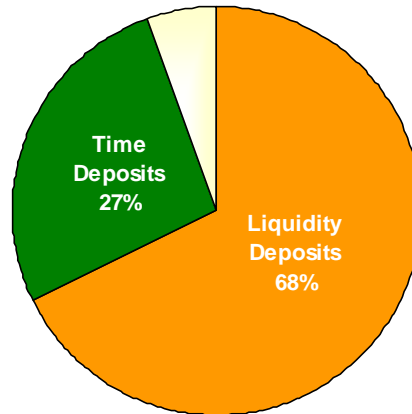
# Composition of Deposits by Corporate/Individual Customers (RB)

## Corporate Deposits

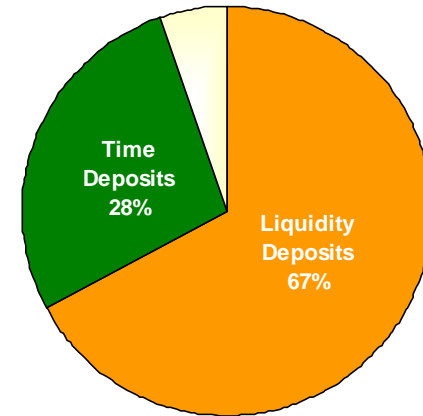
[End September 2007]



[End March 2008]

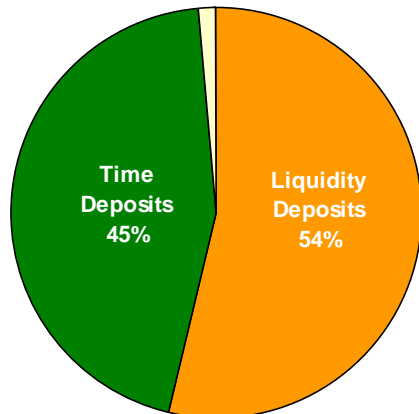


[End September 2008]

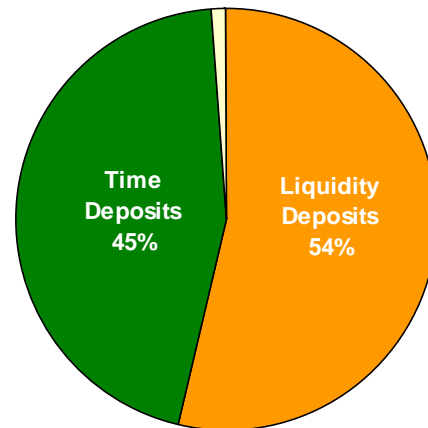


## Individual Deposits

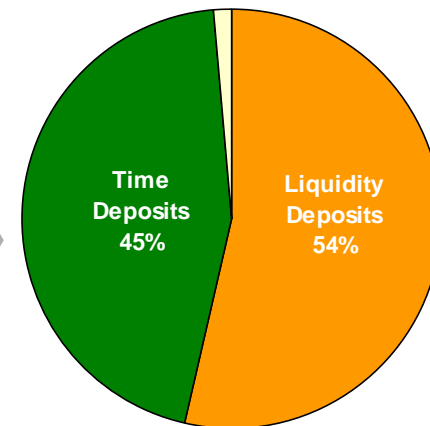
[End September 2007]



[End March 2008]



[End September 2008]



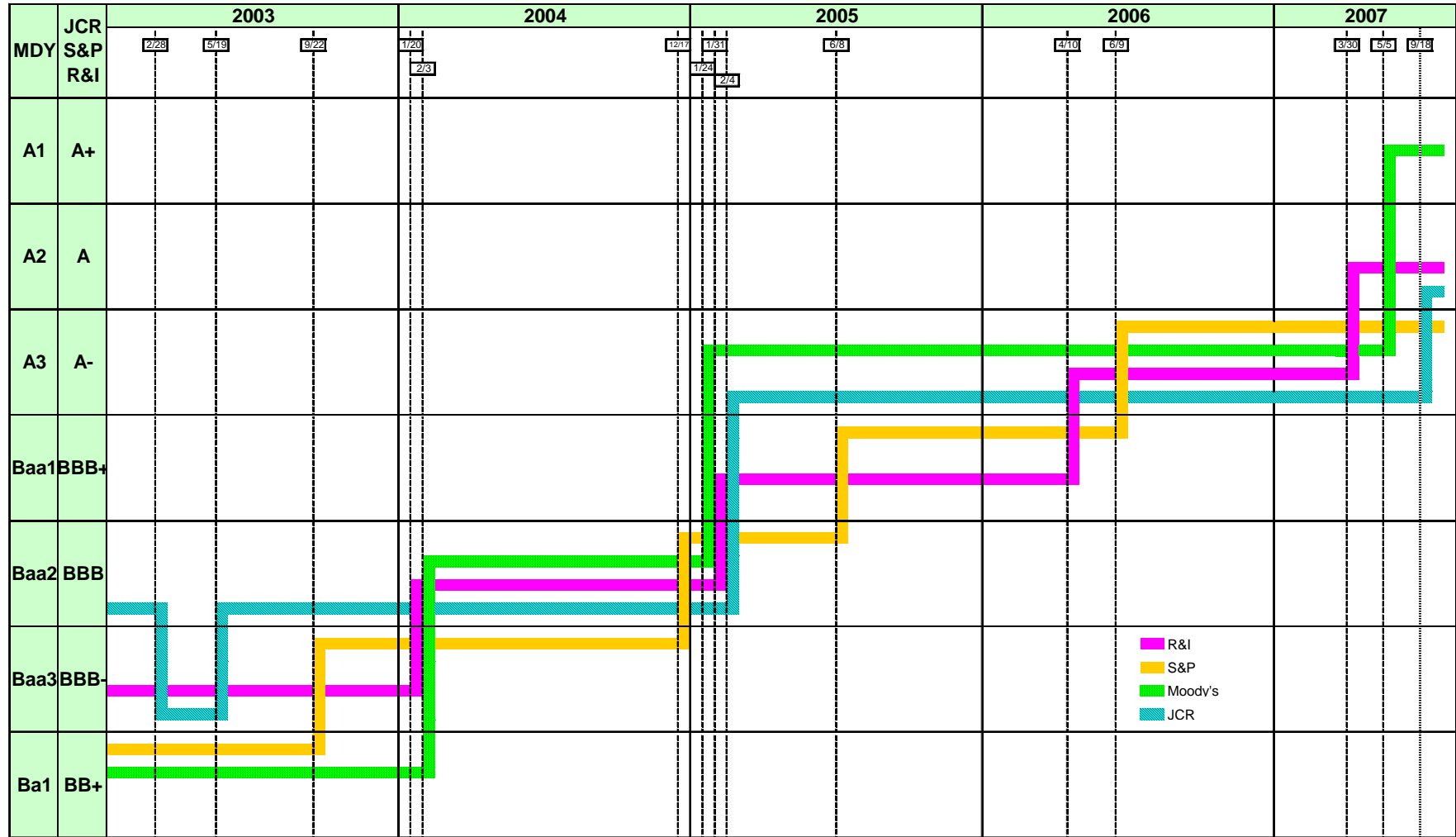
## Migrations of Borrowers (RB, 1H of FY2008)

Exposure amount basis (Migration during the 1H of FY2008)

		End of September 2008									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Quasi-Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of March 2008	Normal	95.2%	3.0%	0.4%	0.5%	0.1%	0.4%	0.5%	0.5%	0.0%	—	4.3%
	Other Watch	13.0%	74.2%	3.2%	3.9%	0.7%	0.6%	4.4%	4.4%	0.0%	13.0%	8.4%
	Special Attention	21.2%	3.1%	70.3%	3.3%	0.7%	0.6%	0.9%	0.9%	0.0%	24.2%	4.5%
	Doubtful	1.8%	6.0%	2.1%	71.6%	4.4%	8.3%	5.9%	5.0%	0.9%	9.9%	12.7%
	Quasi-Bankrupt	0.2%	0.2%	0.0%	0.7%	79.9%	5.6%	13.5%	4.5%	8.9%	1.0%	5.6%
	Bankrupt	5.2%	0.0%	0.0%	1.2%	0.0%	82.0%	11.5%	5.9%	5.6%	6.4%	—

1. Above table shows how a borrower belonging to either of the borrower categories shown as of the end of March 2008 moved to a new category in the first half of FY2008.
2. Percentage points are calculated based on exposure amounts as of the end of March 2008. (New loans extended, loans collected or written-off during the period are not taken into account.)
3. "Other" for end of September 2008 indicates those exposures removed from the balance sheet due to collection, repayments, assignments or sale of claims.

# Trend of Long-term Senior Debt Rating (RB)



# List of Preferred Shares Issued by RHD (1)

[As of the End of November 2008]

		Class B Preferred Shares	Class C Preferred Shares	Class E Preferred Shares	Class F Preferred Shares
<b>Distinction between public and private funds</b>		Public Fund	Public Fund	Public Fund	Public Fund
<b>Original issuer and name of securities</b>		Daiwa Bank Class B Series 1	Kinki Osaka Bank Series 1	Asahi Bank Series 1 Class 2	Asahi Bank Series 2 Class 2
<b>Original issue date</b>		3/31/1999	4/26/2001	3/31/1999	3/31/1999
<b>Current number of shares</b>		272,202 shares	120,000 shares	9,576 shares	80,000 shares
<b>Issue price per share</b>		JPY 600,000	JPY 500,000	JPY 1,250,000	JPY 1,250,000
<b>Total issue amount remaining at present</b>		JPY 163.3 Billion	JPY 60.0 Billion	JPY 11.9 Billion	JPY 100.0 Billion
<b>Original total issue amount</b>		JPY 408.0 Billion	JPY 60.0 Billion	JPY 300.0 Billion	JPY 100.0 Billion
<b>Shareholder</b>		RCC	RCC	RCC	RCC
<b>Preferred dividend</b>	Dividend per share	JPY 6,360	JPY 6,800	JPY 14,380	JPY 18,500
	Total amount of dividend	JPY 1,731 Million	JPY 816 Million	JPY 138 Million	JPY 1,480 Million
	Yield	1.06%	1.36%	1.1504%	1.48%
<b>Acquisition right</b>	Acquisition period	6/30/1999	1/1/2002	7/1/2002	7/1/2003
		3/31/2009	3/31/2015	11/30/2009	11/30/2014
	Current exchange price	(JPY 192,000)	JPY 199,200	JPY 359,700	JPY 359,700
	Current exchange rate	3.125	(2.510)	(3.475)	(3.475)
<b>Reset of exchange rate</b>	Date of reset	6/30	1/1	7/1	7/1
	Direction of reset	Upward/Downward	Upward/Downward	Upward/Downward	Upward/Downward
	Cap exchange rate	3.429	(2.999)	(3.475)	(3.475)
	Floor exchange rate	---	---	---	---
	Cap exchange price	---	---	---	---
	Floor exchange price	(JPY 174,978)	JPY 166,700	JPY 359,700	JPY 359,700
	Start of market price calculation	45 trading days before	45 trading days before	45 trading days before	45 trading days before
	Calculation period	30 trading days	30 trading days	30 trading days	30 trading days
<b>Acquisition clause</b>	Date of mandatory exchange	4/1/2009	4/1/2015	12/1/2009	12/1/2014
	Mandatory exchange rate	JPY 600,000/Market Price x 1.02	JPY 500,000/Market Price	JPY 1,250,000/Market Price	JPY 1,250,000/Market Price
	Start of market price calculation	45 trading days before	45 trading days before	45 trading days before	45 trading days before
	Calculation period	30 trading days	30 trading days	30 trading days	30 trading days
	Floor exchange price	JPY 100,000	JPY 166,700	JPY 359,800	JPY 359,800

# List of Preferred Shares Issued by RHD (2)

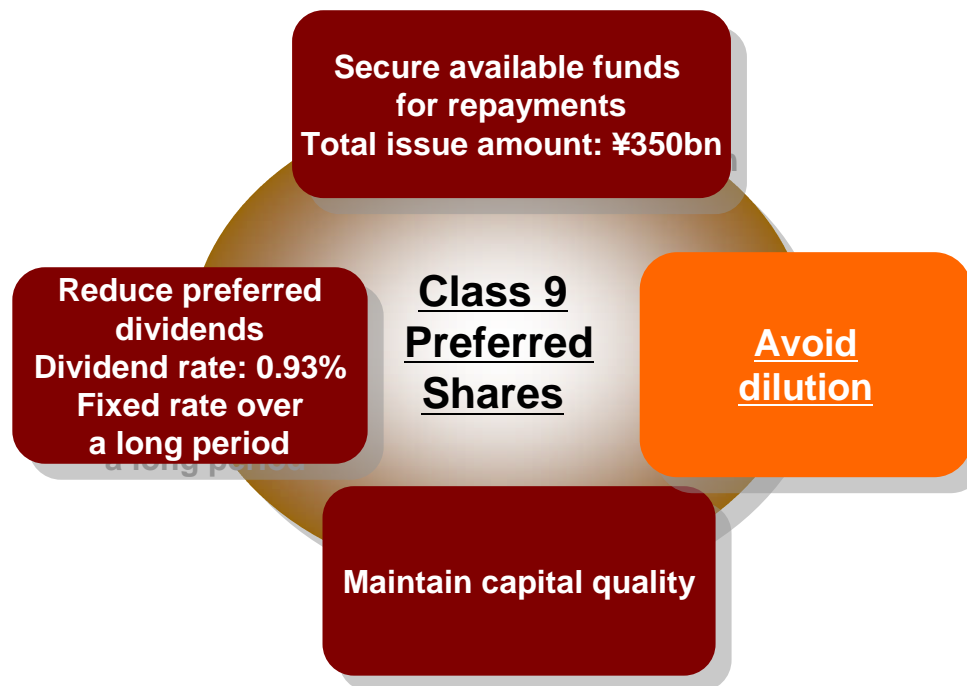
[As of the End of November 2008]

	Class 1 Preferred Shares	Class 2 Preferred Shares	Class 3 Preferred Shares	Class 4 Preferred Shares	Class 5 Preferred Shares	Class 9 Preferred Shares
<b>Distinction between public and private fund</b>	Public Fund	Public Fund	Public Fund	Private Fund	Private Fund	Private Fund
<b>Original issuer and name of securities</b>	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
<b>Original issue date</b>	7/1/2003	7/1/2003	7/1/2003	8/31/2006	8/28/2007	6/5/2007
<b>Current number of shares</b>	2,750,000 shares	2,817,808 shares	2,750,000 shares	25,200 shares	40,000 shares	100,000 shares
<b>Issue price per share</b>	JPY 200,000	JPY 200,000	JPY 200,000	JPY 2,500,000	JPY 2,500,000	JPY 3,500,000
<b>Total issue amount remaining at present</b>	JPY 550.0 Billion	JPY 563.5 Billion	JPY 550.0 Billion	JPY 63.0 Billion	JPY 100.0 Billion	JPY 350.0 Billion
<b>Original total issue amount</b>	JPY 550.0 Billion	JPY 563.5 Billion	JPY 550.0 Billion	JPY 63.0 Billion	JPY 100.0 Billion	JPY 350.0 Billion
<b>Shareholder</b>	DIC	DIC	DIC	Shinkin Trust Bank	Dai-ichi Life	Merill Lynch Japan Finance
<b>Preferred dividend</b>	Dividend per share (Jun '09)	JPY 3,190	JPY 3,190	JPY 99,250	JPY 91,875	JPY 32,550
	Total amount of dividend (Jun '09)	JPY 8,773 Million	JPY 8,989 Million	JPY 2,501 Million	JPY 3,675 Million	JPY 3,255 Million
	Yield	Libor (1y) + 50bp 1.595%	Libor (1y) + 50bp 1.595%	Libor (1y) + 50bp 1.595%	3.97%	3.675%
<b>Acquisition right</b>	Acquisition period	7/1/2006	7/1/2008	7/1/2010	---	6/5/2008
	Current exchange price	---	---	---	---	(Certain limitations applicable)
	Current exchange rate	JPY 175,300	JPY 122,600	---	---	JPY 332,465
	Current exchange rate	(1.141)	(1.631)	(---)	(---)	(10.527)
<b>Reset of exchange rate</b>	Date of reset	8/1	11/1	5/1	---	6/5
	Direction of reset	Upward/Downward	Upward/Downward	Upward/Downward	---	4 times only (2012 - 2015) 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)
<b>Acquisition clause</b>	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 five years after issue date
	Start of market price calculation	---	---	---	---	---
	Calculation period	---	---	---	---	---
	Floor exchange price	---	---	---	---	---

# 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 to 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)

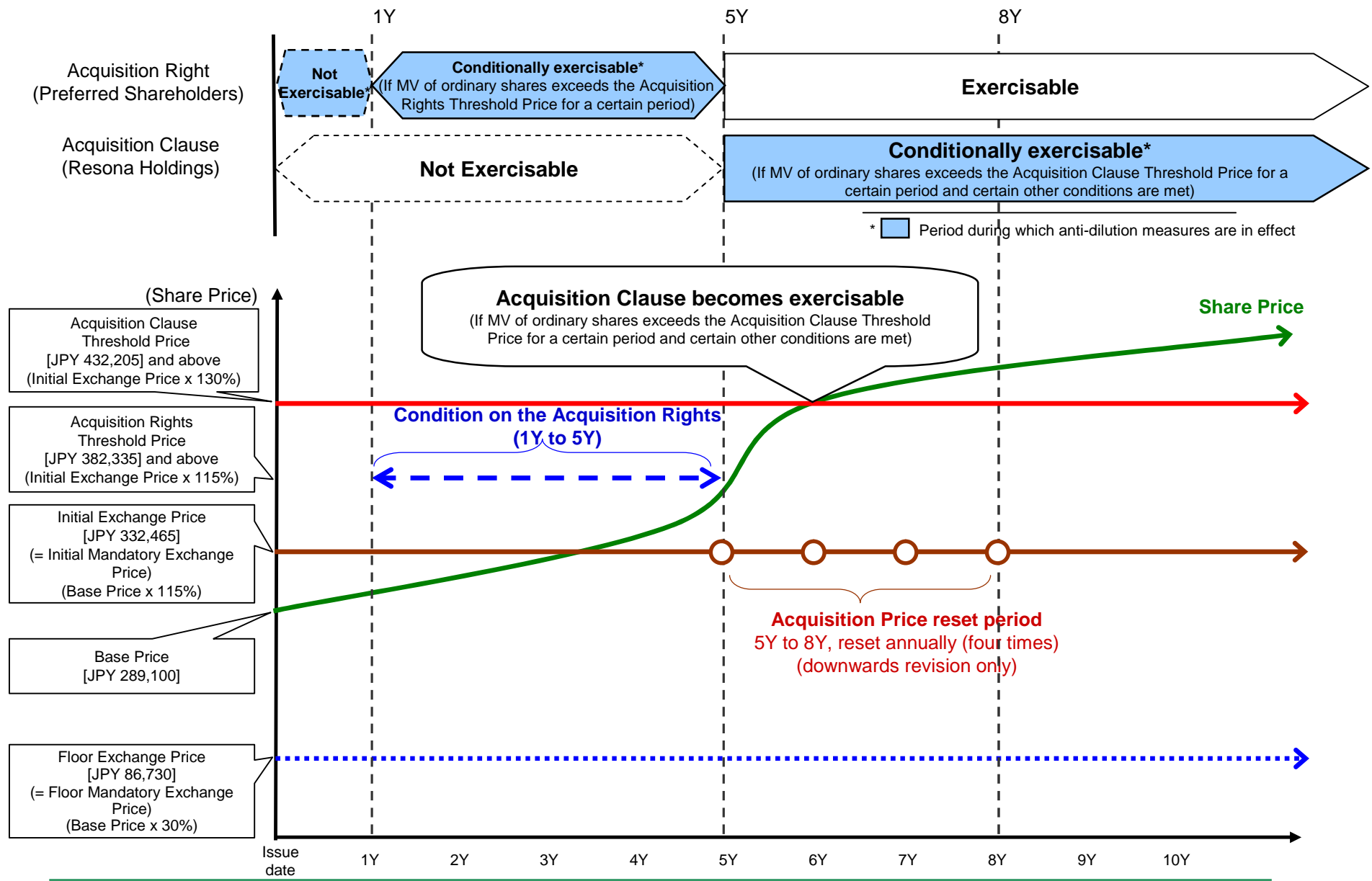
## Limitation on exercise of Acquisition Rights

- 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)

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**I. Outline of the Business Results for the 1st Half of FY2008**

**II. Outline of the New Business Revitalization Plan**

**[Reference Material (Financial Results for 1H of FY2008) ]**

**[Reference Material (Business Revitalization Plan)]**

# Becoming True Retail Bank through Establishment of Resona Style

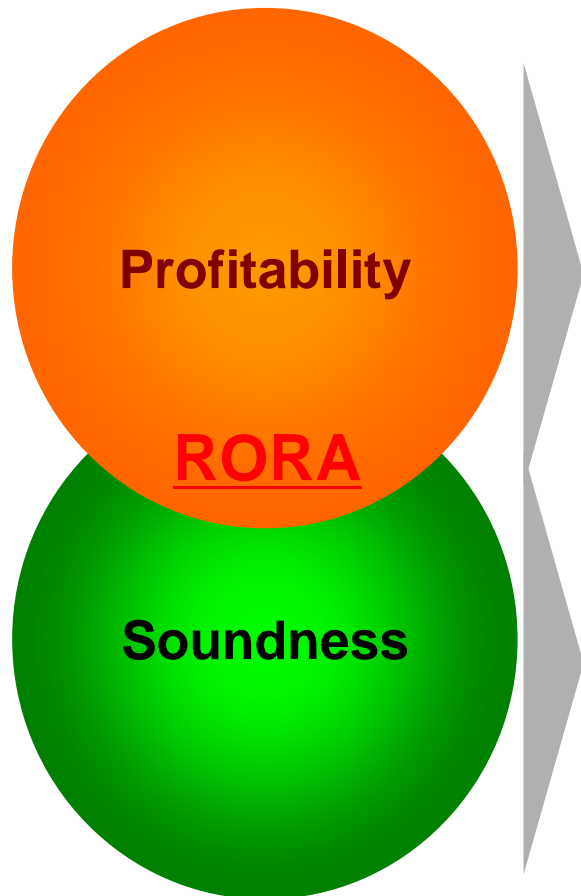


■ “Back to Basics” & “Further Evolution”: Financial services company with a customer-centric way of doing business

		Specific measures
Creation of New Corporate Culture	Operational reform	<ul style="list-style-type: none"> <li>● “Paperless” “Cashless” and “Backless” office environment</li> <li>● Improvement in quality of clerical work through standardization</li> <li>● Low-cost operation</li> </ul>
	Workstyle reform	<ul style="list-style-type: none"> <li>● Higher productivity and low-cost operations realized through relocation of Tokyo head office</li> </ul>
	Marketing	<ul style="list-style-type: none"> <li>● Competitive products and services through open alliances</li> <li>● Differentiation with trust solutions</li> <li>● Improvements in marketing know-how (Institute for Financial Marketing)</li> </ul>
Individualized Focus	Relationship	<ul style="list-style-type: none"> <li>● Sales and marketing activities supported by CRM system</li> <li>● Area Management and New Branch Management systems (RB)</li> </ul>
	HR reform	<ul style="list-style-type: none"> <li>● Diversity management</li> <li>● HR management and development by business fields</li> <li>● Competitive HR management system based on self-choice</li> </ul>
Pursuit of Most-trusted Status	Service reform	<ul style="list-style-type: none"> <li>● Adherence to compliance and a principle of customer protection</li> <li>● Service innovation initiated by VOC (Voice of Customers)</li> <li>● Offer multiple service channels in response to customer needs</li> </ul>
	CSR	<ul style="list-style-type: none"> <li>● CSR activities (Environment protection, financial and economic education for children, etc.)</li> <li>● Management transparency</li> </ul>

# Securing Stable Bottom-line Profits Underpinned by Financial Soundness

## Securing stable bottom-line profits underpinned by financial soundness



### ■ Income structure less dependent on asset growth

- Increase fee income by strengthening personal banking business (Fee income ratio: FY2008 19% → FY2011 22%)
- Risk pricing efforts

### ■ Measures to secure stable bottom-line profits

- Control operating expense (Maintain cost-to-income ratio at around 50%)
- Strengthen control over the assets having relatively high downside risks
  - Large borrowers and borrowers belonging to industries facing difficulty
  - Build up sound loan portfolio unsusceptible to environmental changes with a proper credit management
  - Eliminate noticeable downside risks to future earnings by rigorously providing loan loss reserves

### ■ High capital adequacy to cope with uncertain external environment

- Repay public funds as long as appropriate capital adequacy is maintained
- Restrain profit outflows, prioritizing soundness and public fund repayment

### ■ Increase stable assets to which relatively low capital charge is applicable

- Loans to individuals +0.55 tn. (+5%), Loans to corporations +0.1 tn. (+1%)  
Securities (mostly JGBs) + 0.86 tn. (+12%)
- Build up stable securities investment portfolio mostly comprised of JGBs

# Outline of the Earnings Plan (Total of Group Banks)

## Return to a stable growth trend again

(Amount in Billions of Yen)	FY2007	FY2008	FY2009	FY2010	FY2011	Increase (Decrease) (B)-(A)
	Actual	Plan (A)	Plan	Plan	Plan (B)	
Gross operating profit	700.0	684.0	690.0	721.0	760.0	76.0
Net interest income	537.2	517.0	504.0	513.0	525.0	8.0
Deposit/loan income	464.7	454.4	447.2	448.2	451.9	(2.5)
Fee income *1	138.4	131.0	137.0	151.0	167.0	36.0
Before HL-related expense	183.7	175.7	182.7	197.5	214.8	39.1
Other	24.3	36.0	49.0	57.0	68.0	32.0
Operating expense	362.1	369.0	376.0	376.0	377.0	8.0
Personnel expense	123.8	127.0	127.0	129.0	131.0	4.0
Non-personnel expenses	217.1	220.0	227.0	225.0	224.0	4.0
Actual net operating profit *2	337.8	315.0	314.0	345.0	383.0	68.0
Net gains on stocks	(45.8)	4.0	3.0	4.0	6.0	2.0
Credit costs, net	38.7	152.0	73.0	71.0	60.0	(92.0)
Other gains, net	48.8	106.0	13.0	6.0	9.0	(97.0)
Income before income taxes	302.1	273.0	257.0	284.0	338.0	65.0

### [Management Indices]

Fee income ratio % *3	19.77	19.15	19.86	20.94	21.97	2.82
Cost-to-income ratio %*4	51.73	53.94	54.49	52.14	49.60	(4.34)
Actual net operating profit ROA %	0.85	0.82	0.81	0.88	0.96	0.14
RORA (Income before income taxes) %	1.33	1.25	1.15	1.24	1.45	0.20
Credit cost ratio % *5	0.14	0.57	0.27	0.26	0.22	(0.35)

### [Major Assumptions]

Overnight call rate (policy rate) %	0.641	0.500	0.750	1.000	0.500	
TIBOR 3M %	0.839	0.848	0.850	1.100	1.350	0.502
10 year JGB %	1.275	1.632	1.600	1.850	2.100	0.468
FX (Yen / 1US\$)	100	109	110	115	115	6
Nikkei 225 (yen)	12,526	11,000	11,000	13,000	15,000	4,000

\*1. Fees and commission income + Trust fees

\*2. Net operating profit before transfer to general reserve and NPL charge-off in the trust account

\*3. Fee income / Gross operating profit

\*4. Operating expenses / Gross operating profit (before NPL charge-off in the trust account)

\*5. Credit costs, net / Total credits (term-end balance)

### Underlying Scenario

#### [Macro economy]

- Stagnation continues for a while. However, from FY2009, domestic economy is expected to recover gradually as overseas economy begins to pick up.

#### [Interest rate]

- Both long and short-term interest rates remain at the same level for the time being, and start to rise again gradually from FY2010
- 20 bps policy rate cut by the BOJ implemented on Oct. 31 was not reflected in underlying assumptions for the new plan

➤ For conceivable impact on the earnings plan, refer to page 46

(Plan for FY2008 compared with Plan for FY2011)

#### ■ Increase in gross operating profit +76.0 bn (+11%)

➤ For detailed gap analysis, please refer to page 9

#### ■ Operating expense +8.0 bn (+2%)

➤ Cost-to-income ratio maintained at around 50%

#### ■ Credit costs return to a normalized level again after FY2009

➤ Group banks intend to make preemptive provisions of loan loss reserves in FY2008 with a view to eliminating downside risks that may surface during the new plan period.

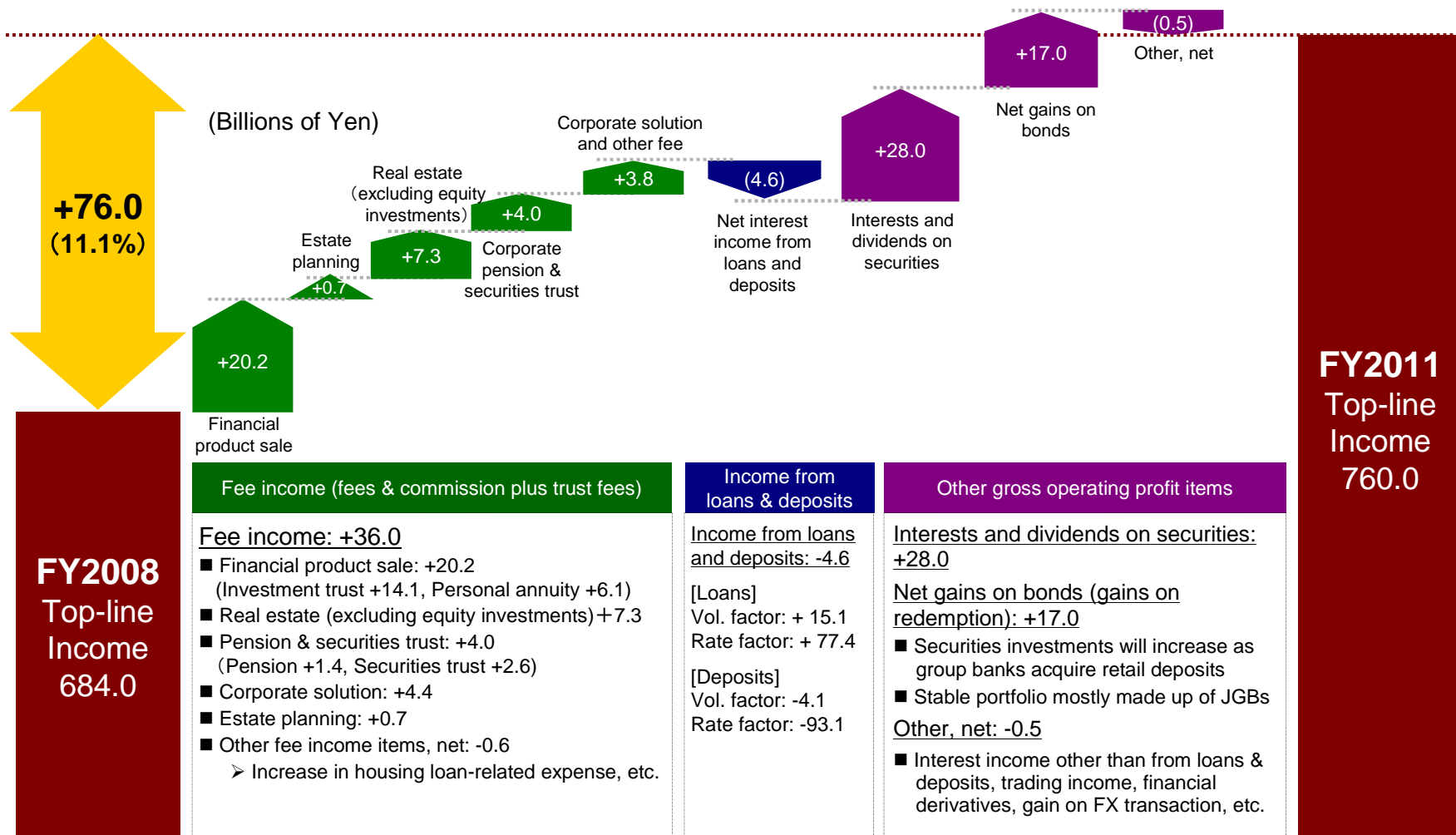
#### ■ Income before income taxes for FY2011: Y338.0 bn

➤ RORA for FY2011: 1.45% (+0.20% from FY2008)

# Analysis on Top-line Income Growth during the New Plan Period

**Planned top-line income growth during the New Plan period: +76.0 bn.**

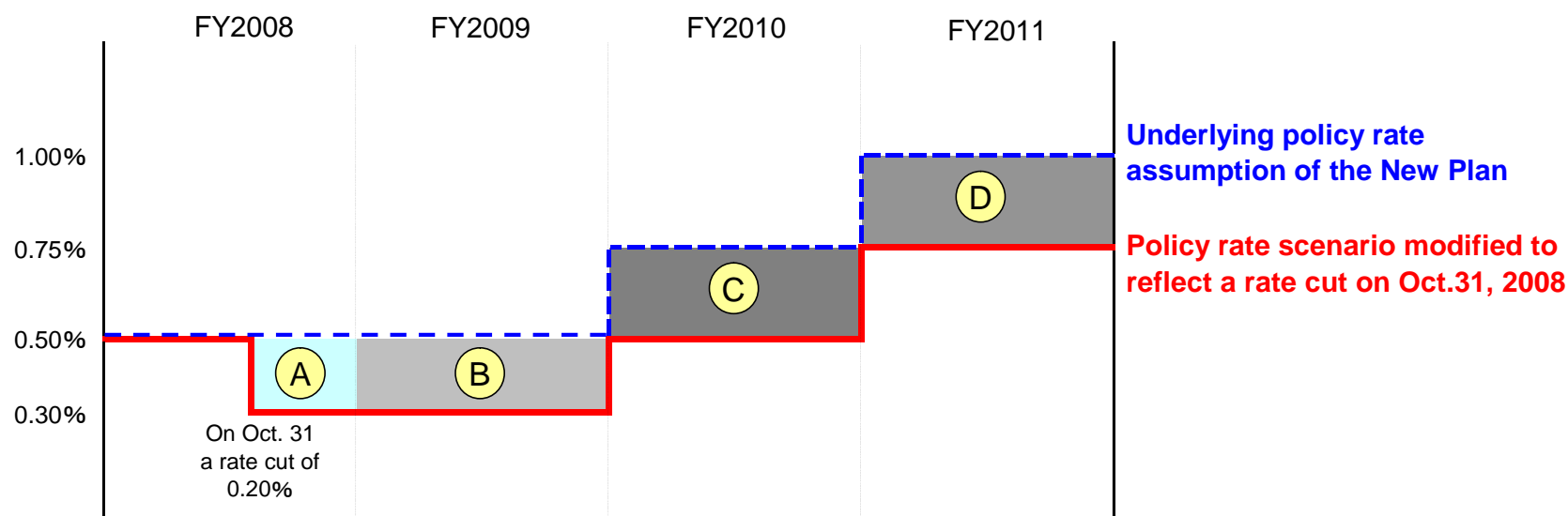
- Driver for top-line income growth is **an increase in fee income of +36.0 bn.**
- Fee income ratio\* will rise from 19.1% (FY2008) to 22.0% (FY2011)



\*Fee income ratio = Fees and commission income plus trust fees / Total top-line income

## Impact of Policy Rate Cut by the BOJ on Oct. 31, 2008 on the Earnings Plan

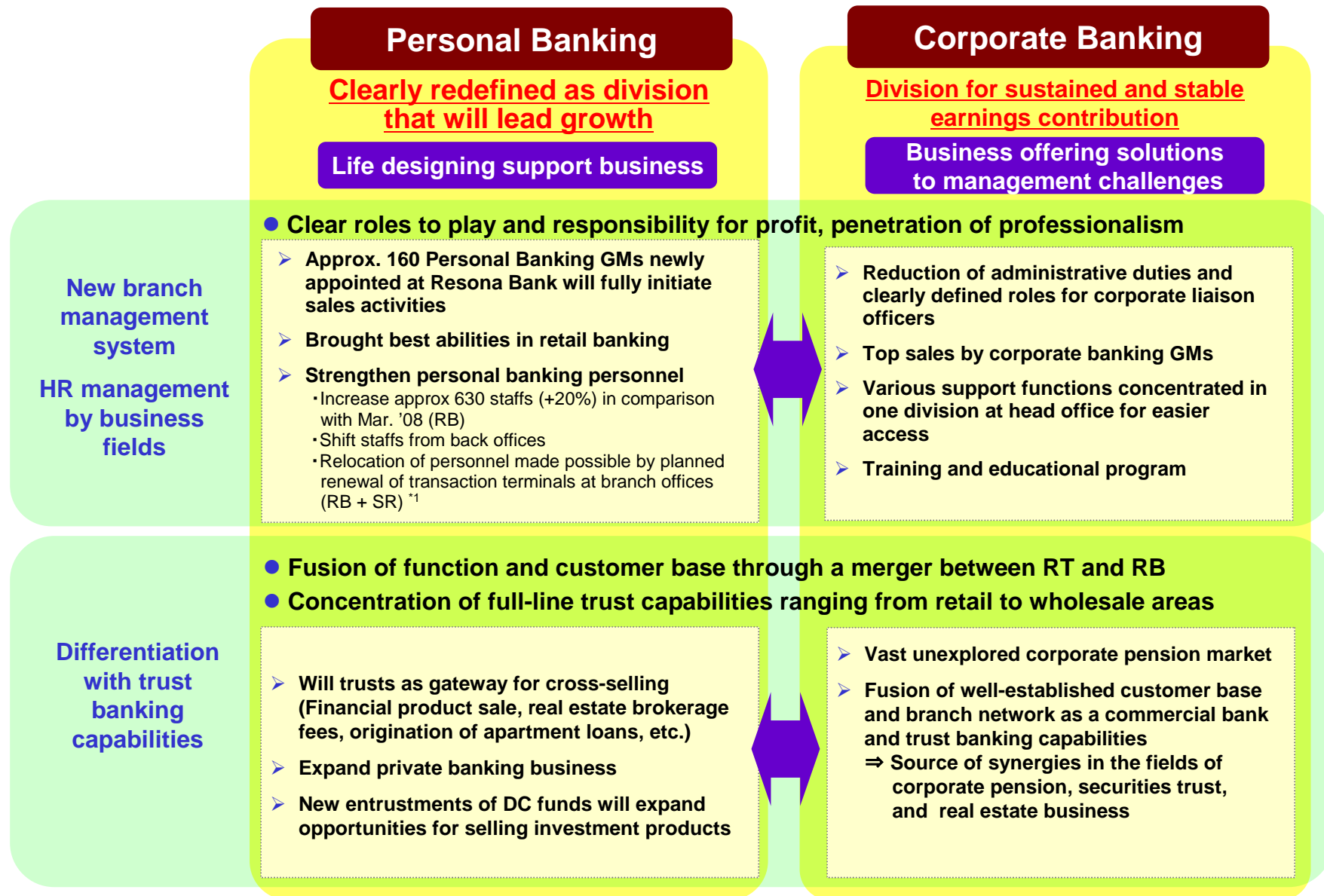
- Underlying assumption of the policy rate (overnight call rate)



- Cumulative impact on net interest income and net income during the New Plan period would be -Y30.0 bn.
- Impact on accumulation of retained earnings would be approximately the same as above

(Billions of Yen)	FY2008 A	FY2009 B	FY2010 C	FY2011 D
Conceivable impact on net interest income and net income	About +1.0	-8.0 to -9.0	-10.0 to -11.0	-10.0 to -11.0

# Redefined Missions for Personal and Corporate Banking Businesses and Pursuit of Trust Synergies



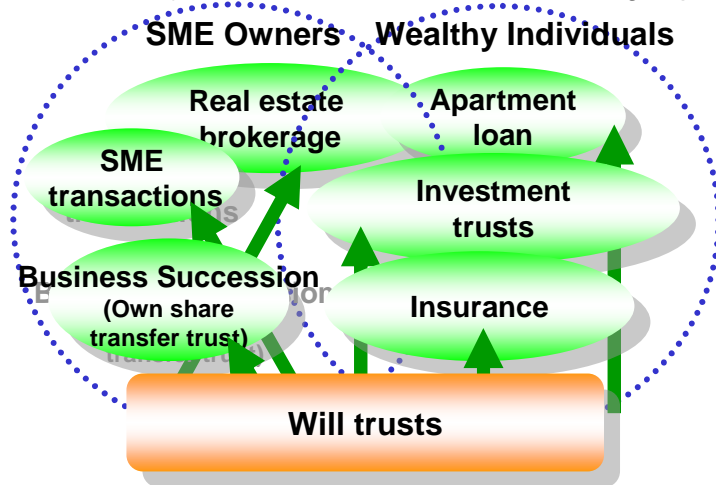
\*1. RB and SR plan to spend Y15 to Y20 billion to renew their transaction terminals at branch offices with a view to strengthening competitiveness in personal banking business.



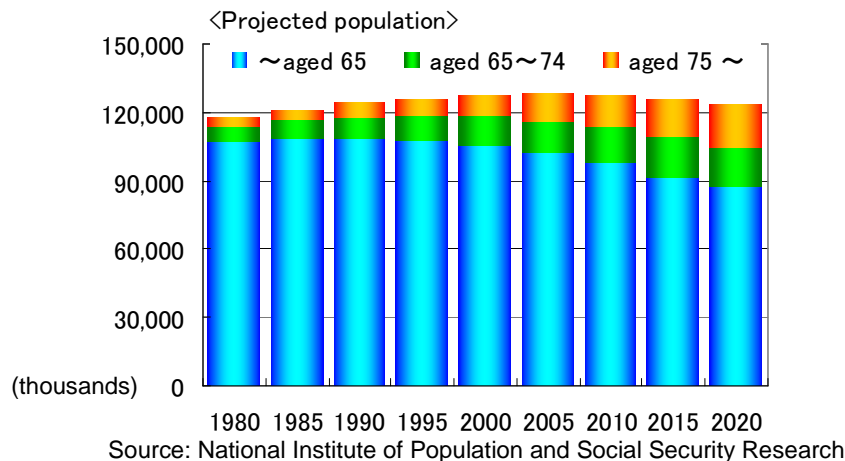
# Personal Banking Business (1): Estate Planning

## Strengthen personal banking business as a core growth area

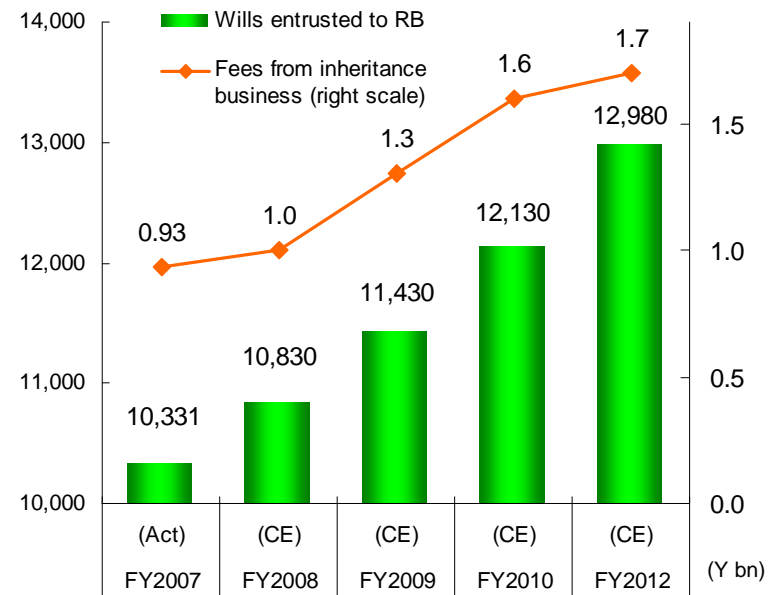
- **Acceptance of testamentary trusts as an opportunity to initiate multiple related transactions**
  - Strength of concurrently operating commercial and trust banking businesses (customer base and solution-offering capabilities)



- **Advent of the full-fledged aging society**



- **Wills entrusted as of Mar. 2012 (Plan): Approx. 14,000**



- **Earnings potential of will trusts**

- ✓ **Amount of property covered by wills under custody for execution : Approx Y 2tn**  
(Composition: real estate 60%, financial assets 40%)
- ✓ **Number of wills entrusted to RB : Approx 10,000**

RB's private banking (PB) customers : **25 thousands**

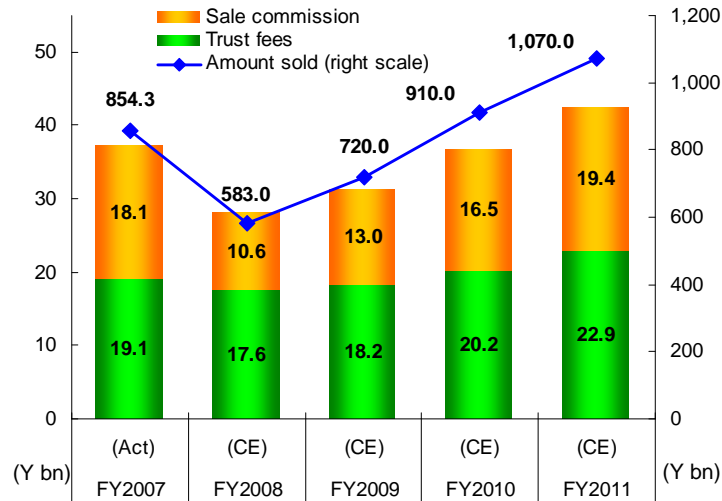
- Over Y100M in total of loans and deposits
- Over 50M financial assets held by RB
- Wills entrusted to RB (Over Y200M)

# Personal Banking Business (2): Financial Product Sale

## Investment trusts

■ Income for FY2011: 42.0bn (+14.1bn from FY2008)

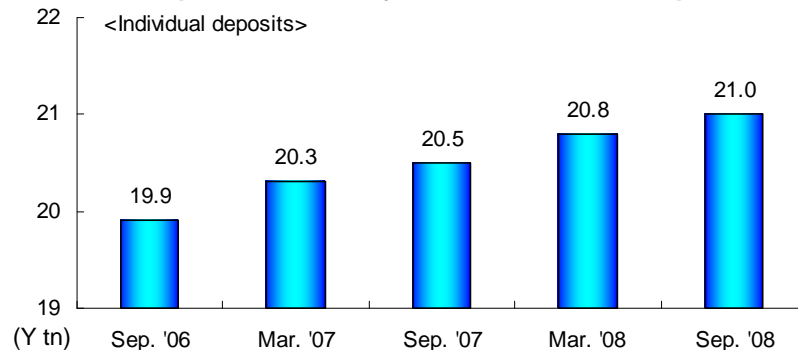
- Recover Y1 trillion yen annual sale (Expect outstanding bal. to reach Y3.69 trillion)



■ Stable income flow as a stock business

Inflow of money is expected from first baby boomers after turmoil in market subsides

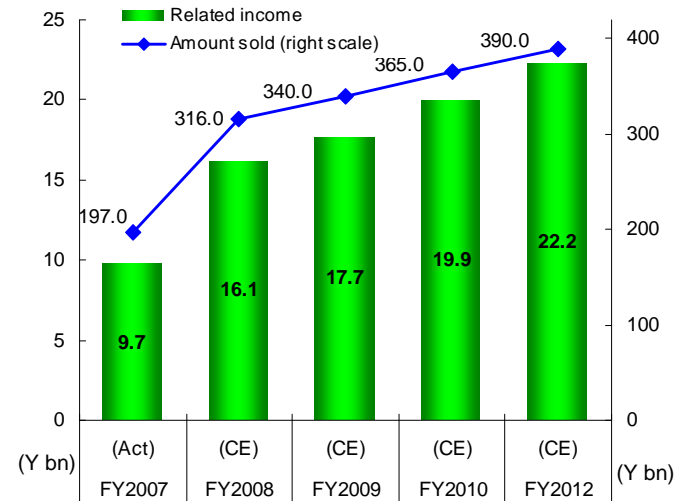
■ Individual deposits will likely shift to investment products



## Personal annuity

■ Income for FY2011: 22.0bn (+6.1bn from FY2008)

- Close to Y400 billion annual sale is expected



■ Grown to be a second pillar after investment trust

■ Lineup of competitive products and services

- Strength lies in open architecture alliance

■ New branch management system

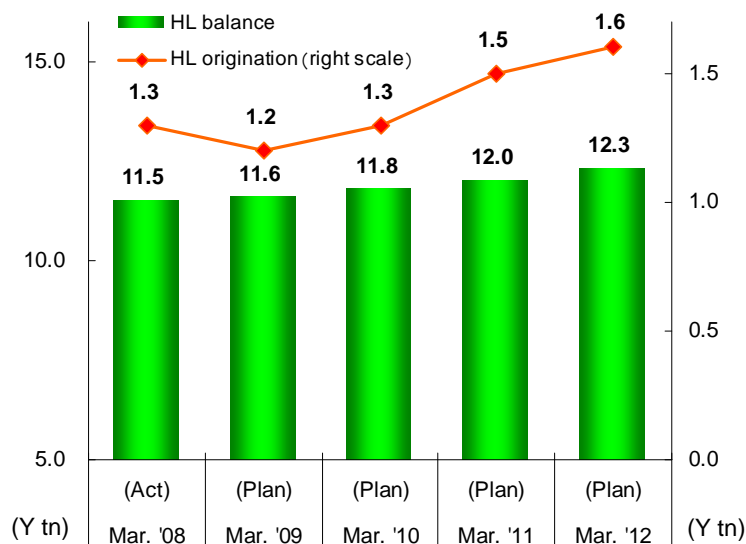
- Sales activity by Personal Banking GMs
- Consulting-based sales activities by specialized staff

■ Approx. 14% of first baby boomers in Japan are transacting with RB

# Personal Banking Business (3): Loans to Individuals

## Housing loans

■ Balance at the end of March 2012: 12.3 tn.



■ Existence of good quality potential market

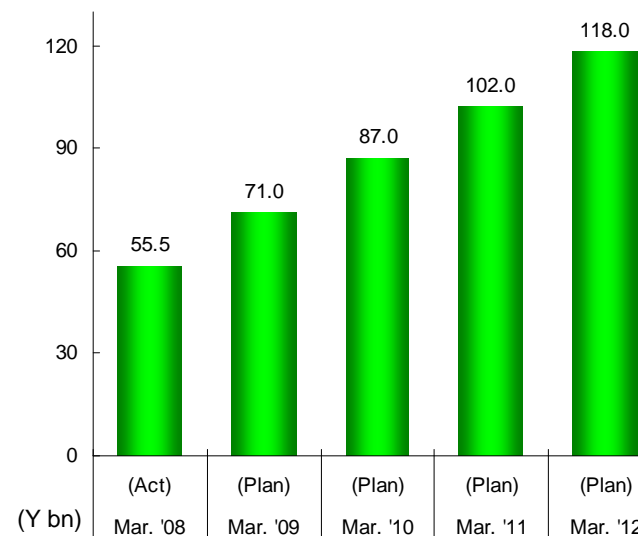
- Inflow of population to Resona's main markets
- Housing loan demand from second baby boomers

■ Maximize Resona's strength in housing loans

- Differentiation in response to customer needs
  - ⇒ Fast screening realized with new HL support system
  - ⇒ Reverse mortgage and other silver businesses
  - ⇒ Loan products that can satisfy customers' interest rate preference
- Relationship with customers after loan origination
  - ⇒ Explore opportunities for cross-selling

## Other consumer loans ( strategic products)

■ Strengthen core focus products\* further



\* ATM card loan, tie-up products, and screening model products

<Example of products>

Product name	Amount (Y Thousands)	Interest rate	Product features
ATM card loan	100, 300 and 500	18%	Prior screening based on transaction history ATM handles every process to contract
My Plan ( <i>Jibun Keikaku</i> ) (Tie-up product)	100 to 2,000	6.9 to 14.5%	Transfer credit risks to a third party "Loan for Woman" and other variety
Quick card loan (Screening model product)	300, 500, 700, and 1,000	12.875%	Multiple channels for loan application Quick response

(As of October 1, 2008)

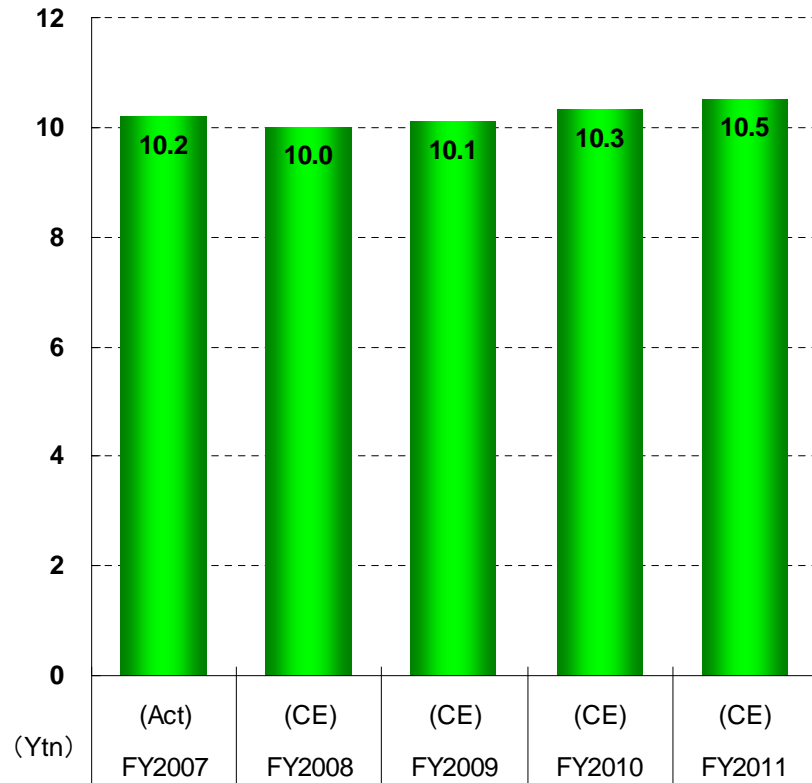
■ Increase good-quality consumer loans leveraging on group banks' strength (brand, customer information and infrastructure)

- Effective database marketing
- Low-cost channels (Internet, cell phones, ATMs, etc.)

# Corporate Banking Businesses (1): Loans to SMEs

## Loans to SMEs

- Increase loans to SMEs by ¥450 bn  
Mar. 31, 2008: ¥10.0 tn ⇒ Mar. 31, 2012: ¥10.5 tn



(Definition : Loans to SMEs)

RB: Upper-middle and mid-to-small enterprises  
 SR: Mid-to-small enterprises and personal businesses  
 KO: Upper-middle and mid-to-small enterprises, and personal businesses

\* Scale of an enterprise is based on definitions set by the BOJ

## Transformation to business providing customers with solutions to management challenges

- Fees from corporate solutions\* : + 4.4bn  
FY 2008: 7.2bn ⇒ FY 2011: 11.6bn

\* Syndicated loans, commitment line, M&A

### ■ Strengthen solution coordination capabilities

- Offering trust solutions in an efficient manner ranging from real estate, corporate pension, to business succession ⇒ Responding to management challenges of business owners
- Strengthen relationship through the new branch office management structure
- Provide optimal financial products and services through utilization of CRM system
- Area Solution Business Division co-ordinates wide range of solution items
- Corporate Retail Office responds to small lot loan needs

+

### ■ Strengthen employee training programs

- Training programs for corporate liaison staffs
- Training programs developed for raising credit screening skills

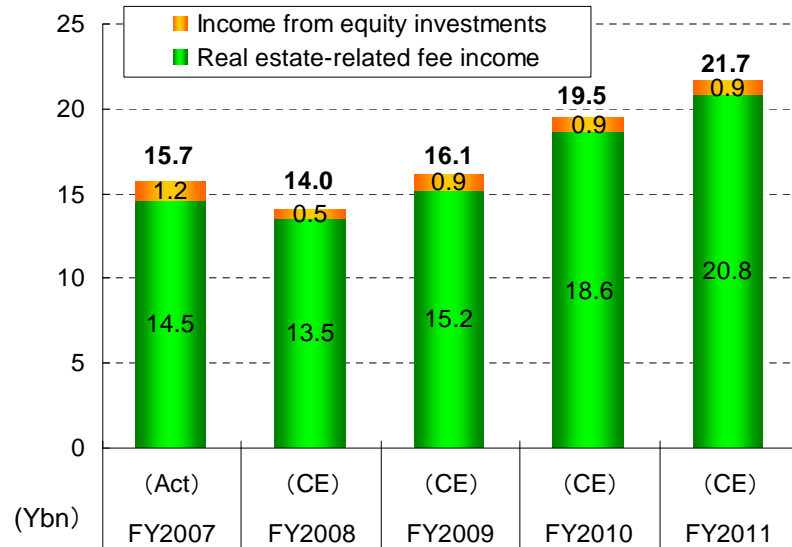


***By amassing knowledge and skills at both the sales-force and corporate levels, Resona Group banks propose optimal solutions to customers' complicated and diversified management challenges***

# Corporate Banking Business (2) : Real Estate, Pension and Securities Trust

## Real estate business (RB)

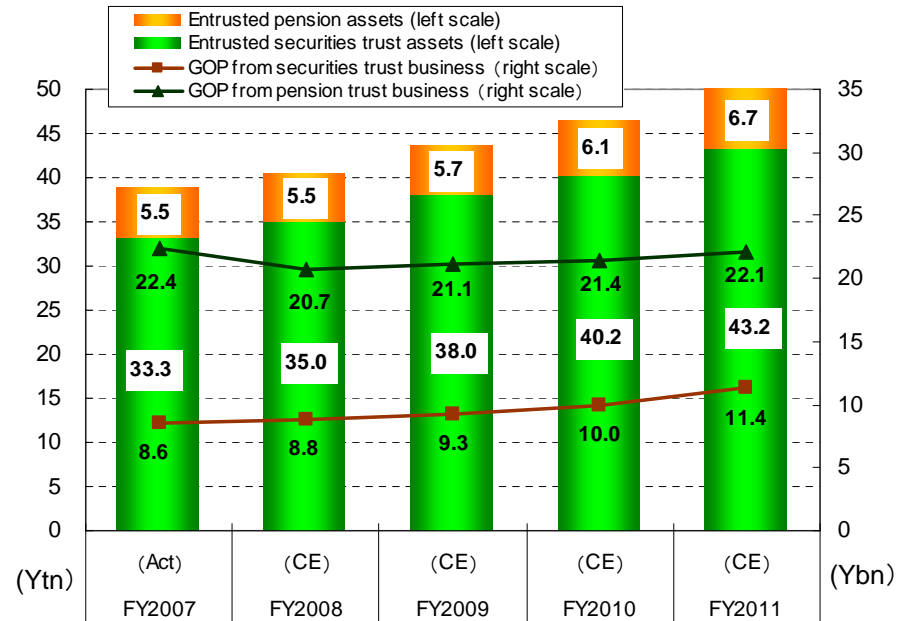
- Income from real estate business to exceed Y20.0 bn



- RB 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 to capture real estate transaction needs among individual customers
- Reinforcement of specialized personnel**
  - Number of staffs engaging in real estate business  
Mar. 2008: 203 → Mar. 2012: 260

## Pension and Securities trust business (RT)

- Entrusted pension assets to increase by Y1 tn
- Securities trusts to exceed Y40 tn



- Cultivate RB's 12,000 core corporate customers to start offering corporate pension services**
  - 600 DB and 1,500 DC-type funds to be newly added
  - Provide Resona groups' investment products to DC funds
- Support conversion of tax-qualified pension plan**
- High quality fund management products**
- Capitalize on group synergies**

# Business Revitalization Plan: Earnings Plan

(Total of Four Banks)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
(Billions of Yen)	(Actual)	(Plan)	(Plan)	(Plan)	(Plan)	(Billions of Yen)	(Actual)	(Plan)	(Plan)	(Plan)	(Plan)
Gross operating profit	700.0	684.0	690.0	721.0	760.0	Total assets (Note.2)	40,476.0	39,380.0	39,640.0	39,880.0	40,630.0
Trust fees	41.3	38.0	37.0	37.0	40.0	Loans and bills discounted	25,787.7	25,500.0	25,480.0	25,730.0	26,150.0
Jointly Operated Designated Money Trust	6.9	5.0	5.0	5.0	5.0	Securities	6,846.0	7,260.0	7,770.0	7,940.0	8,120.0
NPL disposal in the trust account	(0.1)	-	-	-	-	Trading assets	494.4	620.0	700.0	700.0	700.0
Interest income	701.3	678.0	677.0	733.0	807.0	DTA (term-end bal.)	286.3	226.8	197.7	128.8	48.4
Interest expense	164.1	161.0	173.0	220.0	282.0	Total liabilities (Note.2)	39,135.7	38,080.0	38,430.0	38,700.0	39,430.0
Net fees & commissions	97.0	93.0	100.0	114.0	127.0	Deposits and NCDs	33,302.6	32,810.0	32,610.0	33,120.0	33,710.0
Net trading income	69.7	13.0	12.0	13.0	14.0	Trading liabilities	68.8	5.0	-	-	-
Other operating income	(45.3)	23.0	37.0	44.0	54.0	DTL (term-end bal.)	-	-	-	-	-
Gains/(losses) on bonds	7.2	1.0	9.0	13.0	18.0	DTL for land revaluation (term-end bal.)	43.1	31.7	31.7	31.7	31.7
Net operating profit (Before provision to general reserve and NPL disposal in the trust account)	337.8	315.0	314.0	345.0	383.0	Net assets (Note.2)	1,471.5	1,448.3	1,367.8	1,409.8	1,450.8
Net operating profit	337.9	315.0	314.0	345.0	383.0	Capital stock	398.8	398.8	398.8	398.8	398.8
Provision to general reserve	(0.0)	-	-	-	-	Capital reserve	433.8	433.8	433.8	433.8	433.8
Expenses	362.1	369.0	376.0	376.0	377.0	Other capital surplus	88.7	88.7	88.7	88.7	88.7
Personnel expense	123.8	127.0	127.0	129.0	131.0	Earned surplus reserve	20.0	20.0	20.0	20.0	20.0
Non-personnel expenses	217.1	220.0	227.0	225.0	224.0	Retained earnings (Note.3)	328.2	326.3	245.8	287.8	328.8
Disposal of NPL	80.3	152.0	73.0	71.0	60.0	Land revaluation excess	59.8	43.1	43.1	43.1	43.1
Net gain/(loss) on stocks	(45.8)	4.0	3.0	4.0	6.0	Net unrealized gains/(losses) on other securities	123.4	118.8	118.8	118.8	118.8
Loss on devaluation	26.7	-	-	-	-	(Management Indicators)*3					
Ordinary profit *4	212.5	173.0	249.0	286.0	340.0	Yield on interest earning assets (A)	1.91	1.90	1.89	2.03	2.19
Extraordinary gains	94.6	104.0	10.0	-	-	Interest earned on loans and bills discounted	2.18	2.18	2.17	2.31	2.48
Extraordinary losses	5.0	4.0	2.0	2.0	2.0	Interest on securities	0.89	0.89	0.93	1.04	1.14
Income taxes - current	9.6	47.0	67.0	12.0	13.0	Total cost of funding (B)	1.39	1.43	1.46	1.58	1.72
Income taxes - deferred	32.3	67.0	29.0	69.0	81.0	Interest paid on deposits and NCDs (D)	0.30	0.31	0.32	0.44	0.59
Net income/(loss)	260.1	159.0	161.0	203.0	244.0	Overall interest spread (A) - (B)	0.52	0.47	0.42	0.45	0.47
						Cost-to-income ratio (OHR)	51.73	53.94	54.49	52.14	49.60

\*1. Assets and liabilities are stated in average balance. Net assets are reported in term-end balance.

\*2. Earned surplus excluding earned surplus reserve

\*3. Management indicators other than OHR are based on the total figures of three subsidiary banks excluding Resona Trust & Banking.

\*4. include gains from recoveries of written-off claims and other reversals which are accounted for as extraordinary gains

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*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.*