



RESONA

Implementing a Superregional Bank Strategy

June 4, 2002

Resona Group

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The Group's New Corporate Name and Logo Mark

New Corporate Name - Resona Group

Meaning

- **“Resonate”** or **“Resound”**
(from Latin)

Resonance

- Key words suggested—
 - **“Regional”** (in English)
 - **“Ideal”** (in Japanese)

Spelling
with **“Re”**

- Common to **“Regional,”**
“Retail,” and other
key words



[Corporate Philosophy of the Resona Group]

- 1) Aim to become a Superregional Bank, a federation of regional financial institutions known as a key member of Japan's banking industry
- 2) Aim to develop as a trusted business partner, resonant and responsive to customers and close to the communities we serve
- 3) Conduct sound and transparent management and work to maximize our corporate value

I. Management Directions of the Resona Group



Measures to Substantially Enhance Financial Soundness (Period ended March 31, 2002)

Elimination of Management Risks that Are Difficult to Control

Restrain latent credit risk

Credit costs in year ended March 2002:
Approximately
950 billion yen

- Decisive measures to dispose of large credit exposures
- Strict assessments of ability to repay liabilities (Mainly for Special Mention and Special Attention exposure)
- Expand selection criteria for Special Attention category
- Increase reserves through stricter assessment of future loan losses

Devaluation of Stocks

Devaluation of stocks in year ended March 2002: Approximately
420 billion yen

- Devalued all issues that have dropped 50% or more in to their market values
- Devalued almost all issues that have dropped 30% to 50% to their market values

Reduce balance of stocks held

Book value of stock sold in year ended March 2002:
Approximately
910 billion yen

- Can fully respond to restrictions on stockholdings
- The value of stockholdings above Tier I (as of March 31, 2002) was approximately 700 billion yen

Future Management Directions

Establishing a New Management Style Different from Megabanks and Regional Banks

Management resources

Focus on domestic retail banking
Risk control appropriate to strengths/capabilities

- Dispersal of loans into small lots, setting interest rates appropriately
- Move forward with putting non-performing loans off the balance sheets
- Further reductions in stocks held
(Early sale of the amount in excess of Tier I)
- Implementation of capital reinforcement policy
(During the current fiscal year)

Earnings power

• Increase earnings through strengthening retail banking operations
• Realize synergistic effects of the consolidation
(Use of trust functions and other steps)
High and stable earnings

- Increase gross profit: About 93 billion yen annually
(March 2002 period compared with March 2006 period)

Including synergistic effects of about 29 billion yen

Increased efficiency

Thorough restructuring
Rationalization of operations following consolidation

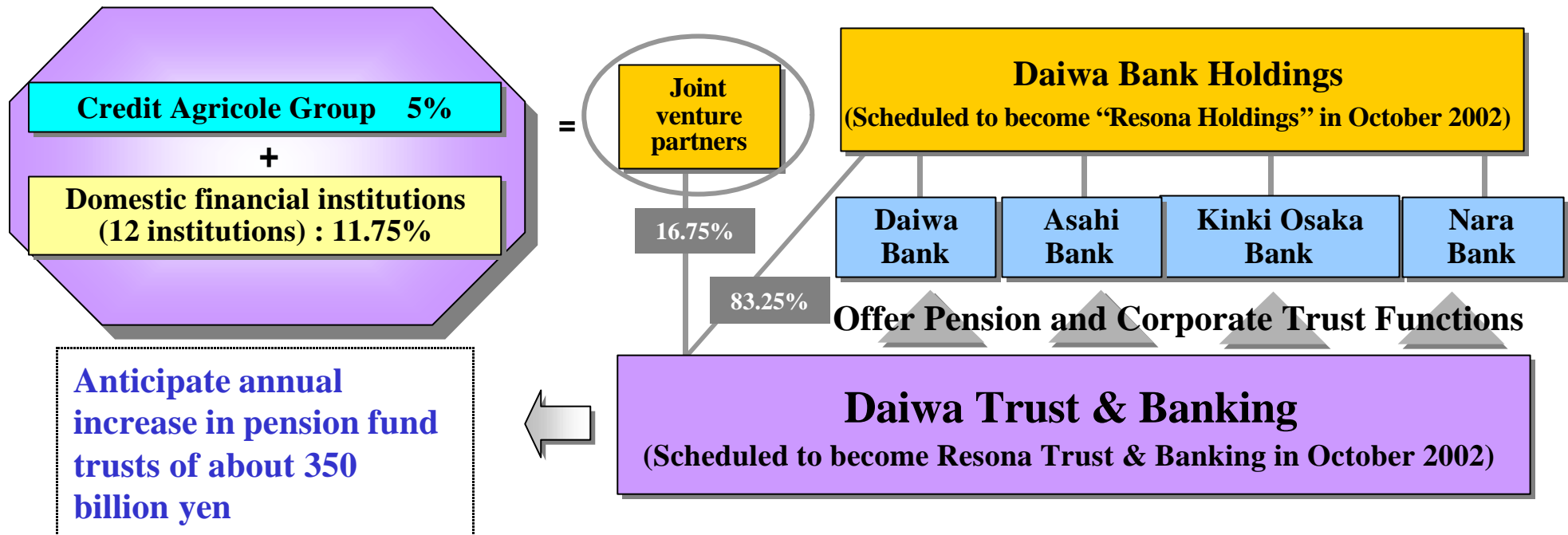
- Reduction in costs: About 29 billion annually
(March 2002 period compared with March 2006 period)

Including synergistic effects of about 16.5 billion yen
(Effect of rationalization minus costs of consolidation)

II. Business Reorganization of the Resona Group



Strengthening Trust Functions through Spin-Off and Reorganization as a JV



Operating Alliance with the Credit Agricole (CA) Group

<Asset management>

- Exchange of information on analysis of markets and corporations
- Training to fund managers
- Consideration of assigning a portion of pension funds for investment management

<Investment trusts>

- Joint development of investment trust products
- Provision of products to banks within the Group and other activities

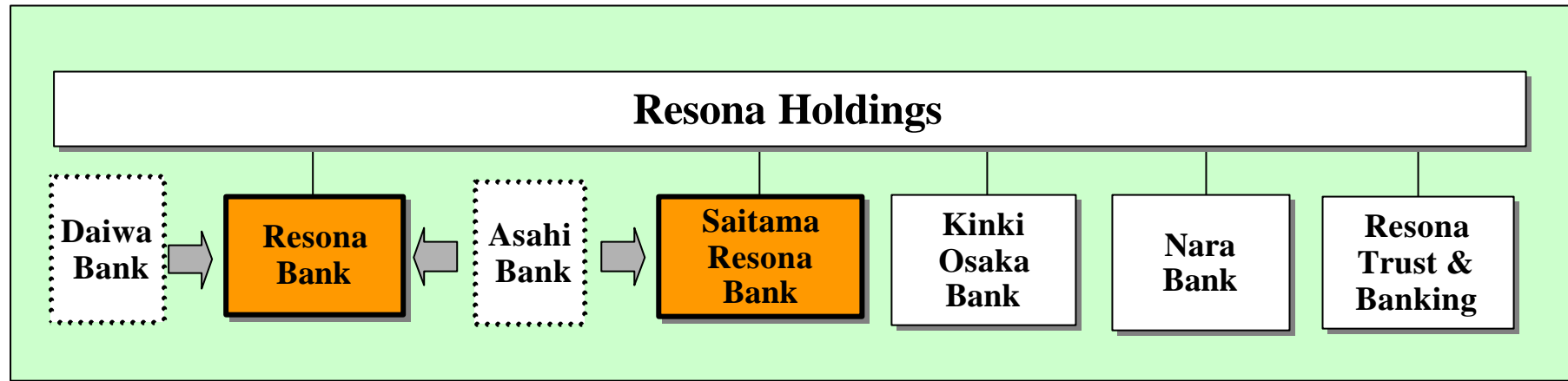
<Other>

- Consideration of offering private banking services, foreign exchange, derivatives, and other services

Business Reorganization of Banking Business

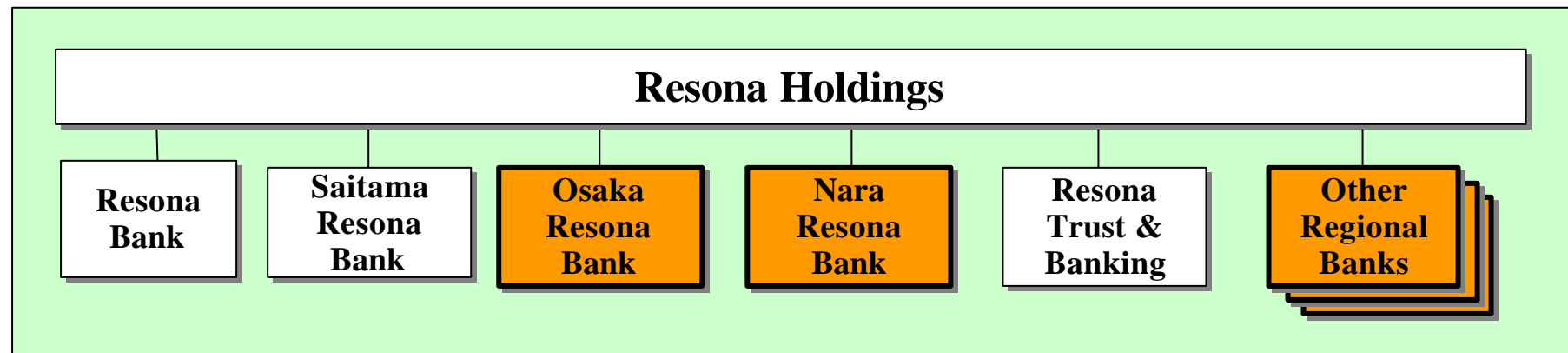
1. Establishment of Saitama Resona Bank, Resona Bank

(March 2003)



2. Establishment of Osaka Resona Bank and Nara Resona Bank

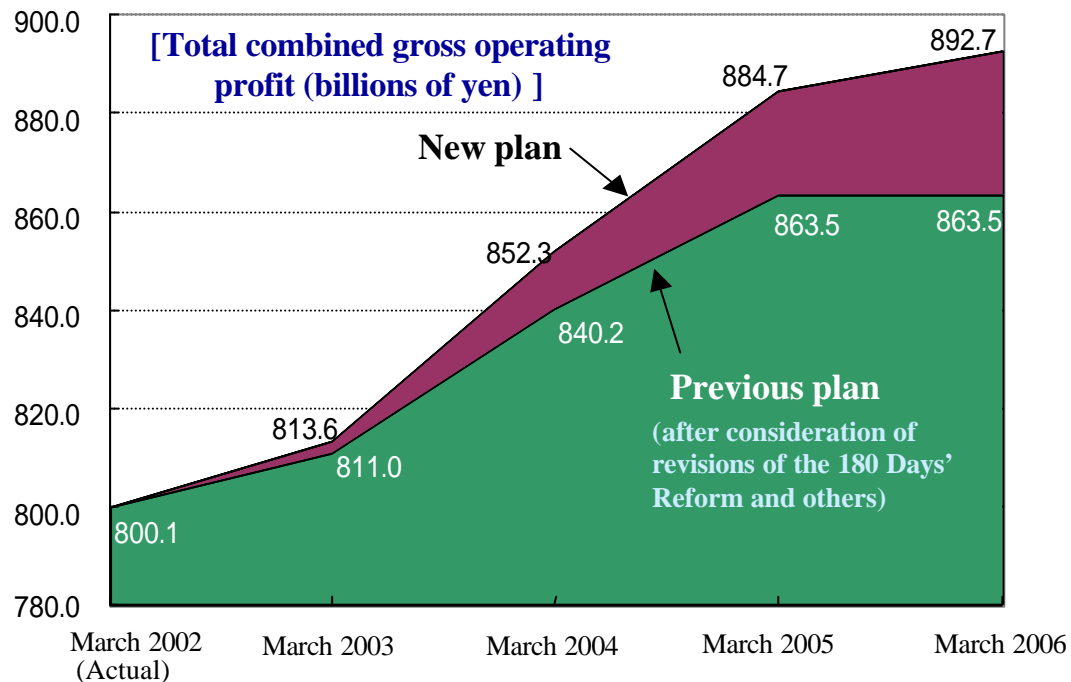
(in or after March 2005)



III. Profit Plan for the Resona Group



Positive Effects of the Consolidation –Increase in Gross Profit



Assumptions of the Plan

Interest rates: Level with the year ended March 31, 2002
(unsecured, overnight call rate of 0.001%, 10-year government bond rate of 1.45%)

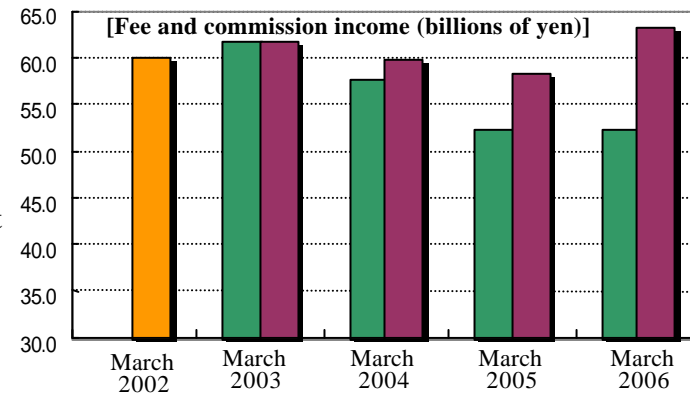
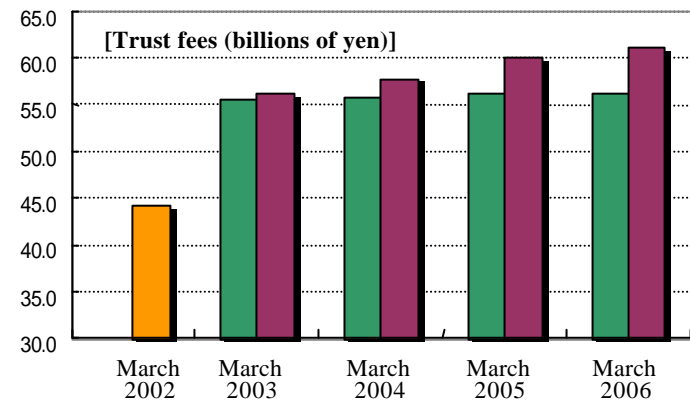
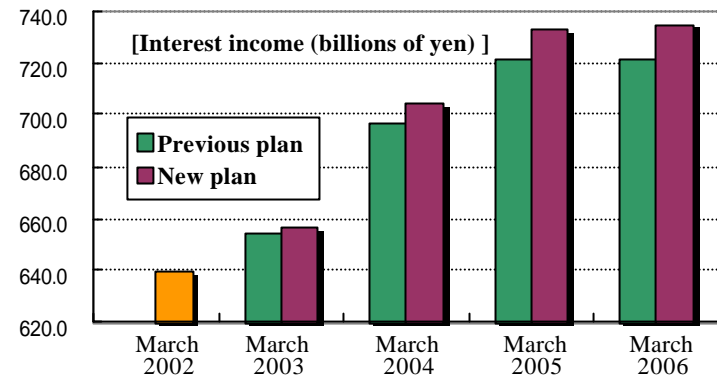
Stock prices: Level with the year ended March 31, 2002
(Nikkei stock price average of 11,024 yen)

Foreign exchange rate: Level with the year ended March 31, 2002 (133.25 yen to US\$1)

Increase of gross profit: + approximately 93 billion yen

Interest income of about +95 billion yen, trust fees of about +17 billion yen, fee and commission income of about +3 billion yen, and a reduction in income from government bond and related activities of about 20 billion yen.

The difference between the new plan for the March 2006 period and the previous plan is about +29.2 billion yen = Synergistic effect from the consolidation.

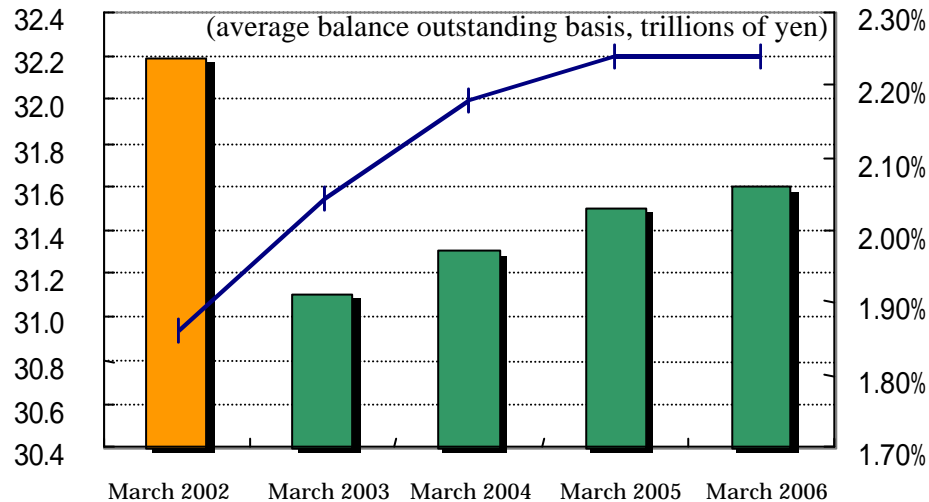


Composition of Synergistic Effects

Synergistic effects	Increase in interest income: 13.4 billion yen	<ul style="list-style-type: none"> • Create efficient systems for sharing know-how and products to promote housing loan activities • Strengthen client relationships based on close ties with the communities we serve and secure appropriate loan margins
	Increase in real estate income: 8.0 billion yen	<ul style="list-style-type: none"> • Share know-how related to real estate operations and establish cooperative systems • Respond to increasingly diverse real estate related needs, gather and use information efficiently
	Increase in fees for sales of investment trusts: 4.0 billion yen	<ul style="list-style-type: none"> • Expand marketing channels and strengthen sales systems • Develop and provide products and services flexibly, based on increasingly diverse and sophisticated customer needs
	Increase in pension trust income: 2.5 billion yen	<ul style="list-style-type: none"> • Strengthen asset management and consulting capabilities • Expand income base through use of the functions of trust agency offices
	Other: 1.3 billion yen	<ul style="list-style-type: none"> • Increase income from private banking and through the conversion of trust operations to a joint venture
	Total: 29.2 billion yen	

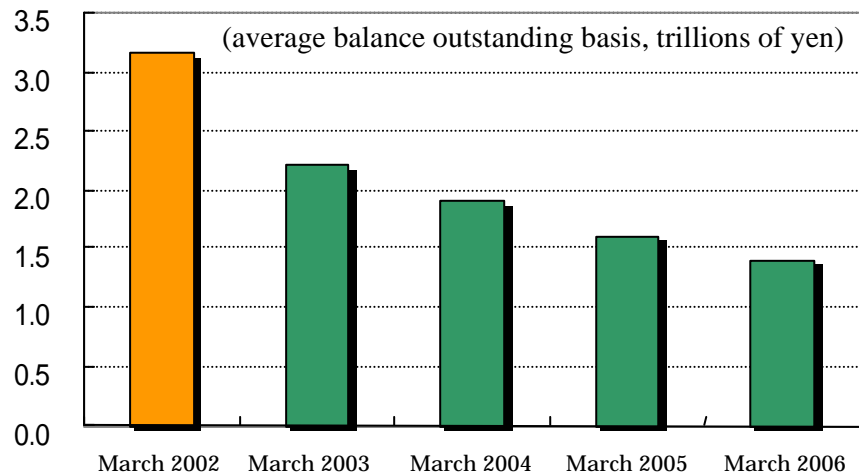
Policies for Expanding Interest Income

[Trends in the differential between lending and deposit rates]



Increase interest income by approximately 95.0 billion by reforming the lending structure (composition of the loan portfolio) and by securing appropriate lending spreads

[Balance of stockholdings]



Reforming the composition of the loan portfolio (average outstanding basis)

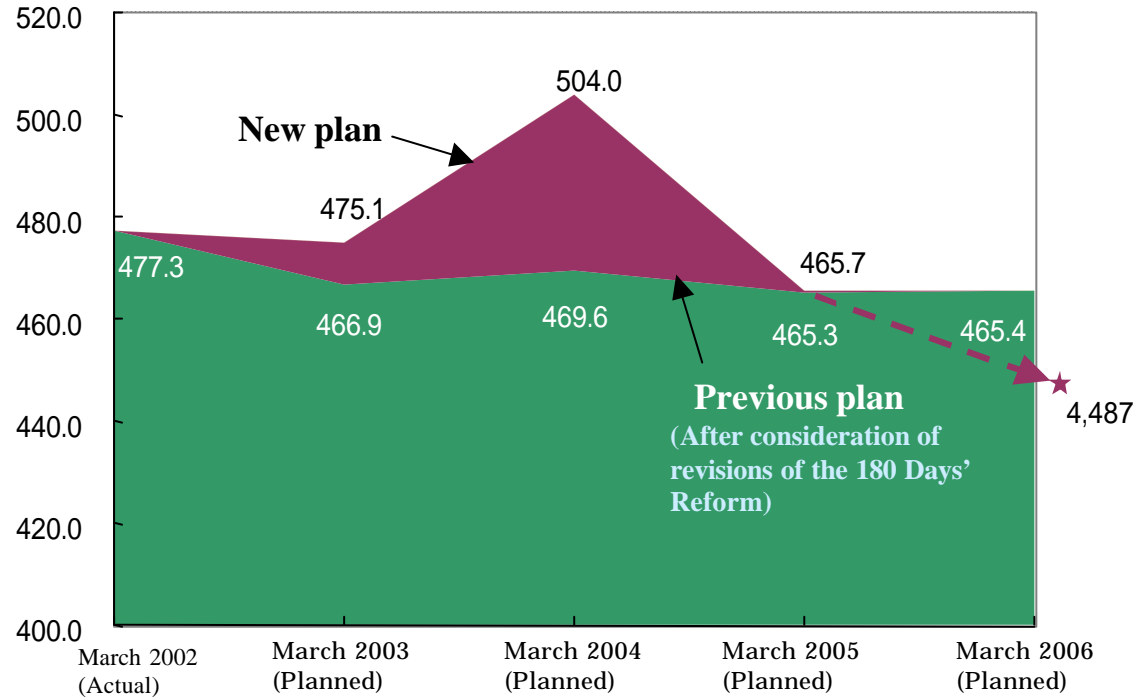
Loans to individuals:	+2,000 bil. yen
Loans to small and medium-sized enterprises:	+1,500 bil. yen
Reduce inefficient loans:	-3,000 bil. yen
Reduce stockholdings:	-1,500 bil. yen
Change in funds to be raised:	-1,000 bil. yen

Note: Figures for March 2002 are actual.

Note: The increases and decreases show comparisons of March 31, 2002, with March 31, 2006.

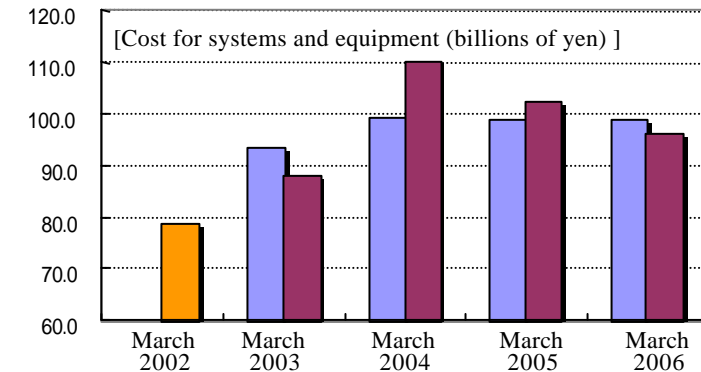
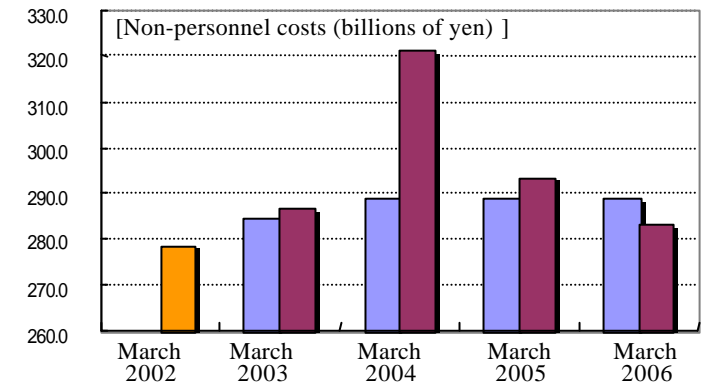
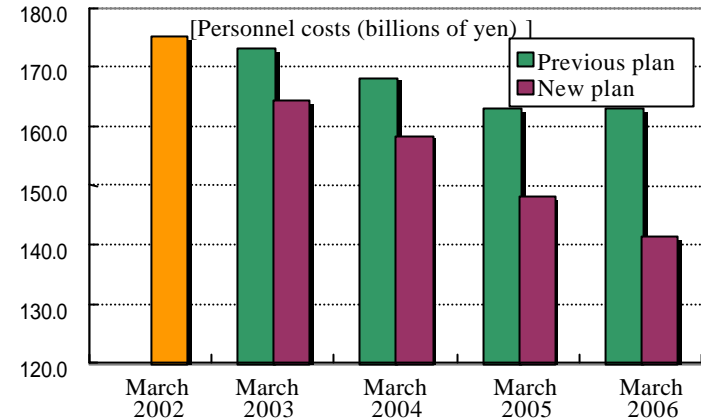
Positive Effects of the Consolidation -Reduction in Expenses

[Comparison of the new plan with the previous plan (billions of yen)]



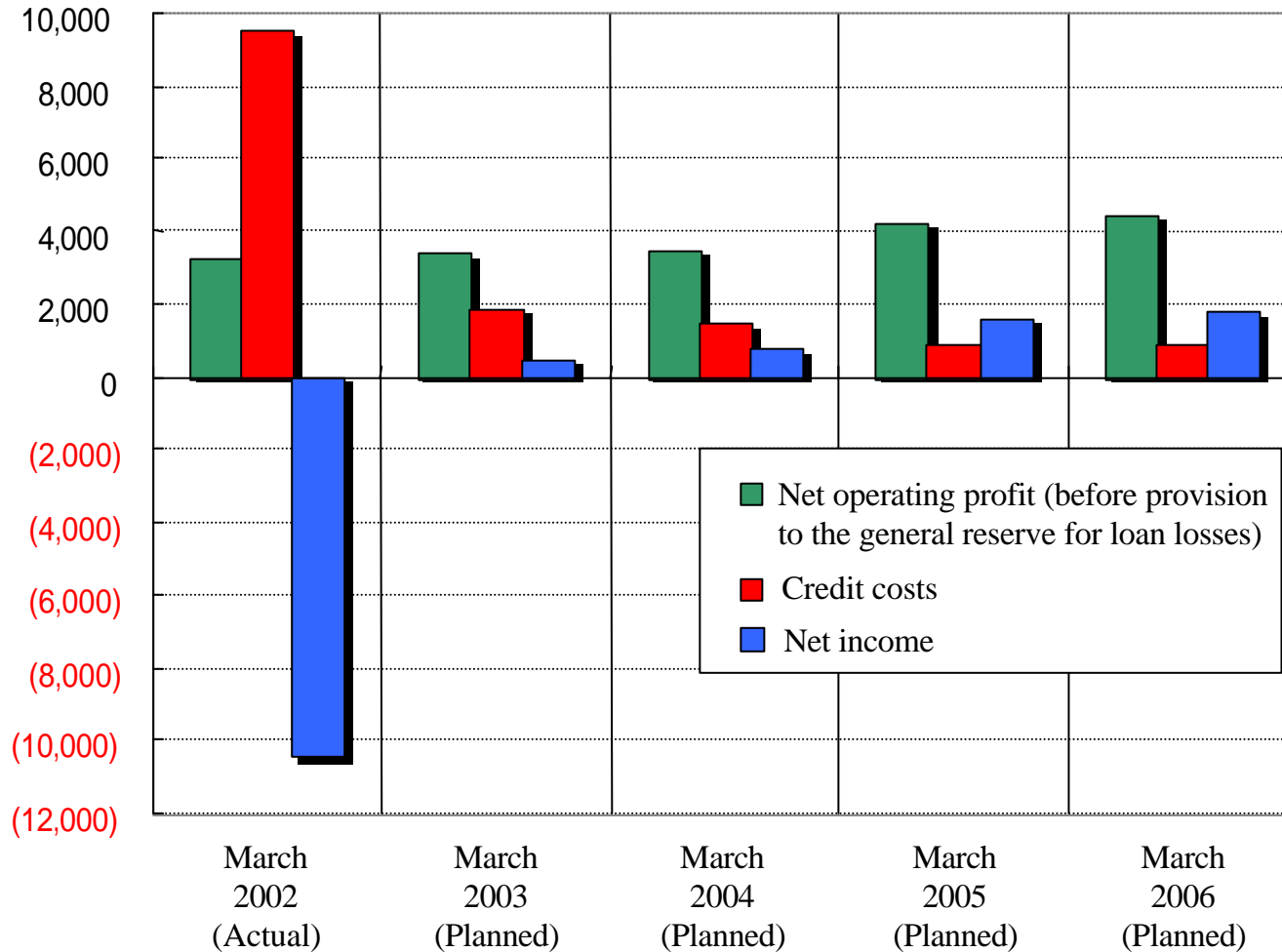
For the March 2006 period, a 49.7 billion yen reduction in costs is expected

	Effect of rationalization	Content of measures
Personnel costs	19.1 bil. yen	Reduce the number of personnel by approximately another 3,000 by March 31, 2006 (Y21.2 billion in the fiscal year ending March 31, 2008)
Consolidation/closure of branches	9.6 bil. yen	Reduce the number of offices by approximately another 150 by March 31, 2006 (Positive impact of Y15.5 billion in the fiscal year ending March 31, 2007)
Consolidation of systems	16.8 bil. yen	Step-by-step consolidation of Group bank systems
Other	4.2 bil. yen	Reduction in social welfare insurance premiums, etc., due to reduction in personnel



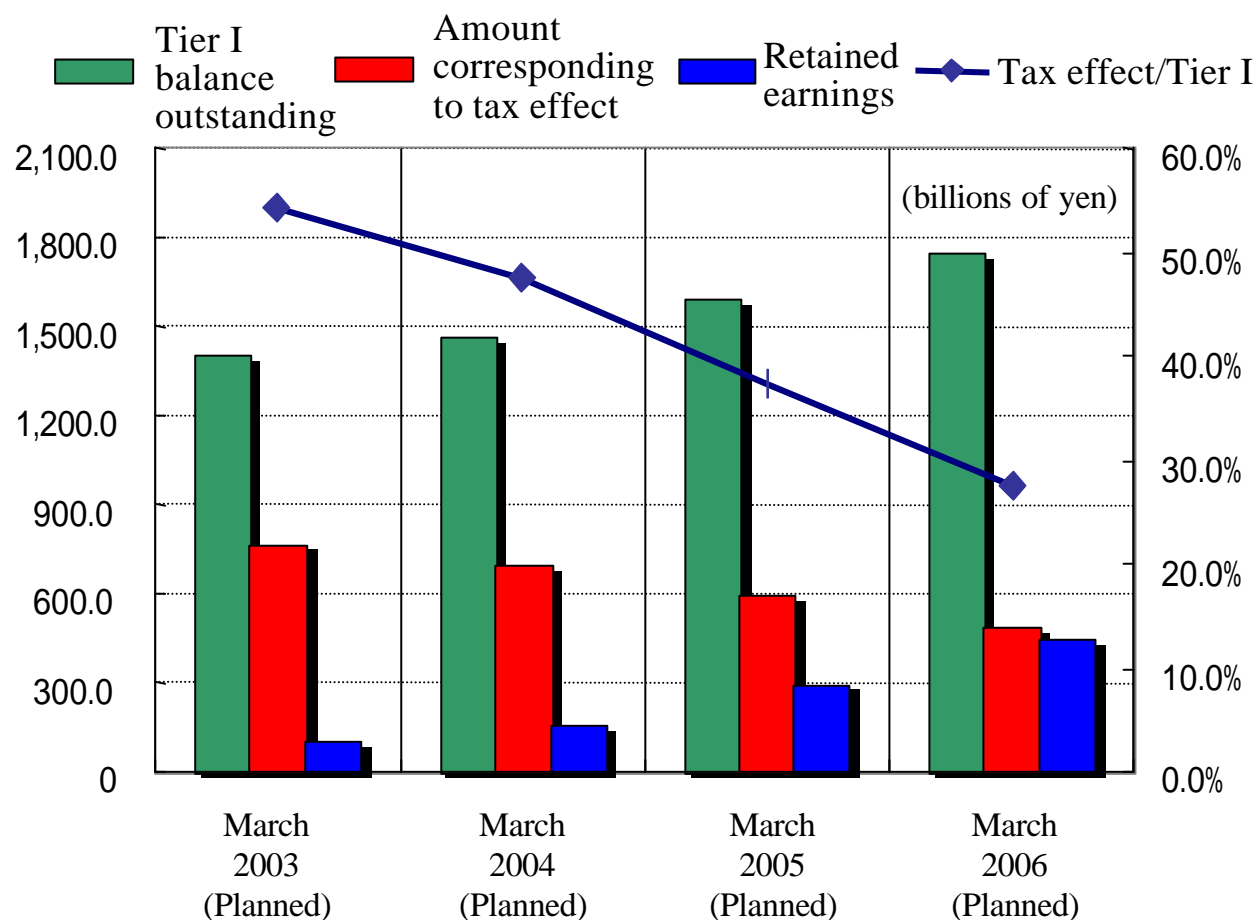
Trends in Net Income

As a result of decisive measures to dispose of nonperforming loans during the year ended March 31, 2002, credit costs for this and subsequent fiscal years will decline.



Trends in Capital Composition (Daiwa Bank Holdings on a Consolidated Basis)

Steady accumulation of retained earnings will lead to improvement in the quality of the Group's capital position.

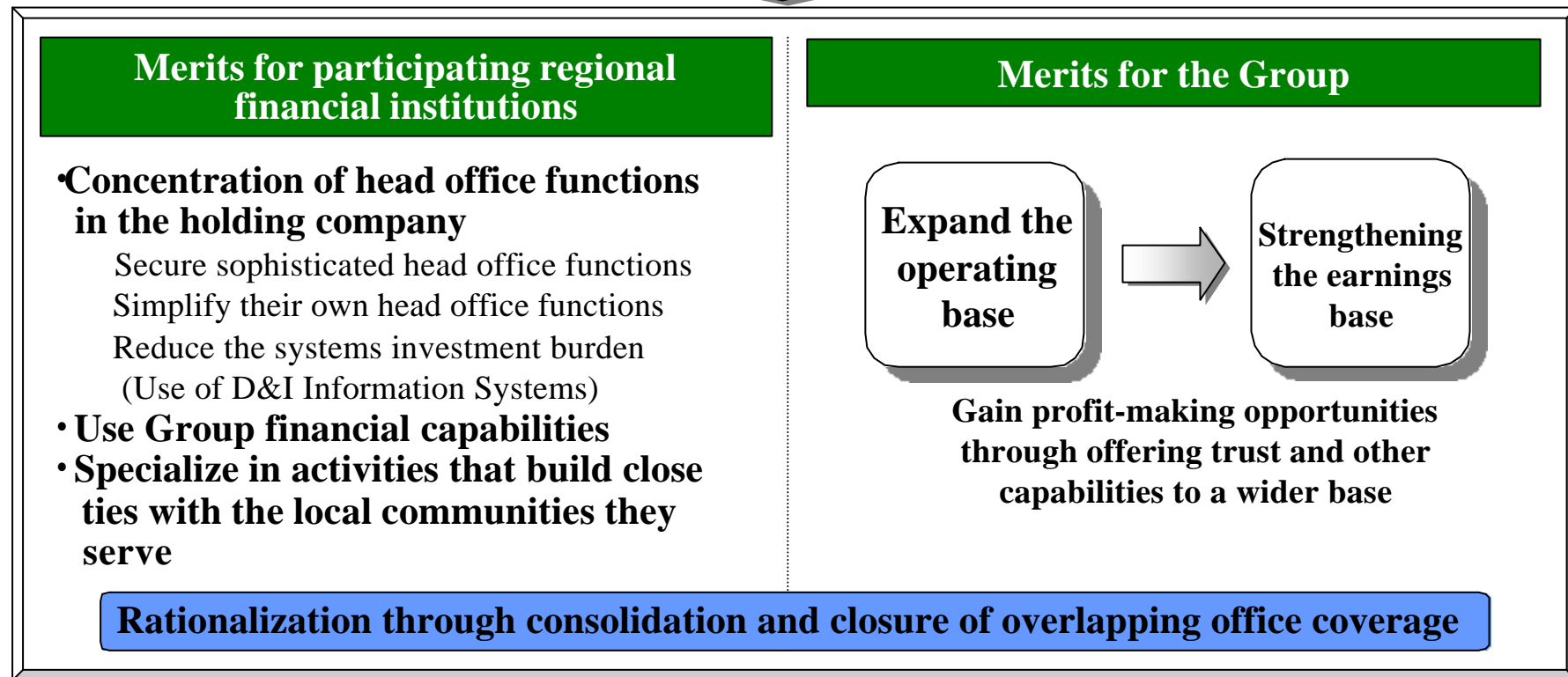


IV. Implementation of a Superregional Bank Strategy



Implementation of a Superregional Bank Strategy

Participation of other regional financial institutions in the Resona Group



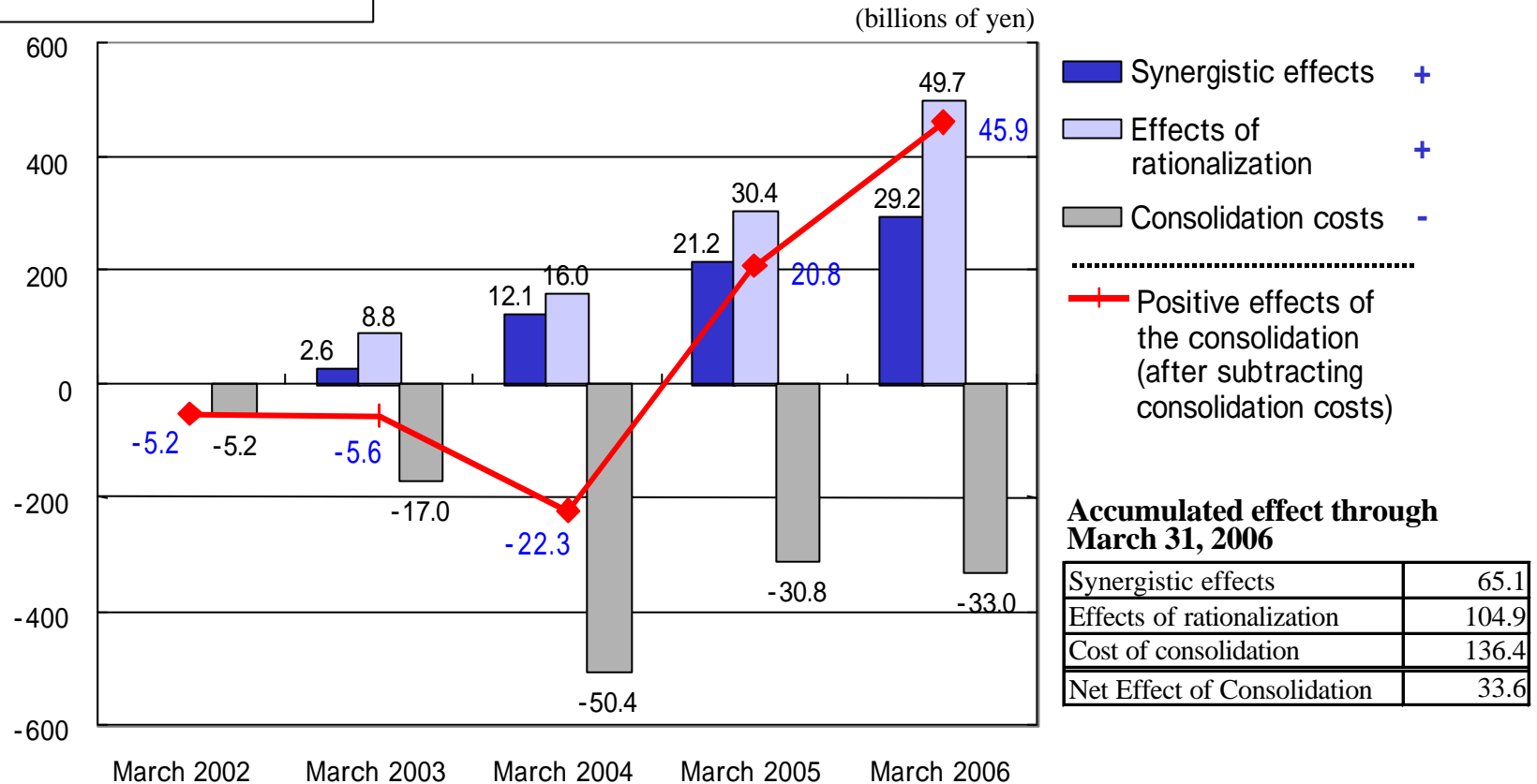
Maximize Group earnings through rationalization and realization of synergies

Supplementary Information



Positive Effects of the Consolidation - Overall Image

Trends in Positive Effects



Principal Performance Indicators

(billions of yen, %)

	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	
Net operating income	326.8	339.0	348.3	419.0	444.0	Before exclusion of provisions to general reserve for possible loan losses and write-offs in the trust account
Expense ratio	59.65%	58.39%	59.13%	52.63%	50.26%	Ratio of expenses to gross operating income

Note: These figures were computed by adding data for the Group banks.

Restructuring Plans

[Management plan (Sum of figures for the holding company and Group banks)]

(Billions of yen)	FY 2000	FY 2001	FY 2003	Change [C] - [A]	FY 2005	Change [D-B]
	(Actual) [A]	(Actual) [B]	(Plan) [C]		(Plan) [D]	
Expense	485.8	477.3	504.0	18.2	448.7	(28.6)
Personnel exp.	185.2	174.2	158.4	(26.8)	141.2	(33.0)
Non-personnel exp.	276.5	279.6	321.2	44.7	283.3	3.7
Systems and equipment exp.	64.2	77.7	110.4	46.2	96.2	18.5
Other non-personnel exp.	212.3	198.5	210.7	(1.6)	187.0	(11.5)

[Number of offices (Sum of Group banks)]

	End-Mar. 2001 (Actual)	End-Mar. 2002 (Actual)	End-Mar. 2003 (Plan)	End-Mar. 2004 (Plan)	End-Mar. 2005 (Plan)	End-Mar. 2006 (Plan)
New plan	731	659	606	594	538	495
Change from end-Mar. 2001	-	(72)	(125)	(137)	(193)	(236)
Previous plan	731	669	643	643	643	643
Comparison with previous plan	-	(10)	(37)	(49)	(105)	(148)

[Number of employees (Sum of figures for the holding company and Group banks)]

	End-Mar. 2001 (Actual)	End-Mar. 2002 (Actual)	End-Mar. 2003 (Plan)	End-Mar. 2004 (Plan)	End-Mar. 2005 (Plan)	End-Mar. 2006 (Plan)
New plan	23,536	21,048	20,300	19,400	18,600	17,900
Change from end-Mar. 2001	-	(2,488)	(3,236)	(4,136)	(4,936)	(5,636)
Previous plan	23,536	22,842	21,517	20,900	20,629	20,629
Comparison with previous plan	-	(1,794)	(1,217)	(1,500)	(2,029)	(2,729)

Earnings Plan of Daiwa Trust & Banking

[Earnings Plan] (Billions of yen)

	FY 2002	FY 2003	FY 2004	FY 2005
Pension Income	37.8	40.6	43.3	45.8
Corporate Trust Income	9.3	10.1	11.2	12.3
Fund Income	0.0	0.0	0.0	0.0
Operating Income	47.1	50.8	54.6	58.1
Re-entrustment Fees	10.4	11.3	12.3	13.2
Agency Commissions	1.2	1.5	1.9	2.2
Others	0.1	0.1	0.1	0.1
Operating Expenses	11.8	13.1	14.4	15.6
Gross Operating Profit	35.3	37.7	40.2	42.5

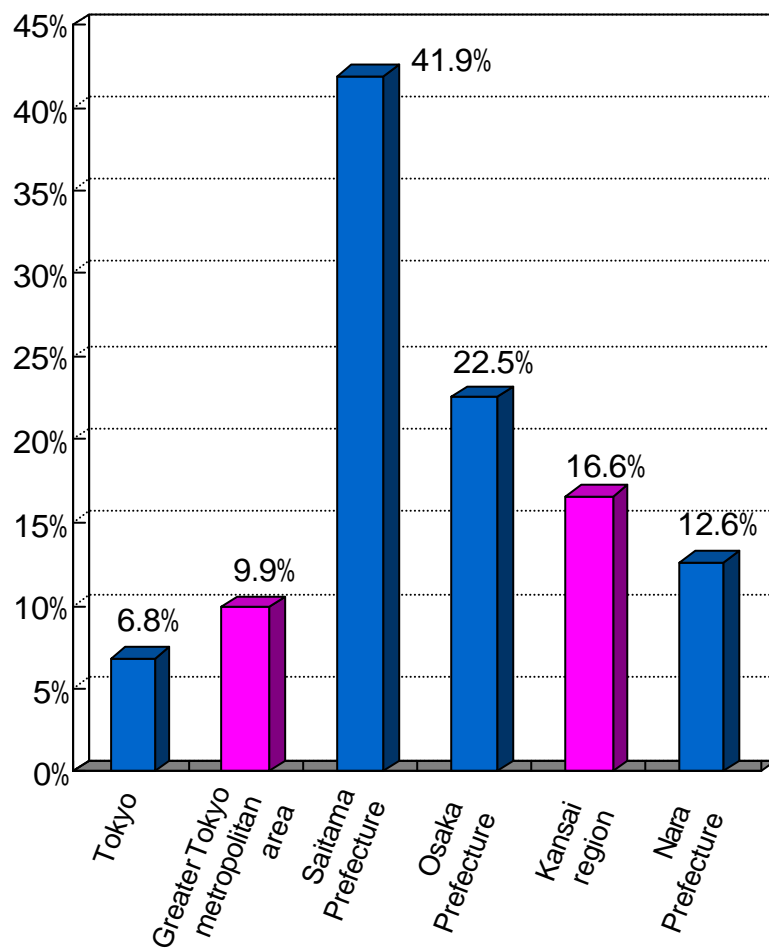
[Entrusted Assets (Term-end balance)] (Billions of yen)

Pension fund trusts	8,705.2	9,394.9	10,075.5	10,740.8
Corporate trusts	23,329.5	24,353.4	25,648.2	27,063.2

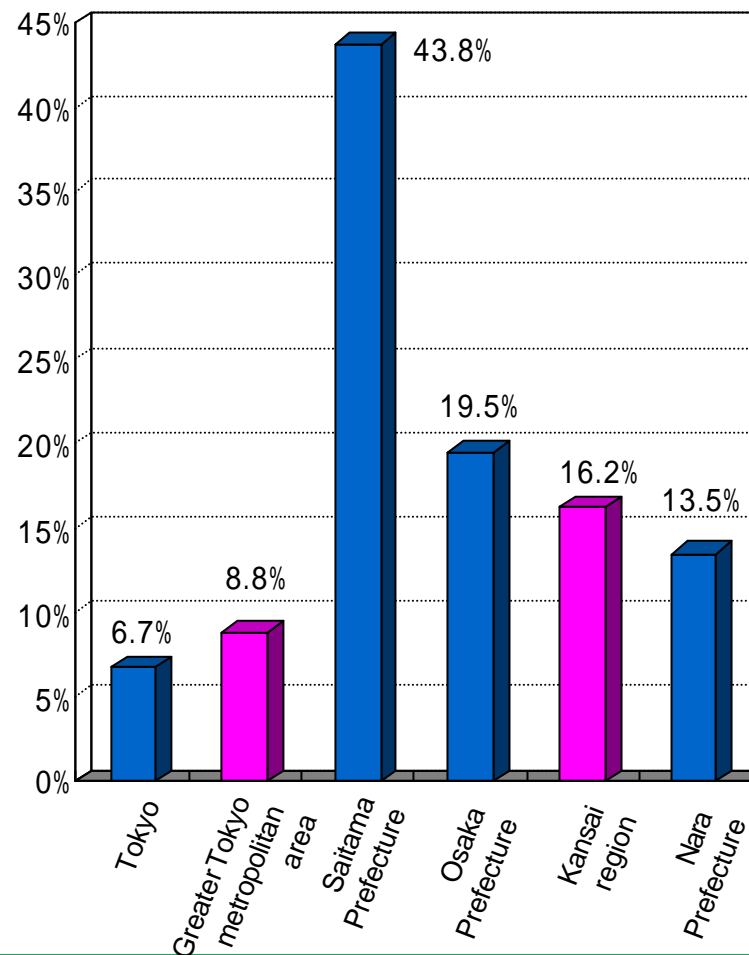
Current State of the Resona Group

-Share of the Group's Deposits and Loans

Group's share of deposits by region



Group's share of loans by region

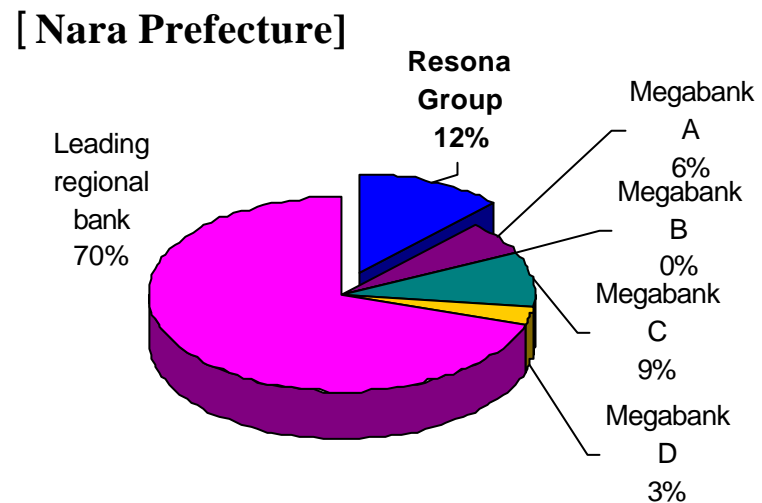
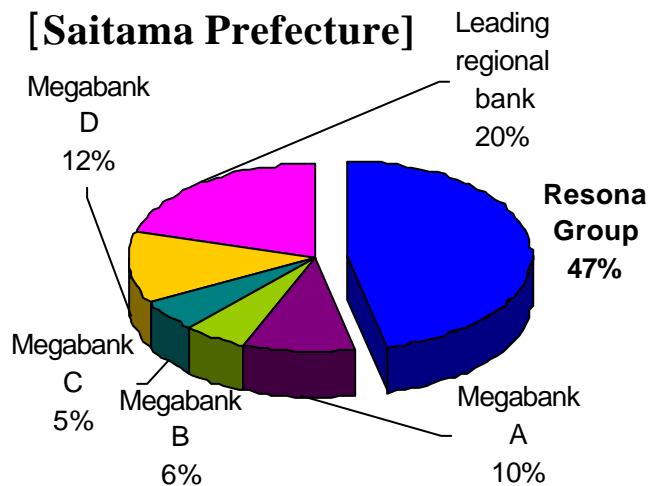
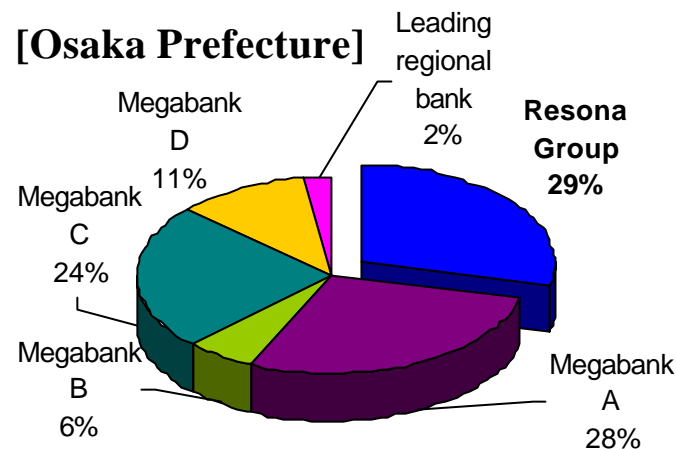
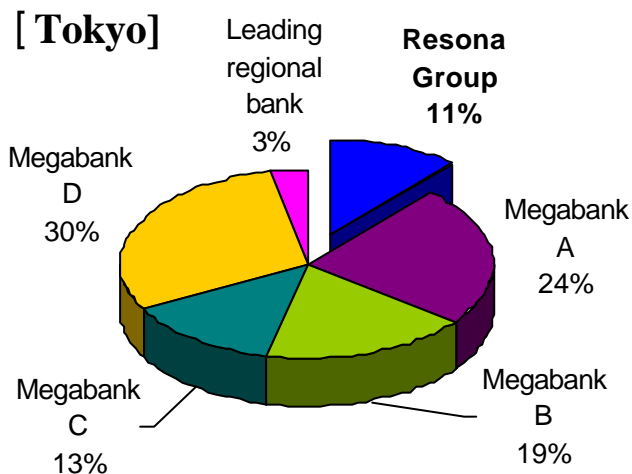


Note: Figures are based on data issued by the Japanese Bankers Association (as of September 2001).

Current State of the Resona Group

-Share of Corporate Main Bank Positions

Share of Main Bank Positions by Region

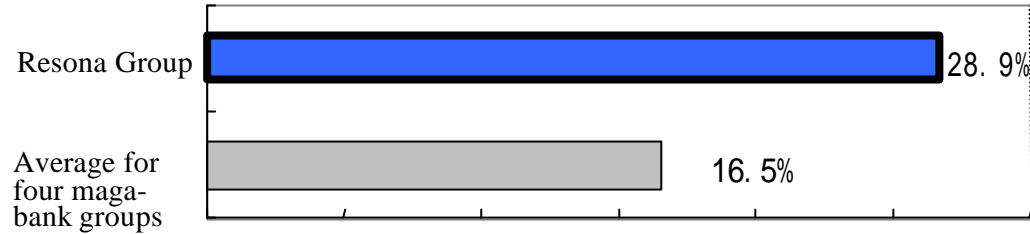


- Notes: 1. These share figures were computed by taking the total of all main bank positions of the Resona Group, the four megabanks, and one leading regional bank in each prefecture as the denominator (as of September 2001).
 2. The definition of main bank follows the Cosmos II Data criteria.

Current State of the Resona Group

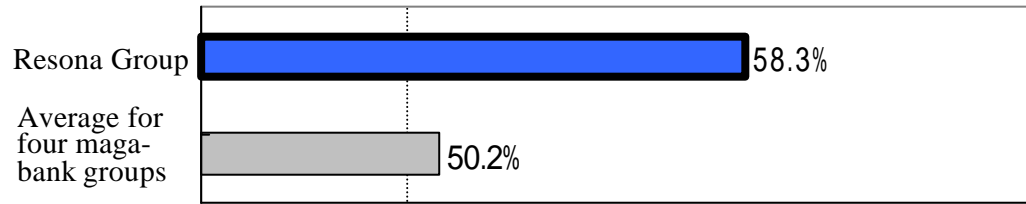
—Focusing Management Resources on Retail Banking

Ratio of housing loans



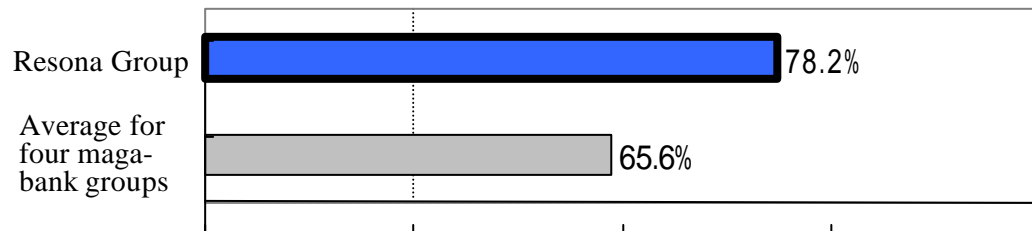
Note: Ratio of housing loans = Balance of housing loans (after securitization) / Total loans

Individual deposit ratio



Note: The individual deposit ratio = Individual deposits / Total deposits

Ratio of loans to small and medium-sized enterprises



Note: Ratio of loans to small and medium-sized enterprises = Loans outstanding to small and medium-sized enterprises and individuals / Domestic loans

- Figures are as of March 31, 2002.
- The averages for the four megabanks are simple averages of the ratios for each bank.
- Ratios for the Resona Group are based on the totals for the four Group banks.

Aiming for the Number One Position in Our Industry

With a target date of the fiscal year ending March 2006, the Group is aiming to be number one in the following items .

	Core businesses	Goals for the immediate future:	Recent accomplishments and performance figures	
			Recent accomplishments (current position)	Targets for March 2006 period
Consumer banking	Housing loans	•Number one in new housing loans made annually	Annual amount lent: ¥1.2 trillion (number three)	Annual amount lent: ¥2.0 trillion
	Private banking	•Number one in inheritance trust accounts opened	Number of accounts opened: 7,000 (number two)	Number of accounts opened: 10,000
		•Number one in the increase in inheritance trust accounts opened	Increase in number of accounts opened: 345 (number seven)	Increase in number of accounts opened: 1,000
	Transactions with senior citizens	•Number one as the repository for pension payments	Number of repository accounts: 1.03 million (number one)	Number of repository accounts: 1.2 million
Corporate banking	Growth support	•Number one in providing support for listing on the three stock markets for IPOs of up-and-coming enterprises	-	Participation share of 30%
	Base among small and medium-sized enterprises	•Number one among leading banks emphasizing lending to small and medium-sized enterprises	Ratio of loans to small and medium-sized enterprises: 77.8% (number one)	Ratio of loans to small and medium-sized enterprises: 80%
	Pension trusts	•Number one in the number of corporate pension trust accounts opened with small, medium-sized, and upper middle market companies	Lead manager share: 29%	Lead manager share: 40%
		•Number one in the increase in the balance of corporate pension fund accounts	-	Annual increase of ¥650 billion

This presentation contains forward-looking statements regarding the Group's operations. These statements are not intended to provide any guarantees of the Group's future performance, which will be subject to risks and uncertainties. Please note that future performance may differ from targets and plans because of changes in the operating environment and other factors.
