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# Management Plan Aimed At Resona's Revitalization

- Commitments in the Intensive Revitalization Period -

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RESONA

November 2003



Resona Holdings, Inc.

# CONTENTS

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- 1 Road Map for Resona's Revitalization
- 2 Outline of Earnings Plan
- 3 Principal Management Indicators: Plan Figures at the End of Intensive Revitalization Period
- 4 Three Goals to be Achieved in the Intensive Revitalization Period  
(Up to the End of March 2005)
- 5 Eliminating Excessive Risks and Recognizing Future Costs in Advance
- 6 Taking Measures Aimed at Early Disposal of the Assets in the "Revival Account" (Resona Bank)
- 7 Establishing System for Preventing Risk Factors From Increasing Again
- 8 Structural Reform Aimed at Maximization of Profits
- 9 Business Policies Leading to Reformation of Financial Structure
- 10 Renovating Operations to Become Financial Services Company
- 11 Area Management
- 12 Renovating Business Platform for Establishment of Low-cost Operation
- 13 Outline of Rationalization Plan
- 14 Internal Reform of Resona: Renovation of Corporate Culture

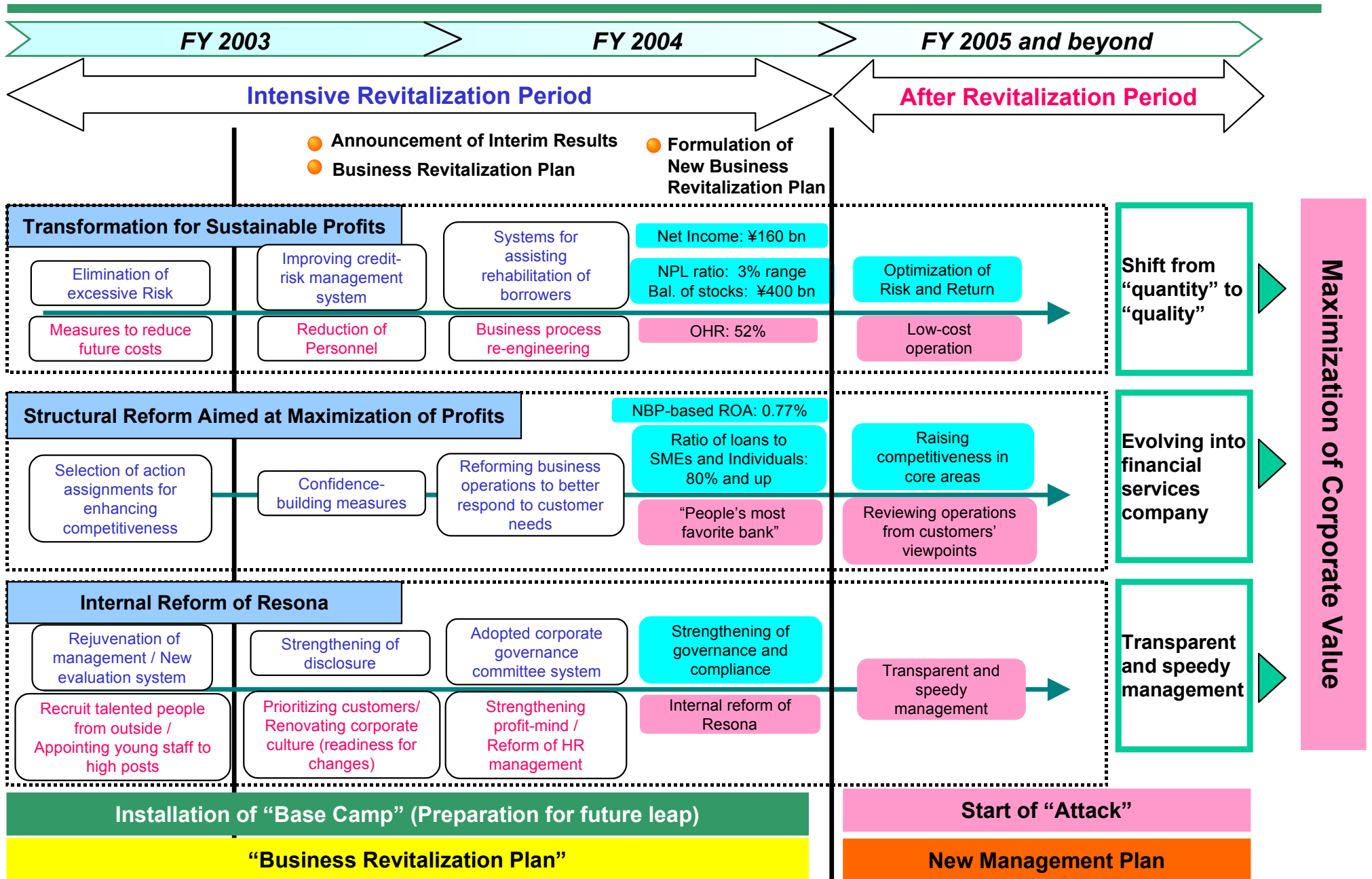
## <Outline of Earnings Plan>

- 15 Outline of Earnings Plan (Total of Five Banks)
- 16 Outline of Earnings Plan (Resona Bank)
- 17 Outline of Earnings Plan (Saitama Resona Bank)
- 18 Outline of Earnings Plan (Kinki Osaka Bank)
- 19 Outline of Earnings Plan (Nara Bank)
- 20 Outline of Earnings Plan (Resona Trust & Banking)

## <Reference Materials>

- 21 Management Concept and Action Manifesto
  - 22 Image of Area Management
-

# Road Map for Resona's Revitalization



# Outline of the Earnings Plan

To earn stable profits even under severe business environment

## <Group's Earnings Plan> (Total of 5 subsidiary banks)

(Billions of Yen)	FY 2002	FY 2003		FY 2004	
	(Actual)	(Plan)	1st Half (Actual)	2nd Half (Plan)	(Plan)
Gross operating profit	761.0	666.4	331.5	334.9	689.8
Net interest income	581.6	545.0	277.8	267.2	544.3
Trust fees	37.3	35.0	12.9	22.1	34.9
NPL disposal in the trust account	2.2	3.7	3.7	0.0	0.0
Fees and commissions	60.0	69.0	35.7	33.3	74.2
Trading income	20.9	17.9	10.3	7.6	17.4
Other operating income	61.0	(0.3)	(5.3)	5.0	19.0
Bond-related income	43.6	(10.0)	(8.9)	(1.1)	7.9
General and administrative exp.	455.8	428.3	212.2	216.1	362.7
Personnel expenses	156.4	123.8	64.8	59.0	112.2
Non-personnel expenses	276.1	277.9	134.7	143.2	227.0
Actual net business profits	307.3	242.0	123.0	119.0	327.1
Credit-related expenses	510.3	1,371.5	1,308.6	62.9	113.5
Net gains/(losses) on stocks	(312.1)	(6.2)	(26.1)	19.9	0.0
Ordinary profits/(losses)	(506.3)	(1,196.6)	(1,254.9)	58.3	172.5
Net income/(loss)	(790.4)	(1,731.8)	(1,784.5)	52.7	160.4

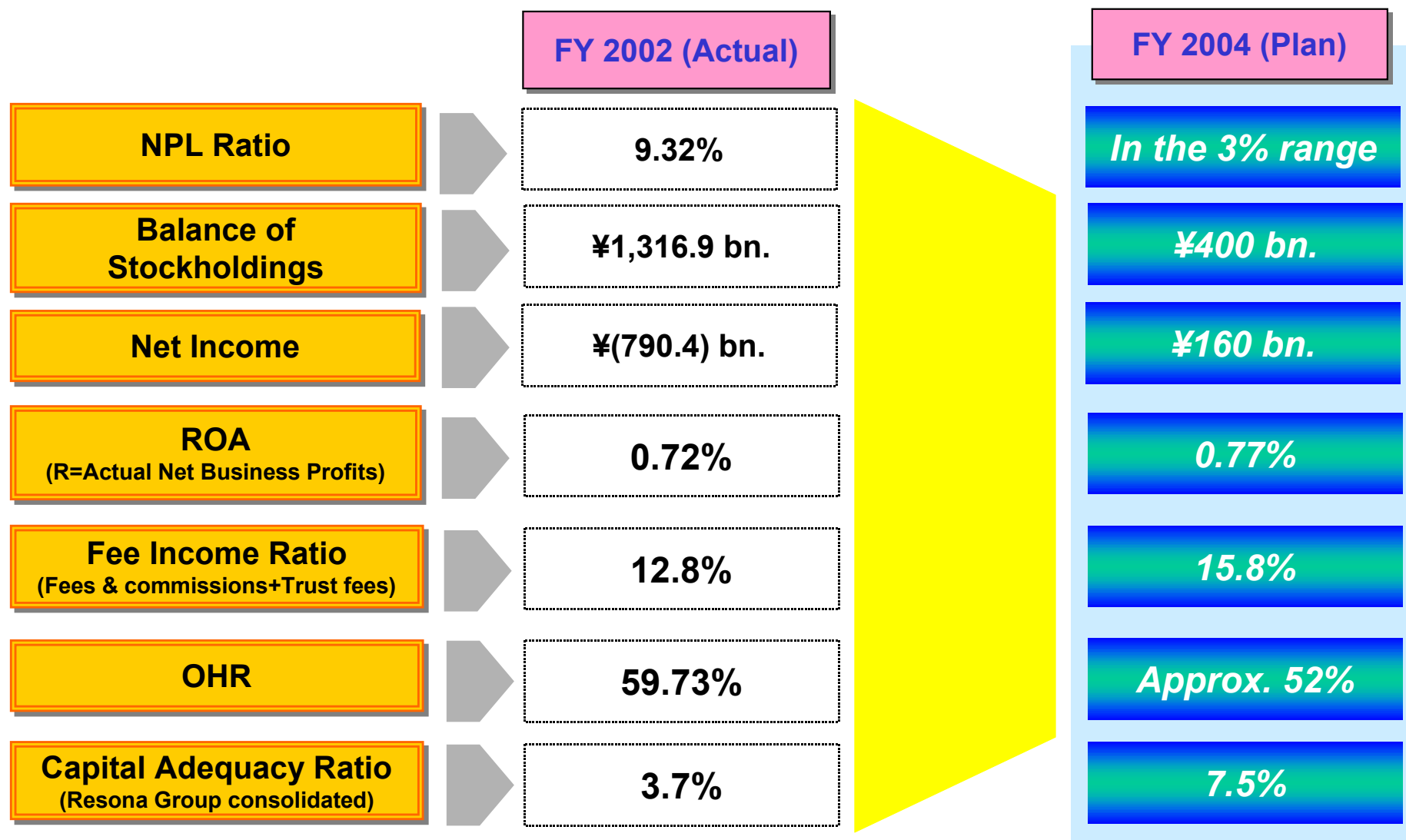
## <Assumptions>

	FY 2002	FY 2003	FY 2004
Overnight Call (Without collateral)	0.002%	0.001%	0.001%
TIBOR 3M	0.087%	0.09%	0.09%
10-year JGB	1.098%	1.5%	1.5%
FX (Yen/1US\$)	¥121.87	¥110	¥110
Nikkei Avg.	8,170	10,650	10,650

1. Actual net business profits: Net business profits before provision to general reserve for possible loan losses and disposal of NPL in the trust account
2. "Credit-related expenses" include provision to general reserve for possible loan losses and disposal of NPL in the trust account.
3. Figures for the 2nd half of FY 2003 are obtained by subtracting the 1st half results from the full-year plan figures for FY 2003

# Principal Management Indicators: Plan Figures at the End of Intensive Revitalization Period

Paving the way for further increase in profits after the Intensive Revitalization Period



# Three Goals to be Achieved in the Intensive Revitalization Period (up to the end of March 2005)

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## 1. Transformation for Sustainable Profits

[<See Pages 5 to 7>](#)

- a) Eliminating excessive risks and recognizing future costs in advance
- b) Taking measures aimed at early disposal of the assets in the “Revival Account”
- c) Establishing system for preventing risk factors from increasing again

## 2. Structural Reform Aimed at Maximization of Profits

[<See Pages 8 to 13>](#)

- a) Business policies leading to reformation of financial structure
- b) Renovating operations to become financial services company
- c) Renovating business platform for establishment of low-cost operations

## 3. Internal Reform of Resona: Renovation of Corporate Culture

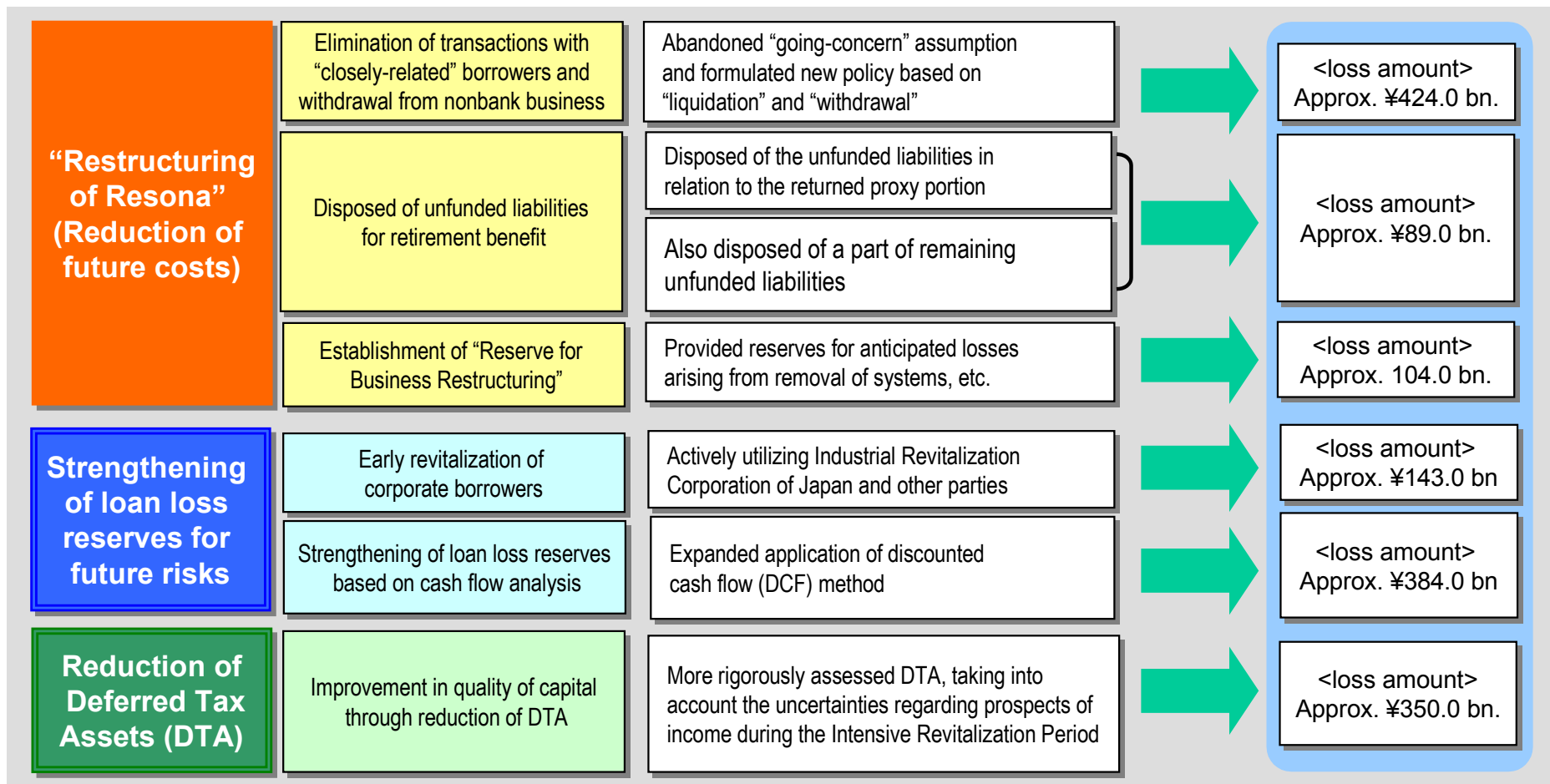
[<See Page 14>](#)

- a) Strengthening of governance
- b) Reform of personnel management system / Appointments of young staff to high posts
- c) Reform of Employees’ mind-sets
- d) Strengthening of compliance

# Eliminating Excessive Risks and Recognizing Future Costs in Advance

## Outline of the “Financial Reform” implemented in the 1st Half of FY 2003

### (1) Laid foundation for Resona's Revitalization from a financial viewpoint



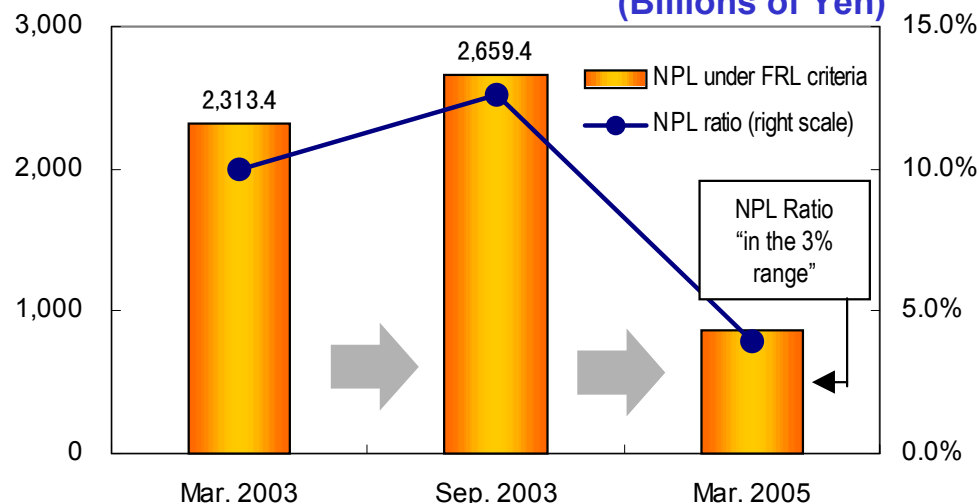
### (2) Reduced the balance of cross-held stocks

- Resona Bank sold approximately ¥400 bn of cross-held stocks in the 1st half of FY 2003

# Taking Measures Aimed at Early Disposal of the Assets in the “Revival Account” (Resona Bank)

## Early disposal of the assets in the “Revival Account”

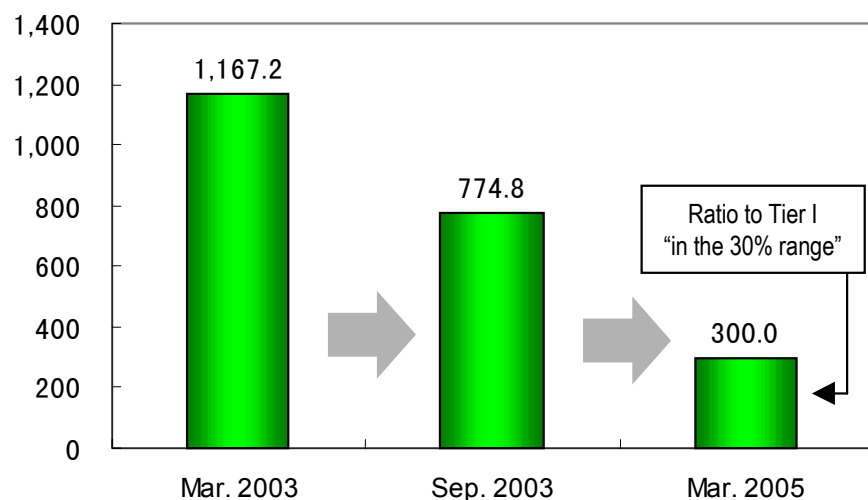
### <NPL under Financial Reconstruction Law criteria> (Billions of Yen)



### NPL ratio reduced to the “3% range” by the end of March 2005

- 1) Large "special attention" borrowers and "doubtful" borrowers with high prospect of revitalization are placed under the direct management by head-office
- 2) Establish specialized divisions for assisting borrowers' rehabilitation in Tokyo and Osaka within a group's servicer company
- 3) Utilization of revival funds  
Creation of proprietary funds for SMEs and tie-ups with existing third-party funds

### <Balance of Cross-held Stocks>



### Balance of cross-held stocks reduced to ¥300 bn by the end of March 2005

- 1) Listed and OTC stocks selected for future sale (approx. ¥470 bn) separated into the “Revival Account”
- 2) Continue efforts toward further reduction in line with the basic goal of reducing the balance to zero  
 >> Resona Bank set the pro-tempore target of reducing the balance to ¥300 bn (Resona Group combined: ¥400 bn)

\* Shown above are marketable stocks in “other securities”



# Establishing system for preventing risk factors from increasing again

## Strengthening integrated risk management system in view of the New BIS guidelines

### Credit Risk

**1. Write-offs and provision of reserves to minimize future risks**  
 a) Reduced credit risks with write-offs and additions to loan loss reserves in the 1st half of FY 2003

**2. Measures to reduce credit risk**

- a) Stricter application of credit ceiling rule
- b) Formulating policy for each large watch borrower
- c) Rectifying excessive concentration of credit risk on specific industries

**3. Pricing of loans appropriate to the credit risks involved**

- a) Maximizing profits on an after-credit cost basis
  - Performance of branches measured in such credit cost-deducted profits
- b) Pricing of loans appropriate to the level of credit risks

### Risk Management Goals

- 1) Maximum expected loss will be reduced within the tolerable risk volume
- 2) Expected loss with regular probability will be reduced within the periodic earnings

### Market Risk

**1. Reducing the balance of stocks in line with the basic goal of reducing the balance to zero**

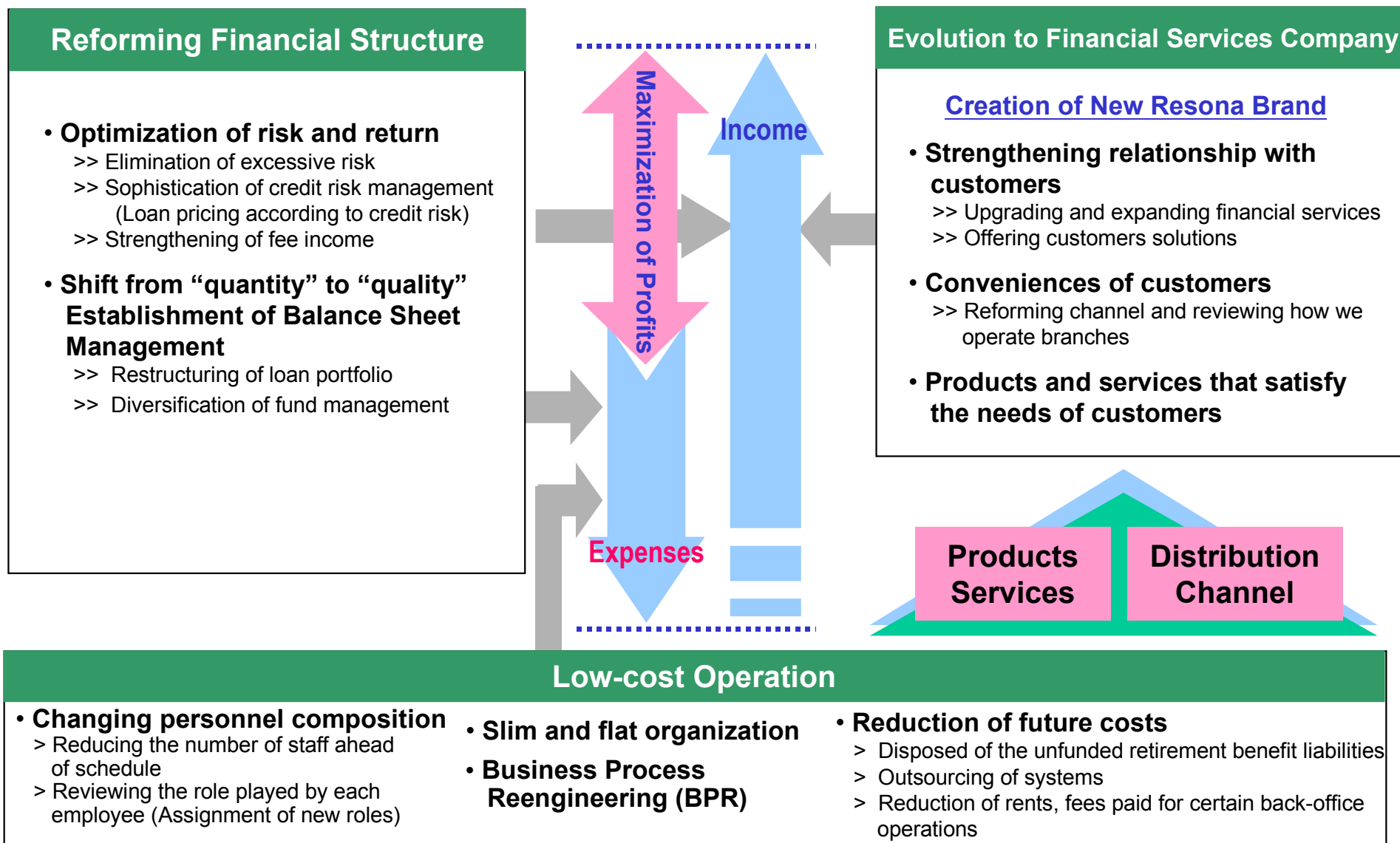
-- Target balance at the end of March 2005: ¥400 bn (Group banks combined)

**2. Raising the level of earnings from market-related activities**

-- Strengthening earnings while observing the risk limit

# Structural Reform Aimed at Maximization of Profits

## Maximization of Corporate Value



# Business Policies Leading to Reformation of Financial Structure

Shift from “quantity” to “quality” with emphasis on risk and return analysis

## <Establishment of Balance Sheet Management>

### (1) Restructuring of loan portfolio

#### a) Dispersion of loan portfolio into small lots

Focus on transactions with SMEs and individuals in the Tokyo metropolitan area and the Kansai region

- >> Ratio of loans to SMEs and individuals (Target for the end of March 2005)  
78% and up (Resona Bank), 80% and up (Group banks combined)
- >> Controlling credit risks through dispersing loan portfolio into small lots  
Also as part of efforts to prepare for the new BIS guideline

#### b) Improving profitability

- >> Reducing unprofitable loans, especially thin-spread loans to large corporations
- >> Pricing of loans that reflect credit risk, processing costs and profit opportunities from cross-selling of other products and services
- >> Strengthening lineup of loan products for SMEs and individuals

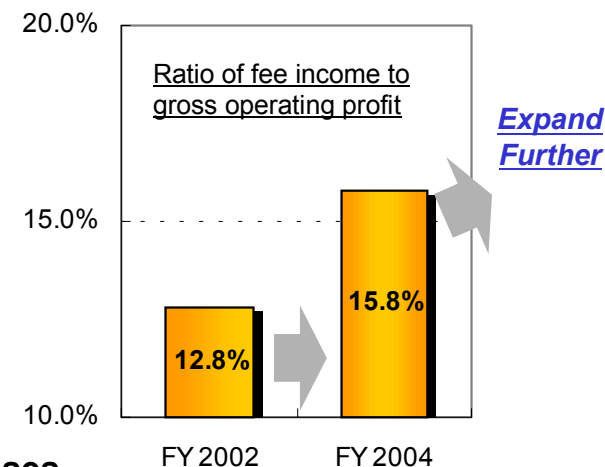
#### c) Diversification of fund management

- >> Bonds issued by fiscal investment agencies, securitized products, foreign bonds, nonpublic offering investment trusts, etc.

## <Fee Business> >> shift from excessive reliance on assets

### a) Strengthening sales of investment products that satisfy fund management needs of customers

- >> Investment trusts, individual annuity, foreign currency deposit, etc
- >> Strengthening real estate, and pension and corporate trust businesses



# Renovating Operations to Become Financial Services Company

First challenge towards evolution from conventional banking Institution to financial services company

<b>Strengthening relationship with customers</b>	<b>Delegation of authority and responsibility to sales front</b>	An area manager bears responsibility for overall management of area branches >> Introduction of “area management” Clarifying responsibility of AMs for attaining profits and administering area branches
	<b>Sophistication of marketing</b>	Realizing timely and effective marketing utilizing CEM and DBM methods Branch staff focusing on sales, through promotion of efficiency in clerical work
	<b>Relocation of staff</b>	Shifting staff to those areas where SME and individual customers’ needs are high (Sales of investment trusts, insurance policies, mortgage loans and consulting services for SMEs, etc.)
<b>Raising customer conveniences</b>	<b>Renovating branch network</b>	Opening many low-cost offices Expanding specialized channel, Shifting ATMs to more favorable locations
	<b>Reforming storefront</b>	Building storefront suitable for financial services company (selection of model branches) (Installation of consulting booth, standing operations, etc.)
	<b>Extended business hours</b>	Extending business hours based on customer needs (Extended business hours on weekdays, offices open on holidays)
<b>Offering products and services satisfying the needs of customers</b>	<b>Upgrading and expanding products and services</b>	Strengthening lineup of products and services for SME and individual customers (Loan products not requiring personal guarantee, improving scoring-type loan products) Tie-ups with third-party institutions
	<b>Establishing process for improving products and services</b>	Establishing process for improving products and services based on customer voice (Introduction of service monitor, storefront monitoring by third party agent, etc.)

# Area Management

Delegating significant authorities to Area Managers (AMs) to strengthen marketing and profits

## Outline of “Area Management”

- (1) **AMs** bear overall responsibility of supervising activities in all branch offices under his/her jurisdiction
- (2) AMs, **as a head of quasi-company**, responsible for **optimally allocating management resources** in his/her area in accordance with area features, and also for **profits and risks**
  - >>Performances of each area to be measured in “ROA (A=Net Business Profit)” and “credit cost-deducted Net Business Profits” etc.
  - >>Bringing up future management by offering hands-on training opportunity
- (3) Head office formulates bank-wide management plan, sets specific goals for each area and provides various supports and coordination among different areas

## Authority and Responsibility of AMs

<Authority>	Decisions on extending loans
	Human resources management in the area
	Organization change in area branch offices
	Formulating marketing and branch network strategies in the area
	Budget allocation within the area
<Responsibility>	Setting targets for each area branch
	Attaining profit goals assigned to the area
	Administration of area branch offices

# Renovating Business Platform for Establishment of Low-cost Operation

## Changing the Composition of Workforce

### Reducing employees ahead of schedule, New roles assigned to each staff

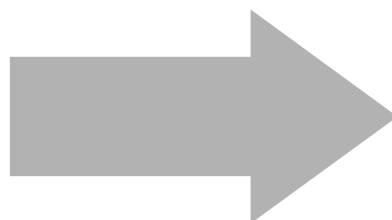
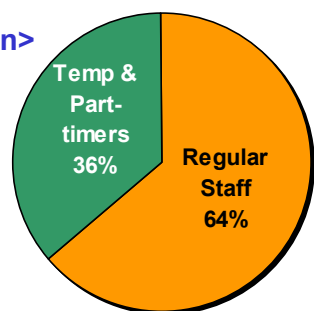
#### 1) Reducing the number of employees ahead of schedule

>> Integration of overlapping functions of group banks, slim and flat head-office organization

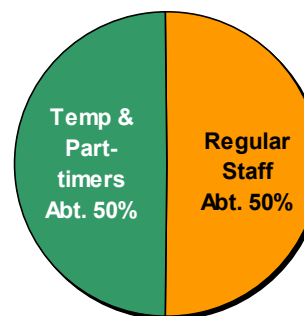
#### 2) New roles assigned to each staff

>> Staff relocation, reviewing composition of employees

<Workforce Composition>  
(2nd Half of FY 2002)



<Workforce Composition>  
(Image after Review)



### Slim and Flat Organization

- 1) Delegating more authority to GMs of branch offices
- 2) Abolishing deputy GM positions in branch offices
- 3) Streamlining head-office organization
- 4) Drastic restructuring of affiliated companies

### Business Process Reengineering (BPR)

- 1) Enhancing efficiency in operations of branch offices
  - >> Expanding loan application processing centers
  - >> Separating back-office operations of branch offices
- 2) Opening a number of low-cost manned branches
- 3) Expanding specialized channel
  - >> SME support centers, housing loan centers, etc.


## Reducing future costs

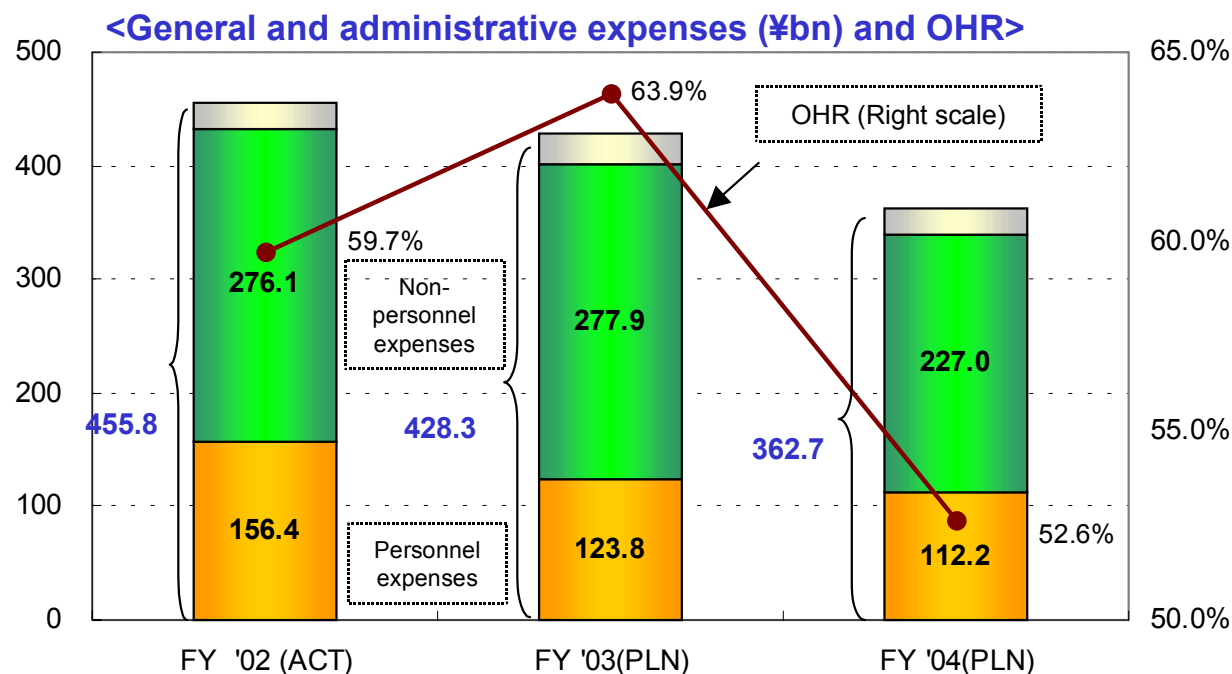
- 1) Retirement benefit costs >>Disposed of the unfunded liabilities corresponding to the returned proxy portion and a part of remaining unfunded liabilities
- 2) Systems-related expenses >>Outsourcing of systems and off-balancing of IT-related assets
- 3) Rents, outsourcing fees for back-office operations >>Concentration of head-office functions of group banks, drastic restructuring of affiliated companies, etc.

# Outline of Rationalization Plan

Reducing administrative expenses by more than ¥100 bn (including non-recurring item) through rationalization

## >> Reduction of expenses by items (Comparison with the actual results for fiscal 2002)

<b>Personnel Expenses</b>	<ul style="list-style-type: none"> <li>&gt;Salary cut, reduction of employees</li> <li>&gt;Decrease in retirement benefit cost (portion accounted for as personnel expenses)</li> </ul>	Approx. ¥38.0 bn Approx. ¥ 6.0 bn		<b>General and administrative expenses</b> <b>Total reduction of ¥93 bn</b> <b>(Excluding non-recurring item)</b>
<b>Non-personnel Expenses</b>	<ul style="list-style-type: none"> <li>&gt;Reduction of rent and other real estate-related expenses</li> <li>&gt;Reduction of systems and other operational expenses</li> <li>&gt;Reduction of operating expenses of branches accompanying abolition and integration of branches</li> <li>&gt;Reduction of fees paid for outsourcing of back-office operations</li> </ul>	Approx. ¥12.0 bn Approx. ¥23.0 bn Approx. ¥ 6.0 bn Approx. ¥ 8.0 bn		
<b>Non-recurring Expenses</b>	<ul style="list-style-type: none"> <li>&gt;Decrease in retirement benefit cost (non-recurring items)</li> </ul>	Approx. ¥13.0 bn		



# Internal Reform of Resona: Renovation of Corporate Culture

## Corporate governance

- 1) Rejuvenation of management team, introduction of management evaluation system
- 2) In addition to Resona Bank, other group banks will also adopt “corporate governance committee system” (around in June 2004)
- 3) More active disclosure, realization of highly transparent management

## Reform of personnel management system, appointments of young staff to high posts

- 1) Recruiting talented people from outside
- 2) Appointing young staff to high posts utilizing in-house recruitment system
- 3) Introducing new personnel management and salary systems (Planned in the 1st half of FY 2004)
  - >> Providing return appropriate to “challenge” and “achievement”

## Mind Renovation: “Challenge” “Speed” and “Soft Power (Invisible Competitiveness)”

- 1) Prioritizing customers (“Resona Plus One” activities, Division specializing in providing supports for SMEs, etc.)
- 2) Renovation of corporate culture (readiness for change, rejuvenation of senior officers, in-house recruitment system, continuation of project teams for Resona’s revitalization)
- 3) Strong commitment to profit
  - >> Review of performance evaluation system, Resona Competitive Enhancement Committee

## Compliance

- 1) Rebuilding organizational framework for infiltrating compliance mind
  - >> Renewed action guideline based on new management concept
  - >> in-house education (induction course, message from the management)
  - >> Implementation of in-house survey, compliance hotline



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# **Outline of Earnings Plan**

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# Outline of Earnings Plan (Total of Five Banks)

<Total of Five Banks> (Billions of Yen)

	FY 2002 [A] (Actual)	FY 2003 (Plan)	FY 2004 [B] (Plan)	Change [B] - [A]
Gross operating profit	761.0	666.4	689.8	(71.2)
Net interest income	581.6	545.0	544.3	(37.3)
Trust fees	37.3	35.0	34.9	(2.4)
NPL disposal in trust account	2.2	3.7	0.0	(2.2)
Net fees and commissions	60.0	69.0	74.2	14.2
Net trading profits	20.9	17.9	17.4	(3.5)
Other operating income	61.0	(0.3)	19.0	(42.0)
Gains/(losses) on bonds	43.6	(10.0)	7.9	(35.7)
Actual net business profits*	307.3	242.0	327.1	19.8
Net business profits	163.3	179.1	327.6	164.3
Provision to general reserve	141.7	59.2	(0.5)	(142.2)
General & admin. Expenses	455.8	428.3	362.7	(93.1)
Personnel expenses	156.4	123.8	112.2	(44.2)
Non-personnel expenses	276.1	277.9	227.0	(49.1)
Expenses for NPL disposal	366.4	1,308.6	114.0	(252.4)
Net gain/(loss) on stocks	(312.1)	(6.2)	0.0	312.1
Ordinary profit/(loss)	(506.3)	(1,196.6)	172.5	678.8
Extraordinary profit	7.8	33.0	5.6	(2.2)
Extraordinary loss	18.8	205.7	1.1	(17.7)
Income taxes-current	8.9	7.0	6.4	(2.5)
Income taxes-deferred	264.1	355.5	10.4	(253.7)
Net income/(loss)	(790.4)	(1,731.8)	160.4	950.8

\* Actual net business profits = Net business profits before provision to general reserve and NPL disposal in the trust account

\*1. Assets and liabilities are stated in average balance. Stockholders' equity is reported in term-end balance.

\*2. Earned surplus excluding earned surplus reserve

\*3. Management indicators other than OHR, ROE and ROA are based on the total figures of four subsidiary banks excluding Resona Trust & Banking.

\*4. ROA for FY 2002: Actual net business profits / Total assets (average balance)

ROA for FY 2003 and after: Actual net business profits / (total assets - customers' liabilities for acceptances and guarantees) <Average balance>

(Billions of Yen)

	FY 2002 [A] (Actual)	FY 2003 (Plan)	FY 2004 [B] (Plan)	Change [B] - [A]
Total assets (Note.1)	42,233.8	43,060.0	42,210.0	(23.8)
Loans and bills discounted	28,628.7	27,530.0	26,780.0	(1,848.7)
Securities	7,176.0	7,030.0	7,700.0	524.0
Trading assets	634.0	550.0	590.0	(44.0)
DTA (term-end bal.)	511.2	83.0	72.6	(438.6)
Total liabilities (Note.1)	40,852.7	41,930.0	41,170.0	317.3
Deposits and NCDs	33,853.5	33,110.0	33,090.0	(763.5)
Trading liabilities	27.0	4.0	4.0	(23.0)
DTL for land revaluation (term-end bal.)	56.5	53.7	53.7	(2.8)
Total stockholders' equity (Note.1)	395.9	1,047.3	1,197.1	801.2
Capital stock	628.4	1,340.6	744.4	116.0
Capital reserve	273.2	1,237.3	95.1	(178.1)
Other capital surplus	0.0	0.0	0.0	0.0
Earned surplus reserve	77.4	20.0	20.0	(57.4)
Retained earnings (Note 2)	(632.9)	(1,726.6)	161.7	794.6
Land revaluation excess	83.1	78.9	78.9	(4.2)
Net unrealized gains/(losses) on other securities	(33.5)	97.0	97.0	130.5

(Management Indicators) (Note.3) (%)

	FY 2002	FY 2003	FY 2004	Change
Yield on interest earning assets (A)	1.83	1.65	1.65	(0.18)
Interest earned on loans and bills discounted (B)	2.09	2.05	2.09	0.00
Interest on securities	0.86	0.77	0.69	(0.17)
Total cost of funding (C)	1.40	1.27	1.12	(0.28)
Interest paid on deposits and NCDs (D)	0.13	0.11	0.11	(0.02)
Expense ratio (E)	1.31	1.26	1.06	(0.25)
Overall interest spread (A) - (C)	0.43	0.38	0.53	0.10
Loan-to-deposit spread (B)-(D)-(E)	0.64	0.68	0.91	0.27
OHR	59.73	63.90	52.59	(7.14)
ROE (R=Actual net business profits)	22.25	21.86	31.65	9.40
ROA (Note.4)	0.72	0.58	0.81	0.09

# Outline of Earnings Plan (Resona Bank)

<Resona Bank> (Billions of Yen)

	FY 2003 (Plan)	FY 2004 (Plan)
Gross operating profit	438.0	468.0
Net interest income	376.1	368.9
Trust fees	6.5	8.8
NPL disposal in trust account	3.7	0.0
Net fees and commissions	52.3	57.1
Net trading profits	17.9	17.4
Other operating income	(14.8)	15.6
Gains/(losses) on bonds	(21.3)	7.5
Actual net business profits*	156.0	234.0
Net business profits	118.5	234.0
Provision to general reserve	33.8	0.0
General & admin. Expenses	285.7	234.0
Personnel expenses	78.0	70.5
Non-personnel expenses	189.1	147.0
Expenses for NPL disposal	1,077.3	88.0
Net gain/(loss) on stocks	5.1	0.0
Ordinary profit/(loss)	(999.9)	110.9
Extraordinary profit	24.1	5.4
Extraordinary loss	176.1	0.0
Income taxes-current	0.1	0.0
Income taxes-deferred	286.5	0.0
Net income/(loss)	(1,438.5)	116.3

\* Actual net business profits = Net business profits before provision to general reserve and NPL disposal in the trust account

\*1. Assets and liabilities are stated in average balance. Stockholders' equity is reported in term-end balance.

\*2. Earned surplus excluding earned surplus reserve

\*3. ROA: Actual net business profits / (total assets - customers' liabilities for acceptances and guarantees) <Average balance>

(Billions of Yen)

	FY 2003 (Plan)	FY 2004 (Plan)
Total assets (Note.1)	29,810.0	28,890.0
Loans and bills discounted	20,000.0	19,370.0
Securities	5,430.0	5,610.0
Trading assets	550.0	590.0
DTA (term-end bal.)	33.7	33.7
Total liabilities (Note.1)	29,020.0	28,150.0
Deposits and NCDs	20,750.0	20,560.0
Trading liabilities	4.0	4.0
DTL for land revaluation (term-end bal.)	53.0	53.0
Total stockholders' equity (Note.1)	761.0	877.2
Capital stock	1,051.7	597.4
Capital reserve	980.0	0.0
Other capital surplus	0.0	0.0
Earned surplus reserve	0.0	0.0
Retained earnings (Note 2)	(1,434.3)	116.3
Land revaluation excess	78.0	78.0
Net unrealized gains/(losses) on other securities	85.5	85.5

(Management Indicators) (%)

Yield on interest earning assets (A)	1.70	1.70
Interest earned on loans and bills discounted (B)	1.96	1.98
Interest on securities	0.79	0.67
Total cost of funding (C)	1.30	1.14
Interest paid on deposits and NCDs (D)	0.11	0.11
Expense ratio (E)	1.37	1.13
Overall interest spread (A) - (C)	0.39	0.55
Loan-to-deposit spread (B)-(D)-(E)	0.46	0.73
OHR	64.68	50.00
ROE (R=Actual net business profits)	20.46	31.79
ROA (Note.3)	0.55	0.85

# Outline of Earnings Plan (Saitama Resona Bank)

<Saitama Resona Bank>		(Billions of Yen)	
	FY 2003	FY 2004	
	(Plan)	(Plan)	
Gross operating profit	111.2	115.4	
Net interest income	96.0	100.0	
Trust fees	0.0	0.0	
NPL disposal in trust account	0.0	0.0	
Net fees and commissions	13.0	13.1	
Net trading profits	0.0	0.0	
Other operating income	2.2	2.5	
Gains/(losses) on bonds	(0.6)	0.0	
Actual net business profits*	37.1	42.3	
Net business profits	34.1	42.3	
Provision to general reserve	3.0	0.0	
General & admin. Expenses	74.1	73.1	
Personnel expenses	20.3	21.8	
Non-personnel expenses	49.3	47.3	
Expenses for NPL disposal	26.5	12.5	
Net gain/(loss) on stocks	0.0	0.0	
Ordinary profit/(loss)	4.2	26.6	
Extraordinary profit	1.2	0.0	
Extraordinary loss	3.6	0.3	
Income taxes-current	0.2	0.2	
Income taxes-deferred	1.1	10.6	
Net income/(loss)	0.5	15.5	

\* Actual net business profits = Net business profits before provision to general reserve and NPL disposal in the trust account

\*1. Assets and liabilities are stated in average balance. Stockholders' equity is reported in term-end balance.

\*2. Earned surplus excluding earned surplus reserve

\*3. ROA: Actual net business profits / (total assets - customers' liabilities for acceptances and guarantees) <Average balance>

		(Billions of Yen)	
	FY 2003	FY 2004	
	(Plan)	(Plan)	
Total assets (Note.1)	9,120.0	9,263.5	
Loans and bills discounted	4,639.1	4,824.3	
Securities	916.6	878.6	
Trading assets	0.4	0.4	
DTA (term-end bal.)	42.6	32.0	
Total liabilities (Note.1)	8,962.0	9,095.0	
Deposits and NCDs	8,577.8	8,744.6	
Trading liabilities	0.4	0.4	
DTL for land revaluation (term-end bal.)	0.0	0.0	
Total stockholders' equity (Note.1)	160.8	176.3	
Capital stock	50.0	50.0	
Capital reserve	80.0	80.0	
Other capital surplus	0.0	0.0	
Earned surplus reserve	20.0	20.0	
Retained earnings (Note 2)	1.3	16.8	
Land revaluation excess	0.0	0.0	
Net unrealized gains/(losses) on other securities	9.5	9.5	

(Management Indicators)		(%)	
Yield on interest earning assets (A)	1.26	1.29	
Interest earned on loans and bills discounted (B)	2.19	2.19	
Interest on securities	0.49	0.54	
Total cost of funding (C)	0.99	0.97	
Interest paid on deposits and NCDs (D)	0.12	0.12	
Expense ratio (E)	0.86	0.84	
Overall interest spread (A) - (C)	0.27	0.32	
Loan-to-deposit spread (B)-(D)-(E)	1.22	1.23	
OHR	66.61	63.35	
ROE (R=Actual net business profits)	23.50	25.10	
ROA (Note.3)	0.41	0.46	

# Outline of Earnings Plan (Kinki Osaka Bank)

<Kinki Osaka Bank>

(Billions of Yen)

	FY 2002 [A] (Actual)	FY 2003 (Plan)	FY 2004 [B] (Plan)	Change [B] - [A]
Gross operating profit	92.8	86.9	77.4	(15.4)
Net interest income	80.8	69.5	71.6	(9.2)
Trust fees	-	-	-	-
NPL disposal in trust account	-	-	-	-
Net fees and commissions	3.9	5.2	4.9	1.0
Net trading profits	-	-	-	-
Other operating income	8.1	12.3	0.9	(7.2)
Gains/(losses) on bonds	7.5	11.9	0.4	(7.1)
Actual net business profits*	29.2	32.7	35.0	5.8
Net business profits	2.8	10.2	35.0	32.2
Provision to general reserve	26.3	22.5	0.0	(26.3)
General & admin. Expenses	63.6	54.2	42.4	(21.2)
Personnel expenses	26.6	20.3	15.0	(11.6)
Non-personnel expenses	33.7	30.7	24.6	(9.1)
Expenses for NPL disposal	69.2	204.1	13.0	(56.2)
Net gain/(loss) on stocks	(6.5)	(11.3)	0.0	6.5
Ordinary profit/(loss)	(59.1)	(215.7)	19.3	78.4
Extraordinary profit	2.5	7.3	0.2	(2.3)
Extraordinary loss	1.5	25.6	0.8	(0.7)
Income taxes-current	0.0	0.1	0.4	0.4
Income taxes-deferred	2.3	67.7	0.0	(2.3)
Net income/(loss)	(60.5)	(301.8)	18.4	78.9

\* Actual net business profits = Net business profits before provision to general reserve and NPL disposal in the trust account

\*1. Assets and liabilities are stated in average balance. Stockholders' equity is reported in term-end balance.

\*2. Earned surplus excluding earned surplus reserve

\*3. ROA: Actual net business profits / (total assets - customers' liabilities for acceptances and guarantees) <Average balance>

(Billions of Yen)

	FY 2002 [A] (Actual)	FY 2003 (Plan)	FY 2004 [B] (Plan)	Change [B] - [A]
Total assets (Note.1)	4,170.4	3,906.2	3,818.4	(352.0)
Loans and bills discounted	2,957.0	2,769.2	2,447.9	(509.1)
Securities	844.7	644.4	1,162.2	317.5
Trading assets	-	-	-	-
DTA (term-end bal.)	74.8	5.8	5.8	(69.0)
Total liabilities (Note.1)	4,029.5	3,761.7	3,729.2	(300.3)
Deposits and NCDs	3,727.1	3,606.2	3,612.0	(115.1)
Trading liabilities	-	-	-	-
DTL for land revaluation (term-end bal.)	-	-	-	-
Total stockholders' equity (Note.1)	83.1	83.2	101.6	18.5
Capital stock	121.4	223.1	81.2	(40.2)
Capital reserve	22.1	159.9	0.0	(22.1)
Other capital surplus	-	-	-	-
Earned surplus reserve	-	-	-	-
Retained earnings (Note 2)	(60.5)	(301.8)	18.4	78.9
Land revaluation excess	-	-	-	-
Net unrealized gains/(losses) on other securities	0.1	2.0	2.0	1.9

(Management Indicators)	(%)			
Yield on interest earning assets (A)	2.27	2.23	2.15	(0.12)
Interest earned on loans and bills discounted (B)	2.53	2.51	2.73	0.20
Interest on securities	1.39	1.01	0.91	(0.48)
Total cost of funding (C)	1.80	1.66	1.33	(0.47)
Interest paid on deposits and NCDs (D)	0.14	0.14	0.14	0.00
Expense ratio (E)	1.70	1.50	1.17	(0.53)
Overall interest spread (A) - (C)	0.47	0.57	0.82	0.35
Loan-to-deposit spread (B)-(D)-(E)	0.69	0.87	1.42	0.73
OHR	68.52	62.38	54.81	(13.71)
ROE (R=Actual net business profits)	20.73	22.62	39.17	18.44
ROA (Note.3)	0.70	0.85	0.93	0.23

# Outline of Earnings Plan (Nara Bank)

<Nara Bank> (Billions of Yen)

	FY 2002 [A] (Actual)	FY 2003 (Plan)	FY 2004 [B] (Plan)	Change [B] - [A]
Gross operating profit	3.9	3.7	4.2	0.3
Net interest income	3.5	3.4	3.8	0.3
Trust fees	-	-	-	-
NPL disposal in trust account	-	-	-	-
Net fees and commissions	0.3	0.3	0.3	0.0
Net trading profits	-	-	-	-
Other operating income	0.1	0.0	0.0	(0.1)
Gains/(losses) on bonds	0.1	0.0	0.0	(0.1)
Actual net business profits*	0.5	(0.8)	1.1	0.6
Net business profits	0.2	(0.7)	1.6	1.4
Provision to general reserve	0.2	(0.1)	(0.5)	(0.7)
General & admin. Expenses	3.4	4.6	3.1	(0.3)
Personnel expenses	1.8	1.6	1.1	(0.7)
Non-personnel expenses	1.5	2.8	1.9	0.4
Expenses for NPL disposal	1.1	0.7	0.5	(0.6)
Net gain/(loss) on stocks	(0.4)	0.0	0.0	0.4
Ordinary profit/(loss)	(1.4)	(1.7)	1.1	2.5
Extraordinary profit	0.0	0.0	0.0	0.0
Extraordinary loss	0.0	0.4	0.0	0.0
Income taxes-current	0.0	0.0	0.0	0.0
Income taxes-deferred	1.3	0.2	(0.2)	(1.5)
Net income/(loss)	(2.7)	(2.3)	1.4	4.1

\* Actual net business profits = Net business profits before provision to general reserve and NPL disposal in the trust account

\*1. Assets and liabilities are stated in average balance. Stockholders' equity is reported in term-end balance.

\*2. Earned surplus excluding earned surplus reserve

\*3. ROA: Actual net business profits / (total assets - customers' liabilities for acceptances and guarantees) <Average balance>

(Billions of Yen)

	FY 2002 [A] (Actual)	FY 2003 (Plan)	FY 2004 [B] (Plan)	Change [B] - [A]
Total assets (Note.1)	186.8	186.5	200.6	13.8
Loans and bills discounted	127.1	129.2	147.0	19.9
Securities	36.2	32.9	36.9	0.7
Trading assets	-	-	-	-
DTA (term-end bal.)	0.7	0.5	0.7	0.0
Total liabilities (Note.1)	178.4	181.2	197.5	19.1
Deposits and NCDs	170.7	173.2	179.2	8.5
Trading liabilities	-	-	-	-
DTL for land revaluation (term-end bal.)	0.7	0.7	0.7	0.0
Total stockholders' equity (Note.1)	5.4	6.8	8.2	2.8
Capital stock	3.8	5.8	5.8	2.0
Capital reserve	1.8	2.4	0.1	(1.7)
Other capital surplus	-	-	-	-
Earned surplus reserve	0.3	0.0	0.0	(0.3)
Retained earnings (Note 2)	(1.7)	(2.3)	1.4	3.1
Land revaluation excess	0.0	0.9	0.9	0.9
Net unrealized gains/(losses) on other securities	0.1	0.0	0.0	(0.1)

(Management Indicators) (%)

Yield on interest earning assets (A)	2.07	2.08	2.16	0.09
Interest earned on loans and bills discounted (B)	2.52	2.52	2.54	0.02
Interest on securities	0.98	0.79	0.79	(0.19)
Total cost of funding (C)	2.08	2.71	1.75	(0.33)
Interest paid on deposits and NCDs (D)	0.07	0.09	0.09	0.02
Expense ratio (E)	2.00	2.63	1.66	(0.34)
Overall interest spread (A) - (C)	(0.01)	(0.63)	0.41	0.42
Loan-to-deposit spread (B)-(D)-(E)	0.44	(0.20)	0.78	0.34
OHR	88.13	121.48	74.22	(13.91)
ROE (R=Actual net business profits)	5.51	(12.85)	25.22	19.71
ROA (Note.3)	0.24	(0.47)	0.55	0.31

# Outline of Earnings Plan (Resona Trust & Banking)

## <Resona Trust & Banking>

(Billions of Yen)

	FY 2002 [A] (Actual)	FY 2003 (Plan)	FY 2004 [B] (Plan)	Change [B] - [A]
Gross operating profit	26.0	26.6	24.8	(1.2)
Net interest income	0.0	0.0	0.0	0.0
Trust fees	29.6	28.5	26.1	(3.5)
NPL disposal in trust account	-	-	-	-
Net fees and commissions	(3.5)	(1.8)	(1.2)	2.3
Net trading profits	-	-	-	-
Other operating income	0.0	0.0	0.0	0.0
Gains/(losses) on bonds	0.0	0.0	0.0	0.0
Actual net business profits*	16.3	17.0	14.7	(1.6)
Net business profits	16.3	17.0	14.7	(1.6)
Provision to general reserve	-	-	-	-
General & admin. Expenses	9.7	9.7	10.1	0.4
Personnel expenses	4.1	3.6	3.8	(0.3)
Non-personnel expenses	5.6	6.0	6.2	0.6
Expenses for NPL disposal	-	-	-	-
Net gain/(loss) on stocks	-	-	-	-
Ordinary profit/(loss)	15.7	16.5	14.6	(1.1)
Extraordinary profit	0.0	0.4	0.0	0.0
Extraordinary loss	0.0	0.0	0.0	0.0
Income taxes-current	6.4	6.6	5.8	(0.6)
Income taxes-deferred	(0.4)	0.0	0.0	0.4
Net income/(loss)	9.7	10.3	8.8	(0.9)

\* Actual net business profits = Net business profits before provision to general reserve and

NPL disposal in the trust account

\*1. Assets and liabilities are stated in average balance. Stockholders' equity is reported in term-end balance.

\*2. Earned surplus excluding earned surplus reserve

\*3. ROA: Actual net business profits / (total assets - customers' liabilities for acceptances and guarantees)<Average balance>

(Billions of Yen)

	FY 2002 [A] (Actual)	FY 2003 (Plan)	FY 2004 [B] (Plan)	Change [B] - [A]
Total assets (Note.1)	31.5	43.0	43.0	11.5
Loans and bills discounted	-	-	-	-
Securities	14.5	16.0	16.0	1.5
Trading assets	-	-	-	-
DTA (term-end bal.)	0.4	0.4	0.4	0.0
Total liabilities (Note.1)	5.9	8.0	7.0	1.1
Deposits and NCDs	3.3	3.4	3.4	0.1
Trading liabilities	-	-	-	-
DTL for land revaluation (term-end bal.)	-	-	-	-
Total stockholders' equity (Note.1)	34.7	35.5	33.8	(0.9)
Capital stock	10.0	10.0	10.0	0.0
Capital reserve	15.0	15.0	15.0	0.0
Other capital surplus	-	-	-	-
Earned surplus reserve	-	-	-	-
Retained earnings (Note 2)	9.7	10.5	8.8	(0.9)
Land revaluation excess	-	-	-	-
Net unrealized gains/(losses) on other securities	0.0	0.0	0.0	0.0

(Management Indicators)

(%)

Yield on interest earning assets (A)	0.01	0.01	0.01	0.00
Interest earned on loans and bills discounted (B)	-	-	-	-
Interest on securities	0.00	0.01	0.01	0.01
Total cost of funding (C)	0.07	0.07	0.07	0.00
Interest paid on deposits and NCDs (D)	0.01	0.01	0.01	0.00
Expense ratio (E)	295.01	285.32	298.53	3.52
Overall interest spread (A) - (C)	(0.06)	(0.06)	(0.06)	0.00
Loan-to-deposit spread (B)-(D)-(E)	-	-	-	-
OHR	37.42	36.47	40.93	3.51
ROE (R=Actual net business profits)	63.55	48.57	41.67	(21.88)
ROA (Note.3)	51.66	39.54	34.88	(16.78)

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# Reference Materials

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# Management Concept and Action Manifesto

## Review of Management Concept

>> Formulated Resona Group's new management concept based on a proposal from "Resona Revitalization Project Team"

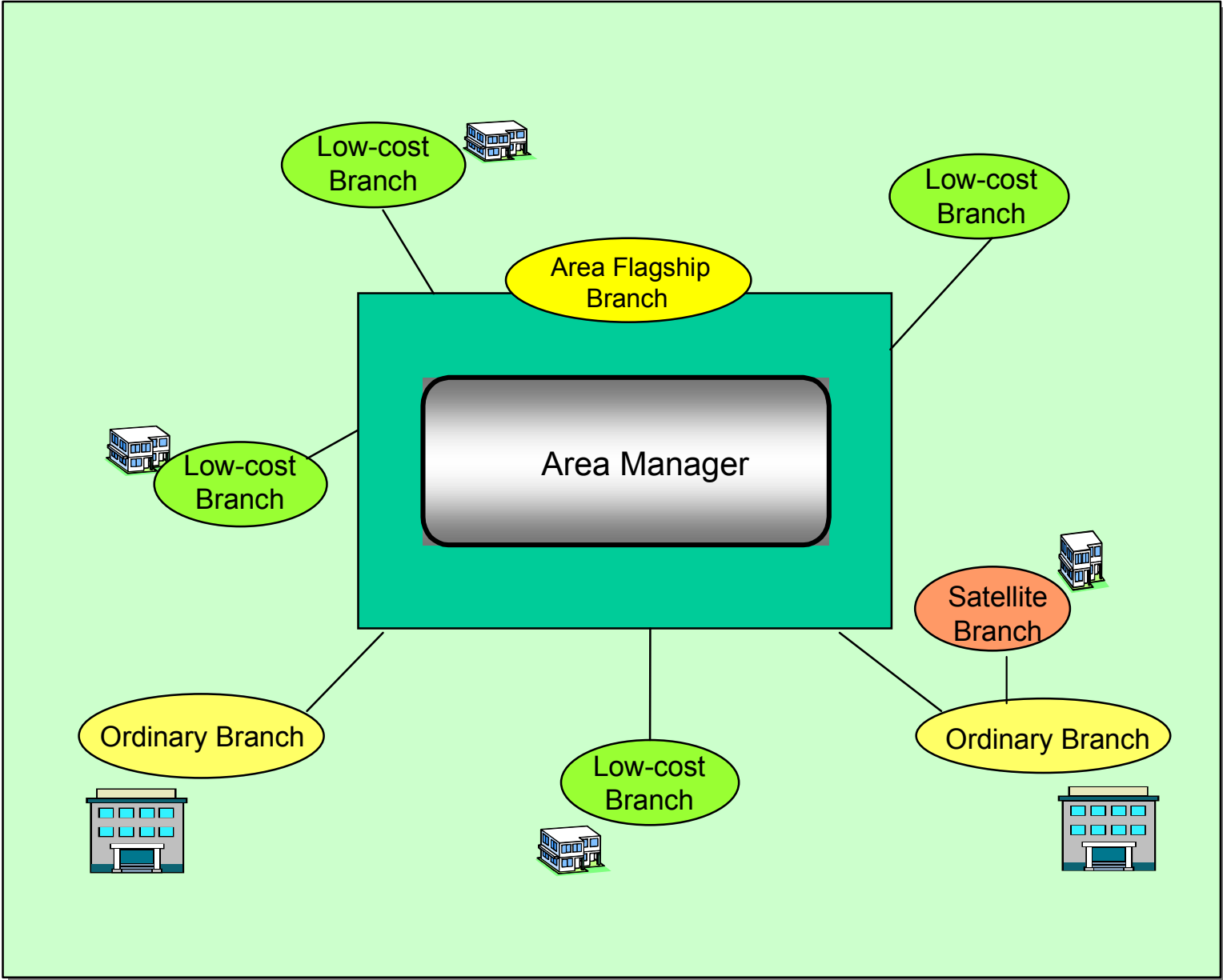
Resona Group aims at becoming a true **"financial services company full of creativity"**  
Towards this goal, Resona Group will:

- 1) live up to customers' expectation
- 2) try out for renovation
- 3) implement transparent management
- 4) develop further with the regional societies

## Resona Way (Action Manifesto)

Customers and "Resona"	Resona cherishes the relationship with customers
	> Resona Group offers customers heartfelt services for their joy and happiness, prioritizing their confidence in Resona over everything.
	> Resona Group makes every effort to respond fully to the needs of customers by offering high-quality services.
	> Resona Group always receives customers with gratitude.
Shareholders and "Resona"	Resona cherishes the relationship with shareholders
	> Resona Group aims at maximizing its corporate value by implementing sound management based on a long-term perspective.
	> Resona Group returns appropriate level of sound profits to its shareholders.
	> Resona Group does not postpone anything, endeavors for transparent management, and actively upgrades its disclosure.
Society and "Resona"	Resona places importance on its connectedness with the society
	> Resona Group makes every effort for a number of citizens to acknowledge the significance of Resona's existence.
	> Resona Group observes every rule of the society.
	> Resona Group contributes to regional societies as a good corporate citizen.
Employees and "Resona"	Resona thinks a great deal of employees' human quality
	Resona Group creates a workplace where employees can take pride in being a member of Resona.
	Resona Group thinks highly of the mind-set to make a challenge and of creativity.
	Resona Group cherishes each employee's human quality and evaluates ability and achievement in a fair manner.

# Image of Area Management



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*The forward-looking statements contained in this presentation, including plans (objectives) of capital adequacy ratio, 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.*

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