

Formulation of "Super Regional Strategy"

Resona Holdings, Inc. ("Resona HD") formulated "Super Regional Strategy" ("the Plan") as a new medium-term management plan for the Resona Group. The plan is formulated in order to resolve the problem loan issue and strengthen the profitability to establish a solid platform as a federation of regional financial institutions. The outline of the strategy is summarized as follows. (Details are explained in the separate sheets.)

1. Resolution of Problem Loan Issue

- Acceleration of final disposal of problem loans, strengthening of loan-loss reserves in preparation for the final disposal in the coming years
- Supports for corporate revival through the establishment of "Corporation for Revival of Small & Medium-sized Enterprises"

2. Reinforcement of Capital

3. Strengthening of Profitability

- Thoroughly implementing rationalization measures, increasing loans in respective home markets
- Nurturing strategic subsidiaries
- Realizing synergistic effects from the management consolidation

Through the implementation of the measures outlined above, Resona Group will aim at achieving a net operating profit of 500 billion yen (total of the subsidiary banks) in the fiscal year ending March 2007 (fiscal year 2006).

				(Billions of Yen)	
	Fiscal 2002 (Actual)	Fiscal 2007(Planned)		Fiscal 2006 (Planned) ( Reference )	
			Difference		
Gross Operating Profit	800.1	900.0	+ 100.0	892.7	
G&A Expenses	477.3	400.0	(80.0)	448.7	
Net Operating Profit *1	322.8	500.0	+ 180.0	444.0	

\*1. Net operating profit: before transfer to general reserve for possible loan losses

\*2. Figures of Fiscal 2006 (Planned) are those in the "Plan to Revitalize Management"

4. Establishment of a Solid Platform as a Federation of Regional Financial Institutions

- Establishment of Osaka Resona Bank and Nara Resona Bank
- Open platform for other regional financial institutions to join

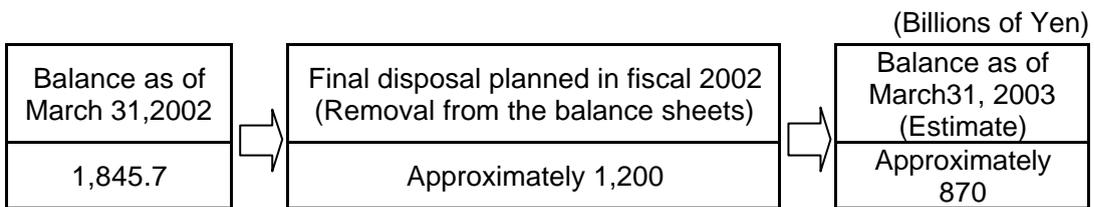
5. Treatment of the Term-end Dividend for Fiscal Year 2002

1. Resolution of Problem Loan Issue

(1) Acceleration of Final Disposal of Problem Loans

Daiwa Bank and Asahi Bank combined will dispose of their claims to "doubtful" or lower categories of borrowers in the amount of 1.2 trillion yen. As a result of the removal of such claims from their balance sheets, their combined claims to such borrowers will be halved.

[Claims to "doubtful" or lower categories of borrowers (Daiwa and Asahi combined)]



(2) Strengthening of loan-loss reserves in preparation for the final disposal in the coming years

Taking into account the possible impact of the "Program for Financial Revival", banks in the Resona Group will increase their loan-loss reserves and virtually complete the necessary preparations for the final disposal of problem exposures in and after fiscal year 2003.

(3) Establishment of "Corporation for Revival of Small & Medium-sized Enterprises"

Considerations are being given to the establishment of "Corporation for Revival of Small & Medium-sized Enterprises" with a view to reducing the Group's problem loan balance and contributing to the sound development of regional economies through assistance for corporate rehabilitation.

When the program of assisting SMEs for revival envisioned by the Osaka Prefecture Government materializes as some media reported recently, Resona Group will collaborate closely with the Osaka Prefecture Government and make the best use of such initiatives in order for the Corporation to play a role as a regional institution for corporate revival.

\*\* Disposal of unrealized losses on stocks

Resona Group will also dispose of the unrealized losses on stocks utilizing the merger surplus arising when Daiwa Bank and Asahi Bank are reorganized into Resona Bank and Saitama Resona Bank by way of corporate separation and merger in March 2003. Such disposal will facilitate the sales of stocks in the coming years.

## 2. Reinforcement of Capital

Resona Group plans to raise new capital in the amount of approximately 100 billion yen by the end of the current fiscal year. The planned capital increase will be primarily through the issuance of preferred securities. Through the reinforcement of capital, banks in the Resona Group will be able to provide funds to those in need even under the worst operating environment including the possibility of a further decline of stock prices, higher-than-expected credit costs, etc. Resona Group will continue to give considerations to the various ways to raising capital in and after next fiscal year, too.

## 3. Strengthening of Profitability

By implementing the measures outlined below, banks in the Resona Group will aim at achieving a net operating profit of 500 billion yen in the fiscal year ending March 2007 (fiscal year 2006).

### A) Thoroughly implementing rationalization measures

Resona Group will achieve its plan for reducing the number of branch offices and personnel earlier than originally planned in its Plan to Revitalize Management by implementing new measures such as the introduction of "branch-in-branch" in order to step up its efforts for rationalization.

\* "Branch-in-branch" enables consolidation of overlapping branches before integration of computer systems.

### 1) Reduction of personnel expenses

- By reviewing the operations of the branches and concentrating the head-office functions of subsidiary banks to the holding company etc, Resona Group will reduce 1,300 employees additionally on top of the planned reduction by March 2007. (Early retirement plan will be introduced in carrying out the planned reduction.)

[Number of employees (group banks combined)]

(Billions of Yen)		
Number as of the end of March, 2002	Number planned at the end of March 2006 (Plan to Revitalize Management)	Number planned at the end of March 2007
21,048	17,900 *	16,600 (Reduction of 4,450 from the end of March 2002)

\* To be achieved earlier than originally planned

- Starting from March 2003, Resona Group will adopt new retirement payment and pension systems such as cash balance plan and pre-paid retirement benefit, etc. and also adopt a new salary system that places importance on the roles and specific

achievements of employees. In addition, by reducing the level of pension payments, Resona Group plans to reduce its retirement benefit liabilities by approximately 40 billion yen and the annual retirement benefit expenses by 2 billion yen.

- Reflecting the recent business results, considerations are being given to reducing bonuses for the high-rank officers. While aiming at increasing efficiency, Resona Group will actively promote young staffs and offer them important posts with a view to vitalizing the organization.

[Past reductions of bonuses]

Daiwa Bank	In and after the latter half of fiscal year 1998	30% Reduction
	In and after the latter half of fiscal year 2001	Additional 20% reduction
Asahi Bank	In and after the first half of fiscal year 1998	10% Reduction
	In and after the latter half of fiscal year 2001	Additional 26% reduction

In addition to the reduction shown above, Asahi Bank reduced the base salary for its employees by 10% (in and after the first half of fiscal year 1998)

## 2) Reduction of non-personnel expenses

- While nurturing strategic subsidiaries within the Group, Resona Group will work on maximizing the efficiency of its subsidiaries and affiliated companies through such measures as consolidation of companies with overlapping functions and hiring of senior part-timers for reducing operating costs. Through these measures, Resona Group will reduce the service charges paid to such companies. (Other measures under consideration include the appointment of younger staff as directors for such companies.)
- Resona Group will also reduce its system-related expenses through the integration of computer systems and standardization of products and services within the group.
- In addition, Resona Group will dispose its company housing and other related facilities. By reviewing the overall non-personnel expenses, the Group will further reduce its non-personnel expenses.

[Total non-personnel expenses of the Group banks] (Billions of Yen)

Fiscal Year 2002 (Actual)	Plan to Revitalize Management (Plan for fiscal 2005)	Fiscal 2006 (Planned)	Difference
279.2	283.3	240.0	Reduction of approximately 40.0

## B) Increasing Loans (Contributing to the stability of regional financial system)

As a federation of regional financial institutions, Resona Group will contribute to the revitalization of regional economies by supplying increasing funds to SMEs. Through the measures outlined herein, Resona Group will aim at raising its ratio of loans to SMEs and individuals to 80% or above.)

(Enhancement of corporate lending targeted mainly to SMEs)

- By developing strategic loan products for SMEs based on the automated scoring system and utilizing the support centers, Resona Group will establish the system for facilitating low-cost operations and actively responding to the needs of funds among SME customers.
- From February 2003, Daiwa Bank started offering "Retail 48 (West)," a new type of small-loan product targeted to SMEs that is based on the same scheme as the Asahi Bank's existing "Retail 48". However, the new product is different in that it uses its own scoring model that reflects the regional characteristics of the Kansai region. Resona Group will continue to meet its customer needs by providing regionally oriented products utilizing the Group banks' know-how.

(Enhancement of loans to Individuals: Promotion of housing loans)

- Resona Group will build up a system that enables the Group to extend 1.5 trillion-yen of housing loans annually.
- Resona Group will strengthen its business promotion and risk management systems by sharing the loan promotion know-how that Asahi Bank has established among the Group banks.

## C) Nurturing Strategic Subsidiaries

In order to strengthen and stabilize the earnings of the holding company as well as to strengthen the Group's platform functions, Resona Group will make certain companies its direct subsidiaries and position them as "strategic subsidiaries" within the Group. In order to facilitate the reorganization of subsidiaries, Resona HD set up in February 2003 the Strategic Business Division that supervises the strategic businesses of these direct subsidiaries.

## D) Realization of Synergistic Effects

### 1) Cooperation within the Group

- Upon the establishment of "Resona Bank", banks in the Resona Group will strengthen the cooperation within the Group in such business fields as real estate and private banking etc., and endeavor to realize the synergistic effects, which was mentioned in its "Plan to Revitalize Management."
- In February 2003, Nara Bank became an agency for Resona Trust & Banking.

Resona Group could build up a framework in which each member of the Group can offer its customers the top-class pension and corporate trust services.

## 2) Business Tie-up with Foreign Financial Institutions

### [Business Tie-up with the Bank of East Asia]

By entering into the business tie-up with the Bank of East Asia that has the largest branch network in China as a foreign financial institution, Resona Group will be able to offer various local financial services including assistance for expanding businesses in China through the BEA's network.

### [Business Tie-up with Credit Agricole Group]

Resona Group is giving considerations to expanding the scope of its existing tie-up with Credit Agricole Group to include private banking and other business areas in addition to the existing tie-up fields of investment trusts and asset management.

## 4. Establishment of a Solid Structure as a Federation of Regional Financial Institutions

### 1) Establishment of Osaka Resona Bank and Nara Resona Bank

In or after fiscal year 2004, two regional banks, Osaka Resona Bank and Nara Resona Bank will be newly established within the Group. The basic policy of the Resona Group towards this planned reorganization is as follows:

#### [Establishment of Nara Resona Bank]

- Nara Resona Bank will be established in fiscal year 2004 so as to succeed the operations of Resona Bank, Nara Bank and Kinki Osaka Bank in the Nara Prefecture.
- Considering the market characteristics of the Nara Prefecture, Nara Resona Bank will focus on transactions with SMEs and offer individual customers mainly housing loans.

#### [Establishment of Osaka Resona Bank]

- Considerations are being given to establishing Osaka Resona Bank in fiscal year 2005 in the same manner as Saitama Resona Bank and Nara Resona Bank.

### 2) Preparation for other financial institutions to join the Group

For the steady development of the super regional bank concept, Resona Group continues to adopt its open-door policy vis-à-vis other regional financial institutions hoping to join the Group.

## 5. Term-end dividends for Fiscal 2002

Taking into account the estimate for the results of fiscal year 2002, Resona HD will regrettably suspend the payment of common dividends for the year.

Compensations for the board members of Resona HD and its subsidiary banks will be reduced with a view to clarifying their responsibilities for the results.

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