

Outline of the Business Revitalization Plan

Towards becoming a financial services company

November 18, 2004

Resona Holdings, Inc.

Resona Bank, Ltd.

[Positioning of the New Business Revitalization Plan]

During the Intensive Revitalization Period (till the end of March 2005), Resona Group, under the initiatives of the new management team, took the infusion of substantial public funds with the utmost seriousness and has aggressively taken every step towards a goal of becoming a financial services company. Among these steps taken were a financial reform which was implemented with a view to drastically disposing of non-performing loans (NPLs), and a series of internal reforms including full-scale restructuring efforts.

Based on the various reforms implemented through the Intensive Revitalization Period, Resona Group positions this as a new plan covering a next phase for Resona Group to make a shift from “revitalization” to “leap forward.”

Under the new plan, Resona Group aims at becoming a group of community banks which are most favored and selected by communities and customers in Osaka Prefecture, Saitama Prefecture, Tokyo Metropolis and other areas. Three pillars for the medium-term management strategy are 1) customer-centric and community-based business operations, 2) pursuit of higher productivity through service quality and low-cost operations, and 3) nurturing of service culture.

This plan covers the period up to the end of March 2008. The concept for the period till the end of March 2007 is “to make a shift from restructuring to strengthening of marketing” and in the fiscal year ending March 2008 and after, Resona Group will intensively work on the challenge of “maximizing its corporate value.”

1. Measures to rationalize management

(1) Management strategy

During the plan period, based on the medium-term management strategy and plan concepts, Resona Group will work on the following three renovations;

- Further development of community-based area management
- Efforts to become a financial services company, and
- Infrastructure development through systems integration

Further development of community-based area management

(Group consolidated management)

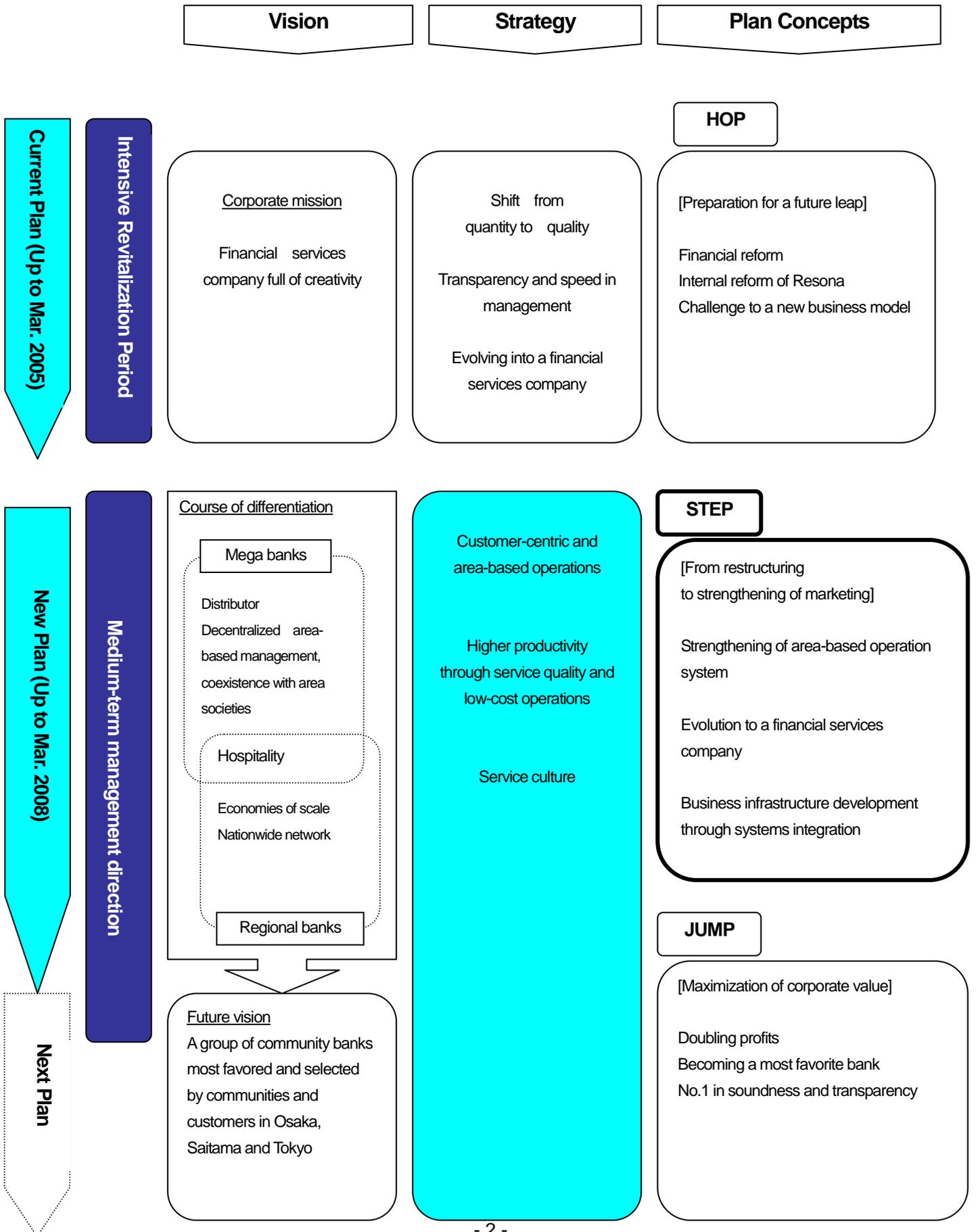
Resona Group will pursue both a separate-company management system that reflects distinctive features of each area market and a consolidated management system to ensure operational efficiency, simultaneously. In order to achieve this, under the governance by Resona Holdings, while group banks compete with each other, they also build an organic system of consolidated management across the Group.

Also, such group companies as in charge of credit guarantees, back-office operations, debt collection, etc. will be realigned to become direct subsidiaries of Resona Holdings. These companies will function as common platforms for the entire Group and enhance efficiency in operations.

(Further development of area management system)

Under the area management system which Resona Bank and Saitama Resona Bank started from April 2004, each area is regarded as a base organization unit. These group banks will place the utmost importance on contacts with area customers and thus discard the former system of head office-led operation system and instead strengthen their area-based operation system further. Through such an effort, Resona Group banks will strive to be a bank that co-prospers with regional societies.

[General image of the new plan]



Efforts to become a financial services company

(Mindset reform)

Resona Group will prioritize the services to “people” and aims at becoming a service company that cherishes the face-to-face interactions with people. As a necessary precondition for achieving this ideal, Resona Group will endeavor to nurture the hospitality mind to be shared by all management and staff.

(Transformation to a financial distributor)

Abandoning the former do-everything-on-one’s-own strategy, Resona Group will aim at becoming a financial distributor which procures the best products and services from alliance partners with a leading position in each industry and offer them to its customers at the time and place and in the way they wanted.

(Access point renovation)

Branch offices will be clearly redefined as a place for marketing. In order to achieve strengthening of marketing capacity and low cost operations at the same time, Resona Group will work on reengineering of business processes and renovation of the office network.

Infrastructure development through systems integration

Resona Bank will integrate its dual systems into one. The intended systems integration will enhance conveniences for customers and competitiveness, reduce systems and operating costs and lead to sophistication of business management. Preparations for the integration are now under way and for the sake of security, the actual integration will be implemented step by step commencing from spring of next year and ending in autumn next year.

(2) Earnings Plan

In order to achieve a growth of gross operating profits through reinforcements of its marketing capacity, Resona Group will make strategic investments in such fields as systems integration, business process reengineering and strengthening of marketing staff. On the other hand, Resona Group will continue its efforts to reduce regular expenses and seek to achieve a further low-cost operation. Steady profits will be generated through such rationalization efforts and stabilization in credit-related expenses.

[Major figures of the earnings plan (total of 5 banks)]

(Billions of yen)	FY 2004 (Plan)	FY 2005 (Plan)	FY 2006 (Plan)	FY 2007 (Plan)	<Reference> FY 2008 (Target)
Gross operating profits	690.0	666.0	692.0	718.0	
Operating expenses	353.0	374.0	364.0	364.0	
Actual net operating profits	338.0	292.0	328.0	354.0	400.0
Income before income taxes	305.0	194.0	229.0	261.0	300.0

Strengthening of marketing capacity

In order to strengthen the sales force, back-office staffs will be relocated to a marketing unit. This relocation will be made possible through reengineering of clerical works including a thorough review of loan back-office at branch offices. Also, Resona Group will endeavor to raise the quality of its staff by improving its training and education system and through diversification of its staff composition.

Developments of products and services specific to each area

Through the offering of products and services specific to each area and through the strengthening of collaborations with a university and a chamber of commerce and industry in each area, Resona Group will contribute to further development of regional economy and raise its own profitability.

Concentration on core competitive businesses

Resona Group intends to focus on its core business areas in which it has competitiveness. These core areas are transactions with SMEs, loans to individuals, sales of financial products, real estate and corporate pension business. By focusing on these core areas, Resona Group will increase its interest and fee income.

Efforts to increase loans and further improve the quality of loan assets

Resona Group will make efforts to increase its loans to SMEs and individuals. At the same time, Resona Group will strive to enhance the quality of their loan assets by charging an appropriate spread based on a risk-return analysis, dispersing their loan portfolios into small lots by increasing loans to SMEs and individuals. Also, through a head-office division specializing in rehabilitation supports, the Group banks will provide financially distressed borrowers with necessary assistance.

[Targets under the plan (Total of five group banks)]

		FY 2004	FY 2007
Profitability	Income before income taxes	Approx. ¥170 bil.*	Approx. ¥230 bil.
Productivity	Per head gross operating profits	Approx. ¥45mil.*	Approx. ¥47 mil.
Soundness	NPL ratio	In the 3% range	Approx. 3%

* On a normalized basis excluding one-time gains

(3) Outline of the plan for rationalization

Operating expenses

In fiscal 2003, Resona Group banks drastically reduced future risk factors and also took very comprehensive restructuring measures including an introduction of early retirement support system. In the period covered by this plan, group banks will continue to seek higher productivity by lowering the operation costs. Along with this rationalization effort, Resona Group banks will strengthen their marketing force by relocating staff from back offices to marketing divisions and also by making the use of part-timers. Also, by making strategic investments to upgrade the quality of marketing staff, renovate the channel network and integrate the systems infrastructure, Resona Group will seek to raise its profits and achieve higher productivity.

[Cost-to-income ratio (OHR)]

(%)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Group Banks Total	61.56	51.08	56.15	52.60	50.69
Resona Bank	61.67	47.20	54.34	50.21	47.57

*Group banks total: total of five group banks

[Personnel and non-personnel expenses]

(Billions of yen)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Resona Group	391.0	331.0	352.0	342.0	342.0
Resona Bank	259.4	210.0	230.0	222.0	220.5

*Resona Group: total of Resona Holdings and five group banks (the same applicable to the following tables.)

[Personnel expenses]

(Billions of yen)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Resona Group	125.5	110.8	123.8	122.8	122.8
Resona Bank	77.5	66.0	74.0	72.0	71.5

[Number of employees]

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Resona Group	16,089	14,890	14,870	14,611	14,196
Resona Bank	10,365	9,404	9,419	9,200	8,850

[Non-personnel expenses]

(Billions of yen)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Resona Group	265.5	220.2	228.2	219.2	219.2
Resona Bank	181.9	144.0	156.0	150.0	149.0

[Non-personnel expenses (excluding systems-related expenses)]

(Billions of yen)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Resona Group	172.4	154.3	153.9	151.5	152.4
Resona Bank	113.3	102.6	103.2	101.9	102.4

Subsidiaries and affiliated companies

(Realignments of group banks)

Resona Group regards it as the most urgent task to rebuild the relationships of trust with the regional communities and customers and to strengthen its earnings through the efforts to become a financial services company. Therefore, Resona Group decided not to implement large-scale realignments of group banks since such realignments consume a lot of energies in an inward-focused way. Under the plan period, Resona Group strives to maximize its corporate value by prioritizing strengthening of earning capacity of each group bank.

Contingent on the approvals from the competent authorities, Nara Bank will be merged with Resona Bank in January 2006 with Resona Bank being a surviving company. Resona Group judged it to be the best option to integrate Nara Bank into Resona Bank's area management framework so that the merged entity could maintain its operations connected with regional communities.

In addition, Resona Holdings plans to purchase all of the minority shares of Resona Trust & Banking to make it a fully-owned subsidiary by the end of March 2005. Negotiations with these minority shareholders are under way at the moment. The intended realignment of Resona Trust & Banking will help materialize such merits as faster decision makings, less constraints on group management, and maximization of group profits under the consolidated tax return system.

(Other subsidiaries and affiliated companies)

Subsidiaries and affiliated companies have been realigned through such measures as divestitures, mergers, etc. from the viewpoint of eliminating future risk factors and concentrating management resources in core business areas. As a result of such realignments, approximately 50 subsidiaries and affiliated companies that existed before will have been reduced to effectively 11 companies by the end of March 2005.

As for those companies which will remain, Resona Holdings plan to reorganize them as its direct subsidiaries so that it can more effectively strengthen its business management over its subsidiaries and require them to generate higher profits on a non-consolidated basis.

Summary of Earnings Plan (Digest)

[Total of five group banks]

Resona Bank, Saitama Resona Bank, Kinki Osaka Bank, Nara Bank, and Resona Trust & Banking

(Billions of yen)	FY2003 (Actual)	FY2004 (Plan)	FY2005 (Plan)	FY 2006 (Plan)	FY2007 (Plan)
Gross operating profits	672.7	690.0	666.0	692.0	718.0
Operating expenses	416.8	353.0	374.0	364.0	364.0
Actual net operating profits (Note.1)	260.3	338.0	292.0	328.0	354.0
Credit-related expenses (Note. 2)	1,328.4	(2.0)	76.0	74.0	74.0
Gain/(loss) on stocks	(19.9)	29.0	0.0	0.0	0.0
Ordinary profits	(1,152.5)	352.0	196.0	236.0	262.0
Income before income taxes	(1,331.6)	305.0	194.0	229.0	261.0
Net income	(1,692.7)	288.0	184.0	219.0	237.0
Cost to income ratio (OHR) (Note. 3)	61.56%	51.08%	56.15%	52.60%	50.69%

1. Actual net operating profits = net operating profits before NPL disposal in the trust account and transfer to general reserve for possible loan losses
2. Credit-related expenses = transfer to general reserve for possible loan losses + NPL disposal expenses (accounted for as non-recurring expense) + NPL disposal in the trust account – reversal of loan loss reserves (accounted for as extraordinary profit)
3. Cost to income ratio = operating expenses / gross operating profits before NPL disposal in the trust account

[Resona Bank]

(Billions of yen)	FY2003 (Actual)	FY2004 (Plan)	FY2005 (Plan)	FY2006 (Plan)	FY 2007 (Plan)
Gross operating profits	445.0	473.5	449.0	471.0	494.0
Operating expenses	277.2	224.0	244.0	236.5	235.0
Actual net operating profits (Note.1)	172.3	250.5	205.0	234.5	259.0
Credit-related expenses (Note. 2)	1,089.6	(10.0)	58.0	56.0	59.0
Gain/(loss) on stocks	(10.7)	28.0	0.0	0.0	0.0
Ordinary profits	(977.9)	269.0	131.5	165.5	187.0
Income before income taxes	(1,130.4)	221.0	131.0	160.0	187.0
Net income	(1,415.7)	227.0	139.5	171.0	187.0
Cost to income ratio (OHR) (Note. 3)	61.67%	47.20%	54.34%	50.21%	47.57%

1. Actual net operating profits = net operating profits before NPL disposal in the trust account and transfer to general reserve for possible loan losses
2. Credit-related expenses = transfer to general reserve for possible loan losses + NPL disposal expenses (accounted for as non-recurring expense) + NPL disposal in the trust account – reversal of loan loss reserves (accounted for as extraordinary profit)
3. Cost to income ratio = operating expenses / gross operating profits before NPL disposal in the trust account

3. Measures to Establish Responsible Management

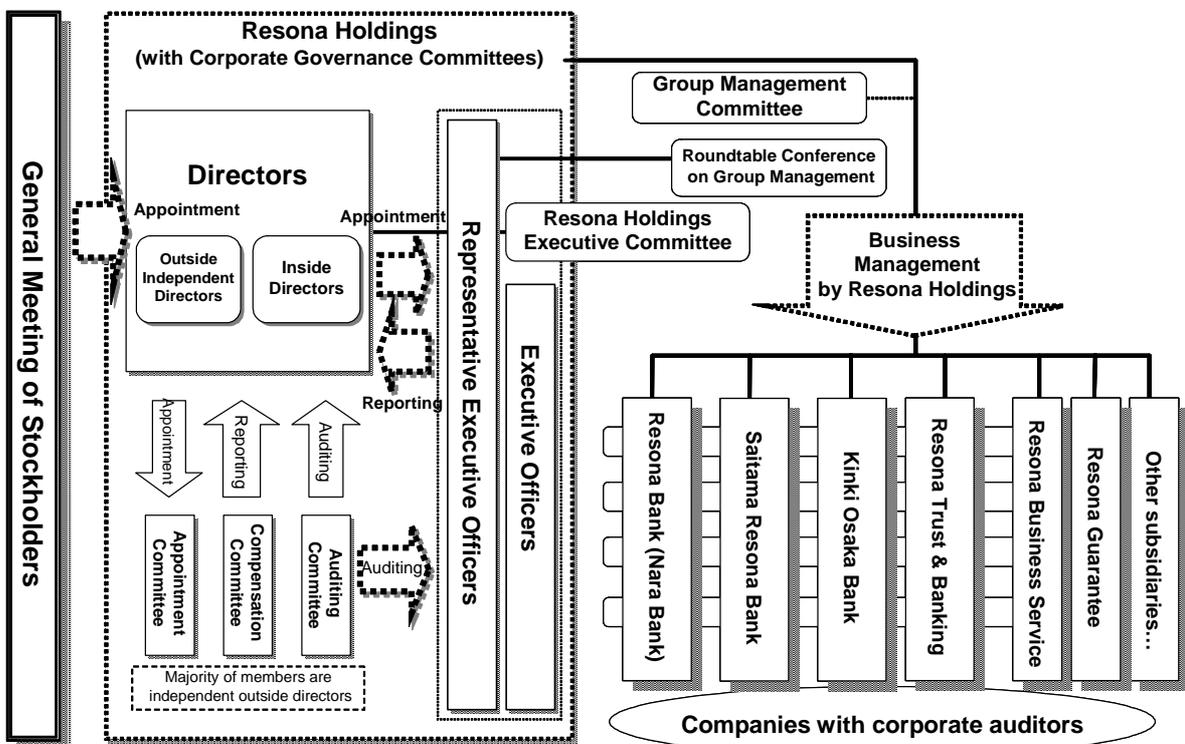
(1) Corporate governance

In order to strengthen the surveillance from external sources, Resona Holdings and Resona Bank invited the chairman and six independent directors from outside the group. Also, the two companies formed corporate governance committees and became the first Japanese banking institution to take this step. The adopted system in which the same directors serve for both companies and manage them as if they were a single entity worked very well especially in the Intensive Revitalization Period in which the Group prioritized the sweeping financial reforms for the transformation to a sustainable profitability.

During the plan period which covers the phase for a leap forward, Resona Holdings, a listed company responsible for increasing the shareholders' value, will remain a company with corporate governance committees, endeavor to secure transparency and speed in management and seek to strengthen the group management and surveillance functions further.

Also, in order to instill the group management strategy and to share the unity as a group, Resona Holdings reviews the role of the Group Management Committee and will make the best use of the Roundtable Conference on Group Management, of which members are comprised of top managements of major corporate customers and Resona Holdings, with a view to realizing highly transparent group management.

On the other hand, group banks, which are 100% owned subsidiaries of Resona Holdings, will unanimously adopt a corporate auditor system with a view to strengthening the group governance as a whole and having consistency in governance structure across the group banks.



(2) Corporate mission based on social and public nature of a financial institution

Corporate mission

Resona Group, under the new management team, formulated the following corporate missions taking into consideration a proposal from the Resona Revitalization Project Team which was primarily comprised of young staff.

Resona Group aims at becoming a financial services company full of creativity.

Towards this goal, Resona Group will:

- live up to customers' expectations,
- renovate its organization
- implement transparent management, and
- develop further with regional societies

Compliance system

Resona Group strives to spread among staff members its basic attitude that compliance should be the utmost priority. To this end, Resona Group places its corporate mission and other manifestations of basic attitudes at the very core of every single activity and is working on establishing a framework in which every staff member will be more aware of compliance.

- Compliance system based on the clear value concepts of management
- Continuous educations for raising the awareness of every staff member
- Fostering self-sustaining compliance program through better communications between staff member and compliance division (or management team).

4. Measures to Establish Responsible Management

(1) Basic stance

Resona Group will work on further improving its financial condition and strengthening its earning capacity for the maximization of corporate value. Through such efforts, Resona Group will steadily accumulate the earned surplus.

(2) Principles regarding dividends and directors' remunerations

In principle, Resona Group will control the outflows of profits by restraining dividends and directors' remunerations.

Resona Holdings plans to resume payments of preferred dividends from the fiscal year ending March 2005. However, the dividends to common shareholders for the fiscal year ending March 2005 will regrettably be suspended.

As for the dividend payments thereafter, Resona Holdings will determine the level taking such a factor into account as profit situation of each fiscal period, etc.

With respect to directors' remuneration, a retirement allowance system for directors was abolished and instead a performance-linked remuneration system was introduced in June 2004. Based on the adopted system, Resona Group will determine the level of remuneration for directors taking into account the business and financial conditions of group companies. Bonus for directors based on a profit appropriation will not be paid.

5. Measures for Smooth Extension of Loans and Other Forms of Credit

Resona Group is fully aware of the social and public responsibility to be fulfilled by a financial institution and is endeavoring for smooth extension of loans to sound corporate customers.

Resona Group will take various steps to strengthen its loans to small and medium-sized corporations and individuals from a viewpoint of assisting further developments of regional economies. As part of such efforts, Resona Group will develop or improve products and services, strengthen its loan promotion channel such as SME support centers, and forge alliances with other institutions to offer wider variety of products and services.

6. Measures to Secure Financial Resources to Allow Cancellation, Purchase of Stocks Issued and Redemption or Repayment of Loans

(1) Policy on cancellation, purchase of stocks issued and redemption or repayment of loans

Resona Group takes the weight of the public funds injected into Resona Group amounting to Y3,128 billion with the utmost seriousness and will make every effort to strengthen its earning capacity by steadily implementing this plan and accelerate the accumulation of earned surplus so that the Japanese government could collect the public funds as early as possible.

Under this plan, Resona Group will strive to steadily strengthen its earning capacity based on the underlying plan concept of “making a transition from restructuring to strengthening of marketing.”

With regard to the subordinated loans, considerations will be given to the specific timing for repayments, taking such factors into account as capital adequacy, conditions in capital markets for refinancing, etc.

(2) Earned surplus balance

Resona Group plans to accumulate Y1,063.3 bil. of earned surplus by the end of March 2009, which is larger than the amount of public funds (Y868 bil.) injected into Resona Group under the Law Relating to the Early Strengthening of Financial System. Also, from a viewpoint of repaying the public funds (Y1,960 bil.) injected under the Deposit Insurance Law as early as possible, Resona Group will make every effort to strengthen its earning capacity further and accelerate the accumulation of earned surplus.

(Billions of yen)	Mar. 31, 2005	Mar. 31, 2006	Mar. 31, 2007	Mar. 31, 2008	Mar. 31, 2009
Earned surplus	294.3	451.3	643.3	853.3	1.063.3

1. Earned surplus balance is shown in a total of Resona Holdings and its banking subsidiaries.

2. Based on the assumption that profits earned by subsidiary banks will remain at the same level after fiscal year ending March 31, 2008.

[Outline of public funds]

Common stock (issued under the Deposit Insurance Law)

Type	Common stock
Total issue amount	¥296.4 bil.
Number of shares issued	5,700 million shares
Issue price per share	¥52 (Note)

* Issue price per share of Resona Bank divided by the share exchange ratio (Same note applicable to the tables below.)

Preferred stocks with voting rights (issued under the Deposit Insurance Law)

Name	Class one, No.1 preferred stock	Class two, No.1 preferred stock	Class three, No.1 preferred stock
Total issue amount	¥550.0 bil.	¥563.6 bil.	¥550.0 bil.
Number of shares issued	2,750 million shares	2,818 million shares	2,750 million shares
Issue price per share	¥200	¥200	¥200
Annual dividends per share	Variable	Variable	Variable
Dividends rate	1 year yen Libor +0.5%	1 year yen Libor +0.5%	1 year yen Libor +0.5%
Voting rights	No restriction	No restriction	No restriction

Preferred stocks (issued under the Early Strengthening Law)

Name	Class B No.1 preferred stock	Class C No.1 preferred stock	Class E No.1 preferred stock	Class F No.1 preferred stock
Total issue amount	¥408.0 bil.	¥60.0 bil.	¥300.0 bil.	¥100.0 bil.
Number of shares issued	680 million shares	120 million shares	240 million shares	80 million shares
Issue price per share	¥600	¥500	¥1,250	¥1,250
Annual dividends per share	¥6.36	¥6.80	¥14.38	¥18.50
Dividends rate	1.06%	1.36%	1.15%	1.48%
Mandatory conversion date	April 1, 2009	April 1, 2015	December 1, 2009	December 1, 2014
Original issuer	Daiwa Bank	Kinki Osaka Bank	Asahi Bank	Asahi Bank

Subordinated debts (issued under the Early Strengthening Law and the Financial Function Stabilization Law)

Issue amount	¥100.0 bil.	¥100.0 bil.	¥100.0 bil.
Interest rate	Libor + 2.7% After July 2008 Libor + 3.95%	Libor + 1.0% After April 2003 Libor + 2.5%	Libor + 1.04% After April 2009 Libor + 2.54%
Maturity date	Perpetual	Perpetual	Perpetual
Call feature	Callable after Mar. 30, 2003	Callable after Apr. 1, 2003	Callable After Mar. 31, 2009
Original borrower	Daiwa Bank	Asahi Bank	Asahi Bank
Relevant law	Financial Function Stabilization Law	Financial Function Stabilization Law	Early Strengthening Law

7. Measures to Secure Sound Financial Condition, Healthy and Appropriate Business Operation

Resona Group drastically reduced the future risk factors when it implemented the sweeping financial reforms in the first half of fiscal year 2003. However, Resona Group will strengthen its risk management functions further and adequately control its risk assets such as loans and stocks, etc. By putting such risk management functions firmly in place, Resona Group will pursue the level of returns appropriate for the level of risks taken and strengthen the earning capacity accordingly.