

November 18, 2004

Resona Holdings, Inc.
Resona Bank, Ltd.
The Nara Bank, Ltd.

Basic Agreement Reached for Merger between Resona Bank and Nara Bank

Resona Holdings, Inc. has reached a basic agreement today for the merger between Resona Bank, Ltd. and The Nara Bank, Ltd., both of which are its 100% subsidiaries, planned on January 1, 2006 contingent on the approvals from competent authorities.

1. Objectives of the Merger

Resona Group is aiming at becoming a group of community banks which are most favored and selected by regional communities and customers. Towards this goal, through the merger, the merged entity can further strengthen its marketing capacity in Nara Prefecture and thus improve the quality of services offered to the customers in the region.

Through the intended merger, Resona Bank can further strengthen its area management system* in Nara Prefecture, and Nara Bank can strongly promote its unchanging motto of co-prospering with the customers in Nara Prefecture.

In other words, the merger is an attempt to integrate Nara Bank and the Nara area operation of Resona Bank. After the merger, by fusing the particular strengths of both Nara Bank and Resona Bank, the merged bank will actively promote the area management system in which more authorities as well as responsibilities are delegated to the Nara area.

** Resona Bank adopted the area management system in which it delegated significant decision-making authorities to the area managers so that each area, close to customers, can respond more fully to the specific area needs and flexibly modify its operation.*

2. Outline of the Basic Agreement

[Merger Date]

The merger is planned on January 1, 2006.

[Scheme of Merger]

Resona Bank will become a surviving company.

[Merger Ratio]

Merger ratio will be determined from now.

[Employees]

Resona Bank will take over the employees of Nara Bank. Post-merger personnel management system is presupposed to be the one now adopted by Resona Bank. However the details will be discussed and determined from now.

[Branch Network]

Resona Bank will acquire the branch offices of Nara Bank and build an efficient and convenient branch network.

[Computer Systems]

The integrated system of Resona Bank will be used after the merger.

3. Operations after the Merge

Based on the basic agreement, Resona Bank, Nara Bank and Resona Holdings will discuss the policy on post-merger operations in Nara Prefecture in accordance with the following basic policy direction.

[Basic Policy Direction]

As a close bank for people in Nara Prefecture, the merged bank will endeavor to improve the quality of its financial services, offer more transaction opportunities and enhance the convenience of customers.

- The area manager of Resona Bank responsible for the Nara area will have the authority to supervise the operations within the Nara area. Under the system, the area manager aims at completing virtually all business matters relating to the transactions with customers in Nara Prefecture independently.
- By uniting the community-based services long established by Nara Bank and Resona Bank's comprehensive financial services, the merged bank will offer more convenient and more value-added services to its customers in Nara Prefecture.
- In order to become a financial institution with strong presence in Nara Prefecture, the merged bank will endeavor to increase its deposits and loans in the market.
- In order to improve the services it offers, the merged bank will significantly strengthen its marketing force in Nara Prefecture.
- The merged bank will build highly convenient office network in Nara Prefecture.

[Targets]

In accordance with the aforementioned basic policy direction, the merged bank will aim at becoming a bank with the second largest market share in Nara Prefecture.

[Presence in Nara Prefecture]

Amount in billions of Yen	Resona Bank		Nara Bank		Total of Two Banks		
		Share		Share		Share	Rank
Deposits [A]	336.6	6.0%	155.1	2.8%	491.7	8.8%	#3
Loans [B]	196.9	7.1%	132.4	4.8%	329.3	11.9%	#2
[A] + [B]	533.5	6.4%	287.5	3.4%	821.0	9.8%	#3
Manned Offices*1	8	4.9%	14	8.5%	22	13.4%	#2

- Shown above are the figures for the branch offices in Nara Prefecture.
- Market shares and rankings are based on the comparisons with the figures of each ordinary bank and *shinkin* bank (cooperative bank) operating in Nara Prefecture as of the end of March 2004.

*1. The number of Nara Bank's manned offices is as of the end of September 2004.
(The number as of the end of March 2004 was 18.)